



**中国建设银行**

China Construction Bank

约翰内斯堡分行

Johannesburg Branch

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## Disclosure Report

*China Construction Bank Corporation, Johannesburg Branch*

*Basel Pillar 3 Semi – Annual Disclosure Report December 2025*

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# 1. OVERVIEW

## Introduction

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).

This document sets out the Semi-annual Pillar III Disclosures as applicable to CCB-JHB as at 31 December 2025, also referred to as H2 2025. Where referring to prior period, this should be interpreted as 30 June 2025 (also referred to as H1 2025), unless stated otherwise. The disclosure 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").

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 maintaining an effective internal control structure in respect of this disclosure and the Regulatory Disclosure Policy sets out requirements in line with applicable directives issued by the Regulator (refers to the Prudential Authority (PA)).

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

## Directive 10/2025 and Related Tables within Present Disclosure

The following tables, as per Directive 10 of 2025, have not been included in this disclosure and the explanation is detailed below:

<b>Directive 10 of 2025: Semi-Annual Disclosure required tables per Annexure A and B</b>	<b>Explanation</b>
<b>CR6, CR7, CR10, CCR4, MRC, MR2, MR3, MR4, CMS2, CVA2, CVA3</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 31 December 2025 (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 exposure
<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.
<b>ENC</b>	❖ No asset encumbrance

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

As at 31 December 2025, the financial position of the Branch was as follows:

- ❖ Total assets of R 47 083 064;
- ❖ Total liabilities of R 39 239 539; and
- ❖ Total equity of R 7 843 524.

Total assets increased by 0.83 % compared to 30 June 2025 (R 46 693 890). Overall balance sheet is stable.

For the 6 months, from 1 July 2025 to 31 December 2025, the Branch reported a Net Profit after Tax (NPAT) of R 234 487. The NPAT (H2 2024: R 258 852) decreased compared to the prior year result for the same period by 9.41% and mainly attributable to decreased generated income from term loans.

Key capital features are as follows:

- ❖ The qualifying capital and reserve funds of the Branch as of 31 December 2025 is R 7 846 236 ;
- ❖ The Capital Adequacy Ratio (CAR) of the Branch as at 31 December 2025 was 41.76%; and
- ❖ The Leverage Ratio of the Branch as at 31 December 2025 was 15.75%.

Key liquidity ratios are as follows:

- ❖ The Liquidity Coverage Ratio (LCR) of the Branch as at 31 December 2025 was 215.24%; and
- ❖ The Net Stable Funding Ratio (NSFR) of the Branch as at 31 December 2025 was 158.91%.

# 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 and Countercyclical Buffers (CCyB).

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 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 99.13% of total capital constituting CET1. This capital 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 2025.

## *Capital Position, Capital Adequacy and Leverage Ratio Levels as at 31 December 2025*

The total qualifying capital and reserve funds of the Branch were R 7 846 236. As in prior periods, retained earnings steadily increased the Branch’s capital position (+2.76%).

The Branch reported a CAR of 41.76% and a leverage ratio of 15.75%.

The CAR increased during H2 2025, in line with total Risk Weighted Assets (RWA) decreasing by 17.91%; the change:

- is predominantly driven through decrease of credit risk (-21.38%) with:
  - fewer term loans with local banks and large corporates (mostly risk weight of 100%);
  - increased intergroup and interbank placements (risk weight of 0% and 20% respectively); and
- the increase in market risk (MR), from R 6 369 to R 292 287 (+4489.21%) is a consequence of a change of methodology with the implementation of the Fundamental review of the Trading Book (FRTB) regulatory reform from 1<sup>st</sup> of July 2025, this increase is relatively low compared to absolute decrease of credit risk.

The leverage ratio is stable over the period with total on and off-balance sheet being relatively constant.

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 in meeting regulatory requirements.

