Albaraka Bank Limited

Pillar III Disclosure Report

December 2024

Contents

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 are consistent with those disclosed in terms of International Financial Reporting Standards ("IFRS"), unless otherwise stated.

All amounts are disclosed in rand thousands. Where bank and consolidated figures are not materially different, only one table is disclosed.

All tables and disclosures may not be relevant and are excluded from this Pillar III report. These include:

- KM2 – Key metrics – TLAC requirements (at resolution group level)
- PV1 – Prudent valuation adjustments (PVA)
- TLAC1 – TLAC composition for G-SIBs (at resolution group level)
- TLAC2 - Material subgroup entity – creditor ranking at legal entity level
- TLAC3 – Resolution entity – creditor ranking at legal entity level
- GSIB1 – Disclosure of G-SIB indicators
- CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer
- CRE – Qualitative disclosures related to IRB models
- CR6 – IRB – Credit risk exposures by portfolio and PD range
- CR7 – IRB – Effect on RWA of credit derivatives used as CRM techniques
- CR8 – RWA flow statements of credit risk exposures under IRB
- CR9 – IRB- Backtesting of probability of default (PD) per portfolio
- CR10 – IRB (specialized lending and equities under the simple risk weight method)
- CCRA – Qualitative disclosure related to counterparty credit risk
- CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach
- CCR2 – Credit valuation adjustment (CVA) capital charge
- CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights
- CCR4 - IRB - exposures by portfolio and PD scale
- CCR5 – Composition of collateral for CCR exposure
- CCR6 – Credit derivative exposures

- CCR7 – RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- CCR8 – Exposures to central counterparties
- SECA – Qualitative disclosure requirements related to securitisation exposures
- SEC1 – Securitisation exposures in the banking book
- SEC2 – Securitisation exposures in the trading book
- SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor
- SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor
- MRB – Qualitative disclosures for banks using the Internal Models Approach (IMA)
- MRC – The structure of desks for banks using the IMA
- MR2 – RWA flow statements of market risk exposures under an IMA
- MR3 – IMA values for trading portfolios
- MR4 – Comparison of VaR estimates with gains/losses
- IRRBA – IRRBB risk management objective and policies
- IRRBB1 – Quantitative information on IRRBB
- REM2 – Special payments
- REM3 – Deferred remuneration

2. SCOPE OF REPORTING

The quarterly results of Albaraka Bank Limited for the period ended 31 December 2024 is reported on. Albaraka Bank Limited is a registered bank domiciled in South Africa and has as its principal objective the operation of its business according to Islamic banking precepts. The bank's parent and ultimate holding company is Al Baraka Group B.S.C., a company incorporated in the Kingdom of Bahrain. The address of its registered office is PO Box 1882, Manama, Kingdom of Bahrain.

3. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS

The following section provides an overview of the key prudential regulatory metrics covering the available capital and ratios, risk weighted assets, leverage ratio, liquidity coverage ratio and net stable funding ratio of the bank's performance and trends over time on a bank solo and consolidated basis.

3.1. **KM1** – Key metrics

CONSOL						
Line No		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Available Capital (Amounts) R'000						
1	Common equity Tier 1 (CET1)	1 022 387	982 584	957 862	927 755	897 690
1a	Fully loaded expected credit loss (ECL) accounting model	1 022 387	982 584	957 862	927 755	897 690
2	Tier 1	1 146 387	1 106 584	1 081 862	1 051 755	1 021 690
2a	Fully loaded accounting model Tier 1	1 146 387	1 106 584	1 081 862	1 051 755	1 021 690
3	Total capital	1 367 604	1 362 414	1 346 583	1 330 056	1 303 417
3a	Fully loaded expected credit loss (ECL) accounting model total capital	1 367 604	1 362 414	1 346 583	1 330 056	1 303 417
Risk Weighted Assets (Amounts) R'000						
4	Total risk-weighted assets (RWA)	7 832 191	7 172 477	7 527 397	7 524 334	7 250 843
Risk-Based Capital Ratios as a percentage of RWA						
5	Common equity tier 1 ratio (%)	13.05%	13.70%	12.73%	12.33%	12.38%
5a	Fully loaded ECL accounting model CET1 (%)	13.05%	13.70%	12.73%	12.33%	12.38%
6	Tier 1 ratio (%)	14.64%	15.43%	14.37%	13.98%	14.09%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.64%	15.43%	14.37%	13.98%	14.09%
7	Total capital ratio (%)	17.46%	19.00%	17.89%	17.68%	17.98%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.46%	19.00%	17.89%	17.68%	17.98%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-sib additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row8 + row9 + row10)	2.50%	2.50%	2.50%	2.50%	2.50%

12	CET1 available after meeting the bank's minimum capital requirements (%)	4.30%	4.95%	3.98%	3.58%	3.63%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	10 022 767	9 611 124	9 570 076	9 501 259	9 388 621
14	Basel III leverage ratio (%) (row 2/row 13)	11.44%	11.51%	11.30%	11.07%	10.88%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.44%	11.51%	11.30%	11.07%	10.88%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.44%	11.51%	11.30%	11.07%	10.88%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.44%	11.51%	11.30%	11.07%	10.88%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.44%	11.51%	11.30%	11.07%	10.88%
Liquidity Coverage Ratio						
15	Total HQLA	1 273 976	1 021 898	927 662	741 083	807 804
16	Total net cash outflow	113 422	110 435	103 666	116 119	106 199
17	LCR ratio (%)	1 123%	925%	895%	638%	761%
Net Stable Funding Ratio						
18	Total available stable funding	7 775 161	7 438 973	7 428 140	7 350 207	7 288 251
19	Total required stable funding	5 889 339	5 922 832	6 007 891	6 138 912	6 057 226
20	NSFR ratio (%)	132%	126%	124%	120%	120%

BANK						
Line No		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Available Capital (Amounts) R'000						
1	Common equity Tier 1 (CET1)	1 013 481	977 585	950 588	920 979	882 243
1a	Fully loaded expected credit loss (ECL) accounting model	1 013 481	977 585	950 588	920 979	882 243
2	Tier 1	1 137 481	1 101 585	1 074 588	1 044 979	1 006 243
2a	Fully loaded accounting model Tier 1	1 137 481	1 101 585	1 074 588	1 044 979	1 006 243
3	Total capital	1 358 698	1 357 415	1 339 309	1 323 280	1 287 970
3a	Fully loaded expected credit loss (ECL) accounting model total capital	1 358 698	1 357 415	1 339 309	1 323 280	1 287 970
Risk Weighted Assets (Amounts) R'000						
4	Total risk-weighted assets (RWA)	7 907 397	7 186 047	7 546 788	7 559 644	7 299 048

Risk-Based Capital Ratios as a percentage of RWA						
5	Common equity tier 1 ratio (%)	12.82%	13.60%	12.60%	12.18%	12.09%
5a	Fully loaded ECL accounting model CET1 (%)	12.82%	13.60%	12.60%	12.18%	12.09%
6	Tier 1 ratio (%)	14.39%	15.33%	14.24%	13.82%	13.79%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.39%	15.33%	14.24%	13.82%	13.79%
7	Total capital ratio (%)	17.18%	18.89%	17.75%	17.50%	17.65%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.18%	18.89%	17.75%	17.50%	17.65%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-sib additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row8 + row9 + row10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.07%	4.85%	3.85%	3.43%	3.34%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	10 044 924	9 591 114	9 558 302	9 500 136	9 374 631
14	Basel III leverage ratio (%) (row 2/row 13)	11.32%	11.49%	11.24%	11.00%	10.73%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.32%	11.49%	11.24%	11.00%	10.73%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.32%	11.49%	11.24%	11.00%	10.73%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.32%	11.49%	11.24%	11.00%	10.73%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.32%	11.49%	11.24%	11.00%	10.73%
Liquidity Coverage Ratio						
15	Total HQLA	1 273 976	1 021 898	927 662	741 083	807 804
16	Total net cash outflow	113 422	110 435	103 666	116 119	106 199
17	LCR ratio (%)	1 123%	925%	895%	638%	761%
Net Stable Funding Ratio						
18	Total available stable funding	7 775 161	7 438 973	7 428 140	7 350 207	7 288 251
19	Total required stable funding	5 889 339	5 922 832	6 007 891	6 138 912	6 057 226
20	NSFR ratio (%)	132%	126%	124%	120%	120%

Year under review: Albaraka Bank

As at 31 December 2024, the total capital ratio decreased marginally from 17.65% to 17.18% YoY, largely affected by:

- Increase in risk weighted assets from R7.30 billion to R7.91 billion, due to the growth in the advances book.
- Increase in qualifying capital as a result of increased profitability.

