

**China Construction Bank Corporation,
Johannesburg Branch**

Basel Pillar III
Quarter 1 Disclosure Report
31 March 2023

OV1: Overview of RWA

| R' 000 | | Notes | a | b | c |
|--------|---|-------|-----------------------|------------|------------------------------------|
| | | | Risk –weighted assets | | Minimum capital requirements N1 |
| | | | 31-Mar-23 | 31-Dec-22 | 31-Mar-23 |
| 1 | Credit risk (excluding counterparty credit risk) | N2 | 15,601,489 | 12,618,826 | 1,794,171 |
| 2 | Of which: standardised approach (SA) | | 15,601,489 | 12,618,826 | 1,794,171 |
| 3 | Of which: foundation internal ratings-based (F-IRB) approach | | - | - | - |
| 4 | Of which: supervisory slotting approach | | - | - | - |
| 5 | Of which: advanced internal ratings-based (A-IRB) approach | | - | - | - |
| 6 | Counterparty credit risk (CCR) | | 876,085 | 919,350 | 100,750 |
| 7 | Of which: standardised approach for counterparty credit risk | | 876,085 | 919,350 | 100,750 |
| 8 | Of which: Internal Model Method (IMM) | | - | - | - |
| 9 | Of which: other CCR | | - | - | - |
| 10 | Credit valuation adjustment (CVA) | | 497,771 | 522,354 | 57,244 |
| 11 | Equity positions under the simple risk weight approach | | 8,400 | 8,400 | 966 |
| 12 | Equity investments in funds - look-through approach | | - | - | - |
| 13 | Equity investments in funds - mandate-based approach | | - | - | - |
| 14 | Equity investments in funds - fall-back approach | | - | - | - |
| 15 | Settlement risk | | - | - | - |
| 16 | Securitisation exposures in the banking book | | - | - | - |
| 17 | Of which: securitisation internal ratings-based approach (SEC-IRBA) | | - | - | - |
| 18 | Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach | | - | - | - |
| 19 | Of which: securitisation standardised approach (SEC-SA) | | - | - | - |
| 20 | Market risk | | 9,670 | 12,101 | 1,112 |
| 21 | Of which: standardised approach (SA) | | 9,670 | 12,101 | 1,112 |
| 22 | Of which: internal model approaches (IMA) | | - | - | - |
| 23 | Capital charge for switch between trading book and banking book | | - | - | - |
| 24 | Operational risk | | 1,554,795 | 1,473,988 | 178,801 |
| 25 | Amounts below thresholds for deduction (subject to 250% risk weight) | | 195,435 | 181,463 | 22,475 |
| 26 | Floor adjustment | | - | - | - |
| 27 | Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26) | N3 | 18,743,645 | 15,736,482 | 2,155,519 |

Notes

N1: Minimum capital requirements: South African base minima (9%) + conservation buffer (2.5%).

N2: Credit risk: The increase in credit risk is as a result of new bilateral and syndicated term loans granted to clients.

N3: Total: The increase in total risk weighted assets is mainly as a result of an increase in credit risk.

