



BBS Bank Limited
Basel Pillar III
Public Disclosures Report
For the Quarter Ended 30 June 2024



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1. INTRODUCTION

1.1. Brief Profile of The Company

BBS Bank Limited (“BBSBL”) domiciled in Botswana was first established as a building society under the Building Societies Act first as United Building Society in March 1971 and later Botswana Building Society in December 1976 primarily to be involved in property finance and the provision of services in connection therewith. Its philosophy was the provision of affordable property finance and attractive investment returns through the efficient utilisation of resources in the spirit of teamwork for the benefit of all stakeholders.

On 26 April 2018 Botswana Building Society was converted into a company limited by shares under the name BBS Limited. The company applied for a banking license in terms of Section 6 of the Banking Act. Consequently, a commercial banking licence was granted by the Bank of Botswana (BoB) effective 06 October 2022 making the Company the first bank in Botswana to be majority owned and controlled by citizens of Botswana. BBS Bank Limited (BBSBL or “the bank”) is a banking business regulated by the Bank of Botswana (BoB) under the authority of the Banking Act 1995.

This Pillar 3 document is available on the Bank’s corporate website: www.bbs.co.bw

1.2. Basel II Pillar 3 Objectives

The Bank’s Pillar 3 disclosures are made in accordance with the requirements of the Revised International Convergence of Capital Measurement and Capital Standards for Botswana directive which is based on Basel II guidelines and became effective on 1st January 2016 read together with the Basel Committee on Banking Supervision’s revised Pillar 3 disclosure requirements issued on 28 January 2015.

The information disclosed by the bank is consistent with that available to Senior Management and the Board of Directors (the Board) in their assessment and management of the risks of the bank. By disclosing this information, the bank aims to meet the following goals and objectives:

- Inform the market regularly about the bank’s exposure to all risk areas;
- Provide a consistent and understandable disclosure of information that will enhance decision-making and comparability;
- Provide a fair presentation of the bank’s financial position, its capital adequacy position, financial performance, business activities, risk profile and risk mitigation practices; and
- Provide reliable, relevant, transparent and quality information in a timely manner.

1.3. Pillar 3 Disclosure Policy

The bank’s Pillar 3 disclosure policy strikes an appropriate balance between the need for meaningful disclosure and the protection of proprietary and confidential information where the disclosure of information could make the bank’s investment in products or systems less valuable and therefore undermine its competitive position or which may be contrary to the provisions of any agreement. The bank further assesses whether the information disclosed adequately reflects its financial position and reasonably reflects its position in the banking environment in Botswana.



The Board will review the bank's disclosure policy every three years to assess whether the Pillar 3 disclosures still comply with the BOB guidelines and whether any additional disclosures should be made in line with international best practice. During such reviews it will be determined whether the disclosures meet industry standards.

In order for the bank to maintain a high level of transparency between itself and the market, it has adopted the following approach towards determining the materiality nature and extent of the information that will be disclosed to the public:

- Information is considered to be material if its omission or misstatement could change or influence a user relying on that information to take banking economic or investment decisions. Materiality is determined in accordance with the International Financial Reporting Standards (IFRS) and accounting concepts;
- The nature and extent of the information will be in compliance with IFRS;
- The nature and extent of the information disclosed will be in compliance with the minimum requirements as set out in the BOB Pillar 3 guidelines;
- The information will be consistent with the bank's audited financial statements and subject to internal control and verification; and
- The information shall be consistent with what is available to the directors and senior management to enable them to assess and manage the bank's risk exposures.

1.4. Scope of Application

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information of the bank and the Insurance Agency company; a wholly owned subsidiary of the bank which represents an insurance company in selling and servicing policies and receives a commission for this service. As such, the Bank establishes relevant reporting for regulatory purposes as per the requirements of the Banking Act (CAP:46:04) and Insurance Industry Act of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). During the period, the entity did not experience any restrictions or other major impediments on the transfer of funds or regulatory capital.



