Basel Pillar 3 Disclosure

For the Quarter Ended 31 December 2021

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1. OVERVIEW OF RISK MANAGEMENT PROCESSES

Introduction

First National Bank Botswana Limited (FNBB or the bank) is a wholly owned subsidiary of First National Bank Holdings (Botswana) and a part of the First Rand Group of Companies.

This Pillar 3 disclosure report is consistent with:

i. the Bank of Botswana's Directive on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana (Basel II Directive); and

ii. the Basel Committee on Banking Supervision's (BCBS) Revised Pillar 3 Disclosure Requirements.

This report has been internally verified by the bank's governance processes in line with the FNBB Pillar 3 Disclosure Policy, which describes the responsibilities and duties of Senior Management and the Board in the preparation and review of the Pillar 3 Disclosure.

It aims to ensure that:

- minimum disclosure requirements of the Regulations are met;
- disclosed information is consistent with the manner in which the Board assesses the bank's risk portfolio; and
- the disclosure provides a true reflection of the bank's financial condition and risk profile.

1.1 Risk profile analysis

Capital adequacy

FNBB has maintained its strong capital position. Capital planning is undertaken on a three-year forward-looking basis and the level and composition of capital is determined taking into account business units' organic growth plans and stress-testing scenario outcomes. In addition, the Bank considers external issues that could impact capital levels, which include regulatory and accounting changes, macro-economic conditions and outlook.

Credit risk

FNBB Credit loss rates are within the risk appetite of FNBB. These are managed within the Credit Risk Management Framework. Credit origination strategies are aligned to the FNBB macroeconomic outlook.

Market risk in the trading book

The Interest Rate Risk Asset Class represents the most significant Market Risk in the trading book exposure as at 31 December 2021. The bank's Market Risk profile remained within risk appetite. Market Risk was managed within the Board acceptable limits.

2. REGULATORY CAPITAL REQUIREMENTS

Consolidation of all FNBB Group entities for accounting purposes is in accordance with IFRS, and for regulatory purposes in accordance with the requirements of the Basel II Regulations. There are no differences in the manner in which entities are consolidated for accounting and regulatory purposes.

The are no restrictions, or other major impediments, on the transfer of funds or regulatory capital within the FNBB Group. There are no capital deficiencies in any of the subsidiaries that are not included in the consolidation for regulatory purposes.

The capital planning process ensures that the total capital adequacy and Common Equity Tier 1 (CET1) capital ratios remain within or above targets across economic and business cycles. Capital is managed on a forward-looking basis. The Bank remains appropriately capitalised under a range of normal and severe stress scenarios, which includes ongoing regulatory developments and expansion initiatives and corporate transactions. The Bank aims to back all economic risk with loss absorbing capital and remains well capitalised in the current environment.

The currency used in this report is Pula and lowest denomination used is thousand (P'000).

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

	Common Equity Tier I capital: Instruments and reserves as at 31 December 2021	**(P'000)**
1.	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	51,088
2.	Retained earnings	2,551,008
3.	Accumulated other comprehensive income (and other reserves)	—
4.	*Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)*	—
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	—
6.	**Common Equity Tier I capital before regulatory adjustments**	2,602,096
	Common Equity Tier I capital: Regulatory adjustments	
7.	Prudential valuation adjustments	—
8.	Goodwill (net of related tax liability)	(26,963)
9.	Other intangibles other than mortgage-servicing rights (net of related tax liability)	—
10.	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—
11.	Cash-flow hedge reserve	—
12.	Shortfall of provisions to expected losses	—
13.	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	—
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	—
15.	Defined-benefit pension fund net assets	—
16.	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	—
17.	Reciprocal 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	—

Table 22: Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments) *(continued)*

Common Equity Tier I capital: Instruments and reserves as at 31 December 2021		**(P'000)**
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 (IFRS 9 Provisions Transitional Adjustment)	—
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**	(26,963)
29.	**Common Equity Tier I capital (CET1 CAPITAL)**	2,575,133
Additional Tier I capital: Instruments		
30.	Directly issued qualifying Additional Tier I instruments plus related stock surplus	—
31.	of which: classified as equity under applicable accounting standards	—
32.	of which: classified as liabilities under applicable accounting standards	—
33.	*Directly issued capital instruments subject to phase out from Additional Tier I*	—
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)	—
35.	*of which: instruments issued by subsidiaries subject to phase out*	—
36.	Additional Tier I capital before regulatory adjustments	—
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)**	2,575,133
Tier I capital: Regulatory adjustments		
46.	Directly issued qualifying Tier II instruments plus related stock surplus	379,992
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.	*Unpublished Current Year's Profits*	196,100
51.	**Provisions**	195,033
52.	**Tier II capital before regulatory adjustments**	771,125
Tier II capital: Regulatory adjustments		
53.	Investments in own Tier II instruments	—
54.	Reciprocal cross-holdings in Tier II instruments	—
55.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).	—

