HBZ Bank Limited

(A subsidiary of Habib Bank AG Zurich)

South Africa

Bi-Annual Public Disclosure June 2024

in terms of Banks Act Regulation 43

HBZ Bank Limited

1 BASIS OF COMPILATION

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

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

These disclosures have been prepared in compliance with HBZ Bank Limited's (the 'Bank') disclosure policy.

2 SCOPE OF REPORTING

This report covers the bi-annual results of the Bank as at 30 June 2024.

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

3 KEY PRUDENTIAL INFORMATION

3.1 Overview of risk management key prudential metrics

The Bank's key prudential metrics relating to regulatory capital, leverage ratio, liquidity ratios and risk weighted assets as at 30 June 2024 are disclosed below.

		30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23
	AVAILABLE CAPITAL (AMOUNTS) R'000					
1	Common Equity Tier 1 (CET1)	593 077	593 057	593 031	592 996	592 961
1a	Fully loaded ECL accounting model CET1	593 077	593 057	593 031	592 996	592 961
2	Tier 1	593 077	593 057	593 031	592 996	592 961
2a	Fully loaded ECL accounting model Tier 1	593 077	593 057	593 031	592 996	592 961
3	Total capital	604 638	606 812	609 732	600 019	598 870
3a	Fully loaded ECL accounting model total capital	604 638	606 812	609 732	600 019	598 870
	RISK-WEIGHTED ASSETS (AMOUNTS) R'000					
4	Total risk-weighted assets (RWA)	3 314 403	3 142 620	3 207 659	3 220 194	3 524 308
4a	Total risk-weighted assets (pre-floor)	3 314 403	3 142 620	3 207 659	3 220 194	3 524 308
	RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA					
5	CET1 ratio (%)	17,89%	18,87%	18,49%	18,41%	16,82%
5a	Fully loaded ECL accounting model CET1 (%)	17,89%	18,87%	18,49%	18,41%	16,82%
5b	CET1 ratio (%) (pre-floor ratio)	17,89%	18,87%	18,49%	18,41%	16,82%
6	Tier 1 ratio (%)	17,89%	18,87%	18,49%	18,41%	16,82%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17,89%	18,87%	18,49%	18,41%	16,82%
6b	Tier 1 ratio (%) (pre-floor ratio)	17,89%	18,87%	18,49%	18,41%	16,82%
7	Total capital ratio (%)	18,24%	19,31%	19,01%	18,63%	16,99%
7a	Fully loaded ECL accounting model total capital ratio (%)	18,24%	19,31%	19,01%	18,63%	16,99%
7b	Total capital ratio (%) (pre-floor ratio)	18,24%	19,31%	19,01%	18,63%	16,99%

3.1 Overview of risk management key prudential metrics (continued)

		30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23
	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 (%) (row8 + row 9+ row 10)	2,50%	2,50%	2,50%	2,50%	2,50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	13,39%	14,37%	13,99%	13,91%	12,32%
	BASEL III LEVERAGE RATIO					
13	Total Basel III leverage ratio exposure measure	9 171 630	9 160 297	8 785 193	8 595 769	8 401 900
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	6%	6%	7%	7%	7%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	6%	6%	7%	7%	7%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7%	7%	7%	7%	7%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	7%	7%	7%	7%	7%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	7%	7%	7%	7%	7%
	LIQUIDITY COVERAGE RATIO (LCR)					
15	Total high-quality liquid assets (HQLA)	5 400 082	5 455 053	4 552 469	4 813 321	4 555 882
16	Total net cash outflow	859 650	643 662	470 743	537 040	401 607
17	LCR ratio (%)	628%	848%	967%	896%	1 134%
	NET STABLE FUNDING RATIO (NSFR)					
18	Total available stable funding	5 895 355	6 063 222	5 995 651	5 723 671	5 641 554
19	Total required stable funding	1 998 882	2 022 514	1 989 044	1 964 008	2 086 786
20	NSFR ratio	295%	300%	301%	291%	270%

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 review the relevant risk areas on an annual 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.

Overview of RWA

		RWA		Minimum capital requirements
		Jun 24 R'000	Mar 24 R'000	Jun 24 R'000
1	Credit risk (excluding counterparty credit risk)	2 405 717	2 320 939	282 672
2	Of which: standardised approach (SA)	2 405 717	2 320 939	282 672
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)	9 281	3 995	1 091
7	Of which: standardised approach for counterparty credit risk	9 281	3 995	1 091
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	4 479	2 167	526
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	-	-	-

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

Overview of RWA (continued)

		RWA		Minimum capital requirements
		Jun 24 R'000	Mar 24 R'000	Jun 24 R'000
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	5 640	5 163	663
21	Of which: standardised approach (SA)	5 640	5 163	663
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	769 224	684 821	90 384
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	120 062	125 535	14 107
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)**	**3 314 403**	**3 142 620**	**389 442**

4 CREDIT RISK

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

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

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

For an overview of credit risk management as well as related qualitative information please refer to the Risk Management section as well as note 29 of the annual financial statements available at www.hbzbank.co.za.