2. RISK EXPOSURES AND ASSESSMENT

The Board is satisfied that the risk management system and process for identifying, evaluating and managing significant risks is effective and operated effectively throughout the period under review in providing reasonable assurance. The Board is further satisfied that the processes will identify and enable it to take adequate action against any material, undue, unexpected or unusual risks. In the period under review no such risks were identified, especially that could impact the bank's brand and reputation.

Brand Risk Management is defined as "the understanding, identification and subsequent management of things that could impact the bank brand negatively (i.e., reduce brand equity)". Brand risk management is identified, measured and managed within the enterprise risk management framework of an organisation. On the other hand, Reputational Risk is defined as "the potential that negative publicity regarding the bank business practices whether true or not will cause a decline in the customer base, attract costly litigation or revenue reductions.

2.1. Enterprise-Wide Risk Management Framework

The bank has adopted an Enterprise-wide approach to risk management. The Enterprise-wide Risk Management (ERM) approach can be defined as a process that enables organisations to effectively deal with varied types of risks and opportunities thus increasing stakeholder value. In terms of the ERM Framework the bank has identified material risks (called Level 1 risks) to which it is exposed and assigned risk ownership of these risks to various members of the Senior Management team. For monitoring and reporting purposes the Executive Committee and the Board use a set of Key Risk Indicators (KRIs) of inherent risk across the predefined risk categories to assess if they are within tolerances and if the trend is increasing, stable or decreasing. These are tracked in a common reporting format. High risk indicators and action plans are tracked by the various committees with updates reported to the Board at least quarterly or as requested.

In terms of the ERM Framework, risks identified are categorised by sources to facilitate the determination of root cause and subsequently to assign responsibility for responses. Risk governance is designed according to the three '*lines of defence*' as per best banking practise.

2.1.1. The 3 Lines of Defence in Terms of The ERM Framework

The level of the bank profitability is directly derived from how successfully BBSBL manages and prices for risk. Risk management is therefore at the core of banking and risk awareness has been embedded in the whole organisation. Risk governance is designed according to the three '*lines of defence*' as per best banking practise.



1. **The First Line of Defence** is the 'business'. This refers to both customer facing staff as well as supporting staff in back offices and operational departments. All departments are directly responsible to identify and manage all risks that will or can materialise in the course of doing business. This includes the documentation of risk management in each policy and procedure and making sure procedures are designed to include checks and balances through internal control activities and the separation of duties as much as possible. It also includes performing risk self-assessments, keeping track of risk events, monitoring and reporting. Departmental heads also need to ensure risk related Key Performance Indicators (KPIs) are embedded into staff job descriptions and performance management documents.
2. **The Second Line of Defence** are the various functions in the Risk department. These functions play a supporting and controlling role for the benefit of the first line of defence by ensuring necessary risk activities are executed with the necessary detail and quality. The second line of defence is considered 'part of management'; and
3. **The Third Line of Defence** is the Internal Audit and External Audit functions. The audit department is not considered as 'part of management' and works independently, objectively and reports to the Board Audit Committee.

2.1.2. The ERM Framework Risk Culture

The basis of the bank's Enterprise Risk Management process is a continuous cycle anchored in the five (5) steps of identify, analyze, respond, monitor and report as shown below. Within each step of the process regular and meaningful communication is essential to improve the likelihood of success. By viewing this cycle as a continual loop, managers are reminded of the need for thoughtful and regular feedback as improvement is critical to successful risk management.

Step 1 – Identify Risks

For each business objective it is necessary to identify the key risks that might impede the achievement of the respective business objectives. Risk identification should be performed as part of all major decision-making processes and is the responsibility of all risk owners. Further, identified risks should be documented in the Risk Control Self-Assessment immediately to be assessed in step 2.



Step 2 – Analyze Risks

Risks are assessed or analyzed in terms of likelihood of occurrence and the probable impact when the risk occurs. The assessment is done on a likelihood of occurrence rating multiplied by the impact rating matrix before taking into consideration the impact of controls and after taking into account the effect of mitigating controls.