The LCR increased from 761% in December 2023 to 1 123% in December 2024, due to an increase in the bank's interbank and sovereign sukuk holdings.

3.2. **OVA** – Bank risk management approach

Whilst the board is ultimately responsible for risk management and to determine the type and level of risk which the bank is willing to accept in conducting its banking activities, the effective management of risk has been delegated to six board committees, namely, the risk and capital management committee, the audit committee, the credit committee, the directors' affairs committee, the social and ethics committee and remuneration committee. In addition, the Shariah Supervisory Board has been delegated the responsibility of managing the shariah risk which the bank faces. These committees are assisted by management committees (more particularly the assets and liabilities committee (ALCO), the executive credit committee, the management risk committee) to discharge their responsibilities effectively. The composition, terms of reference and delegated powers of authority of the board and management committees are set by the board and are reviewed annually.

The board and management committees are responsible for developing and monitoring risk management policies and programs in their specified areas. These policies and programs are established to identify and analyse risks faced by the bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The risk management policies and programs are reviewed regularly to reflect changes in market conditions and products offered. In addition, the bank has adopted a strategy that seeks to entrench at all levels within Albaraka Bank a culture that is risk-management orientated.

The audit committee and risk and capital management committee are responsible for monitoring compliance with the risk management policies and programs and for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank. The audit committee is assisted in these functions by internal audit which undertakes regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk refers to the potential loss that the bank could sustain as a result of counter-party default and arises principally from advances to customers and other banks. The bank manages its credit risk within a governance structure supported by delegated powers of authority as approved by the board. The credit approval process is graduated, whereby increasingly higher levels of authorisation are required depending on the type and value of the transactions concerned. Applications for credit may therefore be considered progressively by line management, senior and executive management, the management credit committee, the executive credit committee, the board credit committee and the board itself.

A separate credit division, reporting to the regulatory executive and the credit committee of the board, is responsible for the oversight of the bank's credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counterparties and by product; and
- Developing and maintaining risk gradings in order to categorise exposures to the degree of risk of financial loss faced and to focus management on the relevant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework is described under the section dealing with portfolio measures of risk.

Credit exposures are monitored primarily on performance. Defaulting accounts receive prompt attention. Initially they are dealt with by line management and, in instances where further degeneration occurs, they are handed over to the bank’s collections and legal specialists.

Depending on the type of credit exposure, account reviews, which include the re-performance of qualitative and quantitative assessments, are performed annually.

The credit risk management process needs to identify all risk factors to enable such risks to be quantified and their impact on the pricing or credit risk to be taken into account. Pricing for credit risk is therefore, a critical component of the risk management process. The main risk of default by the counterparty is mitigated by means of collateral security obtained from the debtor concerned.

For internal risk management and risk control purposes, credit risk is measured in terms of potential loss that could be suffered, taking into account the quantum of the exposures, the realisable value of the collateral security and the value, if any, that could be placed on the sureties.

Credit risk, market risk, equity risk, liquidity risk, profit rate risk, shariah risk, operational risk, reputational risk and compliance risk are the major forms of risk to which the bank is exposed. For a more detailed overview, please refer to the risk management and assessment section is the bank's annual report.

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 Albaraka Bank Limited 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.

3.3. **OV1 -** Overview of Risk weighted assets

	CONSOL	RWA	Min capital requirements*	RWA	Min capital requirements*
		Dec 24 R'000		Sep 24 R'000	
1	Credit risk (excluding counterparty credit risk) (CCR)	6 903 254	793 874	6 414 737	737 695
2	Of which: standardised approach (SA)	6 903 254	793 874	6 414 737	737 695
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)	-	-	9 647	1 109
7	Of which: standardised approach for counterparty credit risk	-	-	9 647	1 109
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-	-

11	Equity positions under the simple risk weight approach	17 680	2 033	17 567	2 020
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 the banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	18 254	2 099	28 162	3 239
21	Of which: standardized approach (SA)	18 254	2 099	28 162	3 239
22	Of which: internal model approaches (IMA)	-	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-	-
24	Operational risk	893 003	102 695	702 364	80 772
25	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-	-
26	Aggregate capital 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)	7 832 191	900 702	7 172 477	824 835

	BANK ONLY	RWA	Min capital requirements*	RWA	Min capital requirements*
		Dec 24 R’000		Sep 24 R’000	
1	Credit risk (excluding counterparty credit risk) (CCR)	6 925 895	796 478	6 399 967	735 996
2	Of which: standardised approach (SA)	6 925 895	796 478	6 399 967	735 996

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)	-	-	9 647	1 109
7	Of which: standardised approach for counterparty credit risk	-	-	9 647	1 109
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-	-
11	Equity positions under the simple risk weight approach	17 680	2 033	17 567	2 020
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 the banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	18 254	2 099	28 162	3 239
21	Of which: standardized approach (SA)	18 254	2 099	28 162	3 239
22	Of which: internal model approaches (IMA)	-	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-	-
24	Operational risk	893 003	102 695	702 364	80 772
25	Amounts below thresholds for deduction (subject to 250% risk weight)	52 565	6 045	28 340	3 259
26	Aggregate capital 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)	7 907 397	909 351	7 186 047	826 395

* Minimum requirements include the base minimum and idiosyncratic requirement specified by the Registrar.

Year under review – Albaraka Bank

Risk weighted assets increased from R7.19billion in September 2024 to R7.91billion in December 2024 predominantly in credit risk RWAs. Credit risk RWAs increased by R526million or 8.2% which is largely due to the growth in the advances book. Market risk decreased by R9.9m or 35.2% which is attributable to the decrease in the bank's foreign cash holdings. Operational risk increased by R190.6million or 27.1%. This calculation is updated bi-annually and is based on a three-year rolling gross income before impairments average balance.

4. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

4.1. **LI1** – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories

	a	b	c	d	e	f	g
			Carrying values of items:				
Consol	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory reporting**	**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**
At 31 December 2024 Assets							
Property and equipment	102 688	106 352	68 800	-	-	-	-
Right of use asset	3 664	-	-	-	-	-	-

Investment properties	10 339	10 339	-	-	-	-	-	-
Intangible assets	54 543	54 544	-	-	-	-	-	54 544
Investment in and amount due by subsidiary company	-	-	-	-	-	-	-	-
Deferred tax asset	30 119	2 679	-	-	-	-	-	-
Investment securities	17 680	17 680	17 680	-	-	-	-	-
Advances and other receivables	8 634 284	8 297 926	8 443 215	-	-	-	-	-
Regulatory balances	618 507	989 181	989 181	-	-	-	-	-
Cash and cash equivalents	311 542	311 542	311 542	-	-	-	18 254	-
	9 783 366	**9 790 243**	**9 830 418**	**-**	**-**	**-**	**18 254**	**54 544**

