



**中国建设银行**

China Construction Bank

Johannesburg Branch

(Incorporated in the People's Republic of China)

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## Disclosure Report

*China Construction Bank Corporation, Johannesburg Branch*

*Basel Pillar 3 Semi – Annual Disclosure Report December 2024*

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# 1. OVERVIEW

## *Introduction*

The following information is compiled in terms of the requirements of the Banks Act 1990 (as amended) and Regulation 43 of the Regulations relating to Banks (“the Regulations”), whereby banks are obliged to publicly report certain qualitative and quantitative information with regards to their risk profile and capital adequacy regularly to the public. This disclosure is commonly known as Pillar 3 of the Basel Accord.

China Construction Bank Corporation, Johannesburg Branch (hereafter referred to as CCB-JHB or the Branch) is an overseas branch of China Construction Bank Corporation (incorporated in the People’s Republic of China).

CCB-JHB’s business model is that of a corporate and merchant bank, servicing the South African business community and promoting Chinese/African investments primarily within the Sub-Saharan region of Africa.

The Executive Management Committee (EXCO) is responsible for establishing and maintaining an effective internal control structure, in respect of the disclosure of financial information in line with Pillar 3 requirements. The EXCO-approved Regulatory Disclosure Policy sets out the policy requirements for disclosure by CCB-JHB in line with applicable directives issued by the Regulator (refers to the Prudential Authority (PA)).

This document sets out the Semi-annual Pillar III Disclosures as applicable to CCB-JHB as at December 2024, also referred to as H2 2024. Where referring to prior period, this should be interpreted as 30 June 2024 (also referred to as H1 2024), unless stated otherwise.

All amounts/figures are reported in R’000 unless stated otherwise within this disclosure.

## *Directive 1/2019 and Related Tables within Present Disclosure*

The following tables as per Directive 1 of 2019 have not been included in this disclosure with explanations:

<b>Directive 1 of 2019: Semi-Annual Disclosure required tables per Annexure 1</b>	<b>Explanation</b>
<b>CR6, CR7, CR10, CCR4, MRC, MR2, MR4</b>	❖ Not applicable due to regulatory reporting approach adopted by the Branch
<b>CR2, CCR5</b>	❖ Not disclosed due to no amounts as end of 2024 (nil amounts)
<b>CCR6, CCR8</b>	❖ Not applicable due to nature of business, as no items to be disclosed
<b>SEC1, SEC2, SEC3, and SEC4</b>	❖ Not applicable, as CCB-JHB has no securitisation exposures
<b>TLAC1, TLAC2, and TLAC3</b>	❖ Not applicable, as CCB JHB is not a G-SIB and the South African Prudential Authority is not the home regulator of the CCB Group, regulated in China
<b>CC2</b>	❖ Not applicable, CCB-JHB does not issue semi-annual financial statements.

### *Financial Highlights and Key Ratios (as per regulatory reporting)*

As at 31 December 2024, the financial position of the Branch was as follows:

- ❖ Total assets of R 46 742 146;
- ❖ Total liabilities of R 39 398 928; and
- ❖ Total equity of R 7 343 218.

Total assets decreased by 1.32 % compared to 30 June 2024 (R 47 360 344). The decrease in total assets is mainly as a result of maturities in term loans and corporate bonds which was mostly offset with bank placements and regulatory reserves.

For the 6 months, from 1 July 2024 to 31 December 2024, the Branch reported a Net Profit after Tax (NPAT) of R 258 854. The NPAT (H2 2023: R 195 882) exceeded the prior year result for the same period by 32.14%. This is primarily as a result of temporary hedge accounting timing difference loss in H2 of 2023 and impairment reversal (change of asset mix) in H2 of 2024.

Key capital features are as follows:

- ❖ The qualifying capital and reserve funds of the Branch as of 31 December 2024 is R 7 409 909;
- ❖ The Capital Adequacy Ratio (CAR) of the Branch as at 31 December 2024 was 40.78%; and
- ❖ The Leverage Ratio of the Branch as at 31 December 2024 was 14.95%.

Key liquidity ratios are as follows:

- ❖ The Liquidity Coverage Ratio (LCR) of the Branch as at 31 December 2024 was 426.45%; and
- ❖ The Net Stable Funding Ratio (NSFR) of the Branch as at 31 December 2024 was 149.72%.

## 2. CAPITAL MANAGEMENT

### *Capital Adequacy and Capital Composition*

The total regulatory capital minimum requirement as per Directive 5 of 2021, “Capital Framework for South Africa based on the Basel III framework”, is set at 11.50%, excluding bank specific add-ons.

For the period under review, CCB-JHB maintained both regulatory and internal minimum capital requirements, as stipulated in the Banks Act and in the Branch’s Internal Capital Adequacy Assessment Process (ICAAP) respectively.

CCB-JHB’s capital structure is as follows:

- ❖ Paid in capital amount qualifying as Common Equity Tier 1 (CET1) capital;
- ❖ Retained earnings accumulated since the Branch’s creation qualifying as CET1 capital;
- ❖ Other Reserves qualifying as CET1;
- ❖ General allowance for credit impairments qualifying as Tier 2 capital; and
- ❖ Regulatory adjustment as prescribed by the Regulator.

