HBZ Bank Limited
(A subsidiary of Habib Bank AG Zurich)

South Africa

Bi-Annual Public Disclosure
June 2022

in terms of Banks Act, Regulation 43

1 BASIS OF COMPILATION

The following information is compiled in terms of Regulation 43 relating to banks, issued under Section 90 of the Banks Act, No 94 of 1990 (as amended) ("the Regulations"), which incorporates the Basel Pillar III requirements on market discipline.

All disclosures presented below are consistent with those disclosed in terms of International Financial Reporting Standards ("IFRS"), unless otherwise stated. In the main, differences between IFRS and information disclosed in terms of the Regulations relate to the definition of capital and the calculation and measurement thereof.

These disclosures have been prepared in compliance with the Bank's disclosure policy.

2 SCOPE OF REPORTING

This report covers the Bi-Annual results of HBZ Bank Limited for the period ended 30 June 2022.

HBZ Bank Limited is a registered bank that specialises in trade finance and is a wholly owned subsidiary of Habib Bank AG Zurich, which is incorporated in Switzerland. HBZ Bank Limited does not have any subsidiaries or a bank-controlling company in South Africa.

3 KEY PRUDENTIAL INFORMATION

3.1 Overview of risk management, key prudential metrics

The Bank's key prudential metrics relating to regulatory capital, leverage ratio, liquidity ratios and risk weighted assets as at 30 June 2022 are disclosed below.

LINE NO.	AVAILABLE CAPITAL (AMOUNTS) R'000	30 Jun 22	31 Mar 22	31 Dec 21	30 Sep 21	30 Jun 21
1	Common Equity Tier 1 (CET1)	534 447	534 447	498 617	498 617	498 617
1a	Fully loaded ECL accounting model	534 447	534 447	498 617	498 617	498 617
2	Tier 1	534 044	533 990	498 085	497 983	497 939
2a	Fully loaded accounting model Tier 1	534 044	533 990	498 085	497 983	497 939
3	Total capital	548 324	549 777	515 088	519 210	521 565
3a	Fully loaded ECL accounting model total capital	548 324	549 777	515 088	519 210	521 565
	RISK-WEIGHTED ASSETS (AMOUNTS) R'000					
4	Total risk-weighted assets (RWA)	3 413 565	3 378 724	3 362 076	3 300 434	3 367 019
	RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA					
5	Common Equity Tier 1 ratio (%)	15,66%	15,80%	14,81%	15,09%	14,79%
5a	Fully loaded ECL accounting model CET1 (%)	15,66%	15,80%	14,81%	15,09%	14,79%
6	Tier 1 ratio (%)	15,64%	15,80%	14,81%	15,09%	14,79%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15,64%	15,80%	14,81%	15,09%	14,79%
7	Total capital ratio (%)	16,06%	16,27%	15,32%	15,73%	15,49%
7a	Fully loaded ECL accounting model total capital ratio (%)	16,06%	16,27%	15,32%	15,73%	15,49%

3.1 Overview of risk management, key prudential metrics (continued)

		30 Jun 22	31 Mar 22	31 Dec 21	30 Sep 21	30 Jun 21
	ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,50%	2,50%	2,50%	2,50%	2,50%
9	Countercyclical buffer requirement (%) -	-	-	-	-	-
10	Bank D-SIB additional requirements (%) -	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row8 + row 9+ row 10)	2,50%	2,50%	2,50%	2,50%	2,50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10,66%	11,30%	10,31%	10,59%	10,29%
	BASEL III LEVERAGE RATIO					
13	Total Basel III leverage ratio measure	7 749 019	7 555 288	8 062 421	6 693 775	7 610 705
14	Basel III leverage ratio (%) (row 2/row 13)	6,89%	7,07%	6,18%	7,44%	6,54%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	6,89%	7,07%	6,18%	7,44%	6,54%
	LIQUIDITY COVERAGE RATIO					
15	Total HQLA	3 569 868	3 636 626	3 786 709	3 316 655	3 092 746
16	Total net cash outflow	283 136	263 328	338 375	257 065	302 943
17	LCR ratio (%)	1261%	1381%	1119%	1290%	1021%
	NET STABLE FUNDING RATIO					
18	Total available stable funding	5 533 369	5 344 571	5 583 105	5 282 024	4 934 375
19	Total required stable funding	2 028 003	1 949 816	2 190 876	2 077 544	1 988 114
20	NSFR ratio (%)	273%	274%	255%	254%	248%