At 31 December 2024 **Liabilities**								
Deferred tax liability	18 174	-	-	-	-	-	-	-
Welfare and charitable funds	59 389	59 388	-	-	-	-	-	-
Sukuk holders	311 248	311 248	-	-	-	-	-	-
Provision for leave pay	7 330	7 330	-	-	-	-	-	-
Lease liabilities	4 103	4 104	-	-	-	-	-	-
Accounts payable	69 277	69 546	-	-	-	-	-	-
South African Revenue Service	1 311	1 033	-	-	-	-	-	-
Deposits from customers	8 086 934	8 086 936	-	-	-	-	-	-
	8 557 766	**8 539 585**	**-**	**-**	**-**	**-**	**-**	**-**

	a	b	C	d	e	f	g
			Carrying values of items:				
Bank only	Carrying values as reported in published financial statements	Carrying values under scope of regulatory reporting	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
At 31 December 2024 Assets							
Property and equipment	26 663	68 800	68 800	-	-	-	-
Right of use asset	42 136	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Intangible assets	54 543	54 544	-	-	-	-	54 544
Investment in and amount due by subsidiary company	60 588	2	2	-	-	-	-
Deferred tax asset	30 293	21 026	21 026	-	-	-	-
Investment securities	17 680	17 680	17 680	-	-	-	-
Advances and other receivables	8 633 889	8 358 117	8 503 406	-	-	-	-
Regulatory balances	618 507	989 181	989 181	-	-	-	-
Cash and cash equivalents	303 050	303 050	303 050	-	-	18 254	-
	9 787 349	**9 812 400**	**9 903 145**	**-**	**-**	**18 254**	**54 544**
At 31 December 2024 Liabilities							
Deferred tax liability	-	-	-	-	-	-	-
Welfare and charitable funds	59 389	59 388	-	-	-	-	-
Sukuk holders	307 700	307 700	-	-	-	-	-
Provision for leave pay	7 330	7 330	-	-	-	-	-
Lease liabilities	43 222	43 223	-	-	-	-	-
Accounts payable	63 710	63 844	-	-	-	-	-
South African Revenue Service	1 160	1 015	-	-	-	-	-
Deposits from customers	8 086 934	8 086 938	-	-	-	-	-
	8 569 445	**8 569 438**	**-**	**-**	**-**	**-**	**-**

4.2. **LI2** – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Consol December 2024	a	b	c	d	e
			Items subject to:			
		Total	**Credit risk framework**	**Securitisation framework**	**Counterparty credit risk framework**	**Market risk framework**
1	Asset carrying value amount under scope of regulatory consolidation (as per templateLI1)	9 848 672	9 830 418	-	-	18 254
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	9 848 672	9 830 418	-	-	18 254
4	Off-balance sheet amounts	1 447 236	1 447 236	-	-	-
5	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
6	Exposure amounts considered for regulatory purposes	11 295 908	11 277 654	-	-	18 254

	Bank December 2024	a	b	c	d	e
			Items subject to:			
		Total	**Credit risk framework**	**Securitisation framework**	**Counterparty credit risk framework**	**Market risk framework**
1	Asset carrying value amount under scope of regulatory consolidation (as per templateLI1)	9 921 399	9 903 145	-	-	18 254

2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	9 921 399	9 903 145	-	-	18 254
4	Off-balance sheet amounts	1 447 236	1 447 236	-	-	-
5	Differences due to different netting rules, other than those already included in row 2	(6 882)	(6 882)	-	-	-
6	Exposure amounts considered for regulatory purposes	11 361 753	11 343 499	-	-	18 254

4.3. **LIA** – Explanation of differences between accounting and regulatory exposure amounts

On a bank solo and consol basis, the difference arises from year end audit adjustments processed in the accounting records after regulatory returns were submitted.

5. COMPOSITION OF CAPITAL

5.1. **CC1** – Composition of regulatory capital

		31 December 2024	
		CONSOL	BANK
	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	404 599	404 599
2	Retained earnings	663 855	654 949
3	Accumulated other comprehensive income (and other reserves)	2 529	2 529
4	Directly issued capital subject to phase out from CETI (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties {amount allowed in group CET1)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	1 070 983	1 062 077
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	(6 730)	(6 730)
8	Goodwill (net of related tax liability)	-	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(41 866)	(41 866)
10	Deferred tax assets 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 (as set out in paragraph 36 of Basel 111 securitisation framework25)	-	-
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 netted of 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	Mortgage servicing rights (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
22	Amount exceeding the 15% threshold	-	-
23	of which: significant investments in the common stock of financials	-	-
24	of which. mortgage servicing rights	-	-
25	of which: deferred tax assets arising from temporary differences	-	-
26	National specific regulatory adjustments	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
28	Total regulatory adjustments to Common equity Tier 1	(48 596)	(48 596)
29	Common Equity Tier 1 capital (CET1)	1 022 387	1 013 481
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	124 000	124 000
31	Of which: classified as equity under applicable accounting standards	124 000	124 000
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 AT1)	-	-

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	Investments 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 capital (AT1)**	-	-
45	**Tier 1 capital (T1 = CET1 1+ AT1)**	1 146 387	1 137 481
	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	191 000	191 000
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	30 217	30 217
51	**Tier 2 capital before regulatory adjustments**	221 217	221 217
	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 the 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 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)**	221 217	221 217
59	**Total capital (TC = T1 + T2)**	1 367 604	1 358 698
60	**Total risk weighted assets**	7 832 191	7 907 397
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	13.05%	12.82%
62	**Tier 1 (as a percentage of risk weighted assets)**	14.64%	14.39%
63	**Total capital (as a percentage of risk weighted assets)**	17.46%	17.18%
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirement plus higher loss absorbency requirement, expressed as a percentage of risk weighted assets)**	2.50%	2.50%
65	of which: capital conservation buffer requirement	2.50%	2.50%
66	of which: bank specific countercyclical buffer requirement	-	-
67	of which: higher loss absorbency requirement	-	-
68	Common Equity Tier 1 (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements	4.30%	4.07%

	National Minima (if different from Basel lll)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel lll minimum)	4.50%	4.50%
70	National Tier 1 minimum ratio (if different from Basel lll minimum)	6.00%	6.00%
71	National total capital minimum ratio (if different from Basel lll minimum)	8.00%	8.00%
	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 financial entities	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	52 565
	Applicable: caps on the on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	221 217	221 217
77	Cap on inclusion of provisions in Tier 2 under standardised approach	30 217	30 217
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022		
80	Current cap on CETI instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-

83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

Risk weighted assets increased from R7.30billion in December 2023 to R7.91billion in December 2024 predominantly in credit risk RWAs on a bank solo basis. Credit risk RWAs increased by R340million or 5.3% which is largely due to the growth in the advances book. Tier II directly issued capital instruments decreased by R61.5m in 2024 due to the haircut applied in line with regulation 38 (12).

5.2. **CC2** – Reconciliation of regulatory capital to balance sheet

The difference between the amount disclosed in the financial statements and the capital for regulatory purposes is due to the tranches of the bank's tier 2 Sukuk, which have reached the five-year period. In line with regulation 38 (12), a haircut of R116.7m is applied and this is accordingly excluded from the qualifying amount of tier 2 capital.

	CONSOL		**BANK**	
	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Balance sheet as in published financial statements**	**Under regulatory scope of consolidation**
As at 31 December 2024				
Property and equipment	102 688	106 352	26 663	68 800
Right of use asset	3 664	-	42 136	-
Investment properties	10 339	10 339	-	-
Intangible assets	54 543	54 544	54 543	54 544
Investment in and amount due by subsidiary company	-	-	60 588	60 586
Deferred tax asset	30 119	2 679	30 293	21 026
Investment securities	17 680	17 680	17 680	17 680
Advances and other receivables	8 634 284	8 297 926	8 633 889	8 297 533
Regulatory balances	618 507	989 181	618 507	989 181
Cash and cash equivalents	311 542	311 542	303 050	303 050
Total Assets	**9 783 366**	**9 790 243**	**9 787 349**	**9 812 400**

Liabilities				
Deferred tax liability	18 174	-	-	-
Welfare and charitable funds	59 389	59 388	59 389	59 388
Sukuk holders	311 248	191 000	307 700	191 000
Tier 2 instruments phased out	-	116 700	-	116 700
Provision for leave pay	7 330	7 330	7 330	7 330
Lease liabilities	4 103	4 104	43 222	43 223
Accounts payable	69 277	69 546	63 710	63 844
South African Revenue Service	1 311	1 033	1 160	1 015
Deposits from customers	8 086 934	8 090 484	8 086 934	8 086 938
Total Liabilities	**8 557 766**	**8 539 585**	**8 569 445**	**8 569 438**
Equity				
Share capital	322 403	322 403	322 403	322 403
Share premium	82 196	82 196	82 196	82 196
Other reserves	2 529	2 529	2 529	2 529
Retained income	694 472	719 530	686 776	711 834
Additional Tier 1 Sukuk instruments	124 000	124 000	124 000	124 000
Total equity	**1 225 600**	**1 250 658**	**1 217 904**	**1 242 962**

5.3. **CCA** – Main features of regulatory capital instruments and of other TLAC - eligible instruments

The main features of the group's regulatory capital instruments are disclosed on our website under Financial highlights, Basel disclosures.

