



(Subsidiary of Habib Bank AG Zurich)

HBZ Bank Limited

Annual Public Disclosure

in terms of the Banks Act, Regulation 43
for the year ended 31 December 2025

for the year ended 31 December 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 annual results of HBZ Bank Limited for the year ended 31 December 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. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA)

3.1 Key Metrics

The Bank's key prudential metrics relating to regulatory capital, leverage ratio, liquidity ratios and risk weighted assets as at 31 December 2025 are disclosed below.

	31 DECEMBER 2025	30 SEPTEMBER 2025	30 JUNE 2025	31 MARCH 2025	31 DECEMBER 2024	
AVAILABLE CAPITAL (AMOUNTS) R'000						
1	Common Equity Tier 1 (CET1)	648 840	593 135	593 133	593 129	593 113
2	Tier 1	648 840	593 135	593 133	593 129	593 113
3	Total capital	672 249	604 765	609 058	609 156	607 819
RISK-WEIGHTED ASSETS (AMOUNTS) R'000						
4	Total risk-weighted assets (RWA)	3 957 527	3 813 351	3 975 643	3 666 198	3 737 204
4a	Total risk-weighted assets (pre-floor)	3 957 527	3 813 351	3 975 643	3 666 198	3 737 204
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA						
5	CET1 ratio (%)	16,40%	15,55%	14,92%	16,18%	15,87%
5a	CET1 ratio (%) (pre-floor ratio)	16,40%	15,55%	14,92%	16,18%	15,87%
6	Tier 1 ratio (%)	16,40%	15,55%	14,92%	16,18%	15,87%
6a	Tier 1 ratio (%) (pre-floor ratio)	16,40%	15,55%	14,92%	16,18%	15,87%
7	Total capital ratio (%)	16,99%	15,86%	15,32%	16,62%	16,26%
7a	Total capital ratio (%) (pre-floor ratio)	16,99%	15,86%	15,32%	16,62%	16,26%
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 + row 10)	2,50%	2,50%	2,50%	2,50%	2,50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8,52%	7,68%	7,04%	8,30%	8,25%
BASEL III LEVERAGE RATIO						

for the year ended 31 December 2025

3. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) CONTINUED

	31 DECEMBER 2025	30 SEPTEMBER 2025	30 JUNE 2025	31 MARCH 2025	31 DECEMBER 2024
13 Total Basel III leverage ratio exposure measure	10 894 064	9 913 784	9 837 058	9 759 588	9 629 348
14 Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	6%	6%	6%	6%	6%
14a Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	6%	6%	6%	6%	6%
14b 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%	6%	6%
14c 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%	6%	6%
LIQUIDITY COVERAGE RATIO (LCR)					
15 Total high-quality liquid assets (HQLA)	6 362 735	6 103 928	5 979 390	6 003 358	5 617 106
16 Total net cash outflow	877 269	725 463	1 018 898	885 977	715 165
17 LCR ratio (%)	725%	841%	587%	678%	785%
NET STABLE FUNDING RATIO (NSFR)					
18 Total available stable funding	6 400 176	6 196 174	6 108 873	6 036 007	6 213 128
19 Total required stable funding	2 532 991	2 348 005	2 386 446	2 451 752	2 388 926
20 NSFR ratio	253%	264%	256%	246%	260%

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.

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

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



for the year ended 31 December 2025

3. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) CONTINUED

Overview of RWA

Line #	R'000	HBZ BANK LIMITED		
		RWA DEC-25	SEP-25	MINIMUM CAPITAL REQUIREMENTS DEC-25
1	Credit risk (excluding counterparty credit risk)	2 745 081	2 617 256	336 272
2	Of which: standardised approach (SA)	2 745 081	2 617 256	336 272
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)	52 710	41 735	6 457
7	Of which: standardised approach for counterparty credit risk	52 710	41 735	6 457
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	55 564	48 686	6 807
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	19 410	8 725	2 378
21	Of which: standardised approach (SA)	19 410	8 725	2 378
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	960 638	967 086	117 678
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	124 125	129 864	15 205
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)	3 957 527	3 813 351	484 797

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 - Pillar 1	8,000%
Add-on: Pillar 2A and 2B requirements	1,750%
Add-on: Capital Conservation Buffer	2,500%
Total	12,250%

Further disclosure on the Capital Adequacy Ratio is included in Note 32 of the annual financial statements that are available on the Banks website (www.hbzbank.co.zg).