There are no restrictions on the transfer of qualifying capital and reserve funds within the CCB banking group. CCB-JHB complies with local requirements in terms of the transfer of qualifying capital and reserve funds outside of South Africa.

CCB JHB has high-quality capital with 98.52% of total capital constituting CET1. CET1 is suitable to absorb losses and retain value under stressed conditions. There have been no material changes in the capital composition/structure of CCB-JHB during H2 2024.

### *Capital Position, Capital Adequacy and Leverage Ratio Levels as at 31 December 2024*

The total qualifying capital and reserve funds of the Branch were R 7 409 906 as at 31 December 2024. As in prior periods, retained earnings steadily increased the Branch’s capital position (+3.84%).

The Branch reported a CAR of 40.78%% and a leverage ratio of 14.95% as at 31 December 2024.

The CAR increased during H2 2024 and is mainly attributed to maturing term loans which will only be replaced/refinanced in 2025. The decrease of total Risk Weighted Assets (RWA):

- is predominantly driven through decrease of credit risk with:
  - lesser term loans with local banks (RW of 100%); and
  - increase of intergroup placement and SAMOS placements (RW of 0%);
- a decrease of “other risk”, mainly driven by temporary suspense accounts allocation as end of June 2024 which were cleared during July 2024 (following month); and
- a decrease in counterparty credit risk (CCR), mainly due to decreased replacement cost of banking counterparts’ derivatives as at end of December 2024, is mainly due to ZAR depreciation towards USD.

The leverage ratio increased, due to the decrease of the total exposures (driven by total balance sheet).

The Branch’s capital level is deemed appropriate to support CCB-JHB’s business operations, enable execution of the desired growth strategy, continue to operate under stressed conditions, and implement all regulatory reforms (impacting regulatory capital requirement calculation).

CCB-JHB is currently implementing Regulatory Reforms (RR) as per Guidance Note 3 of 2023, "Proposed implementation dates in respect of specified regulatory reforms", of which some will have a direct impact on minimum capital requirements. More detail is provided in risk-specific sections below.

## CC1: Composition of Regulatory Capital

R' 000 At 31 Dec 2024		Notes	a	b
			Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus		3,385,642	BA 700 Line 28
2	Retained earnings		3,780,176	BA 700 Line 29
3	Accumulated other comprehensive income (and other reserves)		177,401	BA 700 Line 31
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)			
5	Common share capital issued by third parties (amount allowed in group CET1)			
6	<b>Common Equity Tier 1 capital before regulatory deductions</b>		7,343,219	BA 700 Line 27
<b>Common Equity Tier 1 capital regulatory adjustments</b>				
7	Prudent valuation adjustments		42,729	BA 700 Line 206
8	Goodwill (net of related tax liability)			
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		2	BA 700 Line 44
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 III securitisation framework)		-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities		-	
15	Defined benefit pension fund net assets		-	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)		-	
17	Reciprocal cross-holdings in common equity		-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		-	
20	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 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	<b>Total regulatory adjustments to Common Equity Tier 1</b>		42,731	BA 700 Line 42
29	<b>Common Equity Tier 1 capital (CET1)</b>		7,300,488	BA 700 Line 64
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		-	
31	Of which: classified as equity under applicable accounting standards		-	
32	Of which: classified as liabilities under applicable accounting standards		-	
33	Directly issued capital instruments subject to phase-out from additional Tier 1		-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)		-	
35	Of which: instruments issued by subsidiaries subject to phase-out		-	
36	Additional Tier 1 capital before regulatory adjustments		-	
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own additional Tier 1 instruments		-	
38	Reciprocal cross-holdings in additional Tier 1 instruments		-	
39	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	

CC1: Composition of regulatory capital (continued)

R' 000 At 31 Dec 2024			a	b
		Notes	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of 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	<b>Additional Tier 1 capital (AT1)</b>		-	
45	<b>Tier 1 capital (T1= CET1 + AT1)</b>		7,300,488	BA 700 Line 77
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		-	
47	Directly issued capital instruments subject to phase-out from Tier 2		-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		-	
49	Of which: instruments issued by subsidiaries subject to phase-out			
50	Provisions		109,421	BA 700 Line 84
51	<b>Tier 2 capital before regulatory adjustments</b>		109,421	BA 700 Line 78
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments		-	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		-	
54	Investments in capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		-	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)		-	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	
56	National specific regulatory adjustments		-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>		-	
58	<b>Tier 2 capital (T2)</b>		109,421	BA 700 Line 87
59	<b>Total regulatory capital (TC = T1 + T2)</b>		7,409,909	BA 700 Line 88
60	<b>Total risk-weighted assets</b>		18,169,512	BA 700 Line 6 Col 7
<b>Capital ratios and buffers</b>				
61	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>	N1	40.18%	BA 700 Line 18 Col 1
62	<b>Tier 1 (as a percentage of risk-weighted assets)</b>	N2	40.18%	BA 700 Line 18 Col 2
63	<b>Total capital (as a percentage of risk-weighted assets)</b>		40.78%	BA 700 Line 18 Col 3
64	<b>Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)</b>		2.90%	BA 700 Line 14 + BA 700 Line 15 + BA 700 Line 16
5	Of which: capital conservation buffer requirement		2.50%	BA 700 Line 16
66	Of which: bank-specific countercyclical buffer requirement		0.40%	BA 700 Line 15
67	Of which: higher loss absorbency requirement		0.00%	BA 700 Line 14
68	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.</b>		31.53%	KM1 Line 12
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		7.50%	BA 700 Line 17 Col 1 - BA 700 Line 12 Col 1 - BA 700 Line 15 Col 1
70	National Tier 1 minimum ratio (if different from Basel III minimum)		9.25%	BA 700 Line 17 Col 2 - BA 700 Line 12 Col 2 - BA 700 Line 15 Col 2
71	National total capital minimum (if different from Basel III minimum)		11.50%	BA 700 Line 17 Col 3 - BA 700 Line 12 Col 3 - BA 700 Line 15 Col 3
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities		-	
73	Significant investments in 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)		59,894	BA 100 Line 51-Line74
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)		109,421	BA 200 Line 9

