



ALBARAKA BANK LIMITED
PILLAR III DISCLOSURE REPORT
DECEMBER 2025

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1. BASIS OF COMPILATION

The following information is compiled in accordance with the Basel Committee on Banking Supervision's (BCBS) Pillar 3 disclosure requirements, which incorporates the amendments introduced as part of the Basel III reforms (Basel IV), and Directive 10 of 2025 published by the Prudential Authority on 11 August 2025, which informed banks that the Pillar 3 disclosure requirements have been removed from Regulation 43 of the regulations relating to banks issued under Section 90 of the Banks Act, No 94 of 1990 (as amended) ("the regulations"), which requirements have now been specified in this directive. However, the essential disclosure principles remain in regulation 43(1) of the Regulations.

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, as provided in Annexure A, and are excluded from this report.

This Pillar 3 Disclosure Report has been prepared by the Financial Reporting Manager, with support from the Credit, Risk and Human Resources divisions. The report has been reviewed by the Finance Manager, General Manager: Finance, Internal Audit and approved by the Executive Committee, which comprises, among others, the Chief Executive Officer.

2. SCOPE OF REPORTING

The quarterly results of Albaraka Bank Limited for the period ending 31 December 2025 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 holding company is the Albaraka Group, a company incorporated in the Kingdom of Bahrain. The address of its registered office is PO Box 1882, Manama, Kingdom of Bahrain.

3. IMPACT OF REGULATORY CHANGES

The Basel III reforms that became effective on 1 July 2025 introduces a strengthened and more risk-sensitive capital framework, with changes primarily focused on improving consistency and comparability across banks.

The most significant impact areas to the Bank arose from the revised Standardised Approaches for Credit Risk, Operational Risk and Credit Valuation Adjustment (CVA) Risk. The reforms replace previous Operational Risk methods with the new Standardised Measurement Approach (SMA), introduce updated and more granular risk weights under the Standardised Approach for Credit Risk (SA-CR), and implemented a new capital framework for Credit Valuation Adjustment (CVA) risk. The Bank applies the Simplified Standardised Approach (SSA) for CVA risk. Under this approved approach, the Bank records the same capital requirement for both counterparty credit risk (CCR) and CVA risk.

The reforms also reinforce the leverage ratio and introduce an output floor that primarily constrains banks using internal models. As the bank does not use internal models, this has no direct capital impact.

For market risk, the Fundamental Review of the Trading Book (FRTB) introduces a revised Standardised Approach (SA-MR). The bank applies the simplified standardised approach. As the bank does not hold any trading book exposures, the FRTB reforms have no impact, and the basis for determining the bank's capital requirements remains unchanged.

4. 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.

4.1. KM1 - KEY METRICS

CONSOL						
Line No		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
Available Capital (Amounts) R'000						
1	Common equity Tier 1 (CET1)	1 113 146	1 083 820	1 057 843	1 029 280	1 022 387
2	Tier 1	1 237 146	1 207 820	1 181 843	1 153 280	1 146 387
3	Total capital	1 402 448	1 404 704	1 390 365	1 371 945	1 367 604
Risk Weighted Assets (Amounts) R'000						
4	Total risk-weighted assets (RWA)	8 111 498	7 894 013	8 467 353	7 935 461	7 832 191
4a	Total risk-weighted assets (pre-floor)	8 111 498	7 894 013	-	-	-
Risk-Based Capital Ratios as a percentage of RWA						
5	CET 1 ratio (%)	13.72%	13.73%	12.49%	12.97%	13.05%
5a	CET 1 ratio (%) (pre-floor ratio)	13.72%	13.73%	-	-	-
6	Tier 1 ratio (%)	15.25%	15.30%	13.96%	14.53%	14.64%
6a	Tier 1 ratio (%) (pre-floor ratio)	15.25%	15.30%	-	-	-
7	Total capital ratio (%)	17.29%	17.79%	16.42%	17.29%	17.46%
7a	Total capital ratio (%) (pre-floor ratio)	17.29%	17.79%	-	-	-
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 + row9 + row10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.97%	4.98%	3.74%	4.22%	4.30%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	10 713 613	10 145 781	10 170 200	10 076 202	10 022 767
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	11.55%	11.90%	11.62%	11.45%	11.44%
14a	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.55%	11.90%	11.62%	11.45%	11.44%
14b	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.55%	11.90%	11.62%	11.45%	11.44%
14c	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.55%	11.90%	11.62%	11.45%	11.44%
Liquidity Coverage Ratio						
15	Total HQLA	1 189 998	1 090 923	1 057 577	1 142 041	1 273 976
16	Total net cash outflow	86 375	110 845	127 019	126 502	113 422
17	LCR ratio (%)	1 378%	984%	833%	903%	1 123%
Net Stable Funding Ratio						
18	Total available stable funding	8 216 183	8 002 478	7 760 708	7 706 704	7 775 161
19	Total required stable funding	6 471 495	6 244 737	5 988 244	5 894 520	5 889 339
20	NSFR ratio (%)	127%	128%	130%	131%	132%