HBZ Bank Limited did not apply a transitional arrangement for expected credit losses and thus the fully loaded ECL accounting model will not differ from regulatory capital.

3.2 Overview of Risk Management Approach and Risk Weighted Assets (RWA)

HBZ Bank Limited views an effective and robust Risk Management Framework as a prerequisite to its success and stability. The Bank considers effective risk management as fundamental to its ability to generate sustainable profits, safeguard its reputation, create a competitive edge and achieve an optimal risk-reward profile.

The Bank has a sound risk culture that is aligned to its strategy and risk appetite and is supported by an enabling Enterprise-wide Risk Management Framework that is robust and flexible to respond to the dynamic external operating environmental challenges.

Risk Assessment

The Board of Directors are ultimately accountable for the management of risk and reviews the relevant risk areas on an annual basis. The risk assessment is based on exposure data and risk analysis, which are provided by the Bank's Risk Control Function. This covers liquidity risk, market risk, credit risk, concentration risk, operational risk and other risk types as are relevant. For its risk assessment the Board takes into consideration mitigating factors such as the effectiveness of the system of internal controls.

For a more detailed overview of Risk Management, please refer to the Risk Management section included in the annual financial statements available at www.hbzbank.co.za

The following table provides an overview of the risk weighted asset requirements at the respective reporting date.

Overview of Risk Weighted Assets (RWA)

	RWA		Minimum capital requirements
	Jun 22 R'000	Jun 21 R'000	Jun 22 R'000
Credit risk (excluding counterparty credit risk) (CCR)	2 726 812	2 616 628	320 400
- Of which standardised approach (SA)	2 726 812	2 616 628	320 400
- Of which foundation internal-ratings based (F-IRB) approach	-	-	-
- Of which supervisory slotting approach	-	-	-
- Of which advanced internal-ratings based (A-IRB) approach	-	-	-
Counterparty credit risk	2 883	34 630	339
- Of which standardised approach for counterparty credit risk (SA-CCR)	2 883	34 630	339
- Of which internal model method (IMM)	-	-	-
- Of which other CCR	-	-	-
Credit Valuation Adjustment (CVA)	2 133	36 623	251
Equity positions under the simple risk weight approach	-	-	-
Equity investments in funds - look through approach	-	-	-
Equity investments in funds - mandate based approach	-	-	-
Equity investments in funds - full back approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in the banking book	-	-	-
- Of which Securitisation internal- ratings based approach (SEC-IRBA)	-	-	-
- Of which Securitisation external- ratings based approach (SEC-ERBA), including internal assessment approach	-	-	-
- Of which Securitisation standardised approach (SEC-SA)	-	-	-
Market risk	13 527	4 693	1 589
- Of which standardised approach (SA)	13 527	4 693	1 589
- Of which internal model approaches (IMM)	-	-	-
Capital Charge for switch between trading book and banking book	-	-	-
Operational risk - Basic Indicator Approach	544 054	549 410	63 926
Amounts below the thresholds for deduction (subject to 250% risk weight)	24 313	23 430	2 857
Other risks	99 844	101 606	11 732
Total	**3 413 565**	**3 367 019**	**401 094**

Other risks reflected in the table above relate to property and equipment and other assets as included in the Statement of Financial Position.