Step 3 – Respond to the Risks

Risks can be dealt with in various ways. The risk response options encompass all possible management response to risk whether viewed as opportunities, uncertainties or hazards. The risk response options are listed below:

- Mitigate
- Avoid
- Transfer
- Accept
- Exploit

Step 4 – Monitor Risks

The monitoring and review of the risk profile and the risk response plans is a continuous process. The purpose of the review is to:

- Provide assurance that risks are being managed as expected;
- Assess whether the risk response plans remain relevant; and
- Ensure that the risk profile anticipates and reflects changed circumstances and new exposures.

Risk monitoring consists of a combination of regular communication periodic reviews or audits and evaluation by independent executives at appropriate levels at the bank. Assurance techniques include:

- Periodic or random testing of controls risks and control environment
- Quality assurance reviews
- Post-implementation reviews
- Performance appraisals

Risk response should be measured in terms of efficiency and effectiveness. Efficiency measures the cost of implementing risk management responses in terms of time, money and resources whereas effectiveness measures the relative degree to which the responses reduce the impact or likelihood of the risk occurring. To maximize efficiency and effectiveness of risk responses monitoring and reporting should be integrated with existing business processes and reporting as far as possible.



Step 5 – Report on The Risks

While everyone in BBSBL is responsible for enterprise risk management in their respective areas some staff have specific responsibilities. The policy and design for enterprise risk management is driven by the Board and managed by the enterprise risk management team.

The reporting structure ensures that risk response gaps are addressed and the risk responses are operating effectively under changing conditions. Enterprise risk management activities should be monitored and reported upwards throughout BBSBL.

2.2. Governance

2.2.1. Role of the Internal Audit Department

The role of Internal Audit is to provide independent, risk based and objective assurance advice, insight and foresight to the Board (via the Board Audit Committee) covering the effectiveness of controls in mitigating current and evolving high risks. It is tasked with the responsibility of monitoring compliance with the bank's risk management policies and procedures.

2.2.2. Role of the Board

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank.

The Board has the following sub committees:

- Audit Committee
- Risk and Compliance Committee
- Human Resources and Nominations Committee

The above Board Sub-committees and Board convene on a quarterly basis. The bank's Board and its committees are comprised of eight Non-Executive Directors and one Executive Director. Management reports risk management matters to the Board Risk committee. The Company's enterprise –wide risk framework is aligned to the directive on Revised International Convergence of Capital Standards for Botswana (Basel II) as issued by Bank of Botswana and is premised on three pillars:

- Pillar I: Minimum Capital Requirements
- Pillar II: Supervisory Review Process
- Pillar III: Market Disclosure

Basel II ensures that banks hold sufficient capital in line with their risk management process and risk exposures. The bank remains well capitalized, and its capital is reflective of the underlying economic risks it is exposed to as well as operating well within the set Risk Appetite.