BANK						
Line No		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Dec 2024	31 Dec 2024
Available Capital (Amounts) R'000						
1	Common equity Tier 1 (CET1)	1 103 567	1 075 473	1 050 604	1 018 808	1 013 481
2	Tier 1	1 227 567	1 199 473	1 174 604	1 142 808	1 137 481
3	Total capital	1 392 869	1 396 357	1 383 126	1 361 473	1 358 698
Risk Weighted Assets (Amounts) R'000						
4	Total risk-weighted assets (RWA)	8 182 507	7 895 548	8 584 926	8 029 516	7 907 397
4a	Total risk-weighted assets (pre-floor)	8 182 507	7 895 548	-	-	-
Risk-Based Capital Ratios as a percentage of RWA						
5	CET 1 ratio (%)	13.49%	13.62%	12.24%	12.69%	12.82%
5a	CET 1 ratio (%) (pre-floor ratio)	13.49%	13.62%	-	-	-
6	Tier 1 ratio (%)	15.00%	15.19%	13.68%	14.23%	14.39%
6a	Tier 1 ratio (%) (pre-floor ratio)	15.00%	15.19%	-	-	-
7	Total capital ratio (%)	17.02%	17.69%	16.11%	16.96%	17.18%
7a	Total capital ratio (%) (pre-floor ratio)	17.02%	17.69%	-	-	-
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 + row9 + row10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.74%	4.87%	3.49%	3.94%	4.07%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	10 719 277	10 152 782	10 182 986	10 082 854	10 044 924
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	11.45%	11.81%	11.53%	11.33%	11.32%

14a	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.45%	11.81%	11.53%	11.33%	11.32%
14b	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.45%	11.81%	11.53%	11.33%	11.32%
14c	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.45%	11.81%	11.53%	11.33%	11.32%
Liquidity Coverage Ratio						
15	Total HQLA	1 189 998	1 090 923	1 057 577	1 142 041	1 273 976
16	Total net cash outflow	86 375	110 845	127 019	126 502	113 422
17	LCR ratio (%)	1 378%	984%	833%	903%	1 123%
Net Stable Funding Ratio						
18	Total available stable funding	8 216 183	8 002 478	7 760 708	7 706 704	7 775 161
19	Total required stable funding	6 471 495	6 244 737	5 988 244	5 894 520	5 889 339
20	NSFR ratio (%)	127%	128%	130%	131%	132%

Period under review: Albaraka Bank

- As at 31 December 2025 the total capital ratio reduced year-on-year from 17.18% to 17.02% due to an increase in risk weighted assets from R7.9 billion to R8.2 billion, being proportionately higher than the net increase in total capital.
- The LCR moved from 1123% in December 2024 to 1378% in December 2025 mainly due to a decrease in net cash outflows.

4.2. 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 in 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.

4.3. OV1 - OVERVIEW OF RISK WEIGHTED ASSETS

CONSOL				
		RWA (R'000)	RWA (R'000)	Min capital requirements* (R'000)
		31 Dec 2025	30 Sep 2025	31 Dec 2025
1	Credit risk (excluding counterparty credit risk) (CCR)	6 881 109	6 858 313	791 328
2	Of which: standardised approach (SA)	6 881 109	6 858 313	791 328
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	-	7 867	-
7	Of which: standardised approach for counterparty credit risk	-	7 867	-
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	-	7 867	-
11	Equity positions under the simple risk weight approach	17 857	17 680	2 054
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	42 338	27 638	4 869
21	Of which: standardized approach (SA)	42 338	27 638	4 869
22	Of which: internal model approaches (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	1 070 207	882 018	123 074
25	Amounts below thresholds for deduction (subject to 250% risk weight)	99 988	92 630	11 499
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)	8 111 498	7 894 013	932 822

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

BANK				
		RWA (R'000)	RWA (R'000)	Min capital requirements* (R'000)
		31 Dec 2025	30 Sep 2025	31 Dec 2025
1	Credit risk (excluding counterparty credit risk) (CCR)	6 950 958	6 858 314	799 360
2	Of which: standardised approach (SA)	6 950 958	6 858 314	799 360
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	-	7 867	-
7	Of which: standardised approach for counterparty credit risk	-	7 867	-
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	-	7 867	-

11	Equity positions under the simple risk weight approach	17 857	17 680	2 054
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	42 338	27 638	4 869
21	Of which: standardized approach (SA)	42 338	27 638	4 869
22	Of which: internal model approaches (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	1 070 207	882 018	123 074
25	Amounts below thresholds for deduction (subject to 250% risk weight)	101 148	94 165	11 632
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)	8 182 507	7 895 548	940 988

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

Period under review - Albaraka Bank

- Risk-weighted assets increased by R287 million from R7.9 billion in September 2025 to R8.2 billion in December 2025 broken down as follows:

- Operational risk based on the standardized approach under the Basel reforms increased by R188 million when compared to the previous quarter primarily due to higher gross income earned for the period under review.
- Credit risk RWAs increased by R93 million due to the growth in the advances book.
- Counterparty credit risk relates to the bank's FEC holdings for foreign notes. No open FECs were in place at the end of December 2025 resulting in a R8 million decrease when compared to the quarter ending September 2025.
- Credit Valuation Adjustments (CVA), which is based on the simplified standardized approach under the Credit risk framework. Under this approved approach the Bank is required to record the same value for counterparty credit risk (CCR) and credit valuation adjustment (CVA). Accordingly, CVA for December 2025 totaled nil, reflecting a R8 million decrease.
- Equity risk remained fairly stable.
- Market risk using the simplified standardized approach under the market risk framework (Fundamental Review of the Trading Book (FRTB)) increased by R15 million owing to higher foreign balances being held at year end.
- Other risks, which relate to deferred tax assets increased by R7 million for the quarter ending December 2025.