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4. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

This section outlines the treatment and the carrying values as published in the annual financial statements and used for the various regulatory risk categories, along with the carrying values of the items for the calculation of regulatory capital. Certain differences arise as a result of differing treatment under regulatory and IFRS rules, as further explained below.

4.1 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	CARRYING VALUES OF ITEMS:					
	CARRYING VALUES AS REPORTED IN PUBLISHED FINANCIAL STATEMENTS & UNDER SCOPE OF REGULATORY CONSOLIDATION	SUBJECT TO CREDIT RISK FRAMEWORK	SUBJECT TO COUNTERPARTY CREDIT RISK FRAMEWORK	SUBJECT TO THE SECURITISATION FRAMEWORK	SUBJECT TO THE MARKET RISK FRAMEWORK	NOT SUBJECT TO CAPITAL REQUIREMENTS OR SUBJECT TO DEDUCTION FROM CAPITAL
31 December 2025	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Cash and cash equivalents	1 972 832	1 972 832	-	-	-	-
Investment securities	5 873 181	5 873 181	-	-	-	-
Other assets	19 431	-	-	-	-	19 431
Derivative assets held for risk management	29 672	-	29 672	-	-	-
Loans and advances	2 754 845	2 754 845	-	-	-	-
Property and equipment	49 649	-	-	-	-	49 649
Investment property	8 158	-	-	-	-	8 158
Right-of-use assets	11 992	-	-	-	-	11 992
Deferred tax asset	13 953	-	-	-	-	13 953
Total assets	10 733 713	10 600 858	29 672	-	-	103 183
Liabilities and equity						
Deposits and borrowings	9 775 717	-	-	-	-	-
Provisions	13 025	-	-	-	-	-
Other liabilities	19 993	-	-	-	-	-
Derivative liabilities held for risk management	26 972	-	-	-	-	-
Lease liabilities	14 556	-	-	-	-	-
Ordinary shareholder's equity	883 450	-	-	-	-	-
Total liabilities and equity	10 733 713	-	-	-	-	-

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4. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES CONTINUED

4.2 Main sources of differences between regulatory amounts and carrying values in financial statements

	ITEMS SUBJECT TO:			
	CREDIT RISK FRAMEWORK	SECURITISATION FRAMEWORK	COUNTERPARTY CREDIT RISK FRAMEWORK	MARKET RISK FRAMEWORK
TOTAL	R'000	R'000	R'000	R'000
Asset carrying value amount under scope of regulatory consolidation	10 733 713	10 600 858	-	29 672
Liabilities and equity carrying value amount under scope of regulatory consolidation	10 733 713	-	-	-
Total net amount under regulatory scope of consolidation	-	10 600 858	-	29 672
Off-balance sheet amounts	358 289	358 289	-	-
Exposure amounts considered for regulatory purposes	11 092 002	10 959 147	-	29 672

The differences between the accounting and regulatory exposure amounts are due to the following:

The carrying values of the items subject to the regulatory framework are based on average daily balances (where applicable) as required in terms of the Regulations relating to Banks.

The Off-balance sheet amounts are post application of Credit Conversion Factors (CCF) and Credit Risk Mitigation (CRM) for derivative exposures under counterparty credit risk.

5. 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.

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5.1 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.

R'000	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)	
	DEFAULTED EXPOSURES	NON-DEFAULTED EXPOSURES		ALLOCATED IN REGULATORY CATEGORY OF SPECIFIC	ALLOCATED IN REGULATORY CATEGORY OF GENERAL			
	a	b		c	d			e
1	Loans: of which:	131 655	2 678 250	(55 061)	(41 053)	(14 008)	-	2 754 845
(a)	Sovereign (including central government and central bank)	-	13 901	-	-	-	-	13 901
(b)	Banks	-	-	-	-	-	-	-
(c)	Corporate	-	1 796 276	(1 717)	-	(1 717)	-	1 794 559
(d)	SME Corporate	39 670	420 602	(24 940)	(15 790)	(9 150)	-	435 332
(e)	Specialised Lending Real Estate (SL)	35 787	-	(6 773)	(5 787)	(986)	-	29 014
e (1)	SL: Project Finance	-	-	-	-	-	-	-
e (2)	SL :object and commodity finance	-	-	-	-	-	-	-
(f)	Of which: Purchased receivables - coporate	-	-	-	-	-	-	-
(g)	Of which: Retail residential mortgage advances	2 579	76 445	-	-	-	-	79 024
(h)	Of which: Retail qualifying revolving (QRRE)	1	4	-	-	-	-	5
(i)	Of which: Retail SME	53 548	357 349	(21 489)	(19 476)	(2 013)	-	389 408
(j)	Retail Other	70	13 673	(142)	-	(142)	-	13 601
j(1)	Of which: unsecured lending	70	3 897	-	-	-	-	3 967
(k)	Of which: Purchased receivables - retail	-	-	-	-	-	-	-
2	Debt Securities	-	5 880 555	(7 374)	-	(7 374)	-	5 873 181
3	Off-balance sheet exposures	-	358 289	(303)	-	(303)	-	357 986
4	Total	131 655	8 917 094	(62 738)	(41 053)	(21 685)	-	8 986 011