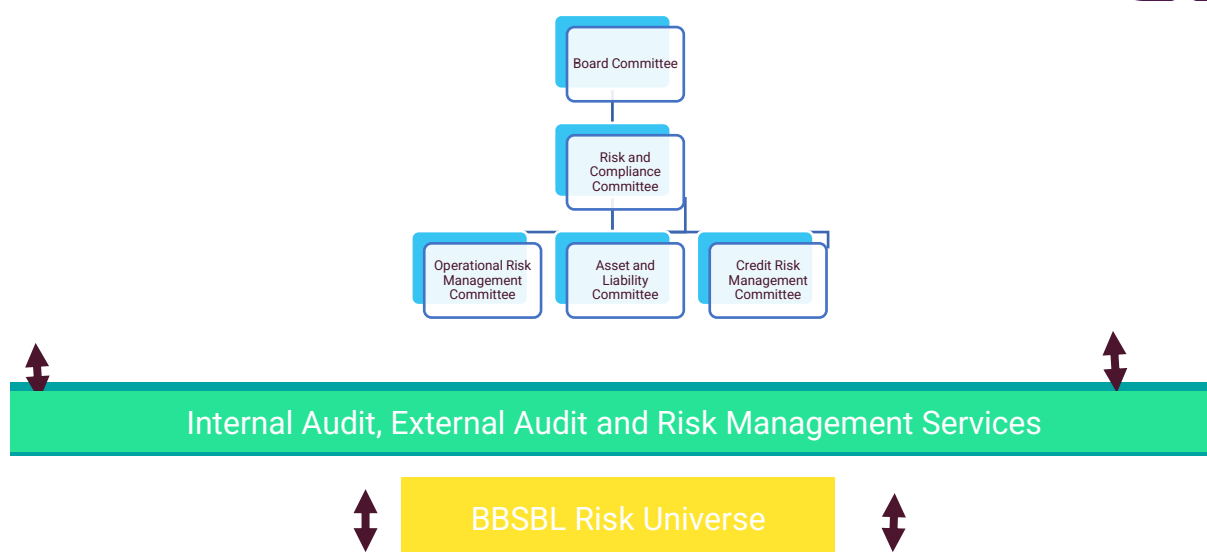


Table 1 – BBS Bank Risk Universe and assigned Risk Owners

The following chart represents the bank risk universe:

Level 1 Risk	Assigned Risk Owner	Board Oversight Committee	Management Oversight Committee
Business & Strategic Risk	Head of Business Transformation and Market Development	Risk and Compliance Committee	Operational Risk Management Committee
Brand & Reputational Risk	Head of Business Relations and Marketing	Risk and Compliance Committee	Operational Risk Management Committee
Credit Risk	Head of Credit	Risk and Compliance Committee	Global Credit Risk Management Committee
Market Risk	Head of Treasury	Risk and Compliance Committee	Asset & Liability Management Committee
Liquidity & Funding Risk	Head of Treasury	Risk and Compliance Committee	Asset and Liability Management Committee
Legal Risk	Head of Company Secretariat, Legal & Compliance	Risk and Compliance Committee	Operational Risk Management Committee
Compliance Risk	Head of Company Secretariat, Legal & Compliance	Risk and Compliance Committee	Operational Risk Management Committee
Operational Risk	Head of Risk	Risk and Compliance Committee	Operational Risk Management Committee
Capital Risk	Head of Finance	Risk and Compliance Committee	Asset and Liability Management Committee
Financial Reporting & Taxation Risk	Head of Finance	Risk and Compliance Committee	Operational Risk Management Committee
Information Technology Risk	Head of Information Technology	Risk and Compliance Committee	Operational Risk Management Committee
People Risk	Head of Human Resources	Risk and Compliance Committee	Operational Risk Management Committee
Projects Risk	Head of Business Transformation and Market Development	Risk and Compliance Committee	Operational Risk Management Committee
Corporate Sustainability Risk	Head of Business Transformation and Market Development	Risk and Compliance Committee	Operational Risk Management Committee



2.3. Risk Appetite

The Board and Management use a balanced approach in determining acceptable levels of risk to undertake. The bank will only tolerate those risks which permit it to:

- Achieve its stated strategic business objectives.
- Provide a return that meets or exceeds expectations.
- Comply with all applicable laws and regulations.
- Conduct its business in a safe and sound manner.

The Board approves and the Executive Committee sets general risk appetite levels annually through several means.

- The overall internal and external risk environments are considered in conjunction with the strategic planning process.
- Key strategic business objectives and their financial and non-financial risk appetite levels are set annually and expressed in the strategic plan and policies. Within the scope of their authority and guidelines established in business plans policies and procedures business unit managers make decisions regarding acceptable levels of risk. Managers are also responsible for implementing risk mitigation strategies of retention control avoidance and transfer.

For monitoring and reporting purposes the Executive Committee and the Board use a set of Key Risk Indicators (KRIs) of inherent risk across the predefined risk categories assessing if they are within tolerances and if the trend is increasing stable or decreasing. These are tracked in a common reporting format. High risk indicators and action plans are tracked by the various committees with update reporting to the Board at least quarterly or as requested.