KM1: Key Metrics

| R'000 Notes | | a | b | c | d | e |
|----------------|--|------------|------------|------------|------------|------------|
| | | 31-Mar-23 | 31-Dec-22 | 30-Sept-22 | 30-June-22 | 31-Mar-22 |
| | Available capital (amounts) | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 6,346,188 | 6,248,228 | 5,999,366 | 5,955,698 | 5,838,782 |
| 1a | Fully loaded ECL accounting model | 6,346,188 | 6,248,228 | 5,999,366 | 5,955,698 | 5,838,782 |
| 2 | Tier 1 | 6,346,188 | 6,248,228 | 5,999,366 | 5,955,698 | 5,838,782 |
| 2a | Fully loaded accounting model Tier 1 | 6,346,188 | 6,248,228 | 5,999,366 | 5,955,698 | 5,838,782 |
| 3 | Total capital | 6,468,821 | 6,357,329 | 6,104,222 | 6,042,562 | 5,916,681 |
| 3a | Fully loaded ECL accounting model total capital | 6,468,821 | 6,357,329 | 6,104,222 | 6,042,562 | 5,916,681 |
| | Risk-weighted assets (amounts) | N1 | | | | |
| 4 | Total risk-weighted assets (RWA) | 18,743,645 | 15,736,482 | 10,328,456 | 8,773,690 | 7,991,333 |
| | Risk-based capital ratios as a percentage of RWA | N2 | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 33.86% | 39.71% | 58.09% | 67.88% | 73.06% |
| 5a | Fully loaded ECL accounting model CET1 (%) | 33.86% | 39.71% | 58.09% | 67.88% | 73.06% |
| 6 | Tier 1 ratio (%) | 33.86% | 39.71% | 58.09% | 67.88% | 73.06% |
| 6a | Fully loaded ECL accounting model Tier 1 ratio (%) | 33.86% | 39.71% | 58.09% | 67.88% | 73.06% |
| 7 | Total capital ratio (%) | 34.51% | 40.40% | 59.10% | 68.87% | 74.04% |
| 7a | Fully loaded ECL accounting model total capital ratio (%) | 34.51% | 40.40% | 59.10% | 68.87% | 74.04% |
| | Additional CET1 buffer requirements as a percentage of RWA | N3 | | | | |
| 8 | Capital conservation buffer requirement (2.5% from 2019) (%) | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| 9 | Countercyclical buffer requirement (%) | 0.05% | 0.05% | 0.00% | 0.00% | 0.00% |
| 10 | Bank D-SIB additional requirements (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10) | 2.55% | 2.55% | 2.50% | 2.50% | 2.50% |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%) | 25.94% | 31.78% | 50.21% | 60.01% | 65.19% |
| | Basel III Leverage Ratio | | | | | |
| 13 | Total Basel III leverage ratio measure | 44,241,796 | 44,999,495 | 39,590,652 | 35,042,040 | 33,905,165 |
| 14 | Basel III leverage ratio (%) (row 2/row 13) | 14.34% | 13.89% | 15.15% | 17.00% | 17.22% |
| 14a | Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13) | 14.34% | 13.89% | 15.15% | 17.00% | 17.22% |
| | Liquidity Coverage Ratio | N4 | | | | |
| 15 | Total HQLA | 21,963,108 | 19,193,896 | 8,113,665 | 6,239,281 | 6,224,075 |
| 16 | Total net cash outflow | 7,976,972 | 10,107,118 | 2,369,719 | 2,309,841 | 2,005,275 |
| 17 | LCR ratio (%) | 275.33% | 189.90% | 342.39% | 270.12% | 310.39% |
| | Net Stable Funding Ratio | | | | | |
| 18 | Total available stable funding | 21,485,621 | 18,917,824 | 21,497,824 | 19,149,426 | 18,379,656 |
| 19 | Total required stable funding | 14,364,408 | 13,652,698 | 9,933,979 | 7,998,861 | 7,885,067 |
| 20 | NSFR ratio (%) | 149.58% | 138.56% | 216.41% | 239.40% | 233.09% |

Notes

N1: Risk weighted assets: Please refer to OV1.

N2: Risk-based capital ratios as a percentage of RWA: The decrease is as a result of increases in credit risk (please refer to OV1).

N3: Additional CET1 buffer requirements as a percentage of RWA: The decrease is as a result of increases in credit risk.

N4: The LCR reported in KM1 is the quarter-end LCR as indicated below in the LIQ1 this is prepared on different basis and therefore will not agree.

N5: Total net cash outflow: The decrease is as a result of a decrease in deposits and placements from banks.

N6: LCR ratio: The increase is as a result of an increase in total HQLA and a decrease in total net cash outflows.

**LR1: Summary comparison of accounting assets vs leverage
ratio exposure method**

| R'000 | Notes | a ^{N1} |
|----------|---|-------------------|
| 1 | Total consolidated assets as per published financial statements* | 42,511,002 |
| 2 | Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory | - |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | - |
| 4 | Adjustments for derivative financial instruments | -785,220 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | - |
| 6 | Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 2,516,293 |
| 7 | Other adjustments | -279 |
| 8 | Leverage ratio exposure measure | 44,241,796 |

*consolidated assets as per submitted BA returns

Notes

N1: Please note that KM1 above contains the comparatives of the Leverage Ratio Exposure measure in aggregate, reference should be made to that disclosure.

