Disclosure Report

China Construction Bank Corporation, Johannesburg Branch

Basel Pillar 3 Semi – Annual Disclosure Report June 2025

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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 30 June 2025, also referred to as H1 2025. Where referring to prior period, this should be interpreted as 31 December 2024 (also referred to as H2 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:

Directive 1 of 2019: Semi-Annual Disclosure required tables per Annexure 1	Explanation
CR6, CR7, CR10, CCR4, MRC, MR2, MR4	❖ Not applicable due to regulatory reporting approach adopted by the Branch
CR2, CCR5	❖ Not disclosed due to no amounts as end of 30 June 2025 (nil amounts)
CCR6, CCR8	❖ Not applicable due to nature of business, as no items to be disclosed
SEC1, SEC2, SEC3, and SEC4	❖ Not applicable, as CCB-JHB has no securitisation exposures
TLAC1, TLAC2, and TLAC3	❖ 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
CC2	❖ Not applicable, CCB-JHB does not issue semi-annual financial statements.

The Branch has taken note of Directive 10/2025 replacing Directive 1/2019 and are preparing for implementation applicable to the following reporting period.

Financial Highlights and Key Ratios (as per regulatory reporting)

As at 30 June 2025, the financial position of the Branch was as follows:

- Total assets of R 46 693 890;
- Total liabilities of R 39 119 293; and
- Total equity of R 7 574 598.

Total assets decreased by 0.1 % compared to 31 December 2024 (R 46 742 146). Overall balance sheet is stable.

For the 6 months, from 1 January 2025 to 30 June 2025, the Branch reported a Net Profit after Tax (NPAT) of R 269 997. The NPAT (H1 2024: R 264 004) exceeded the prior year result for the same period by 2.27%.

Key capital features are as follows:

- The qualifying capital and reserve funds of the Branch as of 30 June 2025 is R 7 635 853;
- The Capital Adequacy Ratio (CAR) of the Branch as at 30 June 2025 was 33.36%; and
- The Leverage Ratio of the Branch as at 30 June 2025 was 15.29%.

Key liquidity ratios are as follows:

- The Liquidity Coverage Ratio (LCR) of the Branch as at 30 June 2025 was 162.08%; and
- The Net Stable Funding Ratio (NSFR) of the Branch as at 30 June 2025 was 137.41%.

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 98.60% 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 H1 2025.

Capital Position, Capital Adequacy and Leverage Ratio Levels as at 30 June 2025

The total qualifying capital and reserve funds of the Branch were R 7 635 853 as at 30 June 2025. As in prior periods, retained earnings steadily increased the Branch’s capital position (+3.05%).

The Branch reported a CAR of 33.36%% and a leverage ratio of 15.29% as at 30 June 2025.

The CAR decreased during H1 2025 and is mainly attributed to additional term loans replaced/refinanced in 2025.The increase of total Risk Weighted Assets (RWA):

- is predominantly driven through increase of credit risk (+24.54%) with:
  - additional term loans with local banks (RW of 100%); and
  - decrease of intergroup and interbank placements (RW of 0% and 20% respectively); and
- an increase in counterparty credit risk (CCR), mainly due to increased replacement cost of banking counterparts’ derivatives as at end of June 2025.

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”, some of which have a direct impact on capital. More detail is provided in risk-specific sections below.