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

Qualitative Disclosure Requirements Related to Credit Risk Mitigation Techniques

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

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

4.1 Credit Quality of Assets

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

		a	b	c	d	e	f	g
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	
		Defaulted exposures	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General		Net values (a + b – c)
1	Loans	104 695	2 162 432	(51 691)	(46 817)	(4 874)	-	2 215 436
2	Debt Securities	-	4 220 183	(4 745)	-	(4 745)	-	4 215 438
3	Cash and Cash Equivalents	-	1 639 519	(1 942)	-	(1 942)	-	1 637 577
4	Off-balance sheet exposures	-	575 672	(120)	-	(120)	-	575 552
5	**Total**	104 695	8 597 806	(58 498)	(46 817)	(11 681)	-	8 644 003

Definition of Default

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

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

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

4.2 Changes in Stock of Defaulted Loans and Debt Securities

		a
1	**Defaulted loans and debt securities at end of the previous reporting period**	**85 746**
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	18 949
5	Other changes	-
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)**	**104 695**

4.3 Credit risk mitigation techniques – overview

		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	12 746	2 202 690	2 193 174	9 516	-
2	Debt securities	4 215 438	-	-	-	-
3	Cash and cash equivalents	1 637 577	-	-	-	-
4	**Total**	**5 865 761**	**2 202 690**	**2 193 174**	**9 516**	**-**
5	Of which defaulted	-	-	104 695	-	-

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

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign and their central banks	4 993 760	-	5 305 814	-	-	-
2	Non-central government public sector entities	12 577	-	12 577	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	789 311	-	811 111	-	159 592	20%
	Of which: securities firms and other financial institutions	789 311	-	811 111	-	159 592	20%
5	Covered bonds	-	-	-	-	-	-
6	Corporates	1 577 796	435 472	1 830 243	-	1 749 590	96%
	Of which: securities firms and other financial institutions	-	-	-	-	-	-
	Of which: specialised lending	1 577 796	435 472	1 830 243		1 749 590	96%
7	Subordinated debt equity and other capital	-	-	-	-	-	-
8	Retail	572 135	136 519	573 108	-	401 121	70%
9	Real estate	-	-	-	-	-	-
	Of which: general RRE	-	-	-	-	-	-
	Of which: IPRRE	-	-	-	-	-	-
	Of which: general CRE	-	-	-	-	-	-
	Of which: IPCRE	-	-	-	-	-	-
	Of which: land acquisition development and construction	-	-	-	-	-	-

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

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
10	Defaulted exposures	104 695	3 560	104 695	-	104 695	100%
11	Other assets	-	-	-	-	-	-
12	Total	8 050 274	575 551	8 637 548	-	2 414 998	

4.5 Standardised approach – exposures by asset classes and risk weights

		a	b	c	d	e	f
	Asset Classes by Risk weights	0% – 5%	15% – 20%	50% – 75%	100%	150%	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	5 305 814	-	-	-	-	5 305 814
2	Non-central government public sector entities	12 577	-	-	-	-	12 577
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	-	581 329	229 782	-	-	811 111
	Of which: securities firms and other financial institutions	-	581 329	229 782	-	-	811 111
5	Covered bonds	-	-	-	-	-	-
6	Corporates	-	-	-	1 830 243	-	1 830 243
	Of which: securities firms and other financial institutions	-	-	-	-	-	-
	Of which: specialised lending	-	-	-	1 830 243	-	1 830 243
7	Subordinated debt equity and other capital	-	-	-	-	-	-
8	Retail	-	-	28 446	544 662	-	573 108
9	Real estate	-	-	-	-	-	-
	Of which: general RRE	-		-	-	-	-
	Of which: IPRRE	-	-	-	-	-	-
	Of which: general CRE	-	-	-	-	-	-
	Of which: IPCRE	-	-	-	-	-	-
	Of which: land acquisition development and construction	-	-	-	-	-	-

4.5 Standardised approach – exposures by asset classes and risk weights (continued)

		a	b	c	d	e	f
	Asset Classes by Risk weights	0% – 5%	15% – 20%	50% – 75%	100%	150%	Total credit exposures amount (post CCF and post-CRM)
10	Defaulted exposures	-	-	-	104 565	130	104 695
11	Other assets	-	-	-	-	-	-
12	**Total**	**5 318 391**	**581 329**	**258 228**	**2 479 470**	**130**	**8 637 548**

5 LIQUIDITY RISK

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

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

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

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.

