



# HBZ Bank Limited

(A subsidiary of Habib Bank AG Zurich)

## South Africa

## Quarterly Public Disclosure

in terms of the Banks Act, Regulation 43  
March 2026

for the period ended 31 March 2026

## 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 quarterly results of HBZ Bank Limited as at 31 March 2026.

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 March 2026 are disclosed below.

	31-MAR-26	31-DEC-25	30-SEP-25	30-JUN-25	31-MAR-25	
<b>AVAILABLE CAPITAL (AMOUNTS) R'000</b>						
1	Common Equity Tier 1 (CET1)	648 841	648 840	593 135	593 133	593 129
2	Tier 1	648 841	648 840	593 135	593 133	593 129
3	Total capital	675 188	672 249	604 765	609 058	609 156
<b>RISK-WEIGHTED ASSETS (AMOUNTS) R'000</b>						
4	Total risk-weighted assets (RWA)	3 879 286	3 957 527	3 813 351	3 975 643	3 666 198
4a	Total risk-weighted assets (pre-floor)	3 879 286	3 957 527	3 813 351	3 975 643	3 666 198
<b>RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA</b>						
5	CET1 ratio (%)	16,73%	16,40%	15,55%	14,92%	16,18%
5a	CET1 ratio (%) (pre-floor ratio)	16,73%	16,40%	15,55%	14,92%	16,18%
6	Tier 1 ratio (%)	16,73%	16,40%	15,55%	14,92%	16,18%
6a	Tier 1 ratio (%) (pre-floor ratio)	16,73%	16,40%	15,55%	14,92%	16,18%
7	Total capital ratio (%)	17,40%	16,99%	15,86%	15,32%	16,62%
7a	Total capital ratio (%) (pre-floor ratio)	17,40%	16,99%	15,86%	15,32%	16,62%
<b>ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,50%	2,50%	2,50%	2,50%	2,50%
9	Countercyclical buffer requirement (%)	1,00%	-	-	-	-

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

	31-MAR-26	31-DEC-25	30-SEP-25	30-JUN-25	31-MAR-25
10 Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3,50%	2,50%	2,50%	2,50%	2,50%
12 CET1 available after meeting the bank's minimum capital requirements (%)	7,85%	8,52%	7,68%	7,04%	8,30%
<b>BASEL III LEVERAGE RATIO</b>					
13 Total Basel III leverage ratio exposure measure	10 965 771	10 894 064	9 913 784	9 837 058	9 759 588
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%
<b>LIQUIDITY COVERAGE RATIO (LCR)</b>					
15 Total high-quality liquid assets (HQLA)	6 573 092	6 362 735	6 103 928	5 979 390	6 003 358
16 Total net cash outflow	825 859	877 269	725 463	1 018 898	885 977
17 LCR ratio (%)	796%	725%	841%	587%	678%
<b>NET STABLE FUNDING RATIO (NSFR)</b>					
18 Total available stable funding	6 360 642	6 400 176	6 196 174	6 108 873	6 036 007
19 Total required stable funding	2 420 921	2 532 991	2 348 005	2 386 446	2 451 752
20 NSFR ratio	263%	253%	264%	256%	246%

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 of 1 January 2026, the South African Reserve Bank (SARB) Prudential Authority has implemented a positive cycle-neutral countercyclical capital buffer (PCN CCyB) of 1%.

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### 3. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA) 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](http://www.hbzbank.co.za)

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

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

**Overview of RWA**

		HBZ BANK LIMITED		
		RWA		MINIMUM CAPITAL REQUIREMENTS
Line #	R'000	MAR-26	DEC-25	MAR-26
1	Credit risk (excluding counterparty credit risk)	2 722 183	2 745 081	360 689
2	Of which: standardised approach (SA)	2 722 183	2 745 081	360 689
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)	7 965	52 710	1 055
7	Of which: standardised approach for counterparty credit risk	7 965	52 710	1 055
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	9 194	55 564	1 218
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	45 951	19 410	6 088
21	Of which: standardised approach (SA)	45 951	19 410	6 088
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	960 638	960 638	127 284
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	133 356	124 125	17 670
26	Output floor applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	<b>Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)</b>	<b>3 879 286</b>	<b>3 957 527</b>	<b>514 005</b>

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## 4. 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.

### 4.1 Liquidity coverage ratio (LCR)

	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
	R'000	R'000
<b>1 Total HQLA</b>	6 573 092	6 573 092
<b>Cash outflows</b>		
<b>2 Retail deposits and deposits from small business customers, of which:</b>	<b>849 948</b>	<b>84 995</b>
3 Stable deposits	-	-
4 Less stable deposits	849 948	84 995
<b>5 Unsecured wholesale funding, of which:</b>	<b>5 381 598</b>	<b>1 865 990</b>
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7 Non-operational deposits (all counterparties)	5 381 598	1 865 990
8 Unsecured debt	-	-
9 Secured wholesale funding	-	-
<b>10 Additional requirements, of which:</b>	<b>453 801</b>	<b>39 309</b>
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	453 801	39 309
14 Other contractual funding obligations	-	-
15 Other contingent funding obligations	-	-
<b>16 TOTAL CASH OUTFLOWS</b>	<b>6 685 347</b>	<b>1 990 294</b>
<b>Cash inflows</b>		
17 Secured lending (eg reverse repos)	-	-
18 Inflows from fully performing exposures	1 565 881	1 164 435
19 Other cash inflows	-	-
<b>20 TOTAL CASH INFLOWS</b>	<b>1 565 881</b>	<b>1 164 435</b>
		<b>TOTAL ADJUSTED VALUE</b>
<b>21 Total HQLA</b>		<b>6 573 092</b>
<b>22 Total net cash outflows</b>		<b>825 859</b>
<b>23 Liquidity Coverage Ratio (%)</b>		<b>796%</b>

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## 5. 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

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## 5. CREDIT VALUE ADJUSTMENT (CVA) RISK CONTINUED

### 5.1 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
55 564
9 194

## 6. 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 March 2026. The leverage ratios are reported to the Prudential Authority as part of the Bank's monthly submissions. These are set out below:

### 6.1 Summary comparison of accounting assets vs leverage ratio exposure measure

Item (R'000)	a	b
	31-MAR-26	31-DEC-25
1 Total consolidated assets as per published financial statements	11 205 207	11 091 925
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	(17 204)	(29 662)
9 Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-	-
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	(195 699)	(164 185)
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12 Other adjustments	(26 533)	(4 014)
<b>13 Leverage ratio exposure measure</b>	<b>10 965 771</b>	<b>10 894 064</b>

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## 6.2 Leverage ratio common disclosure template

		a	b
		31-MAR-26	31-DEC-25
<b>Item (R'000)</b>			
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10 733 710	10 703 974
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)	(36 605)	(41 054)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>10 697 105</b>	<b>10 662 920</b>
<b>Derivative exposures</b>			
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)	1 476	26 692
9	Add-on amounts for potential future exposure associated with all derivatives transactions	8 596	10 348
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	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>10 072</b>	<b>37 040</b>
<b>Securities financing transaction exposures</b>			
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	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	454 293	358 289
20	(Adjustments for conversion to credit equivalent amounts)	(195 699)	(164 185)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>258 594</b>	<b>194 104</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>648 841</b>	<b>648 840</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>10 965 771</b>	<b>10 894 064</b>
<b>Leverage ratio</b>			
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	-	-

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## 6.2 Leverage ratio common disclosure template continued

Item (R'000)	a	b
	31-MAR-26	31-DEC-25
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%