The percentage minimum capital requirement consists of the following:

Minimum Capital requirement	8,000%
Add-on: systemic risk add-on (Pillar 2A)	1,000%
Add-on: Pillar 2A and other requirements	0,250%
Add-on: conservation buffer	2,500%
Total	11,750%

4 CREDIT RISK

This section outlines the regulatory view of the risk associated with advances which are reflected on the Statement of Financial Position of HBZ Bank Limited. The Bank primarily advances funds to customers in the form of corporate loans, mortgage loans, overdraft facilities and trade finance loans.

Credit risk is the risk of financial loss arising from the possibility that commitments by counter-parties are not honoured either in part or totally.

The Board acknowledges that credit risk management is critical to the Bank and have in place board approved committees that ensures both executive and non-executive oversight to approve, monitor and manage credit risk.

For an overview of credit risk management as well as related qualitative information, please refer to the Risk Management section as well as note 30 of the annual financial statements, available at www.hbzbank.co.za.

The Bank has adopted the standardised approach to determine the capital requirement for credit risk on all portfolios.

Qualitative disclosure requirements related to credit risk mitigation techniques

Credit risk mitigation (CRM) relates to the reduction of a bank's credit risk exposure by obtaining, for example, eligible collateral or guarantees or entering into a netting agreement with a client that maintains both debit and credit balances with the bank.

HBZ Bank applies the allowed CRM techniques as a result of the eligible collateral and guarantees that are held as security over certain exposures.

4.1 Credit quality of assets

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For off-balance sheet exposures, the amounts in the table represent the amounts committed or guaranteed.

	a	b	c	d
	Gross carrying values of:			
	Defaulted Exposures	Non-defaulted Exposures	Allowances/ Impairments	Net values (a + b - c)
Advances	119 668	1 913 215	(43 333)	1 989 550
Investment Securities	-	3 672 891	(2 420)	3 670 471
Cash and Cash Equivalents	-	1 507 287	(7 806)	1 499 481
Off-balance sheet exposures	-	487 058	(278)	486 780
Total	**119 668**	**7 580 451**	**(53 837)**	**7 646 282**

Refer to the Risk Management Review as well as notes 5, 6 and 30 of the annual financial statements for additional disclosure on the credit quality of assets.

Definition of default

A default is considered to have occurred with regard to a particular borrower when either or both of the two following events have taken place:

- The Bank considers that the borrower is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realizing collateral (if held).
- The borrower is past due more than 90 days on any material credit obligation to the Bank. Overdrafts will be considered as being past due once the client has breached an advised limit or been advised of a limit smaller than current outstanding's.

In assessing whether a borrower is in default, the Bank considers indicators that are both qualitative and quantitative in nature.

4.2 Changes in stock of defaulted advances

Defaulted advances at end of the previous reporting period	**75 413**
Movements during the current year	44 255
Defaulted advances at end of the reporting period	**119 668**

4.3 Breakdown of gross credit exposure by geographic areas

The Bank monitors concentration of credit risk by industry and geographical location. An analysis of concentration of credit risk at the reporting date is shown below:

Concentration by location	Gross credit exposures
America	77 108
Europe	97 182
Asia	1 277
South Africa	7 524 552
Other African countries	-
Total	7 700 119

4.4 Breakdown of gross customer advances by industry sector

Concentration by industry	Gross credit exposures
Finance & insurance	15 742
Manufacturing	396 799
Transportation	104 936
Commercial real estate	634 046
Retailers & wholesalers	760 296
Other	121 064
Total	2 032 883

4.5 Impaired and past due advances by geographical area

	South Africa Gross amount	Other Gross amount
Individually impaired advances	**119 668**	**-**
Impairments for credit losses		
Expected credit loss (Stage 1)	(3 798)	-
Expected credit loss (Stage 2)	(501)	-
Expected credit loss (Stage 3)	(19 834)	-
Total	**95 535**	**-**

4.6 Credit risk mitigation techniques

	a	b	d
	Exposures Unsecured: carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
Advances	16 588	1 855 564	65 196
Investment securities	3 672 891	-	-
Cash and cash equivalents	1 507 287	-	-
Total	**5 196 766**	**1 855 564**	**65 196**
Of which defaulted	497	119 171	-