HBZ Bank Limited

5.1 Liquidity Coverage Ratio (LCR)

		Total unweighted value	Total weighted value
	HIGH-QUALITY LIQUID ASSETS		
1	Total HQLA	5 400 082	5 400 082
	CASH OUTFLOWS		
2	**Retail deposits and deposits from small business customers, of which:**	1 836 517	183 652
3	Stable deposits	-	-
4	Less stable deposits	1 836 517	183 652
5	**Unsecured wholesale funding, of which:**	4 731 705	1 547 571
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	4 731 705	1 547 571
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	**Additional requirements, of which:**	575 551	43 651
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	575 551	43 651
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	**TOTAL CASH OUTFLOWS**	7 143 773	1 774 874
	CASH INFLOWS		
17	Secured lending (eg reverse repos)	-	-
18	Inflows from fully performing exposures	1 271 657	915 224
19	Other cash inflows	-	-
20	**TOTAL CASH INFLOWS**	1 271 657	915 224

		Total adjusted value
21	**Total HQLA**	**5 400 082**
22	**Total net cash outflows**	**859 650**
23	**Liquidity Coverage Ratio (%)**	**628%**

5.2 Net Stable Funding Ratio (NSFR) | June 2024

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
	JUNE 2024					
	AVAILABLE STABLE FUNDING (ASF) ITEM (R'000)					
1	**Capital:**	593 138	-	-	-	593 138
2	Regulatory capital	593 138	-	-	-	593 138
3	Other capital instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers:**	-	3 236 846	-	-	2 913 161
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	3 236 846	-	-	2 913 161
7	**Wholesale funding:**	-	4 149 758	628 354	-	2 389 056
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	4 149 758	628 354	-	2 389 056
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	345 517	-	8 360	-
12	NSFR derivative liabilities		-	-	8 360	
13	All other liabilities and equity not included in the above categories	-	345 517	-	-	-
14	**Total ASF**	**593 138**	**7 732 121**	**628 354**	**8 360**	**5 895 355**
	REQUIRED STABLE FUNDING (RSF) ITEM (R'000)					
15	Total NSFR high-quality liquid assets (HQLA)	-	837 631	-	-	9 351
16	Deposits held at other financial institutions for operational purposes	-	591 788	210 100	-	198 221
17	Performing loans and securities:	**-**	**4 894 115**	**681 949**	**778 322**	**930 002**
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	-	3 865 210	350 228	778 322	249 688
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:	-	1 028 905	331 721	-	680 314
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of greater than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	748 173	635 947
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:	-	29 905	-	189 990	196 583

5.2 Net Stable Funding Ratio (NSFR) | June 2024 (continued)

27	Other short-term unsecured instruments and transactions with a residual maturity of less than one year	-	29 905	-	-	14 953
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		-	-	9 507	1 147
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31	All other assets not included in the above categories	-	-	-	180 483	180 483
32	Off-balance sheet items	-	-	-	575 672	28 778
33	**Total RSF**					**1 998 882**
34	**Net Stable Funding Ratio (%)**					**295%**

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
	MARCH 2024					
	AVAILABLE STABLE FUNDING (ASF) ITEM (R'000)					
1	Capital:	593 138	-	-	-	593 138
2	Regulatory capital	593 138	-	-	-	593 138
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	3 798 524	-	-	3 418 672
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	3 798 524	-	-	3 418 672
7	Wholesale funding:	-	3 456 234	646 590	-	2 051 412
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	3 456 234	646 590	-	2 051 412
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	362 323	-	3 363	-
12	NSFR derivative liabilities		-	-	3 363	
13	All other liabilities and equity not included in the above categories	-	362 323	-	-	-
14	**Total ASF**	**593 138**	**7 617 081**	**646 590**	**3 363**	**6 063 222**
	REQUIRED STABLE FUNDING (RSF) ITEM (R'000)					
15	Total NSFR high-quality liquid assets (HQLA)	-	856 204	-	-	8 979
16	Deposits held at other financial institutions for operational purposes	-	527 941	205 000	-	181 691
17	Performing loans and securities:	**-**	**2 543 423**	**2 761 788**	**800 774**	**791 905**
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-