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5 CREDIT RISK CONTINUED

Refer to the Risk Management Review as well as Notes 1, 2, 5, 6, 15 and 29 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 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.

5.2 Changes in stock of defaulted loans and debt securities

R'000

	a
1 Defaulted loans and debt securities at end of the previous reporting period	115 133
2 Loans and debt securities that have defaulted since the last reporting period	12 090
3 Returned to non-defaulted status	-
4 Amounts written off	1 269
5 Other changes	5 701
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	131 655

5.3 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:

R'000

Concentration by location

	GROSS CREDIT EXPOSURES
America	165 269
Europe	150 239
Asia	4 558
South Africa	8 728 684
Other African countries	-
Total	9 048 750

Refer to Note 29 of the annual financial statements for further disclosure on gross credit exposure.

5.4 Breakdown of gross customer advances by industry sector

R'000

Concentration by industry

	GROSS CREDIT EXPOSURES
Finance & insurance	230
Manufacturing	512 695
Transportation	87 264
Commercial real estate	1 174 961
Retailers & wholesalers	814 549
Other	220 207
Total	2 809 906

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5. CREDIT RISK CONTINUED

5.5 Impaired and past due advances by geographical area

R'000

Individually impaired advances

Impairments for credit losses
 Expected credit loss (Stage 1)
 Expected credit loss (Stage 2)
 Expected credit loss (Stage 3)

Total

SOUTH AFRICA	OTHER
GROSS AMOUNT	GROSS AMOUNT
131 655	-
13 055	-
1 256	-
18 917	-
164 883	-

5.6 Credit risk mitigation techniques – overview

R'000

	a	b	c	d	e
	EXPOSURES UNSECURED: CARRYING AMOUNT	EXPOSURES TO BE SECURED	EXPOSURES SECURED BY COLLATERAL	EXPOSURES SECURED BY FINANCIAL GUARANTEES	EXPOSURES SECURED BY CREDIT DERIVATIVES
1 Loans	294 114	2 460 731	2 460 731	-	-
(a) Sovereign (including central government and central bank)	-	-	-	-	-
(b) Public sector entities	-	-	-	-	-
(c) Banks	-	-	-	-	-
(d) Corporate	294 114	315 308	315 308	-	-
(e) SME Corporate	-	1 693 843	1 693 843	-	-
(f) Specialised Lending:Real Estate (SL)	-	-	-	-	-
1 SL: Project finance	-	-	-	-	-
2 SL: Object and commodity finance	-	-	-	-	-
(g) Purchased receivables - coporate	-	-	-	-	-
(h) Retail residential mortgage advances	-	-	-	-	-
(i) Retail qualifying revolving (QRRE)	-	189	189	-	-
(j) Retail SME	-	440 266	440 266	-	-
(k) Retail Other	-	11 125	11 125	-	-
1 Of which:Unsecured lending	-	-	-	-	-
(l) Purchased receivables - retail	-	-	-	-	-
2 Debt securities	5 873 181	-	-	-	-
3 Of which defaulted	-	-	131 655	-	-
4 Total	6 167 295	2 460 731	2 460 731	-	-