## CC1: Composition of regulatory capital (continued)

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>R' 000</b>			
<b>At 31 Dec 2024</b>			
77	Cap on inclusion of provisions in Tier 2 under standardised approach	109,421	BA 700 Line 83
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	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
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 after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 due to cap (excess after redemptions and maturities)	-	

### Notes

**N1 and N2:** Common Equity Tier 1 and Tier 1 (as a percentage of risk-weighted assets): The increase from prior period is as a result of longer-term assets maturing which have not been replaced in 2024.

## CCA: Main features of regulatory capital instruments

		a
		Quantitative/Qualitative Information
<b>R' 000 000</b>		
<b>At 31 Dec 2024</b>		
1	Issuer	All capital is issued at group level
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	China Construction Bank Corporation - Group
3	Governing law(s) of the instrument	All capital is issued at group level from China
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	[NA]
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/group/group and solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	[NA]
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	R 3 386
9	Par value of instrument	[NA]
10	Accounting classification	Branch capital
11	Original date of issuance	Initial capital injection was received upon establishment in 2000
12	Perpetual or dated	Perpetual
13	Original maturity date	[NA]
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates, and redemption amount	[NA]
16	Subsequent call dates, if applicable	[NA]
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	[NA]
18	Coupon rate and any related index	[NA]
19	Existence of a dividend stopper	[NA]
20	Fully discretionary, partially discretionary or mandatory	[NA]
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	[NA]
25	If convertible, fully or partially	[NA]
26	If convertible, conversion rate	[NA]
27	If convertible, mandatory or optional conversion	[NA]
28	If convertible, specify instrument type convertible into	[NA]
29	If convertible, specify issuer of instrument it converts into	[NA]
30	Writedown feature	No
31	If writedown, writedown trigger(s)	[NA]
32	If writedown, full or partial	[NA]
33	If writedown, permanent or temporary	[NA]
34	If temporary write-own, description of writeup mechanism	[NA]
34a	Type of subordination	[NA]
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	No
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	[NA]

## CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

R' 000 At 31 Dec 2024	a	b	c	d	e
Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
South Africa (home)	0%	4,193,184	4,193,184		
Mauritius	N/A	1,684,148	1,684,148		
Netherlands	2%	896,931	896,931		
United Kingdom	2%	830,630	830,630		
United States	0%	1,054,440	1,054,440		
Sum		8,659,333	8,659,333		
Total				0.40%	72,496

### Notes

CCB-JHB is subject to Countercyclical Buffer (CCyB) requirements in the following jurisdictions: UK and Netherlands. The PA issued Directive 6 of 2024: "Positive Cycle-neutral CCyB" on setting a CCyB for South Africa. CCB-JHB will managed its credit exposure and capital requirement management accordingly.

### Capital Management Framework

CCB-JHB quantifies and holds capital against risks specified as Pillar I risks, in terms of the minimum requirements as per the Banks Act and Regulations. These risks include credit, counterparty credit, market and operational risk.

Further, CCB-JHB considers other risks for which an explicit regulatory capital treatment is not present, commonly referred to as Pillar 2 risks, such as, but not limited to, positions that result in concentrated exposures to a type of counterparty or industry, as well as liquidity risk and interest rate risk in the banking book. For these types of risks, Senior Management deliberates the potential risk impact at various committees. Of these risks, few prudential ratios or dedicated internal risk limits have been set, CCB-JHB allocates internal buffers in respect of these risks, of which might be in the form of capital buffer.

The potential risk impact is further quantified as part of the Branch's annual ICAAP, which includes stress testing for material risk types. The potential impact on capital is summarised in CCB-JHB's ICAAP document, which is developed in alignment with the SARB Guidance Note 4/2015.