CCB-JHB has implemented 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 31 December 2025		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	h
2	Retained earnings		4 284 657	
3	Accumulated other comprehensive income (and other reserves)		173 225	
4	Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)			
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>		7 843 524	
<b>Common Equity Tier 1 capital regulatory adjustments</b>				
7	Prudent valuation adjustments		65 301	
8	Goodwill (net of related tax liability)			a minus d
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)		587	b minus e
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)		-	
11	Cash flow hedge reserve		-	
12	Shortfall of provisions to expected losses		-	
13	Securitisation gain on sale		-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities		-	
15	Defined benefit pension fund net assets		-	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)		-	
17	Reciprocal cross-holdings in common equity		-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		-	
20	Mortgage servicing rights (amount above 10% threshold)		-	c minus f minus 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 capital</b>		65 887	
29	<b>Common Equity Tier 1 capital (CET1)</b>		7 777 637	
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus			i
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 capital		-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)		-	
35	Of which: instruments issued by subsidiaries subject to phase-out		-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>		-	
<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, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		-	
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	

CC1: Composition of regulatory capital (continued)

R' 000				a	b
At 31 December 2025				Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Notes			
41	National specific regulatory adjustments			-	
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 capital to cover deductions			-	
43	<b>Total regulatory adjustments to additional Tier 1 capital</b>			-	
44	<b>Additional Tier 1 capital (AT1)</b>			-	
45	<b>Tier 1 capital (T1= CET1 + AT1)</b>			7 777 637	
<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 capital			-	
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			68 600	
51	<b>Tier 2 capital before regulatory adjustments</b>			68 600	
<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>			68 600	
59	<b>Total regulatory capital (= Tier 1 + Tier 2)</b>			7 846 236	
60	<b>Total risk-weighted assets</b>			18 786 965	
<b>Capital ratios and buffers</b>					
61	<b>Common Equity Tier 1 capital (as a percentage of risk-weighted assets)</b>	N1		41.40%	
62	<b>Tier 1 capital (as a percentage of risk-weighted assets)</b>	N2		41.40%	
63	<b>Total capital (as a percentage of risk-weighted assets)</b>	N3		41.76%	
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>			2.99%	
65	Of which: capital conservation buffer requirement			2.50%	
66	Of which: bank-specific countercyclical buffer requirement			0.49%	
67	Of which: higher loss absorbency requirement			0.00%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.</b>			33.04%	
<b>National minima (if different from Basel III)</b>					
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)			7.50%	
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)			9.25%	
71	National minimum Total capital adequacy ratio (if different from Basel III minimum)			11.50%	
<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)			31 802	
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>					
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)			68 600	

## 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 December 2025</b>			
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	68 600	
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	-	
<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 capital due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase-out arrangements-+	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 capital due to cap (excess over cap after redemptions and maturities)	-	

### Notes

**N1, N2 and N3:** Common Equity Tier 1, Tier 1 and Total capital (as a percentage of risk-weighted assets): The increase is as a result of a decrease in total risk-weighted assets which is mainly driven by the decrease in credit risk from June to December 2025.

## CCA: Main features of regulatory capital instruments

		a
		Quantitative/Qualitative Information
<b>R' 000</b>		
<b>At 31 December 2025</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	Write-down feature	No
31	If write down, write down trigger(s)	[NA]
32	If write down, full or partial	[NA]
33	If write down, 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 December 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% (*)	2 998 248	2 998 428		
Mauritius	Not set	1 335 556	1 335 556		
Netherlands	2%	630 253	472 690		
United Kingdom	2%	566 057	566 057		
United States	0%	1 111 787	1 111 787		
Ireland	1.5%	1 066 298	1 066 298		
Sum		7 708 379	7 550 816		
Total				0.49%	91 493

### Notes

CCB-JHB is subject to Countercyclical Buffer (CCyB) requirements in the following jurisdictions: UK, Netherlands (both 2.00%) and Ireland (1.5%).

(\*) The PA issued Directive 6 of 2024: "Positive Cycle-neutral CCyB" on setting a CCyB for South Africa (1.00%), phased-in during 2025 and is effective from January 2026.

## 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 of 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.

## 2. 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 2025.

## Credit Quality of Assets

Overall credit quality of assets remained stable over H2 2025. The Branch does not have defaulted, past-due exposures or restructured exposures.