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5. CREDIT RISK CONTINUED

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

Asset classes	a	b	c	d	e	f	
	EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST CRM		RWA AND RWA DENSITY		
	ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	RWA	RWA DENSITY	
	R'000	R'000	R'000	R'000	R'000	R'000	
1	Sovereign (including central government and central bank)	5 880 555	-	5 880 555	-	-	-
2	Multilateral development banks	-	-	-	-	-	-
(a)	Securities firms and other financial institutions	-	-	-	-	-	-
3	Banks of which:	1 079 649	791	1 079 649	-	398 388	37%
(a)	Securities firms and other financial institutions	1 054 452	791	1 054 452	-	377 537	36%
(b)	Public Sector Entities	25 197	-	25 197	-	20 852	83%
4	Covered bonds	-	-	-	-	-	-
5	Corporates (excluding corporate real estate as per line 8): of which:	2 288 978	271 086	2 411 200	-	1 934 661	0%
(a)	SME Corporate	460 272	146 353	505 882	-	388 873	0%
(b)	Securities firms and other financial institutions	-	-	1 905 318	-	1 545 788	-
(c)	specialised lending (excluding IPRRE, IPCRE and HVCRE)	1 828 706	124 733	-	-	-	0%
6	Subordinated debt, equity and other capital	-	-	-	-	-	-
7	Retail : of which	503 669	86 412	534 497	-	412 032	77%
(a)	Retail residential mortgage advances	79 024	-	79 024	-	24 524	31%
(b)	Retail qualifying revolving (QRRE)	5	-	5	-	3	60%
(c)	SME retail	410 897	84 778	440 325	-	377 117	86%
(d)	Retail - other	13 743	1 634	15 143	-	10 388	69%
8	Real estate : Corporate: of which	-	-	-	-	-	-
(a)	Commercial real estate	-	-	-	-	-	-
(b)	Income producing real estate	-	-	-	-	-	-
(c)	HVCRE including land acquisition, development and construction	-	-	-	-	-	-
	Of which: IPCRE	-	-	-	-	-	-
	Of which: land acquisition, development and construction	-	-	-	-	-	-
9	Defaulted exposures	131 655	-	131 655	-	131 655	100%
10	Other assets	-	-	-	-	-	-
11	Total	9 752 851	358 289	10 037 556	-	2 745 081	

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5. CREDIT RISK CONTINUED

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 31 December 2025, the gross amount of advances to customers in default amounted to R131.6 million (2024: R107.8 million) and the market value of identifiable collateral (mainly fixed properties) held for these advances amounted to R354 million (2024: R338 million).

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

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5. CREDIT RISK CONTINUED

Asset classes by Risk weights	0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	OTHER	TOTAL CREDIT EXPOSURES AMOUNT (POST CCF AND POST- CRM)
IPRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
general CRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: HVCRE including land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131 655
10 Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189 703
11 Total	6 081 554	-	- 873 141	16 819	18 744	-	1 267	-	11 795	876 637	-	5 960	11 486	-	-	-	-	- 1 994 599	-	-	-	-	-	-	-	10 037 556



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5. CREDIT RISK CONTINUED

5.9 Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

	a	b	c	d
Asset classes by Risk weights R'000	ON-BALANCE SHEET EXPOSURE	OFF-BALANCE SHEET EXPOSURE (PRE-CCF)	WEIGHTED AVERAGE CCF*	EXPOSURE (POST-CCF AND POST-CRM)
1 Less than 40%	6 990 256	139 570	-	6 990 258
2 40-70%	893 099	86 250	-	895 659
3 75%	11 485	-	-	11 486
4 85%	-	-	-	-
5 90-100%	1 844 109	132 469	-	1 994 598
6 105%-130%	-	-	-	-
7 150%	13 901	-	-	145 556
8 250%	-	-	-	-
9 400%	-	-	-	-
10 1250%	-	-	-	-
11 Total exposures	9 752 850	358 289	-	10 037 556

5.10 Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk

The Bank has consistently utilised ratings issued only by Moody's. During the reporting period, Moody's has upgraded the outlook in South Africa from 'negative' to 'stable' with no export credit agencies being 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.