5.2 Net Stable Funding Ratio (NSFR) | March 2024 (continued)

19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1 646 044	2 577 823	800 774	251 232
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:	-	897 379	183 965	-	540 673
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of greater than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	934 342	794 191
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:	-	33 328	-	197 372	210 673
27	Other short-term unsecured instruments and transactions with a residual maturity of less than one year	-	33 328	-	-	16 664
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		-	-	3 640	277
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31	All other assets not included in the above categories	-	-	-	193 732	193 732
32	Off-balance sheet items	-	-	-	701 674	35 075
33	**Total RSF**					**2 022 514**
34	**Net Stable Funding Ratio (%)**					**300%**

6 CREDIT VALUE ADJUSTMENT (CVA) DISCLOSURE

Risk Management Objectives and Policies

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

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

Derivative financial instruments

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

Measurement

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

- Initial recognition and measurement
  Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual terms of the instrument.
- Amortised cost and effective interest rate
  The amortised cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition.

Collateral

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

Commitments under derivative instruments

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

Management of interest rate risk

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

Management of market risk

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

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

Management/Governance Structures

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

Management governance structures are in place (Executive committee and Risk management committee) 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.

Standardized 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 Standardized Approach to calculate the capital charge against CVA.

Calculation Criteria for SA-CVA

- The Bank considers that the borrower is unlikely to pay its credit obligations in full without recourse by the Bank to actions such as realizing collateral (if held).
- 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

6.1 The standardised approach for CVA (SA-CVA)

		SA-CVA RWA	Number of counterparties
1	Interest rate risk	-	-
2	Foreign exchange risk	-	-
3	Reference credit spread risk	-	-
4	Equity risk	-	-
5	Commodity risk	-	-
6	Counterparty credit spread risk	4 479	-
7	Total (sum of rows 1 to 6)	4 479	-

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

1	Total RWA for CVA at previous quarter-end	2 167
2	Total RWA for CVA at end of reporting period	4 479

7 COUNTERPARTY CREDIT RISK (CCR)

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

The Bank pro-actively manages this risk by:

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

7.1 Analysis of CCR exposures by approach

		a	b	c	d	e	f
		Replace-ment cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	2 027	11 723	-	-	-	13 760
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**	**-**	**-**	**-**	**-**		**13 760**

7.2 Credit valuation adjustment (CVA) capital charge

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

		a	b
		EAD post-CRM	RWA
	TOTAL PORTFOLIOS SUBJECT TO THE ADVANCED CVA CAPITAL CHARGE	-	-
1	(i) VaR component (including the 3 x multiplier)	-	-
2	(ii) Stressed VaR component (including the 3 x multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	-	13 760
4	**Total subject to the CVA capital charge**	**-**	**13 760**

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

		a	b	c	d	e	f
	Regulatory portfolios	0% – 5%	15% – 20%	50% – 75%	100%	150%	Total credit exposures amount
1	Sovereigns	-	-	-	-	-	-
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	-	2 492	-	6 789	-	9 281
5	Securities firms	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-
7	Regulatory retail portfolios	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-
14	**Total**	**-**	**2 492**	**-**	**6 789**	**-**	**9 281**

8 CAPITAL MANAGEMENT

In line with the requirements of the Bank Supervision Department of the South African Reserve Bank, and effective from 1 January 2019, the Bank has implemented a countercyclical buffer of 0% and a capital conservation buffer of 2.5%.

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

The disclosures of the composition of capital and main capital features for the Bank, required per Directive 1 of 2019, issued in terms of section 6(6) of the Banks Act of 1990, are set out in CC1,CC2 and CCA, respectively.

8.1 Composition of Regulatory Capital

	COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES	
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	50 000
2	Retained earnings	150 960
3	Accumulated other comprehensive income (and other reserves)	543 138
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)	-
6	Common Equity Tier 1 capital before regulatory adjustments	593 138
		-
	COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS	-
7	Prudential valuation adjustments	(61)
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage-servicing rights (MSR)(net of related tax liability)	-
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
20	MSR (amount above 10% threshold)	-
21	DTA arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	Of which: significant investments in the common stock of financials	-
24	Of which: MSR	-

8.1 Composition of Regulatory Capital (continued)

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**	**(61)**
29	**Common Equity Tier 1 capital (CET1)**	**593 077**
	ADDITIONAL TIER 1 CAPITAL : INSTRUMENTS	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
31	Of which: classified as equity under applicable accounting standards	-
32	Of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	-
35	Of which: instruments issued by subsidiaries subject to phase out	-
36	**Additional Tier 1 capital before regulatory adjustments**	**-**
	ADDITIONAL TIER 1 CAPITAL: REGULATORY ADJUSTMENTS	
37	Investment in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
41	National specific regulatory adjustments	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**
44	**Additional Tier 1 (AT1)**	**-**
45	**Tier 1 (T1 = CET1 + AT1)**	**593 077**
	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	11 561
51	**Tier 2 capital before regulatory adjustments**	**11 561**