2.4. Risk Appetite Statement

The bank considers both qualitative and quantitative measures as part of its risk appetite and focuses on capital liquidity profitability and growth as primary measures. Financial operations are managed to obtain a reasonable risk / return relationship within the management of the various risks to which BBSBL is exposed including strategy risk credit risk liquidity risk and reputational risk. BBSBL's risk appetite is linked to its short and longer-term strategy focussing on higher return on equity, growth in profitability year on year and revenue diversification. The bank's risk appetite also specifies as part of risk appetite risk tolerances around its risk appetite such as acceptable limits of credit losses. The risk appetite is reviewed annually and is adjusted to take cognisance of target values and market prospects.



3. REGULATORY CAPITAL AND CAPITAL ADEQUACY

3.1. Capital Structure

Bank of Botswana sets and monitors the capital requirements for the bank. It requires the bank to maintain a minimum of 12.5% of risk weighted assets covering operational, market and credit risks.

Regulatory capital is divided into three (3) main categories namely Common Equity Tier 1 ("CET-1"), Additional Tier 1 and Tier 2 capital as follows:

- **CET-1** capital comprises shareholders' equity and related eligible non-controlling interest after giving effect to deductions for disallowed items (e.g., goodwill and intangible assets) and other adjustments. CET-1 Capital must be at least 4.5 percent of risk-weighted assets at all times;
- **Additional Tier 1** capital includes qualifying capital instruments that are capable of being fully and permanently written down or converted into CET-1 capital at the point of non-viability of the firm. The Tier 1 capital ratio is calculated as the adjusted Tier 1 capital divided by the total risk-weighted assets of the bank. The Tier 1 capital ratio must be at least 7.5% of risk-weighted assets at all times; and
- **Tier 2** capital comprises qualifying subordinated debt and related eligible non-controlling interests and other tier 2 instruments which no longer qualify as tier 2 capital and are subject to general provisioning. Total capital (Tier 1 capital plus Tier 2 capital) to risk-weighted assets must be at least 12.5% of risk-weighted assets at all times.



Table 2 – BBSBL Capital Structure as at 30 June 2024

Common Equity Tier 1 (CET1) Capital	
Item	Amount (P'000)
Common shares	487,453
Share premium resulting from the issue of common shares	-
Retained earnings	(3,385)
Accumulated other Comprehensive income and other disclosed reserves	-
Common shares issued by consolidated subsidiaries and held by third parties (Minority interest)	-
Common Equity Tier I capital before regulatory adjustments	484,068
Common Equity Tier I capital: regulatory adjustments	-
Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions	-
Total regulatory adjustments to Common equity Tier I	34,819
Common Equity Tier I capital (CET1 CAPITAL)	449,249
Additional Tier I capital: instruments	-
Directly issued qualifying Additional Tier I instruments plus related stock surplus	-
Additional Tier I capital before regulatory adjustments	-
Additional Tier I capital: regulatory adjustments	-
Additional Tier I capital (AT1)	-
Total Tier I capital (T1 = CET1 CAPITAL + AT1)	449,249
Tier 2 Capital	-
Instruments issued by BBSL that meet the criteria for inclusion in Tier 2 capital (and are not included in Tier 1 capital)	41,497
Stock surplus (share premium) resulting from the issue of instruments included in Tier 2 capital	-
Unpublished Current Year's Profits	4,922
Tier 2 capital instruments (subject to gradual phase-out treatment)	-
Instruments issued by consolidated subsidiaries of BBSL and held by third parties that meet the criteria for inclusion in Tier 2 capital and are not included in Tier 1 capital (minority interests)	-
General provisions/general loan-loss reserves eligible for inclusion in Tier 2, limited to a maximum of 1.25 percentage points of credit risk-weighted risk assets calculated under the standardised approach	6,994
Regulatory adjustments applied in the calculation of Tier 2 Capital	-
Total Tier 2 Capital	53,413
Total Unimpaired Capital	502,663



3.2. Capital Adequacy

3.2.1. Qualitative Disclosures

Capital Management Approach

The bank implemented a centralised 3-year forward-looking capital management plan in line with the Board-approved Capital Management Framework. The purpose of the Capital Management Framework is to provide a clearly defined documented and mandatory approach and principles in the capital planning process. Effective capital management ensures that the bank:

- Meets individual capital ratios required by the Bank of Botswana;
- Meets the Board approved target capital ratios;
- Generates sufficient capital to support overall business strategy;
- Makes capital allocation decisions as part of the strategic and financial planning review taking into consideration the return on regulatory capital; and
- Achieves a return above the cost of equity.