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.

6.1. **LR1 -** Summarised comparison of accounting assets vs leverage ratio exposure measure

Line No	Item	31 Dec 2024
1	Total consolidated assets as per published financial statements	9 787 349
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off- balance sheet exposures)	304 607
7	Other adjustments	(47 032)
8	Leverage ratio exposure	10 044 924

Total assets increased from R9.14 billion to R9.81 billion YoY. This is largely due to the increase in the advances to banks of R424m. Advances to customers decreased by R29million. Cash resources increased by R113 million comprising an increase in cash holdings and balances with the SARB of R110 million, and an increase in mandatory reserve deposits of R4 million.

6.2. **LR2** - Leverage ratio common disclosure template

Line no	Item	31 Dec 2024	30 Sep 2024
On Balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs),but including collateral)	9 782 183	9 346 624
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	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital)	(41 866)	(42 535)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 6)	9 740 317	9 304 089
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add-on amounts for potential future exposure associated with all derivatives transactions	-	-
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	(9 647)
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of lines 8 to 12)	-	(9 647)
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of lines 14 to 18)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	1 447 234	1 376 141
20	(Adjustments for conversion to credit equivalent amounts)	(1 142 627)	(1 079 469)

21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of lines 19 and 21)	304 607	296 672
Capital and total exposures			
23	Tier 1 capital	1 137 481	1 102 825
24	Total exposures (sum of rows 7, 13, 18 and 22)	10 044 924	9 591 114
Leverage ratio			
25	Basel III leverage ratio	11.32%	11.50%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.32%	11.50%
26	National minimum leverage ratio requirement	-	-
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)	10 044 924	9 610 408
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)	10 044 924	9 610 408
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)	11.32%	11.50%
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)	11.32%	11.50%

Total assets increased from R9.14 billion in December 2023 to R9.81 billion in December 2024. This is largely due to the increase in the advances to banks of R424 million. Advances to customers decreased by R29 million. Cash resources increased by R113 million comprising an increase in cash holdings and balances with the SARB of R110 million, and an increase in regulatory balances with SARB of R3 million. Off balance sheet exposure increased from R1.2 billion to R1.4 billion YoY.

7. LIQUIDITY

7.1. **LIQA** – Liquidity risk management

Liquidity risk relates to the potential inability to repay deposits, fund asset growth or to service debt or other expense payments when they become due.

Liquidity risk is managed mainly by ensuring that the funding of the bank is sourced from a wide range of retail deposits with an appropriate spread of short, medium and long-term maturities. Exposure to large deposits is strictly controlled. ALCO monitors and reviews the maturity profiles of the bank's assets and liabilities on a regular basis to ensure that appropriate liquidity levels are maintained to meet future commitments.

The bank also has a policy of maintaining liquidity buffers in the form of sovereign sukuk and cash surpluses held on call, comfortably in excess of regulatory requirements.

The Bank complies with Basel III principles relating to liquidity risk management, specifically the liquidity coverage ratio and the net stable funding ratio. 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.

7.2. **LIQ1 -** Liquidity Coverage Ratio (LCR)

The objective of the LCR is to promote the short term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high quality liquid assets to survive a significant stress scenario lasting 30 calendar days. The values in the table are calculated as the simple average of the 3 month values over the period.

The structure and nature of deposits inside the 30 day window is the key driver of both the level and the volatility of the LCR. This weighted outflow is determined by the customer type of liabilities falling into the 30 day contractual bucket. The HQLA comprises primarily South African sovereign and central bank Rand denominated securities, all of which are eligible for South African Reserve Bank (SARB) repo.

As at 31 December 2024			
Line No		**Total Unweighted Value**	**Total Weighted Value**
High Quality Liquid Assets			
1	Total HQLA	1 134 727	1 134 727
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	5 121 044	235 758
3	Stable deposits	-	-
4	Less stable deposits	5 121 044	235 758
5	Unsecured wholesale funding, of which:	1 722 744	13 208
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1 722 744	13 208
7	Non-operational deposits (all counterparties)	-	-
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	1 293 340	225 286
11	Outflows related to derivative exposures and other collateral requirements	6 169	6 169
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	1 106 673	38 618
14	Other contractual funding obligations	180 499	180 499
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		474 252
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	724 193	451 490
19	Other cash inflows	205 493	6 123
20	TOTAL CASH INFLOWS	929 686	457 613
			Total adjusted value
21	Total HQLA		1 134 727
22	Total net cash outflows		118 563
23	**Liquidity Coverage Ratio (%)**		957%

7.3. **LIQ2** – Net stable funding ratio (NSFR)

The objective of the Net Stable Funding Ratio (NSFR) is to promote the resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of their assets and off balance sheet activities on an ongoing structural basis. By ensuring that banks do not embark on excessive maturity transformation that is not sustainable, the NSFR is intended to reduce the likelihood that disruptions to a bank's funding sources would erode its liquidity position, increasing its risk of failure and potentially lead to broader systemic risk. The minimum NSFR requirement is 100%.

The residual maturity of deposits are the key drivers of available stable funding, in particular those from either retail and small business customers or with maturity longer than a year. Capital issued is also a significant contributor. The residual maturity of deposits are the key drivers of available stable funding, in particular those from either retail and small business customers or with maturity longer than a year. The residual maturity of loans, as well as holdings in securities eligible as HQLA, are the key drivers of required stable funding. Lower weightings apply to mortgages, shorter term loans and HQLA.

As at 31 December 2024						
		Unweighted value by residual maturity				
Line No		**No Maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
	Available Stable Funding (ASF) Item					
1	Capital:	-	-	-	1 550 662	1 550 662
2	Regulatory capital	-	-	-	1 550 662	1 550 662
3	Other capital instruments					
4	Retail deposits and deposits from small business customers	-	3 814 880	1 279 326	102 694	4 687 479
5	Stable deposits					
6	Less stable deposits	-	1 787 189	922 515	180 335	1 535 187
7	Wholesale funding:	-	-	-	-	-
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	-	-	-	-
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	171 134	3 665	-	1 833
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	-	171 134	3 665	-	1 833
14	Total ASF	-	5 773 203	2 205 506	1 833 691	7 775 161

	Required Stable Funding (RSF) Item					
15	Total NSFR high-quality liquid assets (HQLA)	-	478 807	-	795 180	49 459
16	Deposits held at other financial institutions for operational purposes	-	1 000 955	-	-	150 223
17	Performing loans and securities:	-	-	-	-	-
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	725 247	329 466	-	527 357
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		3 629	7 100	2 242 824	1 463 201
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	-	-	-	-
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	NSFR derivative assets	-	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31	All other assets not included in the above categories	-	3 884	6 188	4 219 118	3 626 738
32	Off-balance sheet items	-	1 447 237	-	-	72 361
33	Total RSF	-	3 659 759	342 754	7 257 122	5 889 339
34	**Net Stable Funding Ratio (%)**					132%