Table 22: Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments) *(continued)*

	Common Equity Tier I capital: Instruments and reserves as at 31 December 2021	**(P'000)**
56.	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	—
57.	National specific regulatory adjustments	—
58.	**Total regulatory adjustments to Tier II capital**	—
59.	**Tier II capital (T2)**	771,125
60.	**Total capital (TC = T1 + T2)**	3,346,258
61.	**Total risk-weighted assets**	18,129,095
	Capital ratios and buffers	
62.	Common Equity Tier I (as a percentage of risk weighted assets)	14.20%
63.	*Tier I (as a percentage of risk-weighted assets)*	14.20%
64.	*Total capital (as a percentage of risk weighted assets)*	18.46%
65.	*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)*	—
66.	*of which: capital conservation buffer requirement*	—
67.	*of which: bank specific countercyclical buffer requirement*	—
68.	*of which: G-SIB buffer requirement*	—
69.		
	Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)	
70.	*National Common Equity Tier I minimum ratio (if different from Basel III minimum)*	—
71.	*National Tier I minimum ratio (if different from Basel III minimum)*	—
72.	*National total capital minimum ratio (if different from Basel III minimum)*	—
	Amounts below the thresholds for deduction (before risk-weighting)	
73.	*Non-significant investments in the capital of other financials*	—
74.	*Significant investments in the common stock of financials*	—
75.	*Mortgage servicing rights (net of related tax liability)*	—
76.	*Deferred tax assets arising from temporary differences (net of related tax liability)*	—
	Applicable caps on the inclusion of provisions in Tier II	
77.	*Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)*	195,033
78.	*Cap on inclusion of provisions in Tier II under standardised approach*	195,033
79.	*Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)*	—
80.	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)	
81.	*Current cap on CET1 CAPITAL instruments subject to phase out arrangements*	—
82.	*Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities)*	—
83.	*Current cap on AT1 instruments subject to phase out arrangements*	—
84.	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	—
85.	*Current cap on T2 instruments subject to phase out arrangements*	—
86.	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	—

2.2 Basel III Common Equity Tier I Disclosure Template (Fully Loaded) (Table 22)

	Common Equity Tier I capital: instruments and reserves as at 31 December 2021	**(P'000)**
1.	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	51,088
2.	Retained earnings	2,551,008
3.	Accumulated other comprehensive income (and other reserves)	—
4.	*Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)*	—
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	—
6.	**Common Equity Tier I capital before regulatory adjustments**	2,602,096
	Common Equity Tier I capital: Regulatory adjustments	
7.	Prudential valuation adjustments	—
8.	Goodwill (net of related tax liability)	(26,963)
9.	Other intangibles other than mortgage-servicing rights (net of related tax liability)	—
10.	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—
11.	Cash-flow hedge reserve	—
12.	Shortfall of provisions to expected losses	—
13.	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	—
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	—
15.	Defined-benefit pension fund net assets	—
16.	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	—
17.	Reciprocal 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	—

Table 22: Basel III Common Equity Tier I Disclosure Template (Fully Loaded) *(continued)*

	Common Equity Tier I capital: Instruments and reserves as at 31 December 2021	**(P'000)**
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 (IFRS 9 Provisions Transitional Adjustment)	—
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**	(26,963)
29.	**Common Equity Tier I capital (CET1 CAPITAL)**	2,575,133
	Additional Tier I capital: Instruments	
30.	Directly issued qualifying Additional Tier I instruments plus related stock surplus	—
31.	of which: classified as equity under applicable accounting standards	—
32.	of which: classified as liabilities under applicable accounting standards	—
33.	*Directly issued capital instruments subject to phase out from Additional Tier I*	—
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)	—
35.	*of which: instruments issued by subsidiaries subject to phase out*	—
36.	Additional Tier I capital before regulatory adjustments	
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)**	2,575,133
	Tier I capital: Regulatory adjustments	
46.	Directly issued qualifying Tier II instruments plus related stock surplus	379,992
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.	*Unpublished Current Year's Profits*	196,100
51.	**Provisions**	195,033
52.	**Tier II capital before regulatory adjustments**	771,125
	Tier II capital: Regulatory adjustments	
53.	Investments in own Tier II instruments	—
54.	Reciprocal cross-holdings in Tier II instruments	—
55.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).	—