6. 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 on-going reporting requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

6.1 Liquidity coverage ratio (LCR)

for the year ended 31 December 2025

6. LIQUIDITY RISK CONTINUED

	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
	R'000	R'000
High-quality liquid assets		
1 Total HQLA	6 362 735	6 362 735
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	792 361	79 236
3 Stable deposits	-	-
4 Less stable deposits	792 361	79 236
5 Unsecured wholesale funding, of which:	5 882 172	2 001 596
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7 Non-operational deposits (all counterparties)	5 882 172	2 001 596
8 Unsecured debt	-	-
9 Secured wholesale funding	-	-
10 Additional requirements, of which:	357 498	31 127
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	357 498	31 127
14 Other contractual funding obligations	-	-
15 Other contingent funding obligations	-	-
16 TOTAL CASH OUTFLOWS	7 032 031	2 111 959
Cash inflows		
17 Secured lending (eg reverse repos)	-	-
18 Inflows from fully performing exposures	1 623 235	1 234 690
19 Other cash inflows	-	-
20 TOTAL CASH INFLOWS	1 623 235	1 234 690
21 Total HQLA		6 362 735
22 Total net cash outflows		877 269
23 Liquidity Coverage Ratio (%)		725%

6.2 Net stable funding ratio (NSFR)

	a	b	c	d	e
	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
	NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	
December 2025					
Available stable funding (ASF) item (R'000)					
1 Capital:	648 841	-	-	-	648 841
2 Regulatory capital	648 841	-	-	-	648 841
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	-	2 158 694	-	-	1 942 825
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	2 158 694	-	-	1 942 825
7 Wholesale funding:	-	5 931 201	1 492 313	-	3 711 757
8 Operational deposits	-	-	-	-	-

for the year ended 31 December 2025

6. LIQUIDITY RISK CONTINUED

	a	b	c	d	e
	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
	NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	
December 2025					
9 Other wholesale funding	-	5 931 201	1 492 313	-	3 711 757
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	282 118	193 507	26 962	96 754
12 NSFR derivative liabilities	-	-	-	26 962	-
13 All other liabilities and equity not included in the above categories	-	282 118	193 507	-	96 754
14 Total ASF	648 841	8 372 013	1 685 820	26 962	6 400 176
Required stable funding (RSF) item (R'000)					
15 Total NSFR high-quality liquid assets (HQLA)	-	909 032	-	-	107
16 Deposits held at other financial institutions for operational purposes	-	871 341	208 308	-	243 674
17 Performing loans and securities:	-	2 207 960	3 450 816	2 953 321	2 155 209
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	-	1 062 826	3 263 015	1 547 342	293 659
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:	-	1 145 134	187 801	-	666 468
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:	-	-	-	1 405 979	1 195 082
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:	-	33 462	-	99 396	116 126
27 Physical traded commodities, including gold	-	33 462	-	-	16 731
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	-	-	-	-	-
29 NSFR derivative assets	-	-	-	29 662	29 662
30 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31 All other assets not included in the above categories	-	-	-	69 734	69 733
32 Off-balance sheet items	-	-	-	358 289	17 875
33 Total RSF					2 532 991
34 Net Stable Funding Ratio (%)					253%

for the year ended 31 December 2025

6. LIQUIDITY RISK CONTINUED

	a	b	c	d	e
	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
	NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	
September 2025					
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:	-	2 988 604	-	-	2 689 744
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	2 988 604	-	-	2 689 744
7 Wholesale funding:	-	4 608 530	1 026 359	-	2 817 445
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	4 608 530	1 026 359	-	2 817 445
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	349 852	191 695	24 151	95 848
12 NSFR derivative liabilities	-	-	-	24 151	-
13 All other liabilities and equity not included in the above categories	-	349 852	191 695	-	95 848
14 Total ASF	593 138	7 946 986	1 218 054	24 151	6 196 174
Required stable funding (RSF) item (R'000)					
15 Total NSFR high-quality liquid assets (HQLA)	-	896 198	-	-	105
16 Deposits held at other financial institutions for operational purposes	-	748 500	-	-	147 869
17 Performing loans and securities:	-	4 141 485	743 009	3 115 174	2 058 411
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	-	3 102 145	562 903	1 728 078	269 656
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:	-	1 039 340	180 106	-	609 723
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:	-	-	-	1 387 096	1 179 032
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:	-	39 081	23 201	98 882	118 420

for the year ended 31 December 2025

6. LIQUIDITY RISK CONTINUED

	a	b	c	d	e
	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
	NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	≥ 1 YEAR	
September 2025					
27 Physical traded commodities, including gold	-	39 081	23 201	-	19 541
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	-	-	-	-	-
29 NSFR derivative assets	-	-	-	26 158	26 158
30 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31 All other assets not included in the above categories	-	-	-	72 724	72 721
32 Off-balance sheet items	-	-	-	464 974	23 201
33 Total RSF					2 348 005
34 Net Stable Funding Ratio (%)					264%

for the year ended 31 December 2025

7. CREDIT VALUE ADJUSTMENT (CVA) RISK

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

for the year ended 31 December 2025

7. CREDIT VALUE ADJUSTMENT (CVA) DISCLOSURE CONTINUED

- 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

7.1 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
-	
-	
-	
-	
-	
55 564	
55 564	