8. CREDIT RISK

8.1. **CRA** - General qualitative information about credit risk

Albaraka Bank Limited & Albaraka Consolidation

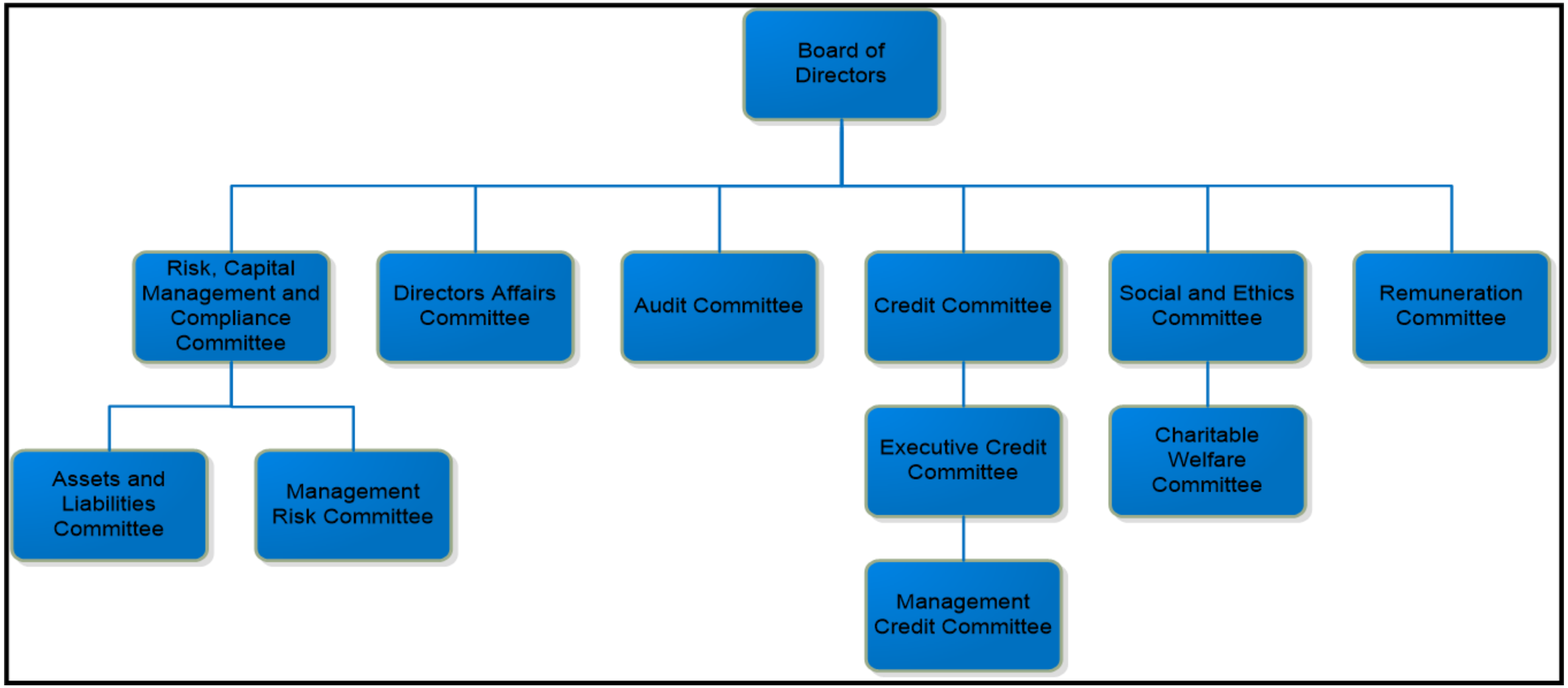
Risk Management and Assessment

Whilst the board is ultimately responsible for risk management and to determine the type and level of risk which the Bank is willing to accept in conducting its banking activities, the effective management of risk has been delegated to six board committees, namely, the risk and capital management committee, the audit committee, the credit committee, the directors' affairs committee, the social and ethics committee and remuneration committee.

In addition, the Shariah Supervisory Board has been delegated the responsibility of managing the shariah risk which the Bank faces. These committees are assisted by management committees (more particularly the assets and liabilities committee (ALCO), the executive credit committee, the management risk committee) to discharge their responsibilities effectively. The composition, terms of reference and delegated powers of authority of the board and management committees are set by the board and are reviewed annually.

The board and management committees are responsible for developing and monitoring risk management policies and programmes in their specified areas. These policies and programmes are established to identify and analyze risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The risk management policies and programmes are reviewed regularly to reflect changes in market conditions and products offered. In addition, the Bank has adopted a strategy that seeks to entrench at all levels within Albaraka Bank, a culture that is risk-management orientated.

The structure and organization of the risk management function is provided in diagrammatic form below:



The audit committee and risk and capital management committee are responsible for monitoring compliance with the risk management policies and programmes and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The audit committee is assisted in these functions by internal audit, which undertakes regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit Risk

Credit risk refers to the potential loss that the Bank could sustain as a result of counter-party default and arises principally from advances to customers and other Banks.

The Bank manages its credit risk within a governance structure supported by delegated powers of authority as approved by the board. The credit approval process is graduated, whereby increasingly higher levels of authorization are required depending on the type and value of the transactions concerned. Applications for credit may therefore be considered progressively by line management, senior and executive management, the management credit committee, the executive credit committee, the board credit committee and the board itself.

A separate credit division, reporting to the regulatory executive and the credit committee of the board, is responsible for the oversight of the Bank's credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities.
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counterparties and by product; and
- Developing and maintaining risk gradings in order to categorize exposures to the degree of risk of financial loss faced and to focus management on the relevant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework is described under the section dealing with portfolio measures of risk.

Credit exposures are monitored primarily on performance. Defaulting accounts receive prompt attention. Initially they are dealt with by line management and, in instances where further degeneration occurs, they are handed over to the Bank’s collections and legal specialists.

Depending on the type of credit exposure, account reviews, which include the re-performance of qualitative and quantitative assessments, are performed annually.

The credit risk management process needs to identify all risk factors to enable such risks to be quantified and their impact on the pricing or credit risk to be taken into account. Pricing for credit risk is therefore, a critical component of the risk management process. The main risk of default by the counterparty is mitigated by means of collateral security obtained from the debtor concerned.

For internal risk management and risk control purposes, credit risk is measured in terms of potential loss that could be suffered, taking into account the quantum of the exposures, the realizable value of the collateral security and the value, if any, that could be placed on the sureties.

The executive and board credit committees constantly monitor the credit quality of counterparties and the exposure to them. Detailed risk reports are submitted to the aforementioned committees and to the management credit committee on a regular basis.

Portfolio Measures of Credit Risk

Credit exposures are now in accordance with International Financial Reporting Standard (IFRS) 9 on a stage credit risk allocation basis, which are Stages 1, 2 and 3.

Exposures that are current and where full repayment of the principal and profit is expected are classified under the Standard category.

Exposures where evidence exists that the debtor is experiencing some difficulties that may threaten the Bank's position, but where ultimate loss is not expected - but could occur if adverse conditions continue are classified under the Special Mention category.

Exposures that show underlying, well-defined weaknesses that could lead to probable loss if not corrected are classified under the Sub-standard category. The risk that such exposures may become impaired is probable and the Bank relies to a large extent on available security.

Exposures that are considered to be impaired but are not yet considered total losses because of some pending factors that may strengthen the quality of such exposures are classified under the Doubtful category.

Exposures that are considered to be uncollectable and where the realization of collateral and institution of legal proceedings have been unsuccessful are classified under the Loss category. These exposures are considered to be of such little value that they should no longer be included in the net assets of the Bank.

Exposures that are classified under the Sub-standard, Doubtful and Loss categories are regarded as non-performing and Exposures that have not met their individual repayment terms are classified as past due exposures.

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

- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank, without recourse by the Bank to actions such as realizing security (if held); and
- The obligor is past due more than 90 days on any material credit obligation to the Bank.

8.2. **CR1** - Credit quality of assets

31st December 2024

Albaraka Bank Limited & Albaraka Consolidation

		a	b	c	d	e	f	g
		Gross carrying values of		Allowances / impairments [4]	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values
		Defaulted exposures [5]	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		(a+b-c)
1	Loans [1]	171 431	7 947 482	60 474	32 642	27 832	-	8 058 439
2	Debt Securities [2]	-	1 047 835	351	-	351	-	1 047 484
3	Off-balance sheet exposures [3]	-	1 447 236	2 033	-	2 033	-	1 445 203
4	**Total**	**171 431**	**10 442 553**	**62 859**	**32 642**	**30 217**	**-**	**10 551 125**

(1) Loans represent core debtor advances which form part of Banks on balance sheet exposures (Products include: Equipment, Motor Vehicle, Property, Trade, Profit Free Loans etc.)