In terms of the Capital Management Framework the Board and Senior Management assess the appropriateness of the Capital Plan which is presented to the various governance forums (ALCO on a monthly basis and Risk and Compliance Committee on a quarterly basis) in light of any change in the bank's risk profile and other relevant factors.

Stress and Scenario Testing

The bank has a stress and scenario testing framework which is used inter alia to stress its base case projections in order to assess the adequacy of the bank's capital levels capital buffers and target ratios. The framework is an integral part of the bank's Internal Capital Adequacy Assessment Process (ICAAP) under Basel II strategy and business plans. The bank's stress and scenario testing recognises and estimates the potential volatility of the capital requirements and base case (expected) three-year business plan projections including the key assumptions and sensitivities contained therein which themselves are subject to fluctuation.

Comprehensive stress and scenario testing is performed and reported annually as part of the ICAAP process and during the strategic three-year planning process and more regularly if called upon. The bank's approach to comprehensively cover stress and scenario testing for regulatory capital comprises several levels including macroeconomic stress testing reverse stress testing and benchmarking to the latest and previously relevant international stress testing exercises.

The impact of the stress scenarios on the bank's impairments earnings liquidity position Capital Adequacy Ratios (CARs) and capital buffers is considered. The macroeconomic stress testing scenarios include a 1-in-25-year stress event as required by Basel II and other severe liquidity risk and market risk events.



1.1.1. Quantitative Disclosures

Table 3: Expanded Regulatory Balance Sheet

	Balance Sheet	Under regulatory scope of consolidation	Balance Sheet	Under regulatory scope of consolidation
	As at 30 June 2024	As at 30 June 2024	As at 31 March 2024	As at 31 March 2024
Assets				
Cash and balances at central banks	491,298	491,298	464,253	464,253
Items in the course of collection from other banks	-	-	-	-
Trading portfolio assets	-	-	-	-
Financial assets designated at fair value	-	-	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to banks (Investments with banks)	440,350	440,350	405,533	405,533
Loans and advances to customers	4,192,208	4,192,208	4,227,708	4,227,708
Reverse repurchase agreements and other similar secured lending	-	-	-	-
Available for sale financial investments	12,457	12,457	12,593	12,593
Current and deferred tax assets	11,958	11,958	18,464	18,464
Prepayments accrued income and other assets (includes PIP and Right of use asset)	84,278	84,278	45,402	45,402
Investments in associates and joint ventures	-	-	-	-
Goodwill and intangible assets	22,861	22,861	23,624	23,624
of which goodwill	-	-	-	-
of which other intangibles (excluding MSRs)	-	-	-	-
of which MSRs	-	-	-	-
Property plant and equipment	107,955	107,955	107,318	107,318
TOTAL ASSETS	5,363,364	5,363,364	5,304,894	5,304,894
Liabilities				
Deposits from banks	-	-	-	-
Items in the course of collection due to other banks	-	-	-	-
Customer accounts	4,427,196	4,427,196	4,364,802	4,364,802
Repurchase agreements and other similar secured borrowings	-	-	-	-
Trading portfolio liabilities	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-
Derivative financial instruments	-	-	-	-
Debt securities in issue (Debentures)	366,069	366,069	367,588	367,588
Accruals deferred income and other liabilities	78,473	78,473	84,489	84,489
Current and deferred tax liabilities	2,636	2,636	8,811	8,811
Of which DTLs related to goodwill	-	-	-	-
Of which DTLs related to intangible assets (excluding MSRs)	-	-	-	-
Of which DTLs related to MSRs	-	-	-	-
Subordinated liabilities	-	-	-	-
Provisions	-	-	-	-
Total liabilities	4,874,374	4,874,374	4,825,689	4,825,689
Shareholders' Equity				
Paid-in share capital	-	-	-	-
of which amount eligible for CET1 CAPITAL	-	-	-	-
(Ordinary shares/ Indefinite shares)	487,453	487,453	487,453	487,453
of which amount eligible for AT1	-	-	-	-
Retained earnings	1,538	1,538	(8,248)	(8,248)
Accumulated other comprehensive income	-	-	-	-
Total Shareholders' Equity	488,990	488,990	479,205	479,205
TOTAL EQUITY AND LIABILITIES	5,363,364	5,363,364	5,304,894	5,304,894