7.2 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
48 686
55 564

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8. 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

8.1 Analysis of CCR exposures by approach

	a	b	c	d	e	f
R'000	REPLACEMENT COST	POTENTIAL FUTURE EXPOSURE	EFFECTIVE EPE	ALPHA USED FOR COMPUTING REGULATORY EAD	EAD POST-CRM	RWA
1 SA-CCR (for derivatives)	26 692	37 040	-	-	-	52 710
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	26 692	37 040	-	-	-	52 710

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

R'000	a	b	b	d	e	c	d	e	f
Regulatory portfolios	0%	10%	20%	50%	75%	100%	150%	OTHERS	TOTAL CREDIT EXPOSURE
1 Sovereigns	-	-	-	-	-	-	-	-	-
2 Non-central government public sector entities	-	-	-	-	-	-	-	-	-
3 Multilateral development banks	-	-	-	-	-	-	-	-	-
4 Banks	-	-	45 644	-	-	43 581	-	-	89 225
5 Securities firms	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	-	-	-	-	-	-	-
7 Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
8 Other assets	-	-	-	-	-	-	-	-	-
9 Total	-	-	45 644	-	-	43 581	-	-	89 225

for the year ended 31 December 2025

9. COMPOSITION OF CAPITAL

In line with the requirements of the Bank Supervision Department of the South African Reserve Bank, and effective from 1 March 2025, 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 10 of 2025, issued in terms of section 6(6) of the Banks Act of 1990, are set out in CC1,CC2 and CCA, respectively.

9.1 Composition of regulatory capital

a	b
AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION

Common Equity Tier 1 capital: instruments and reserves

	R'000		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	50 000	-
2	Retained earnings	234 544	-
3	Accumulated other comprehensive income (and other reserves)	598 841	-
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	648 841	-

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)	1	-
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	-	-

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9. CAPITAL MANAGEMENT CONTINUED

9.1 Composition of regulatory capital continued

	a	b
	AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION
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	1	
29 Common Equity Tier 1 capital (CET1)	648 842	
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)	648 842	

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9. CAPITAL MANAGEMENT CONTINUED

9.1 Composition of regulatory capital continued

a	b
AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION

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	23 409
51	Tier 2 capital before regulatory adjustments	23 409

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)	23 409
59	Total capital (TC = T1 + T2)	672 251
60	Total risk weighted assets	3 957 527

Capital ratios

61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	16,40%	-
62	Tier 1 capital (as a percentage of risk-weighted assets)	16,40%	-
63	Total capital (as a percentage of risk weighted assets)	16,99%	-
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	8,52%	-

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9. CAPITAL MANAGEMENT CONTINUED

9.1 Composition of regulatory capital continued

a	b
AMOUNTS	SOURCE BASED ON REFERENCE NUMBERS/LETTERS OF THE BALANCE SHEET UNDER THE REGULATORY SCOPE OF CONSOLIDATION

National Minima (if different from Basel III)

69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)	5,00%	-
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)	23 409	-
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)	-	-

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9. CAPITAL MANAGEMENT CONTINUED

9.2 Reconciliation of regulatory capital to balance sheet

Assets

Cash and cash equivalents	1 972 832
Investment securities	5 873 181
Other assets	19 431
Derivative assets held for risk management	29 672
Loans and advances	2 754 845
Property and equipment	49 649
Investment property	8 158
Right-of-use assets	11 992
Deferred tax assets	13 953

Total assets

10 733 713

Liabilities

Deposits and borrowings	9 775 717
Provisions	13 025
Other liabilities	19 993
Derivative liabilities held for risk management	26 972
Lease liabilities	14 556

Total liabilities

9 850 263

Shareholders' equity

Ordinary share capital	10 000
Share premium	40 000
General reserve	598 841
Retained earnings	234 609

Total shareholders' equity

883 450

As the Bank's, published financial statements mirror the regulatory reporting, only column a is shown.

