



HBZ Bank Limited

(A subsidiary of Habib Bank AG Zurich)

South Africa

Bi-Annual Public Disclosure

in terms of the Banks Act, Regulation 43
June 2025

As at 30 June 2025

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 accordance with IFRS Accounting Standards (IFRS Accounting Standards), 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 HBZ Bank Limited's (the Bank) disclosure policy.

2. SCOPE OF REPORTING

This report covers the bi-annual results of HBZ Bank Limited as at 30 June 2025.

The Bank is a registered bank that specialises in commercial banking and 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 2025 are disclosed below.

KEY METRICS		30-JUN-25	31-MAR-25	31-DEC-24	30-SEP-24	30-JUN-24
AVAILABLE CAPITAL (AMOUNTS) R'000						
1	Common Equity Tier 1 (CET1)	593 133	593 129	593 113	593 096	593 077
1a	Fully loaded ECL accounting model CET1	593 133	593 129	593 113	593 096	593 077
2	Tier 1	593 133	593 129	593 113	593 096	593 077
2a	Fully loaded ECL accounting model Tier 1	593 133	593 129	593 113	593 096	593 077
3	Total capital	609 058	609 156	607 819	605 571	604 638
3a	Fully loaded ECL accounting model total capital	609 058	609 156	607 819	605 571	604 638
RISK-WEIGHTED ASSETS (AMOUNTS) R'000						
4	Total risk-weighted assets (RWA)	3 975 643	3 666 198	3 737 204	3 465 261	3 314 403
4a	Total risk-weighted assets (pre-floor)	3 975 643	3 666 198	3 737 204	3 465 261	3 314 403
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA						
5	CET1 ratio (%)	14.92%	16.18%	15.87%	17.12%	17.89%
5a	Fully loaded ECL accounting model CET1 (%)	14.92%	16.18%	15.87%	17.12%	17.89%
5b	CET1 ratio (%) (pre-floor ratio)	14.92%	16.18%	15.87%	17.12%	17.89%
6	Tier 1 ratio (%)	14.92%	16.18%	15.87%	17.12%	17.89%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.92%	16.18%	15.87%	17.12%	17.89%
6b	Tier 1 ratio (%) (pre-floor ratio)	14.92%	16.18%	15.87%	17.12%	17.89%
7	Total capital ratio (%)	15.32%	16.62%	16.26%	17.48%	18.24%
7a	Fully loaded ECL accounting model total capital ratio (%)	15.32%	16.62%	16.26%	17.48%	18.24%
7b	Total capital ratio (%) (pre-floor ratio)	15.32%	16.62%	16.26%	17.48%	18.24%

As at 30 June 2025

3. KEY PRUDENTIAL INFORMATION CONTINUED

	KEY METRICS	30-JUN-25	31-MAR-25	31-DEC-24	30-SEP-24	30-JUN-24
	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 G-SIB and/or D-SIB additional requirements (%)	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 Expected Credit Loss (ECL) + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10.42%	11.68%	11.37%	12.62%	13.39%
	BASEL III LEVERAGE RATIO					
13	Total Basel III leverage ratio exposure measure	9 837 058	9 759 588	9 629 348	9 307 932	9 171 630
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	6%	6%	6%	6%	6%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	6%	6%	6%	6%	6%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	6%	6%	6%	7%	7%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	6%	6%	6%	7%	7%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	6%	6%	6%	7%	7%
	LIQUIDITY COVERAGE RATIO (LCR)					
15	Total high-quality liquid assets (HQLA)	5 979 390	6 003 358	5 617 106	5 437 858	5 400 082
16	Total net cash outflow	1 018 898	885 977	715 165	586 000	859 650
17	LCR ratio (%)	587%	678%	785%	928%	628%
	NET STABLE FUNDING RATIO (NSFR)					
18	Total available stable funding	6 108 873	6 036 007	6 213 128	5 950 205	5 895 355
19	Total required stable funding	2 386 446	2 451 752	2 388 926	2 153 588	1 998 882
20	NSFR ratio	256%	246%	260%	276%	295%

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

As at 30 June 2025

3. KEY PRUDENTIAL INFORMATION CONTINUED

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

An effective and robust Risk and Control Framework is a prerequisite to the success and stability of a bank. The Bank recognises that effective risk management is fundamental to the ability of the business to generate sustainable profits, safeguard its reputation, create a competitive edge and achieve an optimal risk-reward profile.