5. COMPOSITION OF CAPITAL AND TLAC

5.1. CCA - MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS AND OF OTHER TOTAL LOSS-ABSORBING CAPACITY (TLAC) - ELIGIBLE INSTRUMENTS

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

5.2. CC1 - COMPOSITION OF REGULATORY CAPITAL

		CONSOL	Reference*
		31 Dec 2025	
	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	
2	Retained earnings	751,179	a
3	Accumulated other comprehensive income (and other reserves)	2,674	
4	Directly issued capital subject to phase out from CET1 (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	1 158 452	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	(6 907)	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(38 399)	b

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 framework ²⁵)	-	
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	(45 306)	

29	Common Equity Tier 1 capital (CET1)	1 113 146	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	124 000	
31	Of which: classified as equity under applicable accounting standards	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	124 000	
	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)	124 000	
45	Tier 1 capital (T1 = CET1 1+ AT1)	1 237 146	

	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	129 460	c
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	35 841	
51	Tier 2 capital before regulatory adjustments	165 301	
	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)	165 301	
59	Total capital (TC = T1 + T2)	1 402 448	
60	Total risk weighted assets	8 111 498	

Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.72%	
62	Tier 1 (as a percentage of risk weighted assets)	15.25%	
63	Total capital (as a percentage of risk weighted assets)	17.29%	
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%	
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 (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements	4.97%	
National Minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	4.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	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)	39 995	

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)	165 301	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	35 841	
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 CET1 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)	-	

**References refer to CC2- Composition of regulatory capital*

5.3. CC2 - RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET

The difference between the amount disclosed in the financial statements and the capital for regulatory purposes relates to the tranches of the bank's tier 2 Sukuk which have reached their five-year period. In line with regulation 38 (12), a cumulative haircut of R178 million has been applied and this is accordingly excluded from the qualifying amount of tier 2 capital.

CONSOL			
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31 Dec 2025	31 Dec 2025	
Deferred tax asset	44 676	44 676	
Property and equipment	99 323	99 323	
Right of use asset	2 300	2 300	
Investment properties	10 339	10 339	
Intangible assets	48 652	38 399	b
<i>Of which: other intangibles (excluding MSR)</i>		48 652	b
<i>Net of deferred tax</i>		(10 253)	b
Investment in and amount due by subsidiary company	-	-	
Investment securities	17 858	17 858	
Advances and other receivables	9 263 858	8 901 962	
South African Revenue Service	47	47	
Regulatory balances	633 270	995 166	
Cash and cash equivalents	239 804	239 804	
Total Assets	10 360 127	10 360 127	

Deferred tax liability	18 197	18 197	
Welfare and charitable funds	63 046	63 046	
Sukuk holders	311 248	307 700	
<i>of which: directly issued capital instruments subject to phase out from Tier 2</i>	-	129 460	c
Provision for leave pay	10 956	10 956	
Lease liabilities	2 794	2 794	
Accounts payable	81 559	81 559	
South African Revenue Service	2 206	2 206	
Deposits from customers	8 524 165	8 527 713	
Total Liabilities	9 014 171	9 014 171	
Share capital	322 403	322 403	
Share premium	82 196	82 196	
Other reserves	2 674	2 674	
Retained income	814 683	814 683	
<i>of which: relate to eligible CET1</i>		751 179	a
<i>of which: relate to unappropriated profits</i>		63 504	
Additional Tier 1 Sukuk Holders	124 000	124 000	
Total equity	1 345 956	1 345 956	

*References refer to CC1- Reconciliation of regulatory capital to balance sheet

6. LINKS BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

6.1. LIA - EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNT

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.

6.2. L11 - DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

CONSOL - 31 DEC 2025							
	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
Deferred tax asset	44 676	44 676		-	-	-	-
Property and equipment	99 323	99 323	57 413	-	-	-	-
Right of use asset	2 300	2 300		-	-	-	-
Investment properties	10 339	10 339		-	-	-	-
Intangible assets	48 652	48 652		-	-	-	48 652
Investment in and amount due by subsidiary company	-	-		-	-	-	-
Investment securities	17 858	17 857	17 857	-	-	-	-
Advances and other receivables	9 263 858	8 901 963	10 442 008	-	-	-	-
South African Revenue Service	47	47	-	-	-	-	-

Regulatory balances	633 270	995 166	995 166	-	-	-	-
Cash and cash equivalents	239 804	239 804	237 446	-	-	42 338	-
Total Assets	10 360 127	10 360 127	10 147 143	-	-	42 338	48 652
Liabilities							
Deferred tax liability	18 197	18 197	-	-	-	-	-
Welfare and charitable funds	63 046	63 046	-	-	-	-	-
Sukuk holders	311 248	307 700	-	-	-	-	-
Provision for leave pay	10 956	10 956	-	-	-	-	-
Lease liabilities	2 794	2 794	-	-	-	-	-
Accounts payable	81 559	81 559	-	-	-	-	-
South African Revenue Service	2 206	2 206	-	-	-	-	-
Deposits from customers	8 524 165	8 527 713	-	-	-	-	-
Total Liabilities	9 014 171	9 014 171	-	-	-	-	-

6.3. LI2 - MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

CONSOL - 31 DEC 2025						
		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	10 360 127	10 147 143	-	-	42 338
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation (Row 1 - Row 2)	10 360 127	10 147 143	-	-	42 338
4	Off-balance sheet amounts	1 691 212	1 691 212	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
	Exposure amounts considered for regulatory purposes	12 051 339	11 838 355	-	-	42 338

7. ASSET ENCUMBRANCE - NEW

7.1. ENC - ASSET ENCUMBRANCE

Encumbered assets are assets that the bank is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. Unencumbered assets are those assets which do not meet the definition of encumbered. Central bank facilities are assets in any central bank facility, used for regulatory, liquidity or any other funding facilities. Assets relating to central bank facilities are disclosed separately.