The Capital Management Framework, ICAAP and Recovery and Resolution Plan (RRP) inform the capital management strategy for CCB-JHB. This ensures that the Branch's capital:

- ❖ remains sufficient to support the Branch's risk profile and outstanding commitments;
- ❖ exceeds the regulatory minimum capital adequacy by an appropriate internal buffer;
- ❖ allocating, if applicable, internal capital buffer for Pillar 2 risks;
- ❖ is able to activate capital recovery options should a severe economic downturn materialise; and
- ❖ remains consistent with the Branch's strategic and operational goals for the next five years, and aligned to CCB Group's expectations.

### 3. CREDIT RISK

The Branch's credit risk arises through its lending activities and includes credit default risk, pre-settlement risk, country risk, and concentration risk.

A counterparty is considered to be in default when:

- ❖ The counterparty is unlikely to repay their credit obligations to the Branch in full, without recourse by the Branch to actions, such as realising security (if any is held);
- ❖ The counterparty is more than 90 days past due on any material credit obligation to the Branch; and
- ❖ Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

As per the current business model and CCB-JHB's core business, the Branch's primary exposure to credit risk arises through its loans and advances. The credit exposure is represented through the carrying amounts of the financial assets on the statement of financial position, as well as to off-balance sheet credit risk through commitments in respect of undrawn committed facilities, and guarantees. The Branch is also exposed to credit risk to a lesser degree on various other financial assets, including derivative financial instruments and interest-bearing securities.

The Branch's lending strategy has remained stable over the years.

#### *Governance and Credit Risk Management*

The Branch's Credit Committee (CC) and the Risk, Compliance and Internal Control Committee (RCICC) are tasked to identify, manage and monitor credit risk. The CC is the approval authority of credit facilities, and it exercises its authority within limits and parameters delegated by CCB Head Office. RCICC monitor(s) credit risk of existing loans and advances portfolio, including country risk and concentration risk assessments, and is responsible for IFRS 9 impairment processes, including approving all material aspects of the model design, development, validation and model enhancement. EXCO has the overall responsibility for credit risk and for approving recommended improvements for credit risk governance and management and, if necessary, adjusting the credit risk appetite of the Branch.

The Risk Management Department (RMD) carries out daily risk monitoring functions and ensures both RCICC and CC decisions are executed. The credit risk function mainly entails ongoing management of credit risk, which includes validating internal credit ratings, carrying out credit risk assessment, providing risk review opinions on credit submissions, performing continuous post-loan management, reviewing and recommending loan classification, and loan provision levels through the IFRS9 stage classification. The function also monitors compliance with various key credit related policies.

There has been no major change in managing credit risk in H2 2024.

## Credit Quality of Assets

Overall credit quality of assets remained stable over H2 2024. The Branch does not have defaulted, past-due exposures or restructured exposures.

### CR1: Credit quality of assets

R' 000 At 31 Dec 2024		Gross carrying values of		Allowances / impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
		a	b		c	d		
1	Loans	-	22,947,980	49,573	-	49,573	-	22,898,407
2	Debt Securities	-	18,739,541	44,792	-	44,792	-	18,694,749
3	Off-balance sheet exposures	-	3,974,554	15,055	-	15,055	-	3,959,498
4	<b>Total</b>	-	45,662,075	109,420	-	109,420	-	45,552,654

#### Notes

### CR2: Change in stock of defaulted loans and debt securities

There were no defaulted exposures during H2 2024 and thus CR2 would result in a nil table, hence removed from present disclosure.

### Credit Risk Mitigation (CRM)

The Branch may hold approved collateral that is acceptable in reducing credit risk. The nature of the collateral must meet the minimum requirements stipulated in relevant policies and procedures defined by the branch around collateral management. Preference is given to collateral types that are easily valued and realisable. The Branch may accept credit insurance from accredited insurers. For regulatory capital management, CRM (netting, guarantees, collateral, and others) is recognised only where regulatory and contractual requirements have been met.

### CR3: Credit risk mitigation techniques – overview

R' 000 At 31 Dec 2024		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	22,898,407	-	-	-	-	-	-
2	Debt securities	18,694,749	-	-	-	-	-	-
3	<b>Total</b>	<b>41,593,156</b>	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

#### Notes

## Measurement of Credit Risk

From a regulatory capital requirement perspective, CCB-JHB is currently using the Standardised Approach for measuring credit risk. This approach is based on counterparties' external ratings mapped to pre-defined risk-weight ratios using the ratings table included in Regulation 23 of the Regulations to the Banks Act. If no external rating is available, the credit exposure will be allocated a conservative risk weight based on the local regulatory requirements.

CCB-JHB is preparing for the implementation of the revised Standardised Approach, with full implementation expected from July 2025, as per Guidance Note 3 of 2023. Although credit risk capital demand is generally the largest capital charge for the Branch, the potential additional impact through the Revised Standardised Approach is not anticipated to be significant. This is mainly due to the nature of business of CCB-JHB, as well as CCB-JHB already making use of the Standardised Approach for measuring and reporting credit risk (hence no capital output floor to be considered).