4.7 Aggregate credit exposure after set off but before and after credit mitigation techniques

	Exposures before CCF and CRM		Exposures post CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereign and their central banks	3 672 891	-	4 053 357	-	-	0%
Non-central government public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Banks	1 507 287	5 049	1 573 044	-	1 071 590	68%
Securities firms	-	-	-	-	-	-
Corporates	1 339 419	482 009	1 130 994	165 270	1 115 762	99%
Retail portfolios	573 796	-	335 818	-	464 087	138%
Equity	-	-	-	-	-	-
Past-due loans	119 668	-	80 389	-	80 389	100%
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	0%
Total	7 213 061	487 058	7 173 782	165 270	2 731 828	

Policies and processes for collateral valuation and management

The Bank holds collateral and other credit enhancements against its credit exposures. The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, charges over all corporate assets and other liens and guarantees. At 30 June 2022, the net carrying amount of advances to customers in default amounted to R119.7 million (2021: R71.7 million) and the market value of identifiable collateral (mainly fixed properties) held against those loans and advances amounted to R519.7 million (2021: R187.9 million).

Further disclosure on the collateral valuation and management is included in Note 30 of the annual financial statements that are available on the Banks website (www.hbzbank.co.za).

4.8 Exposures by asset class and risk weights

Asset classes by Risk weights	0% - 5%	15% - 49%	50% - 75%	100%	150%	Total credit exposures amount (post CCF and post-CRM)
Sovereign and their central banks	3 672 891	-	-	-	-	3 672 891
Non-central government public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Banks	-	547 287	-	960 000	-	1 507 287
Securities firms	-	-	-	-	-	-
Corporates	142 668	68 465	54 391	1 200 695	-	1 466 219
Retail portfolios	237 978	90 324	33 082	255 930	-	617 314
Equity	-	-	-	-	-	-
Past-due loans	-	-	2 572	77 817	-	80 389
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	**4 053 537**	**706 076**	**90 045**	**2 494 442**	**-**	**7 344 100**

4.9 Credit risk under standardised approach

The Bank has consistently utilised ratings issued only by Moody's. No changes have taken place during the reporting period and no export credit agencies are utilised. Interbank placements are the only asset class for which Moody's ratings are utilised. The Bank obtains the latest bank credit ratings as issued by Moody's and applies the provisions of Regulation 23 table 8 to arrive at risk weightings. Regulation 23, table 8 is utilised to arrive at the mapping of the alphanumeric scale to the risk weightings.

5 COUNTERPARTY CREDIT RISK (CCR)

Counterparty risk is the risk that a counterparty will not honour their commitment in a contract.

The Bank pro-actively manages this risk by:

- Ensuring Board approved limits are in place for interbank placements and investments.
- Limiting purchase of Forward Exchange Contracts (FEC's) from Board approved banks.
- Dealing with banks and sovereigns situated in countries that have a well-regulated banking industry.

5.1 Analysis of counterparty credit risk (CCR) exposure by approach

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
SA-CCR (for derivatives)	7	5049			7 078	5 015
Internal Model Method (for derivatives and SFTs)			-	-	-	-
Simple Approach for credit risk mitigation (for SFTs)					-	-
Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
VaR for SFTs					-	-
Total						**5 015**

5.2 Credit valuation adjustment (CVA) charge

Credit valuation adjustment is the difference between the risk-free portfolio value and the true portfolio value considering the possibility of counterparty default. CVA is the market value of counterparty credit risk. The RWA of the CVA is added to the risk-weighted amount for counterparty credit exposure.

	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3 x multiplier)	-	-
(ii) Stressed VaR component (including the 3 x multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	7 078	5 015
Total subject to the CVA capital charge	**7 078**	**5 015**

5.3 CCR exposures by regulatory portfolios and risk weights

Regulatory portfolios by Risk weights	0% - 5%	15% -20%	50% - 75%	100%	150%	Total credit exposures amount
Sovereigns	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-
Banks	-	-	542	2 341	-	2 883
Securities firms	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	-	-	542	2 341	-	2 883

6 OPERATIONAL RISK

The Bank uses the Basic Indicator Approach for calculating operational risk. Operational risk weighted assets at 30 June 2022 total R544 million (31 March 2022: R549 million).