The risk philosophy of the Bank is to keep risks to a minimum through a clear policy of broad diversification in terms of geography and product mix, and by spreading the Bank's credit and trade financing activities over a wide range of customers, with the emphasis on secured, short-term, self-liquidating lending.

Risk Assessment

The Board of Directors performs a risk assessment on a bi-annual basis and reviews the risk appetite statement on a quarterly basis. The risk assessment is based on exposure data and risk analysis, which are provided by the risk department of the Bank. 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.

Stress testing is conducted for any material risks facing the Bank (i.e. credit, liquidity, profitability, solvency risks). Stress tests of these material risks are tied to the assets in the portfolio, as well as to prevailing economic and market conditions and probe for portfolio-specific weaknesses. The frequency of stress testing is conducted at least quarterly. However, a sudden change in the economic outlook may prompt the Bank to revise the parameters of some stress tests, or if the Bank has become exposed to a particular risk area, it may be necessary to carry out more stress tests.

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

As at 30 June 2025

3. KEY PRUDENTIAL INFORMATION CONTINUED

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

OVERVIEW OF RWA

		HBZ BANK LIMITED		
LINE #	R'000	RWA		MINIMUM CAPITAL REQUIREMENTS
		JUN-25	MAR-25	JUN-25
1	Credit risk (excluding counterparty credit risk)	2 852 779	2 679 198	349 465
2	Of which: standardised approach (SA)	2 852 779	2 679 198	349 465
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	41 380	3 766	5 069
7	Of which: standardised approach for counterparty credit risk	41 380	3 766	5 069
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	23 066	2 092	2 826
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	-	-	-
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external-ratings based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	8 635	5 456	1 058
21	Of which: standardised approach (SA)	8 635	5 456	1 058
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	919 032	847 095	112 581
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	130 751	128 591	16 017
26	Output floor applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	3 975 643	3 666 198	487 016

As at 30 June 2025

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 the Bank. 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 29 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.

The 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	e	f	g
	GROSS CARRYING VALUES OF		ALLOWANCES/ IMPAIRMENTS	OF WHICH ECL ACCOUNTING PROVISIONS FOR CREDIT LOSSES ON SA EXPOSURES		OF WHICH ECL ACCOUNTING PROVISIONS FOR CREDIT LOSSES ON IRB EXPOSURES	NET VALUES (A + B - C)
R'000	DEFAULTED EXPOSURES	NON- DEFAULTED EXPOSURES		ALLOCATED IN REGULATORY CATEGORY OF SPECIFIC	ALLOCATED IN REGULATORY CATEGORY OF GENERAL		
1 Loans	115 133	2 504 944	(44 337)	(36 240)	(8 097)	–	2 575 740
2 Debt Securities	–	5 664 407	(5 347)	–	(5 347)	–	5 659 060
3 Cash and Cash Equivalents	–	1 302 185	(2 606)	–	(2 606)	–	1 299 579
4 Off-balance sheet exposures	–	473 989	(208)	–	(208)	–	473 781
5 Total	115 133	9 945 525	(52 498)	(36 240)	(16 258)	–	10 008 160

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 realising 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 outstandings.

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

As at 30 June 2025

4. CREDIT RISK CONTINUED

4.2 Changes in stock of defaulted loans and debt securities

	a
R'000	
1 Defaulted loans and debt securities at end of the previous reporting period	108 588
2 Loans and debt securities that have defaulted since the last reporting period	21 247
3 Returned to non-defaulted status	-
4 Amounts written off	-
5 Other changes	(14 702)
6 Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 + 5)	115 133

4.3 Credit risk mitigation techniques – overview

	a	b	c	d	e
R'000	EXPOSURES UNSECURED: CARRYING AMOUNT	EXPOSURES TO BE SECURED	EXPOSURES SECURED BY COLLATERAL	EXPOSURES SECURED BY FINANCIAL GUARANTEES	EXPOSURES SECURED BY CREDIT DERIVATIVES
1 Loans	245 581	2 330 159	2 325 218	4 941	-
2 Debt securities	5 659 060	-	-	-	-
3 Cash and cash equivalents	1 299 579	-	-	-	-
4 Total	7 204 220	2 330 159	2 325 218	4 941	-
5 Of which defaulted	-	-	115 133	-	-