As at 31 December 2025, the Bank held no encumbered assets with central bank facilities noted as follows:

	a	b	c	d
	Encumbered assets	Central bank facilities	Unencumbered assets	Total
Advances and other receivables	-	-	9 263 464	9 263 464
Regulatory balances	-	633 270	-	633 270
Cash and cash equivalents	-	-	237 445	237 445
Property, Equipment and Intangibles	-	-	106 066	106 066
Investments	-	-	80 406	80 406
Other	-	-	45 141	45 141
Total	-	633 270	9 732 522	10 365 792

8. MARKET RISK - NEW

8.1. MRA - GENERAL 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.

Under the Basel reforms, the Fundamental Review of the Trading Book (FRTB) introduces a revised Standardised Approach (SA-MR) for market risk. The Prudential Authority (PA) approved the Bank to apply the Simplified Standardised Approach (SSA) under the revised market risk framework. As the bank does not hold any trading book exposures, the FRTB reforms have no impact, and the basis for determining the bank's capital requirements remains unchanged.

8.2. MR3 - MARKET RISK UNDER THE SIMPLIFIED STANDARDISED APPROACH

		Outright products	Options		
			Simplified approach	Delta-plus method	Scenario approach
1	Interest rate risk	-	-	-	-
2	<i>Equity risk</i>	-	-	-	-
3	Commodity risk	-	-	-	-
4	Foreign exchange risk	-	3 387	-	-
5	Securitisation	-			
6	Total	-	3 387	-	-

9. CREDIT VALUATION ADJUSTMENT - NEW

9.1. CVAA - GENERAL QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CVA

In line with Basel IV requirements, the Bank applies the Simplified Standardised Approach (SSA) to calculate its capital requirement for CVA risk, which addresses potential losses from counterparty default on derivative exposures. Under this approach, the Bank has elected to set its CVA capital requirement equal to 100% of its capital requirement for counterparty credit risk.

9.2. CVAB - QUALITATIVE DISCLOSURES FOR BANKS USING THE SA-CVA

The Bank's derivative activities are limited to forward exchange contracts (FECs), which are entered into exclusively to hedge foreign exchange risk arising from foreign currency notes held for resale. CVA risk is therefore attributable solely to these open FEC positions used for hedging purposes. The Bank does not engage in speculative derivative trading.

9.3. CVA3 - 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	-	-
7	Total (sum of rows 1 to 6)	-	-

9.4. CVA4 - RWA FLOW STATEMENTS OF CVA RISK EXPOSURES UNDER SA-CVA

Line No		R'000
1	Total RWA for CVA at previous quarter-end (September 2025)	7 867
2	Total RWA for CVA at end of reporting period (December 2025)	-

10. OPERATIONAL RISK

10.1. ORA - GENERAL QUALITATIVE INFORMATION ON A BANK'S OPERATIONAL RISK FRAMEWORK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.

The operational risk capital requirement for the Bank is determined using the Business Indicator Approach under the Standardised Approach in accordance with the Basel III reforms. The Business Indicator (BI) is derived using a three-year average of the Bank's profit, services and financial components. A regulatory coefficient is then applied to the BI, based on the Bank's Business Indicator bucket, to determine the Business Indicator Component (BIC).

As the Bank's Business Indicator is below R 5 billion, it is classified within Bucket 1. In terms of the Standardised Approach, Bucket 1 banks are not required to apply the Internal Loss Multiplier (ILM) in the determination of their operational risk capital requirement. Accordingly, the ILM is equal to 1, and the operational risk capital requirement is therefore equal to the BIC, without adjustment for historical operational loss experience.

The operational risk capital requirement is converted into risk-weighted assets (RWA) by multiplying the capital amount by a factor of 12.5, in line with regulatory requirements, and is included in total RWA for Capital Adequacy Ratio calculations.

(a) Policies, Frameworks and Guidelines

The Bank maintains a comprehensive, Board-approved Enterprise Risk Management (ERM) Framework that provides the foundation for the identification, assessment, monitoring and mitigation of operational risk. This framework is supported by risk programmes, including

operational risk, information technology risk, compliance risk and outsourcing risk, and is aligned with Basel principles, BCBS 239 (RDARR), and applicable regulatory requirements.

Operational risk management is further reinforced through supporting policies and frameworks such as the Risk Data Aggregation and Risk Reporting (RDARR) Policy and the Operational Resilience Framework, which enhance data governance, reporting accuracy, and the Bank's ability to withstand and recover from disruption events.

(b) Structure and Organisation

The Bank adopts a three lines of defence model to ensure effective operational risk management:

- **First Line of Defence:** Business units are responsible for identifying, assessing and managing operational risks within their respective areas, including the implementation of controls.
- **Second Line of Defence:** Risk Management and Compliance functions provide independent oversight, establish frameworks and policies, and challenge the effectiveness of risk management practices.
- **Third Line of Defence:** Internal Audit provides independent assurance on the adequacy and effectiveness of internal controls, governance and risk management processes.

Governance is exercised through Board oversight and board sub-committees, including the Risk and Capital Management Committee and Audit Committee, supported by executive-level committees such as EXCO, ALCO and IT Steering Committee.

(c) Operational Risk Measurement System

The Bank employs a combination of regulatory and internal methodologies to measure and assess operational risk exposures. These include:

- Collection and analysis of internal loss event data (e.g. operational losses, system failures and business disruptions)
- Key Risk Indicators (KRIs) and Risk and Control Self-Assessments (RCSAs) to monitor emerging risks and control effectiveness

- Data aggregation from core banking systems, supported by RDARR-compliant processes to ensure accuracy, completeness and timeliness of risk data

Operational risk capital is calculated in accordance with Basel requirements under Pillar III, with additional internal capital buffers held under the Internal Capital Adequacy Assessment Process (ICAAP).

(d) Reporting Framework

Operational risk reporting is governed by the Bank's RDARR framework, ensuring that risk data is accurate, complete, timely and fit for decision-making purposes.