(2) Debt Securities relate to Murabaha Equity Placements with other Banks.

(3) Off Balance Sheet Exposures include: Letter of Guarantees (LG), Letter of Credit (LC), Unutilized Portion of Approved Asset & Trade Facilities etc.)

(4) Allowances / Impairments raised for both On & Off balance sheet exposures in with the IFRS 9 methodology i.e Portfolio and Specific credit impairments

(5) Default occurs when a material obligation of an obligor is overdue for more than 90 days

31st December 2023

		a	b	c	d	e	f	g
		Gross carrying values of		**Allowances / impairments [4]**	**Of which ECL accounting provisions for credit losses on SA exposures**		**Of which ECL accounting provisions for credit losses on IRB exposures**	**Net values**
		Defaulted exposures [5]	**Non-defaulted exposures**		**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**		**(a+b-c)**
1	Loans [1]	129 338	7 886 954	46 329	19 448	26 880	-	7 969 963
2	Debt Securities [2]	-	670 022	529	-	529	-	669 493
3	Off-balance sheet exposures [3]	-	1 231 498	1 777	-	1 777	-	1 229 720
4	**Total**	**129 338**	**9 788 474**	**48 635**	**19 448**	**29 187**	**-**	**9 869 176**

(1) Loans represent core debtor advances which form part of Banks on balance sheet exposures (Products include: Equipment, Motor Vehicle, Property, Trade, Profit Free Loans etc.)

(2) Debt Securities relate to Murabaha Equity Placements with other Banks.

(3) Off Balance Sheet Exposures include: Letter of Guarantees (LG), Letter of Credit (LC), Unutilized Portion of Approved Asset & Trade Facilities etc.)

(4) Allowances / Impairments raised for both On & Off balance sheet exposures in with the IFRS 9 methodology i.e Portfolio and Specific credit impairments

(5) Default occurs when a material obligation of an obligor is overdue for more than 90 days

1.1. **CR2 -** Changes in stock of defaulted loans and debt securities

Albaraka Bank Limited & Albaraka Consolidation

		31 Dec 24	31 Dec 23
1	**Defaulted loans and debt securities at end of the previous reporting period**	129 338	151 924
2	Loans and debt securities that have defaulted since the last reporting period	82 476	13 484
3	Returned to non-defaulted status	(50 441)	(17 628)
4	Amounts written off	(1 865)	(843)
5	Other changes	11,923	(17 598)
6	**Defaulted loans and debt securities at end of the reporting period**	**171 431**	**129 338**

1.2. **CRB** - Additional disclosure related to the credit quality of assets

Albaraka Bank Limited & Albaraka Consolidation

Qualitative disclosures

Past dues relate to any exposure that are 1 day & over in arrears. These are reported for accounting and regulatory purposes. Past dues, but not impaired account for 1.30% (0.73% - 2023) of the total book. These exposures have not been impaired due to sufficient collateral held.

Impairments are only determined using the Bank's IFRS 9 model, which takes into account external ratings, past dues, historical and forward-looking information.

A restructured exposure Includes any loan, advance or facility in respect of which the Bank granted a concession to the obligor owing to a deterioration in the obligor’s financial condition, that is, owing to a financial distressed situation of the relevant obligor, which financial distressed situation results or is likely to result in the relevant obligor no longer being able to meet the terms or conditions originally agreed.

Quantitative disclosures

Breakdown of exposures by;

a) Geographical areas;

Region	31 Dec 24	31 Dec 23
Gauteng	2 673 523	2 778 159
Kwa-Zulu Natal	6 175 769	5 489 536
Western Cape	1 764 693	1 650 116
Grand Total	**10 613 984**	**9 917 812**

b) Industry;

Industry	31 Dec 24	31 Dec 23
Agriculture, hunting, forestry and fishing	1 973	1 812
Mining and quarrying	18 672	19 481
Manufacturing	827 938	686 187
Electricity, gas and water supply	-	-
Construction	57 471	44 323
Wholesale and retail trade, repair of specified items, hotels and restaurants	2 351 809	2 119 294
Transport, storage and communication	505 201	451 240
Financial intermediation and insurance	1 865 023	1 125 363
Real estate	3 093 249	3 528 256
Business services	37 242	39 685
Community, social and personal services	-	-
Private households	1 318 667	1 420 115
Other	536 739	482 056
Grand Total	**10 613 984**	**9 917 812**

1.3. **CRC** - Qualitative disclosure related to credit risk mitigation techniques

Collateral is an effective means of reducing risk and improving credit quality. ABL encourages extensions of credit with tangible collateral underlying the transaction.

Although collateral is always desirable to enhance credit quality, it should never be seen as the reason for granting credit and must be viewed as a secondary source of repayment or an alternative in the event the customer is unable to repay ABL from cash flows.

Additionally, collateral should not be a substitute for a comprehensive assessment of the borrower, nor can it compensate for insufficient information provided.

Collateral held by ABL is divided into the following three grades:

A. Cash; Property & Irrevocable Bank Guarantee/s in favour of Albaraka Bank Limited issued by a rated registered financial institution

B. All other forms of collateral where a security value can be ascribed to the underlying collateral e.g. General or Special Notarial bonds

C. All forms of collateral where no security value is ascribed e.g. Personal Surety's

Perfection of all securities is required prior to any advancement of funds. Where there is a bond registered as a means of collateral for property finance or any other finance, a valuation of such property is required. Where the collateral is a Commercial property, this is required to be re-valued every 3 years. Residential property re-valuation is required if held as collateral for Trade or where the collateral is taken for new finances.

1.4. **CR3** - Credit risk mitigation techniques – overview

31st December 2024

Albaraka Bank Limited & Albaraka Consolidation

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	**Exposures secured by collateral**	**Exposures secured by collateral, of which: secured amount**	**Exposures secured by financial guarantees**	**Exposures secured by financial guarantees, of which: secured amount**	**Exposures secured by credit derivatives**	**Exposures secured by credit derivatives, of which: secured amount**
1	Loans [1]	52 007	9 514 142	5 885 452	-	-	-	-
2	Debt Securities [2]	-	1 047 835	1 047 835	-	-	-	-
4	**Total**	**52 007**	**10 561 977**	**6 933 287**	**-**	**-**	**-**	**-**
3	Of which defaulted	-	171 431	142 018	-	-	-	-

(1) Loans represent core debtor advances which form part of Banks on balance sheet exposures (Products include: Equipment, Motor Vehicle, Property, Trade, Profit Free Loans etc.)

(2) Debt Securities relate to Murabaha Equity Placements with other Banks.

31st December 2023

Albaraka Bank Limited & Albaraka Consolidation

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	**Exposures secured by collateral**	**Exposures secured by collateral, of which: secured amount**	**Exposures secured by financial guarantees**	**Exposures secured by financial guarantees, of which: secured amount**	**Exposures secured by credit derivatives**	**Exposures secured by credit derivatives, of which: secured amount**
1	Loans [1]	42 500	9 205 290	5 881 202	-	-	-	-
2	Debt Securities [2]	-	670 022	670 022	-	-	-	-
4	**Total**	**42 500**	**9 875 312**	**6 551 224**	**-**	**-**	**-**	**-**
3	Of which defaulted	-	129 338	102 514	-	-	-	-

(1) Loans represent core debtor advances which form part of Banks on balance sheet exposures (Products include: Equipment, Motor Vehicle, Property, Trade, Profit Free Loans etc.)

(2) Debt Securities relate to Murabaha Equity Placements with other Banks.

1.5. **CRD** - Qualitative disclosure on banks' use of external credit ratings under the standardized approach for credit risk

The Bank obtains credit scores from Experian credit bureau for input into its IFRS 9 model to obtain the Expected Credit Loss. External credit ratings are not used for credit risk weight calculations.

