Disclosure Report

China Construction Bank Corporation, Johannesburg Branch

Basel Pillar 3 Semi – Annual Disclosure Report December 2019

"A Better Bank

A Better Living"

CONTENTS

OVERVIEW....3
COMPOSITION OF CAPITAL....4
LIQUIDITY....9
CREDIT RISK....11
MARKET RISK....19

OVERVIEW

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 (including foreign branches) are obliged to publically report certain qualitative and quantitative information with regards to their risk profile and capital adequacy on a regular basis 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). The Branch concentrates on offering wholesale products and services to the South African business community. The Branch also promotes bi-lateral trade and investment between China, South Africa and the Southern African Development Community.

Financial position[1]

As at the end of December 2019 the financial position of the Branch was as follows:

- Total assets R 39 009 886
- Total liabilities R 34 012 176
- Total equity R 4 997 710

Total assets increased by 9.95% compared to 30 June 2019. This increase is as a result of new purchases of high-quality liquid assets as at 31 December 2019.

Financial performance

As at the end of December 2019, the Branch reported a net profit after tax of R 208 248. Operating revenue is behind on budget which is a result of revaluation losses incurred on interest rate swaps.

[1] Note: where applicable all figures are reported in R'000's

Capital adequacy

In terms of the requirements of the Banks Act and the Regulations, the Branch has met the minimum capital requirements for the period under review.

The minimum capital requirements are defined by the following capital adequacy ratio namely:

- Common Equity tier 1 capital as a percentage of risk-weighted assets;
- Tier 1 capital as a percentage of risk-weighted assets; and
- Total qualifying capital as a percentage of risk-weighted assets.

The Branch assesses the capital adequacy by considering the resources necessary to cover unexpected losses arising from risks, being those which it chooses to accept (such as credit and market risk), and risks which may arise in the operations environment. The capital management framework and related policies of the Branch together with the Internal Capital Adequacy Assessment Process (ICAAP) define capital management strategy within CCB-JHB.

This ensures that the Branch's level of capital:

- remains sufficient to support the Branch's risk profile and outstanding commitments;
- exceeds the Branch's minimum regulatory capital requirements by an appropriate buffer;
- is capable of withstanding a severe economic downturn stress scenario; and
- remains consistent with the Branch's strategic and operational goals, and CCB Group's expectations.

As at 30 December 2019, the Branch reported a capital adequacy of 28.83%. The change in capital adequacy is mainly as a result of a change in composition of credit risk.

CC1: COMPOSITION OF REGULATORY CAPITAL

R' 000
At 31 December 2019

		Note s	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		1,612,068	BA 700 Line 29
3	Accumulated other comprehensive income (and other reserves)		-	
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**		4,997,710	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments		-	
8	Goodwill (net of related tax liability)		-	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		684	BA 700 Line 102
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**		684	
29	**Common Equity Tier 1 capital (CET1)**		4,997,026	
	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		-	

R' 000
At 31 December 2019

		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)**		4,997,026	
	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	N1	66,594	BA 700 Line 83
51	**Tier 2 capital before regulatory adjustments**		66,594	
	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)		-	
54 a	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)**	N2	66,594	
59	**Total regulatory capital (TC = T1 + T2)**		5,063,620	
60	**Total risk-weighted assets**		17,560,711	
	Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	N3	28.46%	BA 700 Line 18 Col 1
62	**Tier 1 (as a percentage of risk-weighted assets)**	N4	28.46%	BA 700 Line 18 Col 2
63	**Total capital (as a percentage of risk-weighted assets)**		28.83%	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)**		2.50%	
65	**Of which: capital conservation buffer requirement**		2.50%	BA 700 Line 16
66	**Of which: bank-specific countercyclical buffer requirement**		0.00%	
67	**Of which: higher loss absorbency requirement**			
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**		20.58%	
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		7.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)		9.25%	
71	National total capital minimum (if different from Basel III minimum)		11.50%	
	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)		-	
	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)		-	

R' 000
At 31 December 2019

			a	b
			Amounts	**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		-	
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: Provisions: The increase is as a result of updates to ECL model.

N2: Total regulatory adjustments to Tier 2 capital: Please see N1 above.

N3: Common Equity Tier 1 (as a percentage of risk-weighted assets): The decrease is as a result of an increase in risk weighted assets resulting from new drawdowns of loans and advances in the second half of 2019.

N4: Tier 1 (as a percentage of risk-weighted assets): The decrease is as a result of increase in risk weighted assets from increases in credit risk whereas qualifying capital has remained stable.

CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

R' 000
At 31 December 2019

		a
		Quantitative/Qualitative Information
1	Issuer	All capital is issued at group level
2	Unique identifier (eg 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 5 064 million
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]
17	Coupons / dividends	[NA]
18	Fixed or floating dividend/coupon	[NA]
19	Coupon rate and any related index	[NA]
20	Existence of a dividend stopper	[NA]
21	Fully discretionary, partially discretionary or mandatory	No
22	Existence of step-up or other incentive to redeem	Non-cumulative
23	Non-cumulative or cumulative	Non-convertible
24	Convertible or non-convertible	[NA]
25	If convertible, conversion trigger(s)	[NA]
26	If convertible, fully or partially	[NA]
27	If convertible, conversion rate	[NA]
28	If convertible, mandatory or optional conversion	Common Equity Tier 1]
29	If convertible, specify instrument type convertible into	[NA]
30	If convertible, specify issuer of instrument it converts into	No
31	Writedown feature	[NA]
32	If writedown, writedown trigger(s)	[NA]
33	If writedown, full or partial	[NA]
34	If writedown, permanent or temporary	[NA]
34a	If temporary write-own, description of writeup mechanism	[NA]
35	Type of subordination	Head Office Capital
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	No
37	Non-compliant transitioned features	[NA]
	If yes, specify non-compliant features	[NA]

Notes

Line 8: Please refer to CC1 for the composition of regulatory capital.

LIQUIDITY

The net stable funding ratio has been met throughout 2019 and remains stable. As at 31 December 2019, the net stable funding ratio was reported as 121%

LIQ2: NET STABLE FUNDING RATIO (NSFR)

R' 000 At 31 December 2019		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:	4,997,710	-	-	-	4,997,710
2	*Regulatory capital*	4,997,710	-	-	-	4,997,710
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	44,913	15,916	-	54,746
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	-	44,913	15,916	-	54,746
7	Wholesale funding:	-	24,147,321	4,651,516	5,042,403	14,285,190
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	24,147,321	4,651,516	5,042,403	14,285,190
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	-	-	-	-
12	*NSFR derivative liabilities*		43,696			
13	*All other liabilities and equity not included in the above categories*	-	30,756	33,620	-	16,810
14	**Total ASF**					**19,354,456**
15	Total NSFR high-quality liquid assets (HQLA)					843,132
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	3,028,218	2,273,668	13,690,999	14,636,046
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*	-	2,857,984	1,572,925	8,986,990	10,202,150
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:*	-	170,234	700,743	4,704,010	4,433,896
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:	-	2,014,237	-	550,075	537,709
27	*Physical traded commodities, including gold*	-				-

R' 000 At 31 December 2019		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity*	<6 months	6 months to <1 year	≥1 Year	Weighted value
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	37,335	-
30	*NSFR derivative assets before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*	-	2,014,237	-	512,740	537,709
32	Off-balance sheet items		-	-	378,253	18,913
33	***Total RSF***					**16,035,800**
34	***Net Stable Funding Ratio (%)***					**121%**

Notes

The branch net stable funding ratio is stable according to the Branch's set tolerance threshold.

CREDIT RISK

The Branch considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Branch in full, without recourse by the Branch to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Branch. 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.

There have been no material movements between defaulted and non-defaulted exposure during the period.
During the period there was no material change in credit risk as seen in the tables below.

CR1: CREDIT QUALITY OF ASSETS

R' 000 At 31 December 2019		a	b	c	d	e	f	g	
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures				
		Defaulted exposures	Non-defaulted exposures	Allowances / impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)	
1	Loans	10,722	18,992,886	43,483	6,212	37,271	-	18,960,125	N1
2	Debt Securities	-	16,862,633	27,604	-	27,604	-	16,835,029	N2
3	Off-balance sheet exposures	-	379,088	1,720	-	1,720	-	377,368	N3
4	**Total**	**10,722**	**36,234,607**	**72,807**	**6,212**	**66,595**	**-**	**36,172,522**	

Notes

N1: Loans: The decrease is primarily as a result of short term intergroup placements not renewed.

N2: Debt securities: The increase is as a result of purchases in HQLA for liquidity management purposes.

N3: Off-balance sheet exposures: The decrease is as a result of increase utilisation in committed facilities.

CR2: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

	R'000	a
1	**Defaulted loans and debt securities at end of the previous reporting period**	11,778
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-1,056
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**10,722**

Notes

The decrease in defaulted exposure is as a result of repayments.