### CR4: Standardised approach - credit risk exposure and credit risk mitigation (CRM) effects

R' 000 At 31 Dec 2024			a	b	c	d	e	f
Notes			Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	Asset classes	N1	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks		23,430,025	-	23,430,025	-	-	0%
2	Non-central government public sector entities		154	-	154	-	-	0%
3	Multilateral development banks							
4	Banks	N2	12,581,340	0	12,581,340	0	7,305,855	58%
5	Securities firms							
6	Corporates		6,672,056	3,974,554	6,672,056	1,987,277	8,659,333	100%
7	Regulatory retail portfolios							
8	Secured by residential property							
9	Secured by commercial real estate							
10	Equity							
11	Past-due loans							
12	Higher-risk categories							
13	Other assets	N3	269,072	-	269,072	-	269,072	100%
14	<b>Total</b>		<b>42,952,647</b>	<b>3,974,554</b>	<b>42,952,647</b>	<b>1,987,277</b>	<b>16,234,260</b>	

#### Notes

- N1: No significant movement between asset classes is noted, all have remained within the threshold as set by the Branch.
- N2: The decrease in bank exposure is as a result of maturities that has not been replaced (loan repayments).
- N3: The decrease in other assets is as a result of sundry debtors in the prior period that has been cleared the following month (July 2024)

CR5: Standardised approach - exposures by asset classes and risk weights

R'000 At 31 Dec 2024		a	b	c	d	e	f	g	h	i	j
Risk weight	Asset classes	0%	10%	20%	35 %	50%	75 %	100%	150%	Others	Total credit exposures amount (post CCF and post CRM)
1	Sovereigns and their central banks	23,430,025									23,430,025
2	Non-central government public sector entities (PSEs)	154									154
3	Multilateral development banks (MDBs)										
4	Banks N1	5,924,369		351,255				4,445,940	1,859,776		12,581,340
5	Securities firms										
6	Corporates							8,659,333			8,659,333
7	Regulatory retail portfolios										
8	Secured by residential property										
9	Secured by commercial real estate										
10	Equity										
11	Past-due loans										
12	Higher-risk categories										
13	Other assets							269,072			269,072
14	<b>Total</b>	<b>29,354,548</b>	<b>0</b>	<b>351,255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,374,345</b>	<b>1,859,776</b>	<b>0</b>	<b>44,939,924</b>

**Notes**

N1: Please refer to CR4

## 4. COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) arises from the derivatives exposure of CCB-JHB. The Branch's derivative portfolio consists of Interest Rate Swaps (IRS) and Foreign Exchange Contracts (FECs). IRS are solely to hedge interest rate risk, while FX derivatives are for hedging and funding purposes.

### *Counterparty Credit Risk Governance and Management*

The responsibility of CCR governance and strategy resides with the Assets and Liabilities Committee (ALCO), which delegates measurement, monitoring and reporting responsibilities to relevant departments (RMD, Treasury and Accounting) as stipulated by the Branch's Counterparty Credit Risk policy.

CCR management relies on:

- ❖ dedicated credit lines for derivatives with banks having signed ISDA master agreements;
- ❖ CSA agreements entered into with selected counterparties, where exchange of daily cash variation margin is performed when applicable;
- ❖ an automated limit system to prevent limit breach;
- ❖ daily regulatory CCR capital requirement calculation; and
- ❖ monitoring and reporting of exchange rates and any significant market event possibly affecting CCR levels.

When a CSA is in place, and when applicable, CCB-JHB exchanges daily cash variation margin with selected banking counterparts, cash is ZAR denominated, margined and unmargined calculations for EAD and RWA are as per indicated within BCBS requirements. Cash variation margin calls have not been applicable and thus not exchanged since September 2024

### *Counterparty Credit Risk Position*

The Branch has reported a fair value movement in derivative instruments of R 624 058 arising from exchange rate fluctuations. During the period, the ZAR's volatility against major currencies impacted the replacement cost of the Branch's foreign currency derivatives, as end of June replacement cost with banking counterparts is reduced, hence total CCR EAD and RWA.

The current CSAs in place with selected banking counterparts exclude the requirement to exchange margin for FX derivative trades.

There are two components for the CCR calculation as detailed as below:

- ❖ CCR calculated based on the Standardised Approach (SA-CCR); and
- ❖ Credit valuation adjustment (CVA) based on the Standardised CVA calculation with prescribed risk-weight ratios based on external ratings (ECAIs).

CCB-JHB does not enter into Securities Financing Transactions (SFTs).

CCB-JHB started parallel run reporting using the Revised Credit Valuation Adjustment Framework (CVA). Full implementation is expected from July 2025 (capitalisation). Relevant applications have been submitted to the regulator with regard to the method for CVA, the readiness assessment work is being conducted as per dedicated the PA's Prudential Communication, CCB-JHB has selected the reduced version of the Basic Approach for measuring CVA (BA-CVA). CCB-JHB is currently using the new framework for internal reporting purposes and measuring impact on capital requirement.

### CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post CRM	RWA
<b>R'000</b> At 31 Dec 2024							
1	SA-CCR	466,052	143,754		1.4	853,728	59,033
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	<b>Total</b>						59,033

#### Notes

**N1:** The counterparty credit risk exposure is calculated using the revised standardised method. No significant movements have been noted for the period.