- Regular risk reports, including quarterly submissions, are provided to Executive Management (EXCO) and the Risk and Capital Management Committee.
- The Board receives consolidated risk reports aligned to the Bank's risk appetite, key risk indicators and material risk exposures.
- Reporting incorporates both qualitative insights and quantitative metrics, enabling effective oversight, challenge and informed decision-making.

(e) Risk Mitigation and Risk Transfer

The Bank employs a range of risk mitigation strategies to manage operational risk exposures, including:

- Implementation of internal controls, policies and procedures embedded within business processes
- Defined risk appetite limits and ongoing governance oversight
- Operational resilience measures, including business continuity planning, incident management and scenario testing
- Third-party risk management through outsourcing policy
- Insurance to mitigate the financial impact of operational risk events

10.2. OR1 - HISTORICAL LOSSES

The aggregate operational losses incurred over the past 10 years, based on the accounting date of the losses incurred, informs the operational risk capital calculation for all banks that are in the second or third business indicator (BI) bucket, regardless of whether their supervisor has exercised the national discretion to set the internal loss multiplier (ILM) equal to one; as well as for banks in the first BI bucket which have received supervisory approval to include internal loss data to calculate their operational risk capital requirements.

As Albaraka Bank falls within the first BI bucket and has not requested supervisory approval to include internal loss data to calculate operational risk capital requirements, no historical loss data is required to calculate the operational risk capital requirements.

10.3. OR2 - BUSINESS INDICATOR AND SUBCOMPONENTS

		31 Dec 2025	31 Dec 2024	31 Dec 2023
	BI and its subcomponents			
1	Interest, lease and dividend component*	214 562	-	-
1a	Interest and lease income	912 471	-	-
1b	Interest and lease expense	400 332	-	-
1c	Interest earning assets	9 146 086	-	-
1d	Dividend income	8 775	-	-
2	Services component**	110 464	-	-
2a	Fee and commission income	50 391	-	-
2b	Fee and commission expense	8 246	-	-
2c	Other operating income	1 372	-	-
2d	Other operating expense	60 074	-	-
3	Financial component	7 005	-	-

3a	Net P&L on the trading book	-	-	-
3b	Net P&L on the banking book	7 005	-	-
4	BI	332 031	-	-
5	Business indicator component (BIC)***	39 844	-	-
Disclosure on the BI:				
6a	BI gross of excluded divested activities	-	-	-
6b	Reduction in BI due to excluded divested activities	332 031	-	-

* The interest, leases and dividend component (ILDC) = Minimum [(Interest income - Interest expense); 2.25%* Interest-earning assets] + Dividend income. All items are calculated as the average over three years.

** Service component (SC) = Max (Fee and commission income; Fee and commission expense) + Max (Other operating income; Other operating expense). All items are calculated as the average over three years.

*** The BIC is calculated by multiplying the BI by a set of regulatory determined marginal coefficients (ai). The marginal coefficients increase with the size of the BI: 12% for BI ≤ R 5bn; 15% for R 5bn < BI ≤ R 150bn; and 18% for BI > R 150bn.

10.4. OR3 - MINIMUM REQUIRED OPERATIONAL RISK CAPITAL

		31 Dec 2025
1	Business indicator component (BIC)	39 844
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (ORC)	39 844
4	Operational risk RWA	1 071 441

11. LEVERAGE RATIO

In terms of Regulation 43(1)(e)(iii)(G) the Bank is required to provide a summarized comparison of the accounting assets and the regulatory leverage ratio differences as well as the leverage ratio positions of the bank.

11.1. LR1 - SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE

Line No	Item	31 Dec 2025
1	Total consolidated assets as per published financial statements	10 365 792
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	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)	398 790
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(6 906)
12	Other adjustments	(38 399)
13	Leverage ratio exposure measure	10 719 277

Total assets increased from R9.8 billion in December 2024 to R10.4 billion in December 2025 representing R578 million or 6% growth. Advances and other receivables grew by R630 million or 7% with cash and cash equivalents decreasing by R51 million or 6% and deposits from customers increasing by R437 million or 5%.

11.2. LR2 - LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

Line no	Item	31 Dec 2025	30 Sep 2025
On Balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs) but including collateral)	10 440 587	10 127 204
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 Basel III Tier 1 capital)	(74 794)	(68 767)
6	(Asset amounts deducted in determining Basel III Tier 1 capital)	(45 306)	(38 948)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 6)	10 320 487	10 012 759
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	-	7 867
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of lines 8 to 12)	-	7 867
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	1 691 212	1 784 079
20	(Adjustments for conversion to credit equivalent amounts)	(1 292 423)	(1 651 923)
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)	398 790	132 156
Capital and total exposures			
23	Tier 1 capital	1 237 146	1 207 820
24	Total exposures (sum of rows 7 13 18 and 22)	10 719 277	10 152 782
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.45%	11.81%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.45%	11.81%
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)	10 719 277	10 152 782

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)	10 719 277	10 152 782
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)	11.45%	11.81%
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)	11.45%	11.81%

- Off-balance sheet exposures decreased marginally from R1.8 billion in September 2025 to R1.7 billion in December 2025.

12. LIQUIDITY

12.1. LIQA - LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations as they fall due or will only be able to do so at an excessive cost. Liquidity risk arises from mismatches in the timing of cash flows relating to assets, liabilities and off-balance sheet commitments based on maturity profiles.

Assets and liabilities are therefore managed to ensure that the Bank has sufficient liquid resources at its disposal to meet approved and anticipated advances, repayments of maturing liabilities, withdrawals and any other commitments whether anticipated or extraordinary which become due in the ordinary course of its business.