7 MARKET RISK

The portfolios that are subject to market risk relate largely to forward exchange contracts. The Bank uses the Standardised approach to compute market risk weighted assets totalling R13.5 million (2021: R4.7 million). Refer to the Risk Management Review of the annual financial statements for additional disclosure on Market Risk.

8 LIQUIDITY RISK

Liquidity risk results from being unable to meet commitments, repayments and withdrawals timeously and cost effectively.

The Bank controls liquidity at source, ensuring a wide deposit base, simplifying the product range and centralising the Treasury function. The Bank directly matches all major deposits with inter-bank placements and keeps a large proportion of the funds short-term to buffer against unexpected cash flow requirements. This is enhanced through an ALCO and an Assets and Liabilities Management (ALM) process which addresses liquidity risk pro-actively. The focused range of products offered by the Bank facilitates the management of this risk. There is an effective computerized system in place to monitor the Bank's liquidity on a daily basis.

The liquidity management process includes a Contingency Funding Plan and Recovery Plan which takes into account various stress test scenarios and funding sources.

The Bank complies with Basel III principles relating to liquidity risk management, specifically the liquidity coverage ratio and the net stable funding ratio. The focused range of products offered by the Bank facilitates the management of liquidity risk.

In terms of Regulation 43(1)(e)(iii)(F) of the Regulations relating to Banks, minimum disclosure on the Liquidity Coverage Ratio of the Bank is required on a quarterly basis. This announcement meets the on-going reporting requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

8.1 Liquidity Coverage Ratio

LINE NO.	HIGH-QUALITY LIQUID ASSETS	Total unweighted value	Total weighted value
1	Total HQLA	3 569 868	3 569 868
	CASH OUTFLOWS		
2	**Retail deposits and deposits from small business customers, of which:**	1 791 087	179 109
3	Stable deposits	-	-
4	Less stable deposits	1 791 087	179 109
5	**Unsecured wholesale funding, of which:**	3 811 167	927 982
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	3 811 167	927 982
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	**Additional requirements, of which:**	482 009	25 455
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	482 009	25 455
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS	6 084 263	1 132 545
	CASH INFLOWS		
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	1 617 938	1 233 771
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	1 617 938	1 233 771

		Total adjusted value
21	**Total HQLA**	**3 569 868**
22	**Total net cash outflows**	**283 136**
23	**Liquidity Coverage Ratio (%)**	**1 261%**

8.2 Net Stable Funding Ratio (NSFR)

		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
LINE NO.	AVAILABLE STABLE FUNDING (ASF) ITEM					
1	Capital:	534 447	-	-	-	534 447
2	Regulatory capital	534 447	-	-	-	534 447
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	3 812 662	-	-	3 431 396
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	3 812 662	-	-	3 431 396
7	Wholesale funding:	-	2 536 699	594 211	2 071	1 567 526
8	Operational deposits	-	-	-	-	-
9	Non-operational deposits and funding - Corporates	-	2 536 699	594 211	2 071	1 567 526
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	116 122	-	16 055	-
12	Funding from other legal entities	-	16 646	-	-	-
13	NSFR derivative liabilities	-	-	-	16 055	-
14	All other liabilities and equity not included in the above categories	-	99 476	-	-	-
15	Total ASF	534 447	6 465 483	594 211	18 126	5 533 369
	REQUIRED STABLE FUNDING (RSF) ITEM					
16	Total NSFR high-quality liquid assets (HQLA)		300 705			6 871
17	Deposits held at other financial institutions for operational purposes	-	1 092 287	415 000	-	371 343
18	**Performing loans and securities:**	**-**	**3 878 135**	**879 781**	**800 081**	**726 157**
19	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
20	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	2 954 499	718 392	-	183 645
21	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	923 636	161 389	-	542 513
22	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
23	Performing residential mortgages, of which:	-	-	-	-	-
24	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	800 081	680 069
25	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
26	Assets with matching interdependent liabilities	-	-	-	-	-