8.1 Composition of Regulatory Capital (continued)

	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)**	**11 561**
59	**Total capital (TC = T1 + T2)**	**604 638**
60	**Total risk weighted assets**	**3 314 403**
	CAPITAL RATIOS	
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	17,89%
62	Tier 1 capital (as a percentage of risk-weighted assets)	17,89%
63	Total capital (as a percentage of risk weighted assets)	18,24%
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	13,39%
	NATIONAL MINIMA (IF DIFFERENT FROM BASEL 3)	
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)	-

8.1 Composition of Regulatory Capital (continued)

	APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2	11 561
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	-
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)	-

8.2 CC2- Reconciliation of regulatory capital to balance sheet

	31 Dec 2023		
	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period-end	
ASSETS			
Cash and cash equivalents	1 738 708	1 738 708	-
Investment securities	4 699 586	4 699 586	-
Other assets	21 591	21 591	-
Derivative assets held for risk management	5 936	5 936	-
Loans and advances	2 125 469	2 125 469	-
Property and equipment	53 662	53 662	-
Investment property	8 258	8 258	-
Right-of-use assets	16 937	16 937	-
Deferred tax assets	10 976	10 976	-
Total assets	**8 681 123**	**8 681 123**	**-**
LIABILITIES			
Deposits and borrowings	7 841 627	7 841 627	-
Provisions	15 038	15 038	-
Other liabilities	20 970	20 970	-
Derivative liabilities held for risk management	5 217	5 217	-
Lease liabilities	20 362	20 362	-
Total liabilities	**7 903 214**	**7 903 214**	**-**
SHAREHOLDERS' EQUITY			
Ordinary share capital	10 000	10 000	-
Share premium	40 000	40 000	-
General reserve	543 138	543 138	-
Retained earnings	184 771	184 771	-
Total shareholders' equity	**777 909**	**777 909**	**-**

As the Bank publishes their financial reports annually, the 31 December 2023 have been included in the 30 June 2024 Bi-annual disclosure.

8.3 Main features of regulatory capital instruments

	DISCLOSURE TEMPLATE FOR MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS	
1	Issuer	HBZ Bank Limited
2	Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (ISIN) or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	N/A
	REGULATORY TREATMENT	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	R 50 million
9	Par value of instrument	R1 par value issued at R5 each
10	Accounting classification	Ordinary Share Capital and Share Premium
11	Original date of issuance	Thursday, 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

8.3 Main features of regulatory capital instruments (continued)

	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

9 LEVERAGE RATIO

In terms of Regulation 43(1)(e)(iii)(G), the Bank is required to provide a summarised comparison of the accounting assets and the regulatory leverage ratio differences, as well as the Leverage Ratio positions of the Bank, as at 31 March 2024. The leverage ratios are reported to the Prudential Authority as part of the Bank's monthly submissions. These are set out below:

9.1 Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

		30 Jun 24	31 Mar 24
1	Total consolidated assets as per published financial statements	9 537 645	9 561 846
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	(9 507)	(3 640)
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)	(321 353)	(352 062)
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	(35 155)	(50 918)
13	**Leverage ratio exposure measure**	**9 171 630**	**9 155 226**

9.2 Leverage ratio common disclosure template

		30 Jun 24	31 Mar 24
	ON-BALANCE SHEET EXPOSURES		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	8 952 466	8 856 532
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)	(46 878)	(50 918)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**8 905 588**	**8 805 614**
	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)	2 027	928
9	Add-on amounts for potential future exposure associated with all derivatives transactions	9 696	4 143
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)**	**11 723**	**5 071**
	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	575 672	701 674
20	(Adjustments for conversion to credit equivalent amounts)	(321 353)	(352 062)
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)**	**254 319**	**349 612**

9.2 Leverage ratio common disclosure template (continued)

		30 Jun 24	31 Mar 24
	CAPITAL AND TOTAL EXPOSURES		
23	Tier 1 capital	593 077	593 057
24	Total exposures (sum of rows 7, 13, 18 and 22)	9 171 630	9 160 297
	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%

10 MARKET RISK

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

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

10.1 Market Risk Under the Standardised Approach

		30 Jun 24
	CAPITAL REQUIREMENT IN STANDARDISED APPROACH	
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	663
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	663