4.4 Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

	a	b	c	d	e	f
R'000	EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND 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
1 Sovereigns and their central banks	5 664 407	-	5 865 346	-	-	-
2 Non-central government public sector entities	102 977	-	102 977	-	-	-
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	599 899	-	640 274	-	263 354	41%
Of which: securities firms and other financial institutions	599 899	-	640 274	-	263 354	41%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	2 106 215	385 281	2 419 876	-	2 317 190	96%
Of which: securities firms and other financial institutions	-	-	-	-	-	-
Of which: specialised lending	2 106 215	385 281	2 419 876	-	2 317 190	96%
7 Subordinated debt, equity and other capital	-	-	-	-	-	-
8 Retail	398 387	80 267	351 708	-	198 482	56%

As at 30 June 2025

4. CREDIT RISK CONTINUED

R'000

	a	b	c	d	e	f
	EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND 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
9 Real estate	-	-	-	-	-	-
Of which: general RRE	-	-	-	-	-	-
Of which: IPRRE	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-
Of which: IPCRE	-	-	-	-	-	-
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Defaulted exposures	115 133	7 314	115 133	-	115 133	100%
11 Other assets	-	-	-	-	-	-
12 Total	8 987 018	472 862	9 495 314	-	2 894 159	-

4.5 Standardised approach – exposures by asset classes and risk weights

R'000

	a	b	c	d	e	f
ASSET CLASSES BY RISK WEIGHTS	0%-5%	15%-20%	50%-75%	100%	150%	TOTAL CREDIT EXPOSURES AMOUNT (POST-CCF AND POST-CRM)
1 Sovereigns and their central banks	5 774 294	-	-	-	91 052	5 865 346
2 Non-central government public sector entities	102 977	-	-	-	-	102 977
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	-	524 898	115 376	-	-	640 274
Of which: securities firms and other financial institutions	-	524 898	115 376	-	-	640 274
5 Covered bonds	-	-	-	-	-	-
6 Corporates	-	-	-	2 419 876	-	2 419 876
Of which: securities firms and other financial institutions	-	-	-	-	-	-
Of which: specialised lending	-	-	-	2 419 876	-	2 419 876
7 Subordinated debt, equity and other capital	-	-	-	-	-	-
8 Retail	-	-	20 318	331 390	-	351 708

As at 30 June 2025

4. CREDIT RISK CONTINUED

R'000		a	b	c	d	e	f
ASSET CLASSES BY RISK WEIGHTS		0%-5%	15%-20%	50%-75%	100%	150%	TOTAL CREDIT EXPOSURES AMOUNT (POST-CCF AND POST-CRM)
9	Real estate	-	-	-	-	-	-
	Of which: general RRE	-	-	-	-	-	-
	Of which: no loan splitting applied	-	-	-	-	-	-
	Of which: loan splitting applied (secured)	-	-	-	-	-	-
	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-
	Of which: IPRRE	-	-	-	-	-	-
	Of which: general CRE	-	-	-	-	-	-
	Of which: no loan splitting applied	-	-	-	-	-	-
	Of which: loan splitting applied (secured)	-	-	-	-	-	-
	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-
	Of which: IPCRE	-	-	-	-	-	-
	Of which: land acquisition, development and construction	-	-	-	-	-	-
10	Defaulted exposures	-	-	-	115 133	-	115 133
11	Other assets	-	-	-	-	-	-
12	Total	5 877 271	524 898	135 694	2 866 399	91 052	9 495 314

As at 30 June 2025

5. 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 Asset and Liability Committee (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 computerised 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.

Stress testing is conducted for any material risks facing the Bank (i.e. credit, liquidity, profitability, solvency risks). Stress tests of these material risks are tied to the assets in the portfolio, as well as to prevailing economic and market conditions and probe for portfolio-specific weaknesses. The frequency of stress testing is conducted at least quarterly. However, a sudden change in the economic outlook may prompt the Bank to revise the parameters of some stress tests, or if the Bank has become exposed to a particular risk area, it may be necessary to carry out more stress tests.