Table 22: Basel III Common Equity Tier I Disclosure Template (Fully Loaded) *(continued)*

	Common Equity Tier I capital: Instruments and reserves as at 31 December 2021	**(P'000)**
56.	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	—
57.	National specific regulatory adjustments	—
58.	**Total regulatory adjustments to Tier II capital**	—
59.	**Tier II capital (T2)**	771,125
60.	**Total capital (TC = T1 + T2)**	3,346,258
61.	**Total risk-weighted assets**	18,129,095
	Capital ratios and buffers	
62.	Common Equity Tier I (as a percentage of risk weighted assets)	14.20%
63.	*Tier I (as a percentage of risk-weighted assets)*	14.20%
64.	*Total capital (as a percentage of risk weighted assets)*	18.46%
65.	*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)*	—
66.	*of which: capital conservation buffer requirement*	—
67.	*of which: bank specific countercyclical buffer requirement*	—
68.	*of which: G-SIB buffer requirement*	—
69.		
	Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)	
70.	*National Common Equity Tier I minimum ratio (if different from Basel III minimum)*	—
71.	*National Tier I minimum ratio (if different from Basel III minimum)*	—
72.	*National total capital minimum ratio (if different from Basel III minimum)*	—
	Amounts below the thresholds for deduction (before risk-weighting)	
73.	*Non-significant investments in the capital of other financials*	—
74.	*Significant investments in the common stock of financials*	—
75.	*Mortgage servicing rights (net of related tax liability)*	—
76.	*Deferred tax assets arising from temporary differences (net of related tax liability)*	—
	Applicable caps on the inclusion of provisions in Tier II	
77.	*Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)*	195,033
78.	*Cap on inclusion of provisions in Tier II under standardised approach*	195,033
79.	*Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)*	—
80.	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)	
81.	*Current cap on CET1 CAPITAL instruments subject to phase out arrangements*	—
82.	*Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities)*	—
83.	*Current cap on AT1 instruments subject to phase out arrangements*	—
84.	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	—
85.	*Current cap on T2 instruments subject to phase out arrangements*	—
86.	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	—

2.3 Transitional Disclosures as at 31 December 2021 (Table 22)

		December 2021	September 2021	June 2021	March 2021	December 2020
Available Capital (P'000)						
1	Common Equity Tier 1 (CET1)	2,575,133	2,575,133	2,595,473	3,309,333	3,309,333
1(a)	Fully loaded ECL accounting model	2,575,133	2,575,133	2,563,875	3,277,735	3,277,735
2	Tier 1	2,575,133	2,575,133	2,595,473	3,309,333	3,309,333
2(a)	Fully loaded ECL accounting model Tier 1	2,575,133	2,575,133	2,563,875	3,277,735	3,277,735
3	Total Capital	3,346,258	3,441,356	3,184,366	4,255,533	4,075,156
3(a)	Fully loaded ECL accounting model Total Capital	3,346,258	3,441,356	3,152,768	4,223,935	4,043,558
Risk Weighted Assets (P'000)						
4	Total Risk-Weighted Assets (RWA)	18,129,095	17,816,873	17,728,336	17,276,239	17,938,385
Risk-based Capital Ratios as a Percentage of RWA (%)						
5	Common Equity Tier 1 ratio	14.20%	14.45%	14.64%	19.16%	18.45%
5(a)	Fully loaded ECL accounting model CET1 ratio	14.20%	14.45%	14.46%	18.97%	18.27%
6	Tier 1 ratio	14.20%	14.45%	14.64%	19.16%	18.45%
6(a)	Fully loaded ECL accounting model Tier 1 ratio	14.20%	14.45%	14.46%	18.97%	18.27%
7	Total Capital ratio	18.46%	19.32%	17.96%	24.63%	22.72%
7(a)	Fully loaded ECL accounting model Total Capital ratio	18.46%	19.32%	17.78%	24.45%	22.54%
Additional CET1 Buffer Requirements as a Percentage of RWA						
8	Capital conservation buffer requirements (2.5% from 2019) (%)	—	—	—	—	—
9	Countercyclical requirements (%)	—	—	—	—	—
10	Bank G-SIB or DD-SIB additional requirements (%)	—	—	—	—	—
11	Total of bank CET1 specific buffer requirements (%) (row 8+ row 9+ row 10)	—	—	—	—	—
12	CET1 available after meeting the bank's minimum capital requirements (P'000)	—	—	—	—	—