The Bank's liquidity risk management framework is aligned with the requirements of Basel Committee on Banking Supervision and local regulatory guidance issued by the South African Reserve Bank. In terms of Regulation 43, the bank has made available, via its website, the disclosure on the liquidity coverage ratio and net stable funding ratio.

Liquidity risk is managed centrally by the Treasury Division, under policies approved by the Board of Directors. Oversight is exercised through the Asset and Liability Committee (ALCO), which monitors liquidity positions, funding concentrations, and compliance with internal and regulatory limits, on a regular basis, to ensure that appropriate liquidity levels are maintained to meet future commitments.

The Bank manages its liquidity risk through:

- Daily monitoring of liquidity inflows and outflows to ensure day-to-day anticipated and unforeseen payment obligations can be met;
- Maintaining sufficient high-quality liquid assets and minimum liquidity buffers (in the form of Sovereign Sukuk holdings and cash surpluses) comfortably in excess of regulatory requirements;

- Implementation and monitoring of deposit limits. The Bank mitigates funding concentration risk by maintaining a diversified funding base across current accounts and mudaraba deposits which are split between retail, corporate and interbank funding (where applicable)
- Concentration limits are established for large depositors and exposure to large deposits is strictly controlled;
- Monitoring the stability of demand deposits and Mudaraba investment accounts including re-investment rates;
- Implementation of portfolio limits for customer advances with active management of concentration risk between long- and short-term exposures.
- Contingency funding and recovery plans which set out the proposed measures to be taken if the Bank faces liquidity stress.
- Stress testing on the liquidity mis-match of the bank's assets and liabilities on a contractual basis, a business as usual basis and on a stress basis.

12.2. 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.

31 Dec 2025			
Line No		Total Unweighted Value	Total Weighted Value
HIGH QUALITY LIQUID ASSETS			
1	Total HQLA	1 093 162	1 093 162
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	3 615 247	152 546
3	Stable deposits	-	-
4	Less stable deposits	3 615 247	152 546
5	Unsecured wholesale funding of which:	3 580 996	94 612
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	3 580 996	94 612
7	Non-operational deposits (all counterparties)	-	-
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements of which:	1 432 623	144 821
11	Outflows related to derivative exposures and other collateral requirements	5 500	5 500
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	1 333 559	45 756
14	Other contractual funding obligations	93 565	93 565
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS	8 628 867	391 979
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	756 665	459 009
19	Other cash inflows	199 395	5 446
20	TOTAL CASH INFLOWS	956 060	464 455
TOTAL ADJUSTED VALUE			

21	Total HQLA		1 093 162
22	Total net cash outflows		97 995
23	LIQUIDITY COVERAGE RATIO (%)		1116%

12.3. 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 advances, as well as holdings in securities eligible as HQLA, are the key drivers of required stable funding. Lower weightings apply to mortgages, shorter term advances and HQLA.

31 Dec 2025						
Line No		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available Stable Funding (ASF) Item						
1	Capital:	-	-	-	1 644 941	1 644 941
2	Regulatory capital	-	-	-	1 644 941	1 644 941

3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	3 815 792	1 367 150	116 870	4 781 518
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	1 887 185	1 183 151	154 074	1 689 242
7	Wholesale funding:	-	-	-	-	-
8	Operational deposits	-	5	-	-	0.25
9	Other wholesale funding	-	-	-	-	-
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	80 859	30 584	85 190	100 482
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	-	80 859	30 584	85 190	100 482
14	Total ASF	-	5 783 841	2 580 885	2 001 075	8 216 183
Required Stable Funding (RSF) Item						
15	Total NSFR high-quality liquid assets (HQLA)	-	395 816	-	794 459	49 758
16	Deposits held at other financial institutions for operational purposes	-	836 335	-	1	125 451
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:	-	563 403	278 710	-	421 057
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	-	2 721	5 667	2 468 938	1 609 004

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	-	238 463	88 081	4 693 199	4 181 664
32	Off-balance sheet items	-	1 691 212	-	-	84 561
33	Total RSF	-	3 727 950	372 458	7 956 597	6 471 495
34	Net Stable Funding Ratio (%)					127%

13. CREDIT RISK

13.1. CRA - GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK

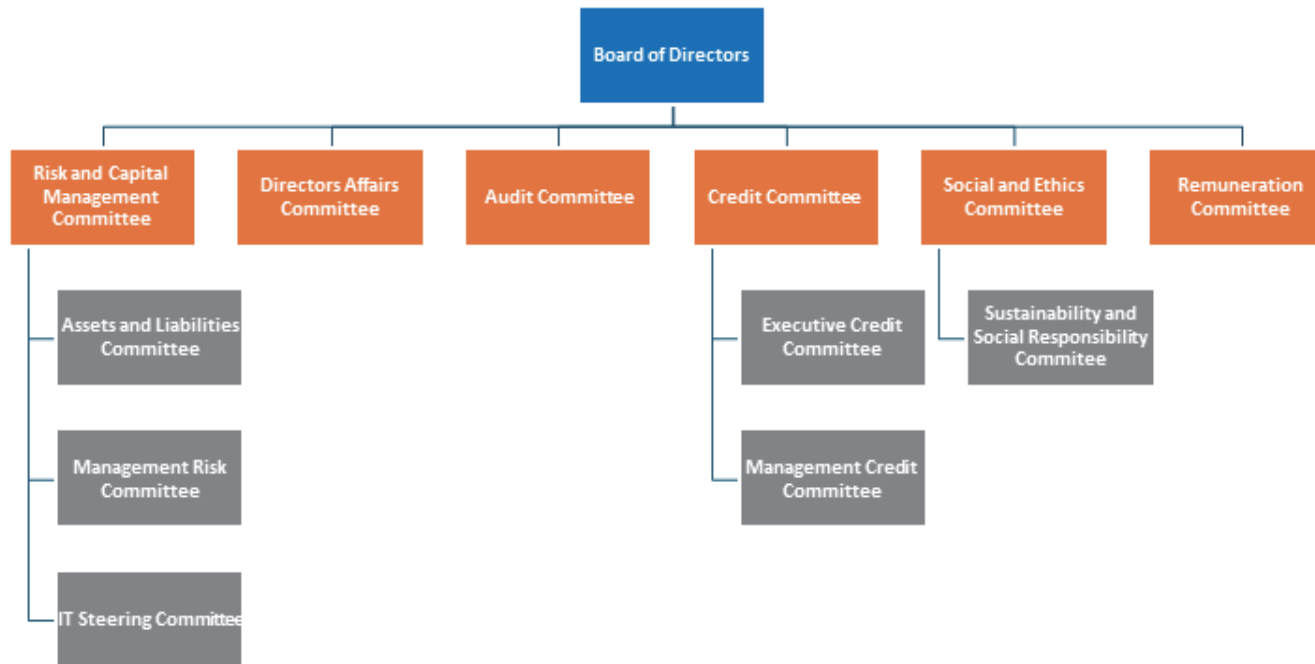
Albaraka Bank Limited & Albaraka Consolidation