9.3 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
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	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

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9. CAPITAL MANAGEMENT CONTINUED

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
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

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10. GENERAL QUALITATIVE INFORMATION ON A BANK'S OPERATIONAL RISK FRAMEWORK

The Bank uses the Basic Indicator Approach for calculating operational risk. Operational risk weighted assets at 31 December 2025 total R960 million (2024: R847 million). Refer to note 32 in the 2025 Annual Report for further disclosure in this regard (www.hbzbank.co.za).

General qualitative information on a bank's operational risk framework

		a	b	c
Business indicator and subcomponents		31-DEC-25	31-DEC-24	31-DEC-23
		R'000	R'000	R'000
BI and its subcomponents				
1	Interest, lease and dividend component	213 984		
1a	Interest and lease income	816 321	801 115	697 004
1b	Interest and lease expense	324 299	305 394	249 948
1c	Interest earning assets	10 601 181	9 366 221	8 563 766
1d	Dividend income	-	-	-
2	Services component	98 225		
2a	Fee and commission income	61 567	58 210	56 257
2b	Fee and commission expense	25 539	25 062	24 424
2c	Other operating income	456	281	475
2d	Other operating expense	44 032	41 873	32 735
3	Financial component	-		
3a	Net P&L on the trading book	-	-	-
3b	Net P&L on the banking book	-	-	-
4	BI	312 208		
5	Business indicator component (BIC)	37 465		
Disclosure on the BI:				
6a	BI gross of excluded divested activities	312 208		
6b	Reduction in BI due to excluded divested activities	-		
Minimum required operational risk capital				
1	Business indicator component (BIC)	37 465		
2	Internal loss multiplier (ILM)	1		
3	Minimum required operational risk capital (ORC)	37 465		
4	Operational risk RWA	37 465		

for the year ended 31 December 2025

11. 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 31 December 2025. The leverage ratios are reported to the Prudential Authority as part of the Bank’s monthly submissions. These are set out below:

11.1 Summary comparison of accounting assets vs leverage ratio exposure measure

Item (R'000)	a	b
	31 DECEMBER 2025	30 SEPTEMBER 2025
1 Total consolidated assets as per published financial statements	11 091 925	10 247 303
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	(29 662)	(26 158)
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)	(164 185)	(300 071)
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12 Other adjustments	(4 014)	(7 290)
13 Leverage ratio exposure measure	10 894 064	9 913 784

11.2 Leverage ratio common disclosure template

On-balance sheet exposures

1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10 703 974	9 756 171
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)	(41 054)	(40 826)
7 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	10 662 920	9 715 345

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)	26 692	23 996
9 Add-on amounts for potential future exposure associated with all derivatives transactions	10 348	9 540
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)	37 040	33 536



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11. LEVERAGE RATIO CONTINUED

11.2 Leverage ratio common disclosure template continued

	a	b
Item (R'000)	31 DECEMBER 2025	30 SEPTEMBER 2025
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)	-	-
Other off-balance sheet exposures		
19		
Off-balance sheet exposure at gross notional amount	358 289	464 974
20		
(Adjustments for conversion to credit equivalent amounts)	(164 185)	(300 071)
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)	194 104	164 903
Capital and total exposures		
23		
Tier 1 capital	648 840	593 135
24		
Total exposures (sum of rows 7, 13, 18 and 22)	10 894 064	9 913 784
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%

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12. 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).

12.1 Market risk under the standardised approach

Capital requirement in standardised approach		31 DECEMBER 2025
R’000		
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	2 378
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	2 378

13. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest rate risk in the banking book (IRRBB) is defined as the current or prospective risk to the Bank’s capital and earnings arising from adverse movements in the interest rates that affect the institutions banking book positions.

Interest rate risk management is carried out by the Assets and Liabilities Committee (ALCO) with the Risk Management Committee (RMC) responsible for adhering to the internal limits set. The Board is ultimately responsible for specifying and overseeing the risk appetite exposure to Interest Rate Risk in the Banking Book. IRRBB is monitored and controlled both from a value perspective (such as using the economic value of equity (EVE) and from an income perspective (sensitivity in net interest income (NII)) calculated on a monthly basis.