The Bank complies with Basel III principles relating to liquidity risk management, specifically the liquidity coverage ratio and the net stable funding ratio. As with interest rate risk 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 ongoing reporting requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

5.1 Liquidity coverage ratio (LCR)

	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
	R'000	R'000
HIGH-QUALITY LIQUID ASSETS		
1 Total HQLA	5 979 390	5 979 390
CASH OUTFLOWS		
2 Retail deposits and deposits from small business customers, of which:	1 695 348	169 535
3 Stable deposits	–	–
4 Less stable deposits	1 695 348	169 535
5 Unsecured wholesale funding, of which:	4 987 607	1 654 011
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7 Non-operational deposits (all counterparties)	4 987 607	1 654 011
8 Unsecured debt	–	–
9 Secured wholesale funding	–	–
10 Additional requirements, of which:	472 862	35 469
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	472 862	35 469
14 Other contractual funding obligations	–	–
15 Other contingent funding obligations	–	–
16 TOTAL CASH OUTFLOWS	7 155 817	1 859 015
CASH INFLOWS		
17 Secured lending (e.g. reverse repos)	–	–
18 Inflows from fully performing exposures	1 211 924	840 117
19 Other cash inflows	–	–
20 TOTAL CASH INFLOWS	1 211 924	840 117
		TOTAL ADJUSTED VALUE
21 Total HQLA		5 979 390
22 Total net cash outflows		1 018 898
23 Liquidity Coverage Ratio (%)		587%

As at 30 June 2025

5. LIQUIDITY RISK CONTINUED

5.2 Net stable funding ratio (NSFR)

June 2025

(R'000)

AVAILABLE STABLE FUNDING (ASF) ITEM

1	Capital:
2	Regulatory capital
3	Other capital instruments
4	Retail deposits and deposits from small business customers:
5	Stable deposits
6	Less stable deposits
7	Wholesale funding:
8	Operational deposits
9	Other wholesale funding
10	Liabilities with matching interdependent assets
11	Other liabilities:
12	NSFR derivative liabilities
13	All other liabilities and equity not included in the above categories
14	Total ASF

REQUIRED STABLE FUNDING (RSF) ITEM (R'000)

15	Total NSFR high-quality liquid assets (HQLA)
16	Deposits held at other financial institutions for operational purposes
17	Performing loans and securities:
18	Performing loans to financial institutions secured by Level 1 HQLA
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk
22	Performing residential mortgages, of which:
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities
25	Assets with matching interdependent liabilities
26	Other assets:
27	Physical traded commodities, including gold
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties
29	NSFR derivative assets
30	NSFR derivative liabilities before deduction of variation margin posted
31	All other assets not included in the above categories
32	Off-balance sheet items
33	Total RSF
34	Net Stable Funding Ratio (%)

a	b	c	d	e
UNWEIGHTED VALUE BY RESIDUAL MATURITY				
NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE

593 138	-	-	-	593 138
593 138	-	-	-	593 138
-	-	-	-	-
-	3 016 170	-	-	2 714 553
-	-	-	-	-
-	3 016 170	-	-	2 714 553
-	4 887 593	649 224	-	2 768 409
-	-	-	-	-
-	4 887 593	649 224	-	2 768 409
-	-	-	-	-
-	442 973	65 545	24 082	32 773
-	-	-	24 082	-
-	442 973	65 545	-	32 773
593 138	8 346 736	714 769	24 082	6 108 873

-	599 309	-	-	10 592
-	689 165	-	-	141 474
-	3 702 377	1 409 465	1 691 952	855 319
-	-	-	-	-
-	2 746 106	1 221 005	1 691 952	282 953
-	956 271	188 460	-	572 366
-	-	-	-	-
-	-	-	-	-
-	-	-	1 319 098	1 121 233
-	-	-	-	-
-	-	-	-	-
-	38 927	-	214 721	234 185
-	38 927	-	-	19 464
-	-	-	-	-
-	-	-	25 767	25 767
-	-	-	-	-
-	-	-	188 954	188 954
-	-	-	473 989	23 643
				2 386 446
				256%