CC1: Composition of Regulatory Capital

	R' 000 At 30 June 2025	Notes	a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Common Equity Tier 1 capital: instruments and reserves		
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		4 050 173	BA 700 Line 29
3	Accumulated other comprehensive income (and other reserves)		138 783	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	**Common Equity Tier 1 capital before regulatory deductions**		7 574 598	BA 700 Line 27
		Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments		45 157	BA 700 Line 206
8	Goodwill (net of related tax liability)			
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		1	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	**Total regulatory adjustments to Common Equity Tier 1**		45 158	BA 700 Line 42
29	**Common Equity Tier 1 capital (CET1)**		7 529 440	BA 700 Line 64
		Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		-	
31	OF which: classified as equity under applicable accounting standards		-	
32	Of which: classified as liabilities under applicable accounting standards		-	
33	Directly issued capital instruments subject to phase-out from additional Tier 1		-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)		-	
35	Of which: instruments issued by subsidiaries subject to phase-out		-	
36	Additional Tier 1 capital before regulatory adjustments		-	
		Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments		-	
38	Reciprocal cross-holdings in additional Tier 1 instruments		-	
39	Investments in 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 30 June 2025		Notes	a Amounts	b 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	**Additional Tier 1 capital (AT1)**		-	
45	**Tier 1 capital (T1= CET1 + AT1)**		7 529 440	BA 700 Line 77
		Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		-	
47	Directly issued capital instruments subject to phase-out from Tier 2		-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		-	
49	Of which: instruments issued by subsidiaries subject to phase-out			
50	Provisions		106 413	BA 700 Line 84
51	**Tier 2 capital before regulatory adjustments**		106 413	BA 700 Line 78
		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 capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		-	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)		-	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		-	
56	National specific regulatory adjustments		-	
57	**Total regulatory adjustments to Tier 2 capital**		-	
58	**Tier 2 capital (T2)**		106 413	BA 700 Line 87
59	**Total regulatory capital (TC = T1 + T2)**		7 635 853	BA 700 Line 88
60	**Total risk-weighted assets**		22 886 478	BA 700 Line 6 Col 7
		Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	N1	32.90%	BA 700 Line 18 Col 1
62	**Tier 1 (as a percentage of risk-weighted assets)**	N2	32.90%	BA 700 Line 18 Col 2
63	**Total capital (as a percentage of risk-weighted assets)**		33.36%	BA 700 Line 18 Col 3
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**		2.88%	BA 700 Line 14 + BA 700 Line 15 + BA 700 Line 16
65	**Of which: capital conservation buffer requirement**		2.50%	BA 700 Line 16
66	**Of which: bank-specific countercyclical buffer requirement**		0.38%	BA 700 Line 15
67	**Of which: higher loss absorbency requirement**		0.00%	BA 700 Line 14
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**		24.27%	KM1 Line 12
		National minima (if different from Basel III)		
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
		Amounts below the thresholds for deduction (before risk weighting)		
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)		52 622	BA 100 Line 51-Line74
		Applicable caps 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)		106 413	BA 200 Line 9

CC1: Composition of regulatory capital (continued)

R' 000 At 30 June 2025		a Amounts	b Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
77	Cap on inclusion of provisions in Tier 2 under standardised approach	106 413	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	-	
	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 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 decrease is as a result of an increase in total risk-weighted assets which is mainly driven by the increase in credit risk from December 2024 to June 2025.

CCA: Main features of regulatory capital instruments

R' 000 000 At 30 June 2025		a Quantitative/Qualitative Information
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]
	Coupons / dividends	
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 30 June 2025**	**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)	1%	4 705 215	4 705 215		
Mauritius	N/A	1 616 843	1 616 843		
Netherlands	2%	844 484	844 484		
United Kingdom	2%	890 909	890 909		
United States	0%	1 151 446	1 151 446		
Sum		9 208 897	9 208 897		
Total				0.38%	86 259

Notes

CCB-JHB is subject to Countercyclical Buffer (CCyB) requirements in the following jurisdictions: UK and Netherlands (both 2.00%).

The PA issued Directive 6 of 2024: "Positive Cycle-neutral CCyB" on setting a CCyB for South Africa (1.00%). 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 H1 2025.

Credit Quality of Assets

Overall credit quality of assets remained stable over H1 2025. The Branch does not have defaulted, past-due exposures or restructured exposures.

CR1: Credit quality of assets

R' 000 At 30 June 2025		a	b	c	d	e	f	g
		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		
1	Loans	-	20 528 255	57 428	-	57 428	-	20 470 827
2	Debt Securities	-	19 786 758	30 608	-	30 608	-	19 756 151
3	Off-balance sheet exposures	-	4 518 110	18 378	-	18 378	-	4 499 732
4	**Total**	-	44 833 124	106 413	-	106 413	-	44 726 711

Notes

CR2: Change in stock of defaulted loans and debt securities

There were no defaulted exposures during H1 2025 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 30 June 2025		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	20 470 827	-	-	-	-	-	-
2	Debt securities	19 756 151	-	-	-	-	-	-
3	**Total**	**40 226 978**	**-**	**-**	**-**	**-**	**-**	**-**
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 has implemented the revised Standardised Approach from 1st of 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 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 30 June 2025** **Notes**			**a**	**b**	**c**	**d**	**e**	**f**
			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		24 093 851	-	24 093 851	-	-	1%
2	Non-central government public sector entities		158	-	158	-	-	0%
3	Multilateral development banks							
4	Banks	**N2**	12 751 857	-	12 751 857	0	10 377 144	81%
5	Securities firms							
6	Corporates	**N3**	6 949 842	4 518 110	6 949 842	2 259 055	9 208 897	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		290 308	-	290 308	-	290 308	100%
14	**Total**		**44 086 016**	**4 518 110**	**44 086 016**	**2 259 055**	**19 876 349**	