### CCR2: Credit valuation adjustment (CVA) capital charge

		a	b
		EAD post CRM	RWA
<b>R'000</b> At 31 Dec 2024			
Total portfolios subject to the advanced CVA capital charge		-	-
1	(i) VaR component (including the 3x multiplier)		-
2	(ii) Stressed VaR component (including the 3x multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	59,033	33,754
4	Total subject to the CVA capital charge	59,033	33,754

#### Notes

Please refer to CCR1.

Intragroup exposures are risk weighted at 0% thus are not subject to Standardised CVA capital charge.

*CCR3: Standardised approach - CCR exposures by regulatory portfolio and risk weights*

	a	b	c	d	e	f	g	h	i	j
<b>R'000 At 31 Dec 2024 Risk weight</b>										
<b>Regulatory Portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure</b>
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	794,695						59,033			853,728
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>										

**Notes**

Please refer to CCR1. The Branch mainly enters into derivative contracts with local banking counterparties and CCB Head Office.

*CCR5: Standardised approach - Composition of collateral for CCR exposure*

Collateral relates to the cash variation margin exchanged as per the Credit Support Annexure (CSA) agreements that are in place. Due to an amendment of CSAs with specified banks, the branch did not exchange margin after Q3, 2024 and thus there is currently no collateral reported as end of 2024. The CCR5 disclosure therefore is not applicable for the current period.

## 5. LIQUIDITY AND FUNDING RISK

As part of its operations, the Branch faces liquidity risks associated with its financial assets and liabilities. These include risks related to funding risk, market liquidity risk, currency mismatch, and concentration risk.

While the Branch has, the full support of its Head Office, it is the Branch's responsibility to maintain a strong liquidity and funding position at all times.

### *Liquidity and Funding Risk Governance and Management*

The Branch's RCICC governs and oversees liquidity risk, in accordance with the Branch's risk appetite and liquidity risk framework. The committee is responsible for establishing policies and contingency plans that outline the responsibilities, management processes, governance, stress testing, and monitoring procedures for managing liquidity.

The ALCO, mandated by the EXCO, is responsible for supervising of liquidity and funding risks within the established risk appetite, internal limits, and regulatory requirements. The committee conducts monthly meetings to review the liquidity position and elect strategies to optimise the structure of the balance sheet. The risk management function is tasked with monitoring liquidity risk and providing recommendations to the committee for effective liquidity risk management. The Treasury function is responsible for implementing these strategies and managing the Branch's liquidity on a daily basis.

The Branch aims to manage liquidity efficiently to ensure continuous banking operations under both normal and stressed conditions. Adherence to prudential and internal requirements drives the execution of this strategy, with metrics such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

The strategy emphasizes diversifying funding through sustainable sources to support the Branch's strategic goals effectively, while continuously monitoring depositors' concentration.

### *LCR and NSFR Positions*

The Branch's liquidity profile has shown short-term resilience throughout the second half of the year, with LCR at 426.45% as at 31 December 2024. The portfolio of high-quality liquid assets (HQLA) increased by 24.50% from the prior reporting date. The increase in HQLA is mainly due to increased qualifying central bank reserves and increased investment in Treasury Bills. The Branch maintained LCR compliance in excess of both the internal buffer and regulatory requirements.

The NSFR demonstrates the Branch's funding stability and medium/long-term resilience. As at 31 December 2024, NSFR was reported at 149.72%, compliant with regulatory requirements and operating within the internal risk appetite.

Both LCR and NSFR are monitored daily, and adjustments, where applicable, are made to ensure continuous compliance with both internal and regulatory requirements.

LIQ2: Net stable funding ratio (NSFR) Q4 2024

		a	b		c	d	e
		No maturity	Unweighted value by residual maturity			≥1 Year	Weighted value
			<6 months	6 months to <1 year			
<b>R' 000</b>							
<b>At 31 Dec 2024</b>							
<b>Available stable funding (ASF) item</b>							
1	Capital:	7,343,218					7,343,218
2	Regulatory capital	7,343,218					7,343,218
3	Other capital instruments						
4	Retail deposits and deposits from small business customers:	-	28,023	5,432		-	30,196
5	Stable deposits		1,740				1,653
6	Less stable deposits		26,283	5,432		-	28,543
7	Wholesale funding:	-	25,360,496	8,224,340		5,076,341	14,874,142
8	Operational deposits						
9	Other wholesale funding		25,360,496	8,224,340		5,076,341	14,874,142
10	Liabilities with matching interdependent assets						
11	Other liabilities:		662,520	14,067		27,710	32,145
12	NSFR derivative liabilities			602,702			
13	All other liabilities and equity not included in the above categories		62,417	14,067		25,112	32,145
14	<b>Total ASF</b>						<b>22,279,701</b>
15	Total NSFR high-quality liquid assets (HQLA)						976,725
16	Deposits held at other financial institutions for operational purposes	-	-	-		-	-
17	Performing loans and securities:	-	9,985,977	1,455,207		11,506,641	12,993,287
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		9,967,313	1,455,207		6,537,398	8,760,098
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:		18,663	-		4,969,244	4,233,189
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						
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:	-	12,806	59,799		653,967	651,368
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 N2		12,806	59,799		434,419	431,820
30	NSFR derivative liabilities before deduction of variation margin posted						
31	All other assets not included in the above categories	-				219,548	219,548
32	Off-balance sheet items					4,034,824	258,998
33	<b>Total RSFN2</b>						<b>14,880,378</b>
34	<b>Net Stable Funding Ratio (%)</b> <b>N1</b>						<b>150%</b>

**Notes**

N1: The NSFR was within the regulatory requirement and internal appetite during the reporting period.