### CR1: Credit quality of assets

R' 000 At 31 December 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: Of which:	-	22 796 672	38 702	-	38 702	-	-	22 757 970				
(a)	Sovereign (including central government and central bank)												
(b)	Banks		17 003 859	21 838		21 838		16 982 021					
(c)	Corporate		5 792 813	16 864		16 864		5 775 949					
(d)	SME Corporate												
(e)	Specialised Lending Real Estate (SL)												
e(1)	SL: Project Finance												
e(2)	SL: object and commodity finance												
(f)	Of which: Purchased receivables - corporate												
(g)	Of which: Retail residential mortgage advances												
(h)	Of which: Retail qualifying revolving (QRRE)												
(i)	Of which: Retail SME												
(j)	Retail Other												
j(1)	Of which: unsecured lending												
(k)	Of which: Purchased receivables- retail												
2	Debt Securities	-	19 133 243	12 817	-	12 817	-	19 120 427					
3	Off-balance sheet exposures	-	5 137 593	17 024	-	17 024	-	5 120 569					
4	<b>Total</b>	-	<b>47 067 508</b>	<b>68 543</b>	-	<b>68 543</b>	-	<b>46 998 966</b>					

#### Notes

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

There were no defaulted exposures during H2 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

		a	b	c	d	e
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
<b>R' 000</b>						
<b>At 31 December 2025</b>						
1	Loans: of which	22 757 970	-	-	-	-
(a)	Sovereign (including central government and central bank)	-	-	-	-	-
(b)	Public sector entities	153	-	-	-	-
(c)	Banks	16 982 021	-	-	-	-
(d)	Corporate	5 775 797	-	-	-	-
(e)	SME Corporate	-	-	-	-	-
(f)	Specialised Lending: Real Estate (SL)	-	-	-	-	-
1	SL: Project finance	-	-	-	-	-
2	SL: Object and commodity finance	-	-	-	-	-
(g)	Purchased receivables - corporate	-	-	-	-	-
(h)	Retail residential mortgage advances	-	-	-	-	-
(i)	Retail qualifying revolving (QRRE)	-	-	-	-	-
(j)	Retail SME	-	-	-	-	-
(k)	Retail Other	-	-	-	-	-
1	Of which: Unsecured lending	-	-	-	-	-
(l)	Purchased receivables - retail	-	-	-	-	-
2	Debt securities	19 120 427	-	-	-	-
3	Of which defaulted	-	-	-	-	-
4	<b>Total</b>	<b>41 878 398</b>	-	-	-	-

#### 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 1<sup>st</sup> 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 impact through the Revised Standardised Approach is not material and did not result in any significant changes in terms of credit risk management and credit risk levels. 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 December 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 (including central government and central bank)	N2	23 789 314	-	23 789 314	-	-	0%
2	Multilateral development banks		-	-	-	-	-	-
(a)	Securities firms and other financial institutions		-	-	-	-	-	-
3	Banks: of which	N3	12 916 060	348 298	12 916 060	139 319	8 080 788	62%
(a)	Securities firms and other financial institutions		-	-	-	-	-	-
(b)	Public Sector Entities		153	-	153	-	-	0%
4	Covered bonds		-	-	-	-	-	-
5	Corporates (excluding corporate real estate as per line 8): of which		5 792 661	4 789 295	5 792 661	1 915 718	7 550 816	98%
(a)	SME Corporate		-	-	-	-	-	-
(b)	Securities firms and other financial institutions		-	-	-	-	-	-
(c)	Specialised lending (excluding IPRRE, IPCRE and HVCRE)		-	-	-	-	-	-
6	Subordinated debt, equity and other capital		-	-	-	-	-	-
7	Retail: of which		-	-	-	-	-	-
(a)	Retail residential mortgage advances		-	-	-	-	-	-
(b)	Retail qualifying revolving (QRRE)		-	-	-	-	-	-
(c)	SME retail		-	-	-	-	-	-
(e)	Retail - other		-	-	-	-	-	-
8	Real estate: Corporate: of which		-	-	-	-	-	-
(a)	Commercial real estate		-	-	-	-	-	-
(b)	Income producing real estate		-	-	-	-	-	-
(c)	HVCRE including land acquisition, development and construction		-	-	-	-	-	-
9	Defaulted exposures		-	-	-	-	-	-
10	Other assets		283 240	-	283 240	-	283 240	100%
11	<b>Total</b>		<b>42 781 428</b>	<b>5 137 593</b>	<b>42 781 428</b>	<b>2 055 037</b>	<b>15 914 844</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 sovereign RWA density is due to CNY sovereign bonds which were held at the end of H1 matured and were not replaced.
- N3: The decrease in bank RWA is mainly as a result of bonds maturing during H2 2025.