27	**Other assets:**	**-**	**21 522**	**-**	**224 756**	**219 462**
28	Physical traded commodities, including gold	-	21 522	-	-	10 761
29	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
30	NSFR derivative assets	-	-	-	16 638	583
31	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
32	All other assets not included in the above categories	-	-	-	208 118	208 118
33	Off-balance sheet items	-	-	-	483 314	24 100
34	**Total RSF**					**2 028 003**
35	**Net Stable Funding Ratio (%)**					**273%**

9 CAPITAL MANAGEMENT

In line with the requirements of the Bank Supervision Department of the South African Reserve Bank, the Bank has implemented a countercyclical buffer of 0% and a capital conservation buffer of 2.5%.

The Bank has documented its Internal Capital Adequacy Assessment Process ("ICAAP"), which was approved by the Board of Directors. Evaluations were made of the various direct, indirect and associated risks faced by the Bank and the related mitigating controls that are in place.

The disclosures of the composition of capital and main capital features for the Bank, required per Directive 3 of 2015, issued in terms of section 6(6) of the Banks Act of 1990, are set out in CC1 and CC2, respectively.

COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE

Basel III common disclosure template to be used during transition of regulatory adjustments .

LINE NO.	COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	50 000	
2	Retained earnings	-	
3	Accumulated other comprehensive income (and other reserves)	484 447	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
	Public sector capital injections grandfathered until 1 January 2018	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**534 447**	
	COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS		
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liabilty)	-	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(403)	-
10	Deferred tax assets that rely on future profitabilty excluding those arising from temporary differences (net of related tax liability)	-	-

LINE NO.	COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS (CONTNUED)		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
11	Cash flow hedge reserve	-	-
12	Shortfall of provisions to expected losses	-	-
13	Securitisation gain on sale	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
15	Defined-benefit pension find net assets	-	-
16	Investments in own shares (if not already netted off in paid-in capital on reported balance sheet)	-	-
17	Reciprocal cross-holdings in common equity	-	-
18	Investments in capital of banking, financail and insurance entities that are outside of the scope of regulatory consolidation, net of eligible short positions, where bank does not own more than 10% of the issued share capital (amount aove 10% threshold)	-	-
19	Significant investments in common stock of banking, finacila and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-
20	Mortgage servicing rights (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability	-	-
22	Amount exceeding the 15% threshold	-	-
23	of which: significant investments in the common stock of financials	-	-
24	of which: mortgage servicing rights	-	-
25	of which: deferred tax assets arising from temporary differences	-	-
26	National specific regulatory adjustments	-	-
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	-	
	OF WHICH:	-	
	OF WHICH:	-	
27	Regulatory adjustments applied to common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to common equity Tier 1**	(403)	
29	**Common Equity Tier 1 capital (CET1)**	534 044	
	ADDITIONAL TIER 1 CAPITAL : INSTRUMENTS		
30	Directly issued quilifying Additional Tier 1 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 1	-	
34	Additional Teir 1 instruments (and CET1 instruments not included in line 5) issued by susbsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by sybsidiaries subject to phase out	-	
36	**Additonal Tier 1 capital before regulatory adjusments**	-	