N2: The decrease in the Required Stable Funding is mainly as a result of loans to financial institutions moving into the less than 1-year bucket which has a lower specified factor as well as maturities in non-HQLA securities which were not replaced.

LIQ2: Net Stable Funding Ratio (NSFR) Q3 2024

		a	b		c	d	e
		No maturity	Unweighted value by residual maturity		6 months to <1 year	≥1 Year	Weighted value
			<6 months				
<b>R' 000</b>							
<b>At 30 Sept 2024</b>							
<b>Available stable funding (ASF) item</b>							
1	Capital:	7 205 661	-	-	-	-	7 205 661
2	Regulatory capital	7 205 661	-	-	-	-	7 205 661
3	Other capital instruments	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	24 532	3 302	-	-	25 051
5	Stable deposits	-	-	-	-	-	-
6	Less stable deposits	-	24 532	3 302	-	-	25 051
7	Wholesale funding:	-	25 980 254	9 914 315	4 327 874	-	15 931 868
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	-	25 980 254	9 914 315	4 327 874	-	15 931 868
10	Liabilities with matching interdependent assets	-	-	-	-	-	-
11	Other liabilities:	-	248 190	42 323	28 772	-	36 517
12	NSFR derivative liabilities	-	-	38 718	-	-	-
13	All other liabilities and equity not included in the above categories	-	236 304	15 490	28 772	-	36 517
14	<b>Total ASF</b>						23 199 097
<b>Total NSFR high-quality liquid assets (HQLA)</b>							
15	Total NSFR high-quality liquid assets (HQLA)						963 600
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-
17	Performing loans and securities:	-	8 279 668	2 045 181	12 241 427	-	14 269 214
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	-	7 000 271	1 345 181	7 677 815	-	9 400 446
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:	-	17 341	700 000	4 563 612	-	4 237 741
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	-	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1 262 055	-	-	-	631 028
25	Assets with matching interdependent liabilities	-	-	-	-	-	-
26	Other assets:	-	392 539	62 642	495 363	-	495 363
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	-	392 539	62 642	327 811	-	327 811
30	NSFR derivative assets before deduction of variation margin posted	-	-	-	-	-	-
31	All other assets not included in the above categories	-	-	-	167 552	-	167 552
32	Off-balance sheet items	-	-	-	4 272 030	-	217 280
33	<b>Total RSF</b>						15 945 457
34	<b>Net Stable Funding Ratio (%)</b>						145

## 6. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

The interest rate risk exposure emanates from the banking book, as assets and liabilities are subject to repricing risk, yield curve risk, and basis risk.

### *Governance and Management*

The ALCO oversees interest rate risk in accordance with the Branch's policy and contingency plan approved by the RCICC. ALCO is responsible for establishing the appropriate risk appetite for IRRBB and monitoring adherence to internal limits. Operationally, the Treasury function is responsible for the daily management of interest rate, risk per guidelines stipulated by the ALCO.

The Branch aims to maintain a balance sheet profile with natural interest rate risk offsets. In cases where there are no natural offsets, interest rate risk is hedged using appropriate derivatives, which can affect CCB-JHB's income statement. In mitigation, the Branch has implemented fair-value hedge accounting to align the economic substance of the hedges with their accounting treatment.

### *Risk Position*

The revised Interest Rate Risk in the Banking Book (IRRBB) framework implemented beginning of 2023 introduced currency specific scenarios for both earnings at risk and Economic Value of Equity (EVE). The sensitivity analysis is based on sensitivity of interest-bearing financial instruments at statement of financial position date.

Sensitivity analysis are used to assess the effectiveness of the CCB-JHB interest policy. The sensitivity analysis on assets and liabilities is done on a monthly basis based on historic figures, as per contractual repricing maturities and Business as Usual (BaU) repricing maturities profile.

BaU modelling considers:

- ❖ Loans and advances prepayment risk,
- ❖ Term deposits early redemption, and
- ❖ Non-Maturity Deposits (NMDs).

The risk is assessed, should market interest rates change, as:

- ❖ Earnings at risk: the loss in income (NII) as a percentage of the projected 12-months NII forecast; and
- ❖ EVE, measured as the maximum loss as a percentage of Tier 1 capital, commonly referred as the Supervisory Outlier Test (SOT).

Currency specific decrease and increase of interest rates are applied as per prescribed regulatory scenarios (2 for NII and 6 for EVE). The following stressed results are applied considering derivative instruments, which have an overall positive impact on SOT, reducing overall IRRBB exposure

The results as at December 2024 year-end are as follows:

- ❖ NII: a parallel increase and decrease of interest rate (currency specific) would respectively decrease NII by R439 898 (-55%) and increase NII by R439 898 (+55%); and
- ❖ EVE: out of the 6 prescribed scenarios, the maximum loss (worst negative impact), the Steeper scenario, would decrease EVE by R202 681 (-2.78%) of Tier 1 capital).