As at 30 June 2025

5. LIQUIDITY RISK CONTINUED

March 2025

	a	b	c	d	e
	UNWEIGHTED VALUE BY RESIDUAL MATURITY				
	NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	WEIGHTED VALUE
AVAILABLE STABLE FUNDING (ASF) ITEM (R'000)					
1 Capital:	593 138	-	-	-	593 138
2 Regulatory capital	593 138	-	-	-	593 138
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	-	3 044 103	-	-	2 739 693
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	3 044 103	-	-	2 739 693
7 Wholesale funding:	-	4 537 994	863 357	-	2 700 676
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	4 537 994	863 357	-	2 700 676
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	595 452	5 000	3 024	2 500
12 NSFR derivative liabilities	-	-	-	3 024	-
13 All other liabilities and equity not included in the above categories	-	595 452	5 000	-	2 500
14 Total ASF	593 138	8 177 549	868 357	3 024	6 036 007
REQUIRED STABLE FUNDING (RSF) ITEM (R'000)					
15 Total NSFR high-quality liquid assets (HQLA)	-	792 132	-	-	10 054
16 Deposits held at other financial institutions for operational purposes	-	342 315	131 589	-	121 323
17 Performing loans and securities:	-	1 794 671	3 273 468	1 734 538	946 878
18 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	735 490	2 984 333	1 734 538	272 719
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	1 059 181	289 135	-	674 159
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22 Performing residential mortgages, of which:	-	-	-	-	-
23 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	1 353 593	1 150 554
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
25 Assets with matching interdependent liabilities	-	-	-	-	-
26 Other assets:	-	33 983	-	185 779	202 771
27 Physical traded commodities, including gold	-	33 983	-	-	16 992
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	-	-	-	-	-
29 NSFR derivative assets	-	-	-	3 669	3 669
30 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31 All other assets not included in the above categories	-	-	-	182 110	182 110
32 Off-balance sheet items	-	-	-	404 732	20 172
33 Total RSF	-	-	-	-	2 451 752
34 Net Stable Funding Ratio (%)	-	-	-	-	246%

As at 30 June 2025

6. CREDIT VALUE ADJUSTMENT (CVA) DISCLOSURE

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank has policies in place to detail its processes relating to risk management. The goal is to maximise the Bank's risk-adjusted return by maintaining risk exposures within acceptable parameters.

Major objectives of credit risk management are to put in place sound credit approval processes for informed risk-taking and procedures for effective risk identification, monitoring and measurement.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are classified as financial assets when their fair value is positive, or as financial liabilities when their fair value is negative.

MEASUREMENT

There are two bases of measurement, namely amortised cost and fair value.

- Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual terms of the instrument.

- Amortised cost and effective interest rate

The amortised cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition.

COLLATERAL

The Bank may require collateral in respect of the credit risk present in derivative transactions. The amount of credit risk is principally the positive fair value of the contract. Collateral may be in the form of cash or in the form of a lien over a client's assets, entitling the Bank to make a claim for current and future liabilities.

COMMITMENTS UNDER DERIVATIVE INSTRUMENTS

The Bank enters into forward exchange contracts in the normal course of business.

MANAGEMENT OF INTEREST RATE RISK

Derivative financial instruments are modelled and reported based on their contractual repricing or maturity characteristics.

MANAGEMENT OF MARKET RISK

Market risk is governed by board-approved policies that cover management, identification, measurement and monitoring.

Market risk limits, including value at risk and stress trigger limits, are approved at board level and reviewed periodically, but at least annually.

MANAGEMENT/GOVERNANCE STRUCTURES

The Bank has governance structures in place that support risk-based decision making and oversight. The Board has delegated the oversight of risk management to its Board Committees (Capital Adequacy & Risk Committee (CARC) and Audit Committee (AC)).

Management governance structures are in place (Executive Committee and Risk Management Committee (RMC)) reporting to the Board Committees on a quarterly basis. The lines of responsibilities are clearly defined and supported by the combined assurance model that defines the roles, responsibilities and accountability for the combined assurance process.