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 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.

13.2. CR1 - CREDIT QUALITY OF ASSETS

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		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
		Defaulted exposures ⁵	Non- defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		(a+b-c)
1	Loans ¹	174 912	7 979 589	71 745	38 953	32 792	-	8 082 755
2	Debt Securities ²	-	912 351	259	-	259	-	912 092
3	Off-balance sheet exposures ³	-	1 691 212	1 336	-	1 336	-	1 689 877
4	Total	174 912	10 583 152	73 339	38 953	34 386	-	10 684 724

(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

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		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

13.3. CR2 - CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

Albaraka Bank Limited & Albaraka Consolidation

		31 Dec 25	31 Dec 24
1	Defaulted loans and debt securities at end of the previous reporting period	171 431	129 338
2	Loans and debt securities that have defaulted since the last reporting period	31 518	82 476
3	Returned to non-defaulted status	-57 060	(50 441)
4	Amounts written off	-543	(1 865)
5	Other changes	29 566	11,923
6	Defaulted loans and debt securities at end of the reporting period	174 912	171 431

13.4. 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% (1.30% - 2024) 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 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 25	31 Dec 24
Gauteng	2 936 913	2 673 523
Kwa-Zulu Natal	5 854 155	6 175 769
Western Cape	1 966 996	1 764 693
Grand Total	10 758 064	10 613 984

b) Industry;

Industry	31 Dec 25	31 Dec 24
Agriculture, hunting, forestry and fishing	4 574	1 973
Mining and quarrying	23 632	18 672
Manufacturing	932 975	827 938
Electricity, gas and water supply	-	-
Construction	59 635	57 471
Wholesale and retail trade, repair of specified items, hotels and restaurants	2 672 022	2 351 809
Transport, storage and communication	624 779	505 201
Financial intermediation and insurance	971 672	1 865 023
Real estate	3 481 536	3 093 249
Business services	-	37 242

Community, social and personal services	-	-
Private households	1 398 214	1 318 667
Other	589 024	536 739
Grand Total	10 758 064	10 613 984

13.5. 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.

13.6. CR3 - CREDIT RISK MITIGATION TECHNIQUES - OVERVIEW

31st December 2025

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	36 450	9 809 263	6 414 327	-	-	-	-
2	Debt Securities ²	-	912 351	912 351	-	-	-	-
4	Total	36 450	10 721 614	7 326 678	-	-	-	-
3	Of which defaulted	-	174 912	128 157	-	-	-	-

(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.

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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.

13.7. CRD - QUALITATIVE DISCLOSURE ON BANKS' USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED 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.

13.8. CR4 - STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION EFFECTS

31st December 2025

Albaraka Bank Limited

Line	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign (including central government and central bank)	794 459	-	794 459	-	-	0%
2	Non-central government public sector entities	12 886	-	12 886	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	912 351	-	912 351	-	904 314	99%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 555 533	1 153 101	1 555 533	1 153 101	1 523 088	56%
7	Regulatory Retail Portfolio	1 003 036	368 747	1 003 036	368 747	947 300	69%
8	Secured by Residential Property	2 488 189	69 995	2 488 189	69 995	969 100	38%
9	Secured by Commercial Real Estate	2 932 831	97 750	2 932 831	97 750	2 287 134	75%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	174 912	-	174 912	-	192 761	110%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	69 849	-	69 849	-	69 849	100%
14	Total	9 944 046	1 689 592	9 944 046	1 689 592	6 893 545	59%

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Albaraka Consolidation

Line	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign (including central government and central bank)	794 459	-	794 459	-	-	0%
2	Non-central government public sector entities	12 886	-	12 886	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	912 351	-	912 351	-	904 314	99%
5	Securities Firms	-	-	-	-	-	0%
6	Corporates (excluding corporate real estate as per line 9)	1 555 533	1 153 101	1 555 533	1 153 101	1 523 088	56%
7	Regulatory Retail Portfolio	1 003 036	368 747	1 003 036	368 747	947 300	69%
8	Secured by Residential Property	2 488 189	69 995	2 488 189	69 995	969 100	38%
9	Secured by Commercial Real Estate	2 932 831	97 750	2 932 831	97 750	2 287 134	75%
10	Equity	-	-	-	-	-	0%
11	Past Dues Loans	174 912	-	174 912	-	192 761	110%
12	Higher Risk Categories	-	-	-	-	-	0%
13	Other Assets	-	-	-	-	-	0%
14	Total	9 874 197	1 689 592	9 874 197	1 689 592	6 823 696	59%