Notes

N1: No significant movement between asset classes is noted, all have remained within the threshold as set by the Branch.
N2: The increase in bank exposure is as a result of new bilateral term loans in H1 of 2025.
N3: The increase in the corporate off-balance sheet amount is mainly due to a new committed facility which has not been utilised in H1 of 2025.

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

R'000 At 30 June 2025		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	23 969 926		123 925							24 093 851
2	Non-central government public sector entities (PSEs)	158									158
3	Multilateral development banks (MDBs)										
4	Banks N1	1 481 039		1 229 467		1 614 179		6 633 194	1 793 979		12 751 858
5	Securities firms										
6	Corporates	-		-				9 208 897			9 208 897
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							290 308			290 308
14	**Total**	**25 451 123**		**1 353 392**		**1 614 179**		**16 132 399**	**1 793 979**		**46 345 071**

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;
- 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.

Counterparty Credit Risk Position

The Branch has reported a net fair value movement in derivative instruments of R459 282 arising from exchange rate fluctuations since the previous report. 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 increased, 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) during H1 2025. Full implementation is from 1st of July 2025 (capitalisation). Relevant applications have been submitted to the regulator with regard to the method for CVA, the readiness assessment work has been conducted as per dedicated PA's Prudential Communication, CCB-JHB has selected the reduced version of the Basic Approach for measuring CVA (BA-CVA). on the change in capital requirement is not material.

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

R'000 At 30 June 2025		a Replacement cost	b Potential future exposure	c EEPE	d Alpha used for computing regulatory EAD	e EAD post CRM	f RWA
1	**SA-CCR**	394 459	331 113		1.4	1 015 801	494 198
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	**Total N1**						494 198

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

R'000 At 30 June 2025		a EAD post CRM	b RWA
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	494 198	283 339
4	Total subject to the CVA capital charge	494 198	283 339

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

R'000 **At 30 June 2025**	**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**
Risk weight **Regulatory Portfolio**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-	**-**
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	**-**
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	**-**
Banks	521 603						494 198			1 015 801
Securities firms	-	-	-	-	-	-	-	-	-	**-**
Corporates	-	-	-	-	-	-	-	-	-	**-**
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	**-**
Other assets	-	-	-	-	-	-	-	-	-	**-**
Total	**521 603**						494 198			1 015 801

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

The branch did not exchange margin during H1 2025 and thus there is currently no collateral reported as 30 June 2025. 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 first half of the year, with LCR at 162.08% as at 30 June 2025. Even though the portfolio of high-quality liquid assets (HQLA) remained stable form the prior reporting date, net cash outflows increased by 62% from the prior reporting date. 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 30 June 2025, NSFR was reported at 137.41%, 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) Q2 2025

	R' 000 At 30 June 2025	a	b	c	d	e
			Unweighted value by residual maturity			
		No maturity	<6 months	6 months to <1 year	≥1 Year	Weighted value
	Available stable funding (ASF) item					
1	Capital:	7 574 598				7 574 598
2	*Regulatory capital*	7 574 598				7 574 598
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:	-	23 591	5 671	-	26 491
5	*Stable deposits*		1 209			1 243
6	*Less stable deposits*		22 382	5 671		25 248
7	Wholesale funding:		27 039 427	8 116 237	3 747 634	13 448 889
8	*Operational deposits*					
9	*Other wholesale funding*		27 039 427	8 116 237	3 747 634	13 448 889
10	Liabilities with matching interdependent assets					
11	Other liabilities:		143 430	13 248	29 969	36 358
12	*NSFR derivative liabilities*		60 496			
13	*All other liabilities and equity not included in the above categories*		83 404	12 779	29 969	36 358
14	**Total ASF**					21 086 334
15	Total NSFR high-quality liquid assets (HQLA)					1 093 302
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:	-	8 190 872	2 703 657	11 247 746	13 627 496
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*		6 557 638	2 538 657	6 098 803	8 351 778
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:*		19 055	165 000	5 148 943	4 468 629
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*		1 614 179	-	-	807 089
25	Assets with matching interdependent liabilities					
26	Other assets:	-	165 620	102 168	392 829	392 829
27	*Physical traded commodities, including gold*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					156 311
29	*NSFR derivative assets*		165 620	102 168	156 311	156 311
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*				236 676	236 676
32	Off-balance sheet items				4 524 160	231 956
33	***Total RSF***					15 345 740
34	***Net Stable Funding Ratio (%)*** **N1**					**137%**