The Bank identifies all positions in interest rate sensitive instruments. Changes in expected earnings and economic value is computed via the following metrics:

- Gap risk is the risk that arises from the term structure of assets and liabilities in the banking book, and risk will depend upon the timing of instruments rate changes i.e. the risk from the timing mismatch in the maturity or re-pricing of assets, liabilities, and off-balance sheet positions. Gap risk covers both repricing risk and yield curve risk. In line with Directive 2 of 2023 the Bank shall:
 - Construct the relevant required repricing gap by classifying all relevant interest rate-sensitive assets and liabilities in time buckets according to their repricing characteristics or maturity dates. The repricing gap: Measures the bank’s exposure to risk by focusing on changes to future profitability within a given time horizon, eventually affecting future levels of the bank’s equity.
 - Assume that the derived potential rate movements will occur through a parallel rate shock to all maturities along the yield curve.
- EVE is the difference between the present value of the Bank’s assets minus the present value of liabilities. The change in EVE (“ΔEVE”) is defined as the difference between the EVE estimated with stressed discount factors under various scenarios, minus the EVE estimated with the discount factors as of the portfolio reporting date. The EVE measures are based on regulatory guidelines and comprises a sustained, instantaneous parallel downward and upward shock of 400 bps to interest rates and non-parallel shocks such as Steepener, Flattener, Short-rates up and Short-rates down. No credit risk spread is applied to the cash flows or the discount rate for determining EVE.



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13. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) CONTINUED

Interest sensitivity is measured by applying standard parallel yield curve shifts, historical simulation, and user defined yield curve scenarios. All analyses are based on the interest rate repricing maturities. Behavioural analyses are used for the products that do not have contractual maturities.

IRRBB is measured and monitored at each meeting of ALCO by using duration, repricing gap and sensitivity analyses against regulatory guidelines and approved internal limits. Sensitivity analyses are based on both economic value and earnings perspectives.

Quantitative information on IRRBB R'000	ΔEVE (BEHAVIORAL)		ΔNII (BEHAVIORAL)	
	31-DEC-25	31-DEC-24	31-DEC-25	31-DEC-24
Parallel up	50 763	(27 432)	(42 746)	(31 668)
Parallel down	(68 708)	20 006	42 746	31 668
Steeper	62 266	64 360		
Flattener	(46 689)	(65 391)		
Short rate up	(19 053)	(65 429)		
Short rate down	17 351	68 681		
Maximum	68 708	65 429		
Tier 1 capital	648 840	593 113		

14. REMUNERATION

The Board has established a Remuneration Committee (Committee) which comprises three Independent Non-Executive Directors.

The majority of the Committee members are also members of the Capital Adequacy and Risk Committee and Audit Committee to ensure that Remcom is able to monitor key risk trends at the Bank.

The Committee is chaired by an Independent Non-Executive Director and meets as deemed appropriate, but at least twice a year. Further meetings may be convened by the chairman or any other member of the Committee. The Committee is satisfied that it has discharged its responsibilities for the period under review and is compliant with its terms of reference.

The annual remuneration increases, and any management incentives are overseen independently by the Remuneration Committee and the Board which includes those for risk and compliance employees.

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

Remuneration awarded during the financial year

The Bank has classified its two Executive Directors as Senior Management. Remuneration for the Prescribed Officers, Executive and Non-Executive Directors has been disclosed in Note 23 of the annual financial statements available at www.hbzbank.co.za.

The remuneration structure is cash based with no amounts deferred as well as no shares being offered as an incentive. The Bank does not have sign on awards or variable remuneration structure. Staff members are entitled to a 13th cheque that is built into their cost to company package and is paid either in December each year or monthly. The Bank does have a short-term incentive scheme for the employees of the Bank. The incentive is based on the Bank's financial performance for the 2025 financial year but payable in the 2026 financial year.

15. FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Information pertaining to the financial performance and financial position for the year ended 31 December 2025 is included in the annual financial statements available at www.hbzbank.co.za.

16. QUALITATIVE DISCLOSURES AND ACCOUNTING POLICIES

The Regulations require that certain qualitative disclosures and statements on accounting policy be made. These regulatory qualitative disclosures and statements on accounting policy were made in the Bank's annual financial statements for the financial year ended 31 December 2025.

The above disclosures should be read in conjunction with the qualitative disclosures made in the sections on risk management and corporate governance, and the statements on accounting policy contained in the Bank's annual financial statements for the year ended 31 December 2025.