		Risk weight→										Total credit exposure amount (post-CCF and post-CRM)
Asset classes ↓		20%	50%	65%	75%	80%	85%	100%	130%	150%	Other	
6	Corporates (excluding corporate real estate as per line 9)				630 253			7 078 126				7 708 379
	(a) Of which: SME											
	(b) Of which: securities firms and other financial institutions							1 335 556				1 335 556
	(c) Of which: specialised lending (excluding IPRRE, IPCRE and HVCRE)											
		Risk weight→										Total credit exposure amount (post-CCF and post-CRM)
Asset classes ↓		100%		150%		250%[5]			400%[5]		Other	
7	Subordinated debt, equity and other capital											
		Risk weight→										Total credit exposure amount (post-CCF and post-CRM)
Asset classes ↓			45%		75%			100%			Other	
8	Retail (excluding retail residential mortgage advances as per line 9);of which: Retail qualifying revolving (QRRE)											
(a)												
(b)	Of which: SME Retail											
(c)	Of which: Retail - other											

		Risk weight→																		Total credit exposure amount (post-CCF and post-CRM)		
Asset classes ↓		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other		
9	Real estate: of which general RRE retail residential mortgage advances																					
(a)																						
(b)	no loan splitting applied																					
(c)	loan splitting applied (secured)																					
(d)	loan splitting applied (unsecured)																					
(e)	IPRRE																					
(f)	general CRE																					
(g)	no loan splitting applied																					
(h)	loan splitting applied (secured)																					
(i)	Of which: loan splitting applied (unsecured)																					
(j)	Of which: IPCRE																					
(k)	Of which: HVCRE including land acquisition, development and construction																					
					50%					100%							150%				Other	Total credit exposure amount (post-CCF and post-CRM)
Asset classes ↓																						
10	Defaulted exposures																					
				0%			20%					100%						125%			Other	Total credit exposure amount (post-CCF and post-CRM)
Asset classes ↓																						
11	Other assets											283 827										283 827

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

	Risk weight	a	b	c	d
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF) <sup>N2</sup>	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	24 617 403	-	0%	24 617 403
2	40-70%	834 798	-	0%	834 798
3	75%	-	1 575 632	40%	630 253
4	85%	-	-	0%	-
5	90-100%	11 656 587	3 561 961	40%	13 081 371
6	105-130%	-	-	0%	-
7	150%	829 399	-	0%	829 399
8	250%	-	-	0%	-
9	400%	-	-	0%	-
10	1250%	-	-	0%	-
11	Total	37 938 187	5 137 593	40%	39 993 224

\* Weighting is based on off-balance sheet exposure (pre-CCF).

**Notes**

N1: Intragroup exposure, risk-weighted at 0%.

N2: Off-balance sheet exposure (pre-CCF) excludes Counterparty credit risk which is disclosed in section 4.

### 3. 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 R32 032 arising from exchange rate fluctuations since the previous Total CCR EAD and RWA are fairly stable over H2 2025.

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 Reduced Basic Approach (Reduced BA-CVA) calculation since 1<sup>st</sup> July 2025; the reduced version was used due to no optionality on current derivatives nor CVA hedges.

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

CCB-JHB has implemented the Revised Credit Valuation Adjustment Framework (CVA) during from 1<sup>st</sup> of July 2025. CCB-JHB has selected the reduced version of the Basic Approach for measuring CVA (BA-CVA).

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

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
<b>R'000 At 31 December 2025</b>							
1	SA-CCR (for derivatives)	336 212	250 448		1.4	821 234	446 906
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	Value-at-risk (VaR) for SFTs						
6	<b>Total</b>						<b>446 906</b>

**Notes**

**N1:** The counterparty credit risk exposure is calculated using the SA-CCR. No significant movements have been noted for the period.