LR2: Summary comparison of accounting assets vs leverage

| R'000 | | Notes | a | b |
|--|---|-------|-------------------|-------------------|
| | | | 31-Mar-23 | 31-Dec-22 |
| On-balance sheet exposures | | | | |
| 1 | On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) | | 41,178,951 | 42,226,419 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | | -279 | -358 |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2) | | 41,178,672 | 42,226,061 |
| Derivative exposures | | | | |
| 4 | Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) | | 485,548 | 474,242 |
| 5 | Add-on amounts for PFE associated with <i>all</i> derivatives transactions | | 339,293 | 384,722 |
| 6 | Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework | | - | - |
| 7 | (Deductions of receivable assets for cash variation margin provided in derivatives transactions) | | -278,010 | - |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | | - | - |
| 9 | Adjusted effective notional amount of written credit derivatives | | - | - |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | | - | - |
| 11 | Total derivative exposures (sum of rows 4 to 10) | N1 | 546,831 | 858,964 |
| Securities financing transactions | | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | | - | - |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | | - | - |
| 14 | CCR exposure for SFT assets | | - | - |
| 15 | Agent transaction exposures | | - | - |
| 16 | Total securities financing transaction exposures (sum of rows 12 to 15) | | - | - |
| Other off-balance sheet exposures | | | | |
| 17 | Off-balance sheet exposure at gross notional amount | | 5,032,586 | 3,828,940 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | | -2,516,293 | -1,914,470 |
| 19 | Off-balance sheet items (sum of rows 17 and 18) | N2 | 2,516,293 | 1,914,470 |
| Capital and total exposures | | | | |
| 20 | Tier 1 capital | | 6,346,188 | 6,248,228 |
| 21 | Total exposures (sum of rows 3, 11, 16 and 19) | | 44,241,796 | 44,999,495 |
| Leverage ratio | | | | |
| 22 | Basel III leverage ratio | | 14.34% | 13.89% |

Notes

N1: Derivative exposures: The decrease is as a result of fair value movements in currency swaps resulting from exchange rate fluctuations.

N2: Off-balance sheet items: The increase is as a result of new committed facilities granted to clients and not yet drawdown.

LIQ1: LIQUIDITY COVERAGE RATIO (LCR)

| R'000 | | Notes | a | b |
|-----------------------------------|---|-------|-------------------------------------|-----------------------------------|
| | | | Total unweighted value (average) | Total weighted value (average) |
| High-Quality Liquid Assets | | | | |
| 1 | Total HQLA | | | 17,993,677 |
| Cash outflows | | | | |
| 2 | Retail deposits and deposits from small business | | 52,787 | 2,690 |
| 3 | Stable deposits | | - | - |
| 4 | Less stable deposits | | 52,787 | 2,690 |
| 5 | Unsecured wholesale funding, of which: | | 32,107,873 | 10,179,480 |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | | - | - |
| 7 | Non-operational deposits (all counterparties) | | 32,107,873 | 10,179,480 |
| 8 | Unsecured debt | | - | - |
| 9 | Secured wholesale funding | | | - |
| 10 | Additional requirements, of which: | | 4,227,877 | 749,080 |
| 11 | Outflows related to derivative exposures and other collateral requirements | | 212,252 | 212,252 |
| 12 | Outflows related to loss of funding of debt products | | - | - |
| 13 | Credit and liquidity facilities | | 4,015,625 | 536,828 |
| 14 | Other contractual funding obligations | | 10,199 | 510 |
| 15 | Other contingent funding obligations | | - | - |
| 16 | TOTAL CASH OUTFLOWS | | | 10,931,760 |
| Cash inflows | | | | |
| 17 | Secured lending (e.g. reverse repo) | | - | - |
| 18 | Inflows from fully performing exposures | | 6,528,161 | 6,522,289 |
| 19 | Other cash inflows | | 902,632 | 902,632 |
| 20 | TOTAL CASH INFLOWS | | 7,430,793 | 7,424,921 |
| | | | | Total adjusted value |
| 21 | Total HQLA | | | 17,993,677 |
| 22 | Total net cash outflows | N2 | | 3,823,290 |
| 23 | Liquidity coverage ratio | | | 549% |

Notes

N1: CCB-JHB has completed LIQ1 based on the requirements of BCBS 400 - "Pillar 3 disclosure requirements - consolidated and enhanced framework", which prescribes that this return must be presented on a simple daily average over the quarter. The Banks Act Directive 11/2022, which replaces Directive 7/2014, has been implemented and applied to the daily and monthly calculation from the effective date.

For reference the LCR ratio as at 31 March 2023 is 275%.

The number of data points used in the daily calculation is 90 days.

N2: Total net cash outflows does not equal total cash outflows less total cash inflows is due to the restriction on the cash inflows where it is limited to 75% of cash outflows for certain days in this quarter.

Note: the following tables as per Directive 1 of 2019 have not been included in the present disclosure due to the reasons as stated below.

| Explanation | Directive 1 of 2019: Quarterly Disclosure required tables per Annex 1 |
|---|---|
| CCB-JHB does not make use of the IMA and VaR estimates | MR2, MR3 |
| CCB-JHB does not make use of the IRB approach for measuring Credit Risk | CR8, CR7 |
| CCB-JHB does not make use of the IMM for measuring Counterparty Credit Risk | CCR7 |