STANDARDISED APPROACH TO CVA

The Bank only executes the plain vanilla FX Forward transactions with the market counterparties for the purpose of covering the open exposure against client deals and to manage the excess liquidity. Considering the nature of transactions, the Bank has chosen the prescribed Standardised Approach to calculate the capital charge against CVA.

CALCULATION CRITERIA FOR SA-CVA

- Over the counter (OTC) Derivatives are executed under the International Swaps and Derivatives Association (ISDA) Agreement with the counterparties
- There is no margin call below the agreed minimum transfer amount (MTA) as per Credit Approved Annexure (CSA) being part of ISDA Agreement with counterparties
- No Collateral to be held below the agreed MTA
- No netting agreement is in place with the counterparties
- No Contracts are executed more than 1 year of maturity
- The Bank does not hedge the risk due to low materiality of exposure and higher hedging cost

As at 30 June 2025

6. CREDIT VALUE ADJUSTMENT (CVA) DISCLOSURE CONTINUED

6.1 The standardised approach for CVA (SA-CVA)

R'000

1	Interest rate risk
2	Foreign exchange risk
3	Reference credit spread risk
4	Equity risk
5	Commodity risk
6	Counterparty credit spread risk
7	Total (sum of rows 1 to 6)

a	b
SA-CVA RWA	Number of counterparties
-	-
-	-
-	-
-	-
-	-
23 066	-
23 066	-

6.2 RWA flow statements of CVA risk exposures under SA-CVA

R'000

1	Total RWA for CVA at previous quarter-end
2	Total RWA for CVA at end of reporting period

a
2 092
23 066

7. 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 (FECs) from Board approved banks
- Dealing with banks and sovereigns situated in countries that have a well-regulated banking industry

7.1 Analysis of CCR exposures by approach

R'000

	a	b	c	d	e	f
	REPLACEMENT COST	POTENTIAL FUTURE EXPOSURE	EFFECTIVE EPE	ALPHA USED FOR COMPUTING REGULATORY EAD	EAD POST-CRM	RWA
1	SA-CCR (for derivatives)	23 636	35 434	-	-	64 446
2	Internal Model Method (for derivatives and SFTs)	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-
5	Value-at-risk (VaR) for SFTs	-	-	-	-	-
6	Total	-	-	-	-	64 446

As at 30 June 2025

7. COUNTERPARTY CREDIT RISK (CCR) CONTINUED

7.2 Credit valuation adjustment (CVA) capital 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.

R'000

ON-BALANCE SHEET EXPOSURES

	a	b
	EAD POST-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3 x multiplier)	-	-
2 (ii) Stressed VaR component (including the 3 x multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	-	64 446
4 Total subject to the CVA capital charge	-	64 446

7.3 Standardised approach – CCR exposures by regulatory portfolio and risk weights

	a	b	c	d	e	f
	0%-5%	15%-20%	50%-75%	100%	150%	TOTAL CREDIT EXPOSURES AMOUNT
R'000						
1 Sovereigns	-	-	-	-	-	-
2 Non-central government public sector entities	-	-	-	-	-	-
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	-	10 329	-	31 051	-	41 380
5 Securities firms	-	-	-	-	-	-
6 Corporates	-	-	-	-	-	-
7 Regulatory retail portfolios	-	-	-	-	-	-
8 Other assets	-	-	-	-	-	-
9 Total	-	10 329	-	31 051	-	41 380

As at 30 June 2025

8. CAPITAL MANAGEMENT

In line with the requirements of the Prudential Authority (PA), and effective from 1 January 2019, 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 reviewed 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 1 of 2019, issued in terms of section 6(6) of the Banks Act of 1990, are set out in CC1, CC2 and CCA, respectively.