1.6. **CR4** - Standardized approach – credit risk exposure and credit risk mitigation (CRM) effects

31st December 2024

Albaraka Bank Limited

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Line	**Asset classes**	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereign (including central government and central bank)	795 180	-	795 180	-	-	0%
2	Non-central government public sector entities	16 994	-	16 994	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	1 047 835	-	1 047 835	-	977 569	93%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 864 669	1 338 726	1 864 669	1 338 726	1 778 863	56%
7	Regulatory Retail Portfolio	344 041	31 624	344 041	31 624	301 485	80%
8	Secured by Residential Property	2 291 271	31 529	2 291 271	31 529	828 014	36%
9	Secured by Commercial Real Estate	2 635 326	45 357	2 635 326	45 357	2 674 723	100%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	171 431	-	171 431	-	164 602	96%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	200 640	-	200 640	-	200 640	100%
14	**Total**	**9 367 388**	**1 447 236**	**9 367 388**	**1 447 236**	**6 925 896**	**64%**

31st December 2024

Albaraka Consolidation

		a	b	c	d	e	f
		Exposures before CCF and CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
Line	**Asset classes**	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereign (including central government and central bank)	795 180	-	795 180	-	-	0%
2	Non-central government public sector entities	16 994	-	16 994	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	1 047 835	-	1 047 835	-	977 569	93%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 864 669	1 338 726	1 864 669	1 338 726	1 778 863	56%
7	Regulatory Retail Portfolio	344 041	31 624	344 041	31 624	301 485	80%
8	Secured by Residential Property	2 291 271	31 529	2 291 271	31 529	828 014	36%
9	Secured by Commercial Real Estate	2 635 326	45 357	2 635 326	45 357	2 674 723	100%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	171 431	-	171 431	-	164 602	96%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	140 447	-	140 447	-	140 447	100%
14	**Total**	**9 307 195**	**1 447 236**	**9 307 195**	**1 447 236**	**6 865 703**	**64%**

31st December 2023

Albaraka Bank Limited

		a	b	c	d	e	f
		Exposures before CCF and CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
Line	**Asset classes**	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereign (including central government and central bank)	424 506	-	424 506	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	670 022	-	670 022	-	305 619	46%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 689 185	1 085 952	1 689 185	1 085 952	1 641 622	59%
7	Regulatory Retail Portfolio	321 258	37 466	321 258	37 466	283 255	79%
8	Secured by Residential Property	2 361 196	26 380	2 361 196	26 380	850 696	36%
9	Secured by Commercial Real Estate	3 090 808	81 700	3 090 808	81 700	3 166 102	100%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	129 338	-	129 338	-	138 412	107%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	134 518	-	134 518	-	134 518	100%
14	**Total**	**8 820 832**	**1 231 498**	**8 820 832**	**1 231 498**	**6 520 224**	**65%**

31st December 2023

Albaraka Consolidation

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Line	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign (including central government and central bank)	424 506	-	424 506	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	670 022	-	670 022	-	305 619	46%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 689 185	1 085 952	1 689 185	1 085 952	1 641 622	59%
7	Regulatory Retail Portfolio	321 258	37 466	321 258	37 466	283 255	79%
8	Secured by Residential Property	2 361 196	26 380	2 361 196	26 380	850 696	36%
9	Secured by Commercial Real Estate	3 090 808	81 700	3 090 808	81 700	3 166 102	100%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	129 338	-	129 338	-	138 412	107%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	75 455	-	75 455	-	75 455	100%
14	Total	**8 761 769**	**1 231 498**	**8 761 769**	**1 231 498**	**6 461 161**	**65%**

1.7. **CR5** - Standardised approach – exposures by asset classes and risk weights

31st December 2024

Albaraka Bank Limited

		a	b	c	d	e	f	g	h	i	j
Line	**Asset classes \ Risk Weights**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereign (including central government and central bank)	795 180	-	-	-	-	-	-	-	-	795 180
2	Non-central government public sector entities	16 994	-	-	-	-	-	-	-	-	16 994
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	87 832	-	-	-	960 003	-	-	1 047 835
5	Securities Firms	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	1 336 098	-	2 629	-	-		1 864 669	-	-	3 203 396
7	Regulatory Retail Portfolio	31 624	-	-	-	-	168 988	175 053	-	-	375 665
8	Secured by Residential Property	-	-	-	2 285 083	-	37 717	-	-	-	2 322 800
9	Secured by Commercial Real Estate	-	-	-	-	-	-	2 680 683	-	-	2 680 683
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	24 055	-	87 795	59 580	-	171 431
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	200 640	-	-	200 640
14	**Total**	**2 179 895**	**-**	**90 460**	**2 285 083**	**24 055**	**206 706**	**5 968 844**	**59 580**	**-**	**10 814 623**

31st December 2024

Albaraka Consolidation

		a	b	c	d	e	f	g	h	i	j
Line	**Asset classes \ Risk Weights**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereign (including central government and central bank)	795 180	-	-	-	-	-	-	-	-	795 180
2	Non-central government public sector entities	16 994	-	-	-	-	-	-	-	-	16 994
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	87 832	-	-	-	960 003	-	-	1 047 835
5	Securities Firms	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	1 336 098	-	2 629	-	-		1 864 669	-	-	3 203 396
7	Regulatory Retail Portfolio	31 624	-	-	-	-	168 988	175 053	-	-	375 665
8	Secured by Residential Property	-	-	-	2 285 083	-	37 717	-	-	-	2 322 800
9	Secured by Commercial Real Estate	-	-	-	-	-	-	2 680 683	-	-	2 680 683
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	24 055	-	87 795	59 580	-	171 431
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	140 447	-	-	140 447
14	**Total**	**2 179 895**	**-**	**90 460**	**2 285 083**	**24 055**	**206 706**	**5 908 651**	**59 580**	**-**	**10 754 430**

31st December 2023

Albaraka Bank Limited

		a	b	c	d	e	f	g	h	i	j
Line	**Asset classes \ Risk Weights**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereign (including central government and central bank)	424 506	-	-	-	-	-	-	-	-	424 506
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	455 504	-	-	-	214 518	-	-	670 022
5	Securities Firms	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	1 082 413	-	1 668	-	1 871		1 689 185	-	-	2 775 137
7	Regulatory Retail Portfolio	37 455	-	-	-	11	150 696	170 562	-	-	358 724
8	Secured by Residential Property	1 170	-	-	2 347 638	-	38 768	-	-	-	2 387 576
9	Secured by Commercial Real Estate	-	-	-	-	-	-	3 172 508	-	-	3 172 508
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	14 350	-	53 454	61 534	-	129 338
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	134 518	-	-	134 518
14	**Total**	**1 545 544**	**-**	**457 172**	**2 347 638**	**16 232**	**189 464**	**5 434 745**	**61 534**	**-**	**10 052 330**

31st December 2023

Albaraka Consolidation

Line	Asset classes \ Risk Weights	A 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i Others	J Total credit exposures amount (post CCF and post-CRM)
1	Sovereign (including central government and central bank)	424 506	-	-	-	-	-	-	-	-	424 506
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	455 504	-	-	-	214 518	-	-	670 022
5	Securities Firms	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	1 082 413	-	1 668	-	1 871		1 689 185	-	-	2 775 137
7	Regulatory Retail Portfolio	37 455	-	-	-	11	150 696	170 562	-	-	358 724
8	Secured by Residential Property	1 170	-	-	2 347 638	-	38 768	-	-	-	2 387 576
9	Secured by Commercial Real Estate	-	-	-	-	-	-	3 172 508	-	-	3 172 508
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	14 350	-	53 454	61 534	-	129 338
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	75 455	-	-	75 455
14	**Total**	**1 545 544**	**-**	**457 172**	**2 347 638**	**16 232**	**189 464**	**5 375 682**	**61 534**	**-**	**9 993 267**

2. MARKET RISK

2.1. **MRA** – Qualitative disclosure requirements related to 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. Albaraka Bank's exposure to market risk is limited in that the bank does not trade in marketable securities other than those that it is required to hold for liquid asset purposes, which are usually held to maturity and foreign currency, held in terms of its foreign exchange license.