As per Basel Committee on Banking Supervision (BCBS) guidelines and Guidance Note 4 of 2024: Criteria for identifying outlier banks in relation to interest rate risk in the banking book, banks must manage IRRBB so as to SOT

being  $\geq -15\%$ . CCB-JHB is monitoring this prudential requirement monthly and has established dedicated risk appetite, CCB-JHB is operating well within regulatory and internal appetite limits.

Both NII and EVE sensitivities outputs remained within the Branch's appetite during H2 2024.

Additional disclosure on IRRBB can be found in the CCB-JHB Pillar 3 annual disclosure.

## 7. MARKET RISK

The Branch's exposure to market risk primarily stems from positions resulting from the facilitation of client flows in foreign exchange and money markets. This consists of foreign exchange risk.

CCB-JHB has no trading book exposure. CCB-JHB has no securitisation exposure nor equity, credit default or commodities derivatives exposure. CCB-JHB interest rate derivatives are booked with the parent company for hedging purposes and do not attract regulatory capital requirement.

### *Market Risk Governance and Management*

The ALCO is accountable for the oversight of the governance and effectiveness of the market risk framework. The committee approves the market risk appetite and related limits following both Head Office and local requirements. The committee reviews the market risk exposure monthly and ensures the effectiveness of the management process and approved strategy.

In mitigation of this risk:

- ❖ only highly liquid currencies are exchanged;
- ❖ FECs are in place;
- ❖ open positions are squared-off at end of day; and
- ❖ strict intra-day and overnight limits are in place with regards to open foreign currency positions and monitored daily.

### *Market Risk Measurement*

The Standardised Approach is used for calculating the market risk capital requirement as per the regulations. It is driven by the net open foreign currency position held by CCB-JHB, of which are managed to reduce impact on capital requirement.

CCB-JHB started parallel run reporting making use of the Revised Market Risk Framework (encompassed within the FRTB Framework) and established regulatory requirements. Full implementation is expected from July 2025 (capitalisation). Relevant applications have been submitted to the regulator with regard to the method for measuring market risk, the readiness assessment work is being conducted as per dedicated the PA's Prudential Communication, the standardised approach has been selected making use of the Sensitivity Based Method (SBM) for delta risk.

During H2 2024, the Branch has not detected market risk events that would have a significant effect on the Branch.

Additional disclosures on market risk are reported in the CCB-JHB Pillar 3 annual disclosure.

MR1: Market risk under the standardised approach (SA)

R'000 At 31 Dec 2024		a	
		Capital charge in SA	
1	General interest rate risk		-
2	Equity risk		-
3	Commodity risk		-
4	Foreign exchange risk		956
5	Credit spread risk - non-securitisations		-
6	Credit spread risk - securitisations (non-correlation trading portfolio)		-
7	Credit spread risk - securitisation (correlation trading portfolio)		-
8	Default risk - non-securitisations		-
9	Default risk - securitisations (non-correlation trading portfolio)		-
10	Default risk - securitisations (correlation trading portfolio)		-
11	Residual risk add-on		-
<b>12</b>	<b>Total</b>		<b>956</b>

**Notes**

Market risk is not significant for the Branch, as the Branch does not have a trading book and as a result maintains a low open foreign currency position.

## 8. OPERATIONAL RISK

Operational risk can cause financial loss, reputational damage, loss of competitive position, or regulatory sanctions. As such, operational risk is a key focus area for CCB-JHB, reflecting the Branch's commitment to maintaining robust risk management practices and safeguarding stakeholder interests. As part of adherence to the Basel framework, this disclosure provides transparency on operational risk profile and management strategies.

CCB-JHB outlines its approach to identifying, assessing, and mitigating operational risks, including the methodologies used and significant risk events, if any. This disclosure aligns with regulatory requirements and aims to offer stakeholders a clear view of the operational risk landscape.

### *Operational Risk Governance and Management*

The Branch identifies and manages operational risk within acceptable levels by the adoption of sound operational risk management practices. The operational risk management policy is embedded at all levels of the Branch, supported by the risk culture, and is continually enhanced in line with regulatory and industry developments, CCB Head Office, and Branch requirements; this in turn facilitates ongoing operational risk resilience. The RCICC is the governing committee for identifying, monitoring and mitigating this risk.

There have been no material changes in terms of the strategy and management of operational risk.

### *Operational Risk Measurement and Position*

From a regulatory perspective, the Branch applies the Basic Indicator Approach (BIA) for the assessment of regulatory capital; the BIA calculation is based on a multiplication factor that is applied to gross operating income.

Operational risk capital requirement increased marginally from H1 2024 to H2 2024 due to an increase in gross operating income.

No material operational losses occurred in H2 2024.

The Branch is preparing for the implementation of the Revised Standardised Approach for measuring operational risk, and, in this regard, the market expects full implementation during July 2025.

Additional disclosure on operational risk may be found in the CCB-JHB Pillar 3 annual disclosure.