8.1 COMPOSITION OF REGULATORY CAPITAL

		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
	R'000	
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		
1 Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	50 000	-
2 Retained earnings	212 444	-
3 Accumulated other comprehensive income (and other reserves)	543 138	-
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 1 capital before regulatory adjustments	593 138	-
Common Equity Tier 1 capital: regulatory adjustments		
7 Prudential valuation adjustments	-	-
8 Goodwill (net of related tax liability)	-	-
9 Other intangibles other than mortgage-servicing rights (MSR) (net of related tax liability)	(5)	-
10 Deferred tax assets (DTA) 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	-	-
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 subtracted from 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, 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 (amount above 10% threshold)	-	-
20 MSR (amount above 10% threshold)	-	-
21 DTA 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: MSR	-	-
25 Of which: DTA arising from temporary differences	-	-
26 National specific regulatory adjustments	-	-
27 Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	-	-
28 Total regulatory adjustments to common equity Tier 1	(5)	-
29 Common Equity Tier 1 capital (CET1)	593 133	-

As at 30 June 2025

8. CAPITAL MANAGEMENT CONTINUED

		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
	R'000	
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		
ADDITIONAL TIER 1 CAPITAL: INSTRUMENTS		
30	Directly issued qualifying 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 Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	-
35	Of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 capital before regulatory adjustments	-
ADDITIONAL TIER 1 CAPITAL: REGULATORY ADJUSTMENTS		
37	Investment in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, 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	-
41	National specific regulatory adjustments	-
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)	593 133
TIER 2 CAPITAL AND PROVISIONS		
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 instruments not included in rows 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	15 925
51	Tier 2 capital before regulatory adjustments	15 925

As at 30 June 2025

8. CAPITAL MANAGEMENT CONTINUED

		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
	R'000	
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		
TIER 2 CAPITAL: REGULATORY ADJUSTMENTS		
52 Investments in own Tier 2 instruments	-	-
53 Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-
54 Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
54a Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the Bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	-	-
55 Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
56 National specific regulatory adjustments	-	-
57 Total regulatory adjustments to Tier 2 capital	-	-
58 Tier 2 capital (T2)	15 925	-
59 Total capital (TC = T1 + T2)	609 058	-
60 Total risk weighted assets	3 975 643	3 975 643
CAPITAL RATIOS		
61 Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	14.92%	-
62 Tier 1 capital (as a percentage of risk-weighted assets)	14.92%	-
63 Total capital (as a percentage of risk weighted assets)	15.32%	-
64 Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency 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: higher loss absorbency requirement	-	-
68 Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the Bank's minimum capital requirements	10.42%	-

As at 30 June 2025

8. CAPITAL MANAGEMENT CONTINUED

		AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT
	R'000	
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		
NATIONAL MINIMA (IF DIFFERENT FROM BASEL III)		
69 National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)	5%	-
70 National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)	6.75%	-
71 National minimum total capital adequacy ratio (if different from Basel III minimum)	9.00%	-
AMOUNTS BELOW THE THRESHOLD FOR DEDUCTIONS (BEFORE RISK WEIGHTING)		
72 Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-
73 Significant investments in the common stock of financials	-	-
74 MSR (net of related tax liability)	-	-
75 DTA 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 capital in respect of exposures subject to standardised approach (prior to application of cap)	15 925	-
77 Cap on inclusion of provisions in Tier 2 capital under standardised approach	-	-
78 Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79 Cap for inclusion of provisions in Tier 2 capital 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 subject to phase-out arrangements	-	-
81 Amount excluded from CET1 capital 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 capital due to cap (excess over cap after redemptions and maturities)	-	-
84 Current cap on Tier 2 instruments subject to phase-out arrangements	-	-
85 Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	-

As at 30 June 2025

8. CAPITAL MANAGEMENT CONTINUED

8.2 Reconciliation of regulatory capital to balance sheet

ASSETS

Cash and cash equivalents	2 014 775
Investment securities	4 708 254
Other assets	21 089
Derivative assets held for risk management	18 884
Loans and advances	2 650 428
Property and equipment	51 407
Investment property	8 207
Right-of-use assets	11 085
Deferred tax assets	12 746
Total assets	9 496 875

LIABILITIES

Deposits and borrowings	8 574 309
Provisions	14 845
Other liabilities	20 814
Derivative liabilities held for risk management	18 161
Lease liabilities	14 253
Total liabilities	8 642 382

SHAREHOLDERS' EQUITY

Ordinary share capital	10 000
Share premium	40 000
General reserve	543 138
Retained earnings	261 355
Total shareholders' equity	854 493

As the Bank publishes their financial reports annually, the 31 December 2024 have been included in the 30 June 2025 Bi-annual disclosure. As the Banks, published financial statements mirror the regulatory reporting, only column a is shown.