Notes

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

LIQ2: Net Stable Funding Ratio (NSFR) Q1 2025

		a	b	c	d	e
			Unweighted value by residual maturity			
	R' 000 At 31 March 2025	No maturity	<6 months	6 months to <1 year	≥1 Year	Weighted value
	Available stable funding (ASF) item					
1	Capital:	7 419 530	-	-	-	7 419 530
2	*Regulatory capital*	7 419 530				7 419 530
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:	-	19 864	8 530	-	25 627
5	*Stable deposits*					
6	*Less stable deposits*		19 864	8 530	-	25 627
7	Wholesale funding:	-	28 505 189	6 971 327	3 958 951	13 661 616
8	*Operational deposits*					
9	*Other wholesale funding*		28 673 543	6 971 327	3 958 951	13 661 616
10	Liabilities with matching interdependent assets					
11	Other liabilities:		28 673 543	6 993 332	3 986 939	34 515
12	*NSFR derivative liabilities*			188 716		
13	*All other liabilities and equity not included in the above categories*		145 095	13 475	27 778	34 515
14	**Total ASF**					21 141 287
15	Total NSFR high-quality liquid assets (HQLA)					872 372
16	Deposits held at other financial institutions for operational purposes	-				
17	Performing loans and securities:	-	11 651 499	165 000	12 365 738	13 377 868
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*		11 632 104	-	6 866 519	8 611 334
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:*		19 395	165 000	5 499 219	4 766 534
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:	-	72 284	-	556 435	555 099
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*		72 284		324 464	323 129
30	*NSFR derivative assets before deduction of variation margin posted*					
31	*All other assets not included in the above categories*	-			231 970	231 970
32	Off-balance sheet items				4 606 924	248 274
33	***Total RSF***					15 053 614
34	***Net Stable Funding Ratio (%)***					**140%**

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). Foreing currencies are deemed significant when representing > 5% of total assets and/or liabilities; as end of June 2025, both USD and CNY are identified as significant. 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, 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 30 June 2025 are as follows:

- NII: a parallel increase and decrease of interest rate (currency specific) would respectively decrease NII by R418 537 (-51.26% of 12-months forecasted NII; representing 5.56% of Tier 1 capital) and increase NII by R422 831 (+51.78% of 12-months forecasted NII; representing 5.62% of Tier 1 capital); and
- EVE: out of the 6 prescribed scenarios, the maximum loss (worst negative impact), the Short-Rate up scenario, would decrease EVE by R10 699 (-0.14% 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 >= -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 H1 2025.

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

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 confirmed its readiness for implementation on 1 May 2025 to the Regulator and started parallel run reporting making use of the Revised Market Risk Framework (encompassed within the FRTB Framework) during H1 2025. Full implementation started from 1st of July 2025 (capitalisation). Relevant applications have been submitted to the regulator with regard to the method for measuring market risk, the readiness assessment work has been 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. Interim reporting is performed since July 2025 while awaiting finalisation of the Market Risk regulatory return (expected to be in place during December 2025). The change of methodology leads to increased capital requirement for Market Risk, there are no concerns in terms of absorbing the capital increase and meeting prudential and internal capital requirements.

During H1 2025, 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 30 June 2025**		**a** **Capital charge in SA**
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	732
5	Credit spread risk - non-securitisations	-
6	Credit spread risk - securitisations (non-correlation trading portfolio)	-
7	Credit spread risk - securitisation (correlation trading portfolio)	-
8	Default risk - non-securitisations	-
9	Default risk - securitisations (non-correlation trading portfolio)	-
10	Default risk - securitisations (correlation trading portfolio)	-
11	Residual risk add-on	-
12	**Total**	**732**

Notes

Market risk is not significant for the Branch under current methodology, 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 the 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 H2 2024 to H1 2025 due to an increase in gross operating income.

No material operational losses occurred in H1 2025.

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

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