2.4 Capital requirements for credit risk

Portfolios subject to the standardised approach are disclosed separately for each portfolio.

Table 24: Capital Adequacy Quantitative Disclosures As at 31 December 2021		**(P'000)**
Portfolio	**RWA**	**Minimum Capital Requirement**
ON-BALANCE SHEET EXPOSURES		
Claims on Sovereign or Central banks	301,726	37,716
Claims on Public Sector Entities (PSEs) - one risk weight less favourable than sovereign	64,922	8,115
Claims on Banks	2,188,294	273,537
Claims on Corporates	2,267,921	283,490
Claims Included in the Retail Portfolios	4,817,793	602,224
Claims Secured by Residential Mortgage Property	1,784,632	223,079
Claims Secured by Commercial Real Estate	2,514,873	314,359
Other Assets	1,237,104	154,638
TOTAL ON-BALANCE SHEET AMOUNT	**15,177,265**	**1,897,158**
OFF BALANCESHEET EXPOSURES		
Commitments	130,183	16,273
Certain transaction-related contingent items such as performance bonds, bid bonds, warrantees and standby letters of credit related to particular transactions.	247,813	30,977
OTC Derivative transactions and credit derivative contracts	47,405	5,926
Total Failed Trades (sum Unsettled non-DvP trades and Failed non-DvP Trades)	4	0
TOTAL OFF-BALANCE SHEET AMOUNT	**425,405**	**53,176**
TOTAL EXPOSURE	**15,602,670**	**1,950,334**

2.5 Capital requirements for market risk

Standardised Measurement Approach

As at 31 December 2021	**(P'000)**
RWA	**Minimum Capital Requirement**
48,715	6,089

2.6 Capital requirements for operational risk

Basic Indicator Approach

As at 31 December 2021	**(P'000)**
RWA	**Minimum Capital Requirement**
2,477,711	309,714

2.7 Capital Adequacy ratio

Total and Tier I capital ratio - Standardised approach

Tier I capital	**2,575,133**
Tier II capital	**771,125**
Total Qualifying capital	**3,346,258**
Total Risk weighted Asset	**18,129,095**
Tier I capital ratio	14.20%
Total capital ratio	18.46%

2.8 Expanded Regulatory Balance Sheet

There is no difference between the regulatory consolidation and accounting consolidation.

Table 26: Expanded Regulatory Balance Sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
(P'000)	As at period end 31 December 2021	As at period end 31 December 2021	Reference
Assets			
Cash and balances at central banks	1,609,677	1,609,677	
Items in the course of collection from other banks	11,965	11,965	
Trading portfolio assets	43,628	43,628	
Financial assets designated at fair value	—	—	
Financial assets held to maturity	5,504,835	5,504,835	
Derivative financial instruments	36,829	36,829	
Loans and advances to banks	3,962,135	3,962,135	
Loans and advances to customers	13,993,613	13,993,613	
Reverse repurchase agreements and other similar secured lending	—	—	
Available for sale financial investments	—	—	
Current and deferred tax assets	67,329	67,329	
Prepayments, accrued income and other assets	615,428	615,428	
Investments in associates and joint ventures	—	—	
Goodwill and intangible assets	26,963	26,963	
of which goodwill	26,963	26,963	A
of which other intangibles (excluding MSRs)	—	—	B
of which MSRs	—	—	C
Property, plant and equipment	550,711	550,711	
Total assets	**26,423,112**	**26,423,112**	
Liabilities			
Deposits from banks	594,471	594,471	
Items in the course of collection due to other banks	—	—	
Customer accounts	20,372,057	20,372,057	
Repurchase agreements and other similar secured borrowing	—	—	
Trading portfolio liabilities	—	—	
Financial liabilities designated at fair value	—	—	
Derivative financial instruments	19,270	19,270	