Table 4 – Capital requirements for the various Basel II risk categories

Risk Category	Approach	Risk Weighted Assets (RWAs) (P000)	Minimum Capital Requirement (P000) – at 12.5%
Credit Risk	Simple	2,590,108	323,763
Market Risk	Standardised	-	-
Operational Risk	Basic Indicator Approach (BIA)	141,233	17,654
TOTAL		2,731,340	341,418

Note that the bank is currently not exposed to any market risk arising from the trading book.

Table 5 – Capital Requirements for Credit Risk

Description	Risk Weighted Assets (RWAs) (P000)	Minimum Capital Requirement (P000) – at 12.5%
On-balance sheet exposures		
Cash	1,756	219
Other cash balances - claims from banks	208,704	26,088
Fixed deposits with banks	-	-
Properties in possession	-	-
Short-term loans and advances to customers	686,101	85,763
Residential loans secured	959,790	119,974
Residential loans unsecured	43,198	5,400
Past due for more than 90 days & specific provision is less than 20% of loan	114,333	14,292
Past due for more than 90 days & specific provision is more than 20% of loan	13,352	1,669
Commercial loans secured	235,729	29,466
Past due exposure where specific provision is less than 20% of the loan	13,436	1,679
Past due exposure where specific provision is equal to or greater than 20% but less than 50% of the loan	2,708	338
Past due exposure where specific provision is equal to 50% or more of the loan	261	33
Other assets	259,725	32,466
Intangible assets	29,894	3,737
Right-of-use assets	-	-
Property Plant and Equipment	-	-
Total On-Balance sheet exposures	2,568,985	321,123
Off-balance sheet exposures		
Loan commitments:		
Corporate loans	271	34
Retail loans	20,852	2,606
Total Off-Balance sheet exposures	21,123	2,640
GRAND TOTAL	2,590,108	323,763



Table 6 – Capital Requirements for Operational Risk

Year	30 June 2024 Gross Income (P000)	31 March 2024 Gross Income
1	109,195	112,598
2	130,132	118,932
3	182,152	167,411
Aggregate Gross Income	421,479	398,941
Basel II Alpha Factor for BIA (α)	15%	15%
Aggregate Gross Income x α	63,222	59,841
Number of years with positive Gross Income	3	3
Operational Risk Capital Charge	21,074	19,947
Risk Weight Factor	6.7	6.7
Operational Risk RWAs	141,195	133,645

The bank has adopted the Basic Indicator Approach (BIA) in computing the Operational Risk. The regulatory operational risk capital charge risk is equal to 15% of the average of the previous three years' company's positive annual gross income. The three-year average gross income is calculated on the basis of the last three 12 month's monthly observations at the end of the financial year. Where audited financials are not available submitted returns are used.

Table 7 – Common Equity Tier 1 Capital to RWA

CAR	%	Regulatory Minimum (%)
Tier 1	16.45%	7.50%
CET1	16.45%	4.50%

Table 8 – Capital Adequacy Ratios as at 30 June 2024

CAR	%	Regulatory Minimum (%)
Total Unimpaired Capital	18.40%	12.50%

The bank met the Capital Adequacy requirements as at 30 June 2024.