2.2. **MR1** – Market risk under standardized approach

		Dec 24
		RWA
	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	
4	Foreign exchange risk	18 254
5	Credit spread risk - non-securitisations	-
6	Credit spread risk - securitisations (non-correlation trading portfolio)	-
7	Credit spread risk - securitisations (non-correlation trading portfolio)	-
8	Default risk - non-securitisations	-
9	Default risk - securitisations (non-correlation trading portfolio)	
10	Default risk - securitisations (non-correlation trading portfolio)	
11	Residual risk add-on	
12	**Total**	**18 254**

3. REMUNERATION

PILLAR 3 REMUNERATION DISCLOSURES – 2024

10.1 **REMA** – Remuneration policy

Albaraka Bank Limited is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Prudential Authority's Basel Pillar III disclosure requirements.

The qualitative remuneration disclosures are provided below.

The Remuneration Committee (REMCO) and the Board of Directors are the main bodies that oversee remuneration. The Banks REMCO and Board of directors are mandated with the responsibility to review and approve the Banks remuneration structures including but not limited to annual increases, management incentives and commission structures. External consultants, Willis Towers Watson Group, were used to provide a remuneration increase trends report for the purposes of motivating remuneration increases for 2024. REMCO and the Board of Directors approved the Remuneration increases for 2024.

Remuneration and benefits are one of the key components of Al Baraka Bank's Human Resources strategy which is aligned to the Banks strategic objective of employee satisfaction and retention.

Al Baraka Bank Limited (ABL) is committed to ensuring that remuneration and benefits practices are in keeping with good corporate governance and industry best practice.

The organisations remuneration philosophy is to recruit, recognise and reward exceptional employees who resonate with the organisation's values, while ensuring the fair treatment of clients and sustainability of the organisation.

The purpose of the Remuneration policy is to serve as a set of guidelines to Management and staff regarding the implementation and review of remuneration and benefits practices at the Bank.

The scope of the policy is: -

- All Executives, Management and Employees.
- The latest amendment of the Employee Remuneration Policy was effective from 1 February 2024.
- The Bank also has an approved Executive Remuneration Policy.

PRINCIPLES OF THE REMUNERATION POLICY

In order to ensure that remuneration is practiced through an explicit governance process, all remuneration, benefits and incentive reward schemes, including any amendments thereto are approved by the Remuneration Committee and the Board so as to ensure compatibility and fairness across the Bank.

All positions in ABL will be evaluated in terms of the job grading system adopted by the Bank and a job grade will be determined. ABL will establish salary scales in terms of these job grades.

It is the intention of ABL to remunerate all employees within the approved internal salary scales of their job grade.

Remuneration of employees will be reviewed once a year, based on their performance and the remuneration increase trends in the market, subject to the approval of the Remuneration Committee and the final approval of the Board. At the discretion of the Remuneration Committee other factors may be used to determine the review of remuneration structures.

Employee's remuneration will be established by having due regard to the organisation's profitability, budget, cash flow and regulatory requirements.

ABL seeks to reward and incentivise employees while making a concerted effort to align the best interests of its employees with that of the organisation, shareholders, and other stakeholders.

In keeping with the principle of ensuring the best interests of all stakeholders, the Bank strives to ensure that the remuneration incentives are structured in a manner that does not increase the risk or unfair treatment of the customer.

The intention is to promote the achievement of strategic business objectives while treating customers fairly and remunerating employees fairly, to promote an ethical culture and ensure that the organisations remuneration structures do not contribute to conflicts of interests.

The Remuneration and Benefits Policy seeks to ensure that all employees are remunerated fairly in keeping with market related trends, while taking into account the complexity, size and nature of the business. The Bank undertakes to conduct a remuneration benchmarking survey every three to five years.

Incentive schemes are aimed at rewarding employees who perform above the required standard and are not aimed at replacing the normal remuneration of employees.

DEFINITION OF SENIOR MANAGEMENT AND MATERIAL RISK TAKERS

The Banks Executive Committee (EXCO) are regarded as senior management. The material risk takers form part of the Executive Committee.

DESIGN AND STRUCTURE OF REMUNERATION PROCESSES

The annual remuneration increases, and any management incentives are overseen independently by the Remuneration committee and the Board, including remuneration and benefits for Risk and compliance employees.

Management commissions and incentive scheme structures are reviewed and approved by REMCO and the board prior to implementation of any such remuneration programmes at the Bank.

The Bank utilises a performance management system. Each employee's performance is measured using a Performance development plan and is reviewed biannually through a formal performance appraisal process. Should the employee achieve a below average performance rating, the employee's annual remuneration increase will be adjusted to a lower percentage as opposed to the approved annual remuneration increase amount.

REMUNERATION PACKAGES

1. **Cost to Company Packages:**

- Remuneration levels will be based on the cost to company "CTC" for all management employees and certain employees as determined by the Bank.

- For employees earning a cost to company package, all Company benefits including the Company's contribution towards the provident fund, medical aid and 13th cheque is included in the cost to company package.

2. Basic Salary packages:

- For employees earning a basic salary package, the Bank will contribute the approved Company contributions towards the provident fund, medical aid, and 13th cheque.

FIXED AND VARIABLE REMUNERATION

a) 13th Cheque

The Bank undertakes to pay annually in December to all permanent employees on a basic salary package who are fully employed during the month, a 13th cheque equal to the employee's salary payable for that month.

A pro rata payment will be made to employees with less than one year service.

Employees who leave the service of the Bank prior to 1 December of any year will not be entitled to any bonus in respect of that year.

Employees who are in the employ of the Bank as at 1 December but have given notice for termination of service prior to or during December of any year will not be entitled to any bonus in respect of that year.

b) Medical Aid

Membership on the Company medical aid scheme as approved by the Company is compulsory for all permanent staff, unless the employee can prove that they are a dependant on their spouses or parent's medical aid. Proof of membership on another medical aid must be provided to the HR Department.

c) Provident Fund

Membership on the Company provident fund scheme as approved by the Company is compulsory for all permanent staff.

d) Maternity Leave Benefits

Female employees are entitled to four (4) months maternity leave at 33.3% of their salary. Should an employee resign after receiving this benefit without returning to work post the maternity leave period, this amount will have to be refunded to the Bank.

e) Long Service Awards

The following long service awards are approved by REMCO and the Board:

Years of service	Long Service Awards
10 years	R5 000
15 years	R10 000
20 years	R15 000
25 years	R20 000
30 years	R25 000
35 years	R30 000

The above long service awards are discretionary and are subject to change.

The employee must be in the employ of the Bank on their anniversary date of the year of service as indicated in the table above, in order to qualify for the long service award.

f) Incentive Schemes

Incentives schemes include, commission, management incentives, long service awards or any other form of discretionary incentives.

Incentives will be determined with respect to performance of three levels, namely the Bank, division and individual.

Different incentive schemes may be established in order to accommodate the different requirements of divisions or categories of employees.

All incentive schemes must be approved annually by the Remuneration Committee and the Board of Directors in advance of the financial year in which it will apply.

Details of the incentive scheme must be documented before their application and the targets communicated to the incumbents.

Incentive schemes are discretionary. It does not form part of the guaranteed remuneration package.

Incentive schemes may change or may be discontinued depending on internal and external factors such as, but not limited to Company profitability, affordability and employee performance.

10.2 **REM1** – Remuneration awarded during the financial year

			a	b
	Remuneration amount		**Senior management**	**Other material risk-takers**
1	**Fixed Remuneration**	Number of employees	20	
2		Total fixed remuneration (rows 3 + 5+ 7)	R30,621,600	
3		Of which: cash-based	R30,621,600	
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms		
8		Of which: deferred		
9	**Variable Remuneration**	Number of employees		
10		Total variable remuneration (rows 11 + 13+ 15)		
11		Of which: cash-based		
12		Of which: deferred		
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	**Total remuneration (rows 2 + 10)**		R30,621,600	

The Bank has not awarded any guaranteed bonuses, sign on awards and severance payments during the last financial year.

The Bank does not have any deferred or retained forms of remuneration.

The 2024 management incentive bonuses will be paid in 2025, based on the achievement of incentive targets and criteria as agreed by REMCO and the Board.