2.8 Expanded Regulatory Balance Sheet (continued)

Table 26: Expanded Regulatory Balance Sheet (continued)

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
(P'000)	**As at period end 31 December 2021**	**As at period end 31 December 2021**	**Reference**
Liabilities (continued)			
Debt securities in issue	238,470	238,470	
Other borrowings	919,970	919,970	
Accruals, deferred income and other liabilities	703,679	958,049	
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	379,992	379,992	
Provisions	63,943	63,943	
Retirement benefit liabilities	—	—	
Total liabilities	**23,291,852**	**23,546,222**	
Shareholders' Equity			
Paid-in share capital	51,088	51,088	
of which amount eligible for CET1 CAPITAL	51,088	51,088	H
of which amount eligible for AT1	—	—	I
Retained earnings	3,021,870	2,767,500	
Revaluation Reserve	58,302	58,302	
Accumulated other comprehensive income	—	—	
Total shareholders' equity	3,131,260	2,876,890	

2.9 Extract of Basel III common disclosure

Table 27: Extract of Basel III common disclosure

	(P'000)	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 2.5
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	51,088	H
2	Retained earnings	2,551,008	
3	Accumulated other comprehensive income (and other reserves)	—	
4	*Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)*	—	
5	Common share capital issued by subsidiaries and held by third parties (amount) allowed in group CET1 CAPITAL)	—	
6	**Common Equity Tier I capital before regulatory adjustments**	**2,602,096**	
7	Prudential valuation adjustments	—	
8	Goodwill (net of related tax liability)	29,963	A-D

3. Main features of the regulatory capital instruments

Table 28: Main features of regulatory capital instruments

	FNBB010	
1	Issuer	**FIRST NATIONAL BANK BOTSWANA**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: BW0000002377
3	Governing law(s) of the instrument	Botswana
4	Regulatory treatment	Tier 2 Capital
5	Transitional Basel III rules	Not Applicable
6	Post-transitional Basel III rules	Not Applicable
7	Eligible at solo/group/group and solo	Group
8	Instrument type (types to be specified by each jurisdiction)	Unsecured Subordinated Notes
9	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BWP 196.802
10	Par value of instrument	BWP100
11	Accounting classification	Borrowings
12	Original date of issuance	29 November 2019
13	Perpetual or dated	10 Years No Call 5 Years
14	Original maturity date	02 December 2029
15	Issuer call subject to prior supervisory approval	Yes
16	Optional call date, contingent call dates and redemption amount	02 December 2024 Optional Call Date, Issuer Entitled To Redeem All Or Some Of The Notes
17	Subsequent call dates, if applicable	Not Applicable
18	Coupons / dividends	Coupons Paid Quarterly
19	Fixed or floating dividend/coupon	Floating
20	Coupon rate and any related index	200 Basis Points Above the Bank Rate
21	Existence of a dividend stopper	None
22	Fully discretionary, partially discretionary or mandatory	Mandatory
23	Existence of step up or other incentive to redeem	Not Allowed
24	Noncumulative or cumulative	Not Applicable
25	Convertible or non-convertible	Not Applicable
26	If convertible, conversion trigger (s)	Not Applicable
27	If convertible, fully or partially	Not Applicable
28	If convertible, conversion rate	Not Applicable
29	If convertible, mandatory or optional conversion	Not Applicable
30	If convertible, specify instrument type convertible into	Not Applicable
31	If convertible, specify issuer of instrument it converts into	Not Applicable
32	Write-down feature	Not Applicable
33	If write-down, write-down trigger(s)	Not Applicable
34	If write-down, full or partial	Not Applicable
35	If write-down, permanent or temporary	Not Applicable
36	If temporary write-down, description of write-up mechanism	Not Applicable
37	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Notes are Subordinated to Claims of General Creditors and Claims of Depositors
38	Non-compliant transitioned features	Fully Compliant
39	If yes, specify non-compliant features	Fully Compliant

3. Main features of the regulatory capital instruments (continued)

Table 28: Main features of regulatory capital instruments (continued)