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

<b>R'000 At 31 December 2025</b>	a	b	c	d	e	f	g	h	i
<b>Risk weight →</b>	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Regulatory Portfolio ↓</b>									
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-
Banks	325 123	-	-	98 591	-	397 611	-	-	821 325
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>325 123</b>	<b>-</b>	<b>-</b>	<b>98 591</b>	<b>-</b>	<b>397 611</b>	<b>-</b>	<b>-</b>	<b>821 325</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

The branch did not exchange margin during H2 2025 and thus there is currently no collateral reported as 31 December 2025. The CCR5 disclosure therefore is not applicable for the current period.

### CVA1: The reduced basic approach for CVA (BA-CVA)

			a	b
			Components	BA-CVA RWA
1	Aggregation of systematic components of CVA risk	N1	36 677	
2	Aggregation of idiosyncratic components of CVA risk	N2	21 157	
3	<b>Total</b>	<b>N3</b>		<b>210 626</b>

#### Notes

- N1:** Aggregation of systematic components of CVA risk: RWA under perfect correlation assumption ( $\sum cSCVAc$ ) as per [MAR50.14].
- N2:** Aggregation of idiosyncratic components of CVA risk: RWA under zero correlation assumption ( $\sqrt{\sum cSCVAc^2}$ ) as per [MAR50.14].
- N3:** The bank does not enter into any CVA hedge.

## 4. 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.

### *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 215.24% as at 31 December 2025. The portfolio of high-quality liquid assets (HQLA) increased by 10.74% from the prior reporting date and mainly due to increased Treasury Bills portfolio this led to an increased LCR in H2 2025. 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 2025, NSFR was reported at 158.91%, NSFR increased in H2 2025 and mainly due to increased term funding (=>1 year), 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 2025

R' 000 At 31 December 2025		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	<6 months	6 months to <1 year	≥1 Year	Weighted value
<b>Available stable funding (ASF) item</b>						
1	Capital:	7 843 524				7 843 524
2	<i>Regulatory capital</i>	7 843 524				7 843 524
3	<i>Other capital instruments</i>					
4	Retail deposits and deposits from small business customers:	-	20 465	3 008	-	21 197
5	<i>Stable deposits</i>		1 434			1 362
6	<i>Less stable deposits</i>		19 031	3 008		19 835
7	Wholesale funding:		30 298 419	3 049 964	5 744 824	13 328 441
8	<i>Operational deposits</i>					
9	<i>Other wholesale funding</i>		30 298 419	3 049 964	5 744 824	13 328 441
10	Liabilities with matching interdependent assets					
11	Other liabilities:		82 668	12 789	27 403	31 881
12	<i>NSFR derivative liabilities</i>			9 956		
13	<i>All other liabilities and equity not included in the above categories</i>		74 628	12 789	25 486	31 881
14	<b>Total ASF</b>					21 225 043
15	Total NSFR high-quality liquid assets (HQLA)					989 924
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:	-	11 863 813	838 604	10 094 103	11 756 130
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>					
19	<i>Performing loans to financial institutions secured by non- Level 1 HQLA and unsecured performing loans to financial institutions</i>		11 851 957	-	6 487 457	8 265 251
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>		11 856	838 604	3 606 646	3 490 879
21	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>		-	-	-	-
25	Assets with matching interdependent liabilities					
26	Other assets:	-	238394	-	354 906	352 990
27	<i>Physical traded commodities, including gold</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29	<i>NSFR derivative assets</i>		238 394	-	107 724	105 807
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31	<i>All other assets not included in the above categories</i>				247 182	247 183
32	Off-balance sheet items				5 138 589	257 875
33	<b>Total RSF</b>					13 356 920
34	<b>Net Stable Funding Ratio (%) N1</b>					<b>158.91%</b>

**Notes**

N1: The NSFR was within the regulatory requirement and internal appetite during the reporting period. The increase in NSFR from H1 to H2 is mainly due to increased ASF.