LINE NO.	ADDITIONAL TIER 1 CAPITAL: REGULATORY ADJUSTMENTS		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
37	Investment in own Additional Tier a instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
39	Investment in capital of banking, financail and insurance entities that are outside the scope of the regulatory consolidation net of eligible short positions, where the bank does not own moree than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
40	Significant investments in the capital of banking, financail and insurance entiteis that are outside of the scope of regulatroy consolidation (net of eligible short positions)	-	-
41	National specific regulatory adjustments	-	-
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	-	
	OF WHICH:	-	
	OF WHICH:	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	
44	**Additional Tier 1 (AT1)**	**-**	
45	**Tier 1 (T1 = CET1 + AT1)**	**534 044**	
	TIER 2 CAPITAL AND PROVISONS		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruements not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	14 280	
51	**Tier 2 capital before regulatory adjustments**	**14 280**	
	TIER 2 CAPITAL : REGULATORY ADJUSTMENTS		
52	Investments in own Tier 2 instruments	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	-	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of the 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)	-	-
55	Significant investments in the capital banking, financail and insurance entities that are outside the scope pf regulatory consolidation (net of eligibe short positions)	-	-
56	National specific reulatory adjustments	-	-
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	-	-
	OF WHICH:	-	
	OF WHICH:	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	
58	**Tier 2 capital (T2)**	**14 280**	
59	**Total capital (TC = T1 + T2)**	**548 324**	

LINE NO.	TIER 2 CAPITAL : REGULATORY ADJUSTMENTS (CONTNUED)	
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE BASEL III TREATMENT	-
	OF WHICH:	-
	OF WHICH:	-
60	**Total risk weighted assets**	3 413 565
	CAPITAL RATIOS	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15,64%
62	Tier 1 (as a percentage of risk weighted assets)	15,64%
63	Total capital (as a percentage of risk weighted assets)	16,06%
64	Institution specific buffer requirement (minimum CET 1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	-
65	of which: capital conservation buffer requirement	2,50%
66	of which: bank specific countercyclical buffer requirement	-
67	of which: G-SIB buffer requirement	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-
	NATIONAL MINIMA (IF DIFFERENT FROM BASEL 3)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	5,00%
70	National Tier 1 minimum ratio	6,75%
71	National total capital minimum ratio	9,00%
	AMOUNTS BELOW THE THRESHOLD FOR DEDUCTIONS (BEFORE RISK WEIGHTING)	
72	Non-significant investments in the capital of other financials	-
73	Significant investments in the common stock of financials	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
	APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	14 280
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
	CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2018 AND 1 JAN 2022)	
80	Current cap on CET1 instruments subjects to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

MAIN FEATURES DISCLOSURE TEMPLATE

LINE NO.	DISCLOSURE TEMPLATE FOR MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS	
1	Issuer	HBZ Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	N/A
	REGULATORY TREATMENT	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	R 50 million
9	Par value of instrument	R1 par value issued at R5 each
10	Accounting classification	Ordinary Share Capital and Share Premium
11	Original date of issuance	Thursday, 29 June 1995
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

10 LEVERAGE RATIO

In terms of Regulation 43(1)(e)(iii)(G), the Bank is required to provide a summarised comparison of the accounting assets and the regulatory leverage ratio differences, as well as the Leverage Ratio positions of the Bank, as at 30 June 2022. These are set out below:

10.1Summarised comparison of accounting assets and leverage ratio exposure measure

LINE NO.	Item	30 Jun 22	31 Mar 22
1	Total consolidated assets as per published financial statements	8 095 581	7 837 367
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	(16 638)	(35 438)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	(295 298)	305 095
7	Other adjustments	(39 682)	(33 279)
8	Leverage ratio exposure	7 743 963	8 071 745

10.2Leverage ratio

LINE NO.	Item		
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	7 595 629	7 314 614
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(39 682)	(33 279)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	7 555 947	7 281 335
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	7	34 264
5	Add-on amounts for PFE associated with all derivatives transactions	5 049	22 646
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (sum of lines 4 to 10)	5 056	56 910
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-

15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	483 314	487 315
18	(Adjustments for conversion to credit equivalent amounts)	(295 298)	(303 095)
19	Off-balance sheet items (sum of lines 17 and 18)	188 016	184 221
	Capital and total exposures		
20	**Tier 1 capital**	**534 044**	**533 990**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**7 749 019**	**7 522 466**
	Leverage ratio		
22	**Basel III leverage ratio**	**6,89%**	**7,10%**