	FNBB011	
1	Issuer	**FIRST NATIONAL BANK BOTSWANA**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: BW0000002989
3	Governing law(s) of the instrument	Botswana
4	Regulatory treatment	Tier 2 Capital
5	Transitional Basel III rules	Not Applicable
6	Post-transitional Basel III rules	Not Applicable
7	Eligible at solo/group/group and solo	Group
8	Instrument type (types to be specified by each jurisdiction)	Unsecured Subordinated Notes
9	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BWP 117.75
10	Par value of instrument	BWP100
11	Accounting classification	Borrowings
12	Original date of issuance	15 December 2021
13	Perpetual or dated	10 Years No Call 5 Years
14	Original maturity date	15 December 2031
15	Issuer call subject to prior supervisory approval	Yes
16	Optional call date, contingent call dates and redemption amount	15 December 2026 Optional Call Date, Issuer is entitled to redeem all or some of Notes at Optional Redemption Amount on Optional Redemption Date
17	Subsequent call dates, if applicable	Not Applicable
18	Coupons / dividends	Coupons Paid Quarterly
19	Fixed or floating dividend/coupon	Floating
20	Coupon rate and any related index	250 Basis Points Above The Bank Rate
21	Existence of a dividend stopper	None
22	Fully discretionary, partially discretionary or mandatory	Mandatory
23	Existence of step up or other incentive to redeem	Not Allowed
24	Noncumulative or cumulative	Not Applicable
25	Convertible or non-convertible	Not Applicable
26	If convertible, conversion trigger (s)	Not Applicable
27	If convertible, fully or partially	Not Applicable
28	If convertible, conversion rate	Not Applicable
29	If convertible, mandatory or optional conversion	Not Applicable
30	If convertible, specify instrument type convertible into	Not Applicable
31	If convertible, specify issuer of instrument it converts into	Not Applicable
32	Write-down feature	Not Applicable
33	If write-down, write-down trigger(s)	Not Applicable
34	If write-down, full or partial	Not Applicable
35	If write-down, permanent or temporary	Not Applicable
36	If temporary write-down, description of write-up mechanism	Not Applicable
37	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Notes are Subordinated to Claims of General Creditors and Claims of Depositors
38	Non-compliant transitioned features	Fully Compliant
39	If yes, specify non-compliant features	Fully Compliant

Table 28: Main features of regulatory capital instruments (continued)

	FNBB012	
1	Issuer	**FIRST NATIONAL BANK BOTSWANA**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: BW0000001700
3	Governing law(s) of the instrument	Botswana
4	Regulatory treatment	Tier 2 Capital
5	Transitional Basel III rules	Not Applicable
6	Post-transitional Basel III rules	Not Applicable
7	Eligible at solo/group/group and solo	Group
8	Instrument type (types to be specified by each jurisdiction)	Unsecured Subordinated Notes
9	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BWP 65.44
10	Par value of instrument	BWP100
11	Accounting classification	Borrowings
12	Original date of issuance	15 December 2021
13	Perpetual or dated	10 Years No Call 5 Years
14	Original maturity date	15 December 2031
15	Issuer call subject to prior supervisory approval	Yes
16	Optional call date, contingent call dates and redemption amount	15 December 2026 Optional Call Date, Issuer is entitled to redeem all or some of Notes at Optional Redemption Amount on Optional Redemption Date
17	Subsequent call dates, if applicable	Not Applicable
18	Coupons / dividends	Coupons Paid Semi-Annually
19	Fixed or floating dividend/coupon	Fixed
20	Coupon rate and any related index	7.20%
21	Existence of a dividend stopper	None
22	Fully discretionary, partially discretionary or mandatory	Mandatory
23	Existence of step up or other incentive to redeem	Not Allowed
24	Noncumulative or cumulative	Not Applicable
25	Convertible or non-convertible	Not Applicable
26	If convertible, conversion trigger (s)	Not Applicable
27	If convertible, fully or partially	Not Applicable
28	If convertible, conversion rate	Not Applicable
29	If convertible, mandatory or optional conversion	Not Applicable
30	If convertible, specify instrument type convertible into	Not Applicable
31	If convertible, specify issuer of instrument it converts into	Not Applicable
32	Write-down feature	Not Applicable
33	If write-down, write-down trigger(s)	Not Applicable
34	If write-down, full or partial	Not Applicable
35	If write-down, permanent or temporary	Not Applicable
36	If temporary write-down, description of write-up mechanism	Not Applicable
37	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Notes are Subordinated to Claims of General Creditors and Claims of Depositors
38	Non-compliant transitioned features	Fully Compliant
39	If yes, specify non-compliant features	Fully Compliant