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Albaraka Bank Limited

Line	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
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%

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Albaraka Consolidation

Line	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
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%

13.9. CR5 - STANDARDISED APPROACH - EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

31st December 2025

Albaraka Bank Limited

R'million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s
Line	Asset classes \ Risk Weights	0%	10%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	85%	90%	100%	110%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereign (including central government and central bank)	794 459	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	794 459
2	Non-central government public sector entities	12 886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 886
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	-	-	-	-	-	-	142 170	-	-	-	-	-	644 084	-	126 097	-	912 351
5	Securities Firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	36 969	1 114 464	1 668	-	-	-	-	-	-	-	-	-	557 224	-	998 309	-	-	-	2 708 633
7	Regulatory Retail Portfolio	159 359	211 008	-	-	-	-	-	-	-	-	-	193 337	-	-	809 699	-	-	-	1 373 403
8	Secured by Residential Property	4 378	-	376 056	225 951	796 896	89 151	320 248	322 891	112 676	156 479	-	5 689	72 169	-	70 924	-	4 677	-	2 558 184
9	Secured by Commercial Real Estate	9 088	-	-	-	-	-	-	-	-	535 567	1 424 333	239 289	18 645	399 862	304 510	90 134	9 152	-	3 030 581
10	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	-	-	-	-	11 503	-	-	-	-	-	37 646	-	125 763	-	174 911
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69 849	-	-	-	69 849
14	Total	1 017 140	1 325 471	377 724	225 951	796 896	89 151	320 248	322 891	266 349	692 046	1 424 333	438 314	648 037	399 862	2 935 022	90 134	265 689	-	11 635 258

31st December 2025

Albaraka Consolidation

R'million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s
Line	Asset classes \ Risk Weights	0%	10%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	85%	90%	100%	110%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereign (including central government and central bank)	794 459	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	794 459
2	Non-central government public sector entities	12 886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 886
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	-	-	-	-	-	-	142 170	-	-	-	-	-	644 084	-	126 097	-	912 351
5	Securities Firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates (excluding corporate real estate as per line 9)	36 969	1 114 464	1 668	-	-	-	-	-	-	-	-	-	557 224	-	998 309	-	-	-	2 708 633
7	Regulatory Retail Portfolio	159 359	211 008	-	-	-	-	-	-	-	-	-	193 337	-	-	809 699	-	-	-	1 373 403
8	Secured by Residential Property	4 378	-	376 056	225 951	796 896	89 151	320 248	322 891	112 676	156 479	-	5 689	72 169	-	70 924	-	4 677	-	2 558 184
9	Secured by Commercial Real Estate	9 088	-	-	-	-	-	-	-	-	535 567	1 424 333	239 289	18 645	399 862	304 510	90 134	9 152	-	3 030 581
10	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Past Dues Loans	-	-	-	-	-	-	-	-	11 503	-	-	-	-	-	37 646	-	125 763	-	174 911
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Total	1 017 140	1 325 471	377 724	225 951	796 896	89 151	320 248	322 891	266 349	692 046	1 424 333	438 314	648 037	399 862	2 865 173	90 134	265 689	-	11 565 409

31st December 2024

Albaraka Bank Limited

Line	Asset classes \ Risk Weights	a	b	c	d	e	f	g	h	i	j
		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

14. REMUNERATION

14.1. REMA - REMUNERATION POLICY

Albaraka Bank Limited (ABL) 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. The Bank utilised external subject matter experts to conduct remuneration benchmarking surveys to determine industry best practice and remuneration increase trends for the purposes of motivating remuneration increases for 2025. REMCO and the Board of Directors approved the Remuneration increases for 2025.

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.

Employees' 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 of Directors, including remuneration and benefits for Risk and compliance employees.

Management commissions and incentive scheme structures are reviewed and approved by REMCO and the Board of Directors 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) Parental Leave Benefits

In keeping with the recent Constitutional court rulings and guidelines by labour consultants, the Bank has amended their leave policy as follows, subject to the amendment of the Basic Conditions of Employment Act :-

- Permanent employees are entitled to parental leave for four months and 10 days at 33.3% of their salary. Should an employee resign during parental leave or within 30 days of returning to work, this amount will have to be refunded to Albaraka 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.

14.2. REM1 - REMUNERATION AWARED DURING FINANCIAL YEAR

		a	b
Remuneration amount		Senior management	Other material risk-takers
1	Fixed Remuneration	Number of employees	19
2		Total fixed remuneration (rows 3 + 5+ 7)	30 956 283
3		Of which: cash-based	30 956 283
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	17	
10		Total variable remuneration (rows 11 + 13+ 15)	4 162 586	
11		Of which: cash-based	4 162 586	
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)		35 118 869	

- 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 2025 management incentive bonuses will be paid in 2026, based on the achievement of incentive targets and criteria as agreed by REMCO and the Board.

[Annexure A](#)

CMS1	Comparison of modelled and standardised RWA at risk level
CMS2	Comparison of modelled and standardised RWA for credit risk at asset class level
CDC	Capital distribution constraints
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
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)
MR2	RWA flow statements of market risk exposures under an IMA
MR3	Market risk under the simplified standardised approach
CVA1	The reduced basic approach for CVA (BA-CVA)
CVA2	The full basic approach for CVA (BA-CVA)
CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer
IRRBBA	IRRBB risk management objective and policies
IRRBB1	Quantitative information on IRRBB
REM2	Special payments
REM3	Deferred remuneration