31-DEC-24
a
BALANCE SHEET AS IN PUBLISHED FINANCIAL STATEMENTS
AS AT PERIOD-END
R'000
2 014 775
4 708 254
21 089
18 884
2 650 428
51 407
8 207
11 085
12 746
9 496 875
8 574 309
14 845
20 814
18 161
14 253
8 642 382
10 000
40 000
543 138
261 355
854 493

As at 30 June 2025

8.3 Main features of regulatory capital instruments

DISCLOSURE TEMPLATE FOR MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

1	Issuer	HBZ Bank Limited
2	Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (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 and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital
8	Amount recognised in regulatory capital (currency in millions, 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, June 29, 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
34a	Type of subordination	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

As at 30 June 2025

9. 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 2025. The leverage ratios are reported to the Prudential Authority as part of the Bank's monthly submissions. These are set out below:

9.1 Summary comparison of accounting assets vs leverage ratio exposure measure

ITEM (R'000)	a	b
	30-JUN-25	31-MAR-25
1 Total consolidated assets as per published financial statements	10 152 714	10 046 800
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 securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4 Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6 Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7 Adjustments for eligible cash pooling transactions	-	-
8 Adjustments for derivative financial instruments	(25 767)	(3 669)
9 Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-	-
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	(295 136)	(236 742)
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12 Other adjustments	5 246	(46 802)
13 Leverage ratio exposure measure	9 837 058	9 759 588

As at 30 June 2025

9. LEVERAGE RATIO CONTINUED

9.2 Leverage ratio common disclosure template

		a	b
		30-JUN-25	31-MAR-25
ITEM (R'000)			
ON-BALANCE SHEET EXPOSURES			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	9 652 958	9 638 399
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	(30 188)	(52 398)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	9 622 770	9 586 001
DERIVATIVE EXPOSURES			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	23 636	724
9	Add-on amounts for potential future exposure associated with all derivatives transactions	11 798	4 872
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	35 434	5 596
SECURITIES FINANCING TRANSACTION EXPOSURES			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-

As at 30 June 2025

9. LEVERAGE RATIO CONTINUED

ITEM (R'000)		a	b
		30-JUN-25	31-MAR-25
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposure at gross notional amount	473 989	404 732
20	(Adjustments for conversion to credit equivalent amounts)	(295 135)	(236 741)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	178 854	167 991
CAPITAL AND TOTAL EXPOSURES			
23	Tier 1 capital	593 133	593 129
24	Total exposures (sum of rows 7, 13, 18 and 22)	9 837 058	9 759 588
LEVERAGE RATIO			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	6%	6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6%	6%
26	National minimum leverage ratio requirement	4%	4%
27	Applicable leverage buffers	-	-
DISCLOSURE OF MEAN VALUES			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	-	-
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6%	6%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6%	6%

As at 30 June 2025

10. MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate resulting in losses due to movements in observable market variables such as profit rates, exchange rates and equity markets. In addition to these and other general market risk factors, the risk of price movements specific to individual issuers of securities is considered market risk. Bank's exposure to market risk is limited as the portfolios that are subject to market risk relate to forward exchange contracts. The Bank makes use of the standardised approach to compute market risk.

Further disclosure on market risk is included in Note 29 of the annual financial statements that are available on the Bank's website (www.hbzbank.co.za).

10.1 Market risk under the standardised approach

CAPITAL REQUIREMENT IN STANDARDISED APPROACH

	30-JUN-25
R'000	
1 General interest rate risk	-
2 Equity risk	-
3 Commodity risk	-
4 Foreign exchange risk	1 058
5 Credit spread risk – non-securitisations	-
6 Credit spread risk – securitisations (non-correlation trading portfolio)	-
7 Credit spread risk – securitisation (correlation trading portfolio)	-
8 Default risk – non-securitisations	-
9 Default risk – securitisations (non-correlation trading portfolio)	-
10 Default risk – securitisations (correlation trading portfolio)	-
11 Residual risk add-on	-
12 TOTAL	1 058