CR3: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

R' 000 At 31 December 2019		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	18,960,125	-	-	-	-	-	-
2	Debt securities	16,835,029	-	-	-	-	-	-
3	**Total**	**35,795,154**	-	-	-	-	-	-
4	Of which defaulted	10,722	-	-	-	-	-	-
		N1						

Notes

N1: Exposures unsecured: Please refer to CR1

CR4: STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS

R' 000 At 31 December 2019 Notes			a	b	c	d	e	f
			Exposures before CCF and CRM		**Exposures post CCF and post CRM**		**RWA and RWA density**	
	Asset classes		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		16,862,633	-	16,862,633	-	-	0%
2	Non-central government public sector entities		1,762,133	-	1,762,133	-	881,066	50%
3	Multilateral development banks							
4	Banks		9,234,789	153	9,234,789	77	5,131,171	56%
	Of which: securities firms and other financial institutions							
5	Covered bonds							
6	Corporates		8,649,559	378,100	8,640,375	76,726	8,717,101	100%
	Of which: securities firms and other financial institutions							
	Of which: specialised lending							
7	Subordinated debt, equity and other capital							
8	Retail							
9	Real estate		-		-		-	0%
	Of which: general RRE							
	Of which: IPRRE							
	Of which: general CRE							
	Of which: IPCRE							
	Of which: land acquisition, development and construction							
10	Defaulted exposures		10,722	-	10,722	-	2,255	21%
11	Other assets		2,541,848	-	2,541,848	-	526,927	21%
12	**Total**		39,061,684	378,253	39,052,500	76,803	15,258,519	

Notes

CR5: STANDARDISED APPROACH - EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

	R'000 At 31 December 2019	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	16,862,633	-	-	-	-	-	-	-	-	16,862,633
2	Non-central government public sector entities (PSEs)	-	-	-	-	1,762,133	-	-	-	-	1,762,133
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	1,623,435		2,733,747		586,523		4,291,160	-	-	9,234,866
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	8,717,101	-	-	8,717,101
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	10,722	-	-	-	-	10,722
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	2,014,921	-	-	-	-	-	526,927	-	-	2,541,848
14	**Total**	**20,500,989**	**-**	**2,733,747**	**-**	**2,359,378**	**-**	**13,535,188**	**-**	**-**	**39,129,303**

Notes

Please refer to CR4

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk arising from the possibility that the counterparty may default on amounts owed on a derivative transaction.

The Branch enters into a variety of derivative financial instruments to promote banking activities and for risk management purposes. Derivative financial instruments used by the Branch include Interest Rate Swaps, Foreign Exchange Swaps, Forward Exchange Contracts and Foreign Exchange Spot transactions. All derivative financial instruments are fair valued and counterparty credit risk exposure is calculated using the Current Exposure Method (CEM) and risk-weightings are based on the Standardised Approach as per the Regulations.

Credit Valuation Adjustment (CVA) capital requirement is calculated using the Standardised CVA Approach as per the Regulations.

The Branch does not conduct any proprietary trading.

The Branch has reported a fair value movement in derivative instruments of R 171 891 as a result of exchange rate fluctuations during the period.

CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH

		a	b	c	d	e	f
	R'000 At 31 December 2019	**Replacement cost**	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post CRM**	**RWA**
1	SA-CCR (for derivatives)	627,391	167,657		1.4	795,049	655,512
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**						**655,512**

Notes

N1: The counterparty credit risk exposure is calculated using the standardised method. The increase is as a result of fair value movements in currency swaps resulting from exchange rate fluctuations.

CCR2: CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE

		a	b
		EAD post CRM	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	655,511	372,173
4	Total subject to the CVA capital charge	655,511	372,173

Notes

Please refer to CCR1.

CCR3: STANDARDIZED APPROACH - CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS

R'000 At 31 December 2019	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	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	139,537	-	-	-	-	-	654,549	-	-	794,086
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	962	-	-	962
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	139,537	-	-	-	-	-	655,512			795,049

Notes

Please refer to CCR1.

CCR5: COMPOSITION OF COLLATERAL FOR CCR EXPOSURE

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
R'000	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
At 31 December 2019	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes

No collateral is currently used for CCR exposure.

CCR6: CREDIT DERIVATIVE EXPOSURES

R'000 At 31 December 2019	a Protection bought	b Protection sold
Notionals	-	-
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total notionals	-	-
Fair values	-	-
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

Notes

The Branch does not have any of the above derivatives

The Branch defines market risk as the risk of a potential impact on earnings as a result of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and trading liquidity.

The Branch's exposure to market risk primarily relates to foreign currency exchange rate risk in the banking book and is considered to be immaterial in relation to the total regulatory capital requirements of CCB-JHB as the Branch has a restricted open position limit.

Market risk capital requirement is calculated using the Standardised Approach as per the Regulations.

MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (SA)

	R'000	a
	At 31 December 2019	Capital charge in SA
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	532
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**	**532**

Notes

Market risk is not significant for the branch, as the branch does not have trading activities and holds low open positions.