LIQ2: Net Stable Funding Ratio (NSFR) Q3 2025

R' 000 At 30 September 2025		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	<6 months	6 months to <1 year	≥1 Year	Weighted value
<b>Available stable funding (ASF) item</b>						
1	Capital:	7 720 962	-	-	-	7 720 962
2	Regulatory capital	7 720 962				7 720 962
3	Other capital instruments					
4	Retail deposits and deposits from small business customers:	-	22 735	2 435	-	22 730
5	Stable deposits		1 431	100	-	1 455
6	Less stable deposits		21 304	2 335	-	21 275
7	Wholesale funding:	-	26 405 090	5 238 668	6 833 062	14 503 352
8	Operational deposits					
9	Other wholesale funding		26 405 090	5 238 668	6 833 062	14 503 352
10	Liabilities with matching interdependent assets					
11	Other liabilities:		285 183	13 275	28 073	34 367
12	NSFR derivative liabilities			6 463		
13	All other liabilities and equity not included in the above categories		279 406	12 590	28 073	34 367
14	<b>Total ASF</b>					22 281 411
15	Total NSFR high-quality liquid assets (HQLA)					806 736
16	Deposits held at other financial institutions for operational purposes	-				
17	Performing loans and securities:	-	10 583 921	2 469 021	11 677 204	13 832 224
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		10 568 154	2 469 021	7 193 226	10 012 960
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:		15 767	-	4 483 977	3 819 264
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:	-	216 515	73 392	385 038	385 040
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		216 515	73 392	130 581	130 581
30	NSFR derivative assets before deduction of variation margin posted					
31	All other assets not included in the above categories	-			231 970	254 458
32	Off-balance sheet items				5 010 626	251 145
33	<b>Total RSF</b>					15 275 145
34	<b>Net Stable Funding Ratio (%)</b>					<b>145.87%</b>

## 5. 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 Interest Rate Risk in the Banking Book (IRRBB) framework refers to currency specific scenarios for both earnings at risk and Economic Value of Equity (EVE). Foreign currencies are deemed significant when representing > 5% of total assets and/or liabilities; as end of December 2025, USD was identified as the only significant foreign currency. The sensitivity analysis is based on sensitivity of interest-bearing financial instruments as of 31 December 2025.

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).

As of 31 December 2025, the following stressed results are applied considering derivative instruments, which have an overall positive impact on SOT, reducing overall IRRBB exposure:

- ❖ NII: a parallel increase and decrease of interest rate (currency specific) would respectively decrease NII by R596 907 (-72.91% of 12-months forecasted NII; representing 7.67% of Tier 1 capital) and increase NII by R549 914 (+67.17% of 12-months forecasted NII; representing 7.07% 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 R112 385 (-1.44% 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 2025.

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

## 6. 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;
- ❖ Currency 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 Revised Market Risk Framework (encompassed within the FRTB Framework) has been implemented since the 1<sup>st</sup> of July 2025. The Standardised Approach is used for calculating the market risk capital requirement as per the regulations. CCB-JHB has received regulatory approval for one trading desk which is the FX trading desk, of which main purpose is to manage currency risk at Branch level; i.e. hedging currency risk born by on and off-balance sheet exposures with FX derivatives. The calculation relies on the Sensitivity Based Method (SBM) to calculate capital requirements and applied to said trading desk.

The change of methodology leads to increased capital requirement for market risk, the capital increase is absorbed by existing capital supply. As of 31 December 2025, market risk RWA increased from R 6 369 to R292 287 (+4489.21%).

As part of the PA initiative, regular post implementation assessments and prudential meetings have/are scheduled to monitor overall FRTB implementation and possible pain points.

During H2 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 31 December 2025		a
		Capital charge in standardised approach
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	33 613
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	<b>Total</b>	<b>33 613</b>

**Notes**

The change of methodology leads to increased capital requirement for Market Risk.

## 7. 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 New Standardised Approach since the 1<sup>st</sup> of July 2025 for the assessment of regulatory capital; the calculation is based on a series of regulatory components, indicator and Internal Loss Multiplier (ILM) that are applied to gross income over the last three years.

Operational risk capital requirement increased marginally from H1 2025 to H2 2025.

No material operational losses occurred in H2 2025.

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