Disclosure Report

China Construction Bank Corporation, Johannesburg Branch

Basel Pillar 3 Annual Disclosure Report December 2019

"A Better Bank

A Better Living"

CONTENTS

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, the Bank 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 as a result of revaluation losses incurred on interest rate swaps.

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

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA

TEMPLATE OVA: BANK RISK MANAGEMENT APPROACH

(a) How the business model determines and interacts with the overall risk profile (eg the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures) and how the risk profile of the bank interacts with the risk tolerance approved by the board.

The following information describes the Bank's strategy and how senior management and the executive assess and manage risks, as well as the bank's risk tolerance/appetite in relation to its main activities and significant risks.

- CCB-JHB has established a Risk Appetite Framework (RAF) in line with best practices and CCB Head Office requirements.
- The Risk Appetite Statement (RAS) of the Branch combine both CCB Head Office and local requirements which is then aligned to the existing strategy, this includes:
    - qualitative and quantitative statements;
    - key risks facing the bank; and
    - strategic and performance metrics.
- Monitoring has been delegated to the Risk, Compliance and Internal Control Committee (RCICC) and the Risk Management and Credit Approval Department (RMCAD) through, inter alia:
    - Quarterly reporting to RCICC;
    - Reporting of breaches to the Executive Management Committee (EXCO) and
    - RAS owners report monthly to the RMCAD.
- RAS's are reviewed and approved at least annually by the EXCO.
- CCB-JHB has established Key Risk Indicators (KRIs) across all departments, reporting is performed monthly and RMCAD monitors and reports current levels to RCICC. CCB Head Office provides CCB-JHB with Key Performance Indicators (KPIs) annually.

(b)The risk governance structure: responsibilities attributed throughout the bank (eg oversight and delegation of authority; breakdown of responsibilities by type of risk, business unit etc); relationships between the structures involved in risk management processes (eg board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function).

- The EXCO of CCB-JHB has established the following committees to manage, challenge and oversee risk within the bank, which including:
    - RCICC;
    - Asset & Liability Committee (ALCO);
    - Credit Committee (CC);
    - Remuneration Committee (REMCO); and
    - Audit Committee (AC).
- Terms of Reference are in place for each committee and are reviewed at least annually.

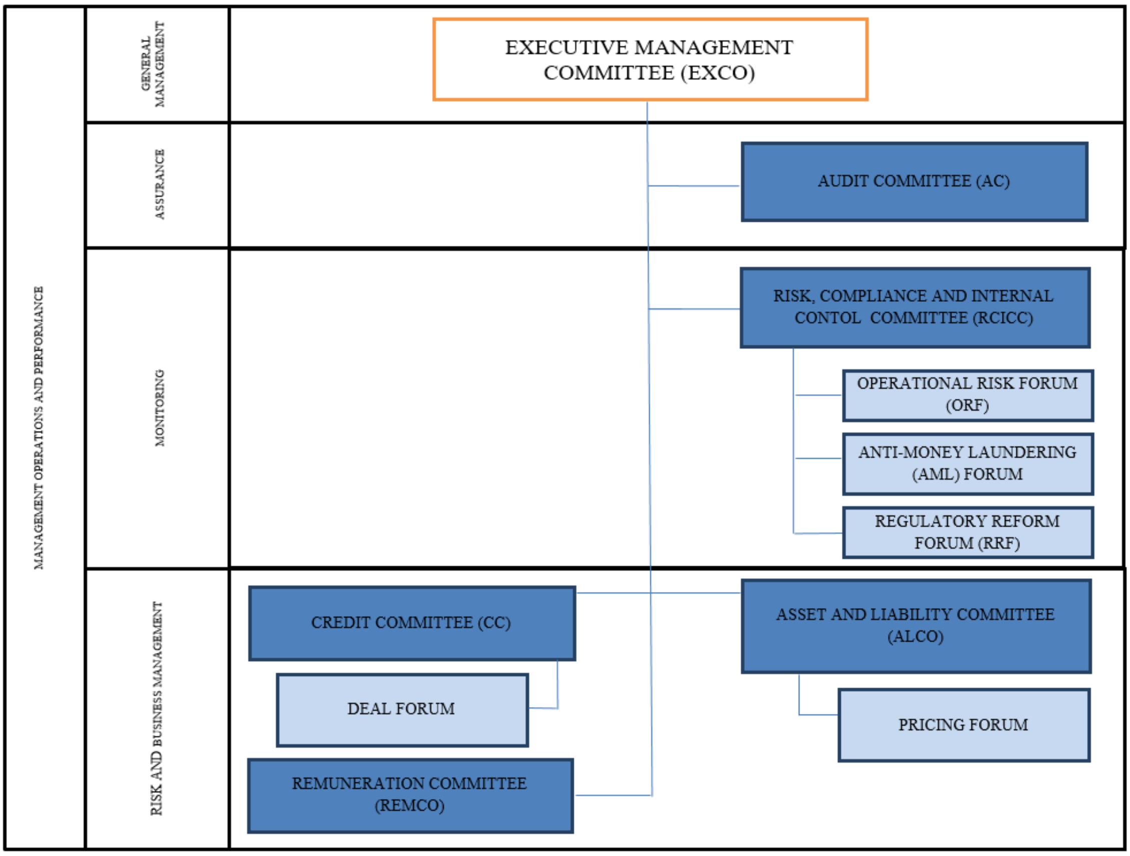


Figure 2: Committees and Forums 2019

- The EXCO of the Branch is responsible for:
  - reviewing risk reports and approving recommended improvements and, if necessary, adjusting the risk profile or risk appetite of the bank; and
  - formally approving any material management actions, taking into account the bank's risk tolerance levels.
- The RCICC of the Branch is responsible for:
  - ensuring that an integrated and effective Risk Management Framework is maintained throughout the bank; and
  - ensuring, in conjunction with the Compliance Department that the bank's business is conducted in accordance with the applicable laws and regulations.
  - The RCICC convenes at least once every quarter.
  - In addition, the RCICC has established three forums to assist it in its duties and responsibilities. The purposes of the forums are to make recommendations to the RCICC for ultimate decision making as the forums do not have decision making authority. The forums are as follows:
    - the Operational Risk Forum (ORF);
    - the Anti-Money Laundering (AML) Forum; and
    - the Regulatory Reform Forum (RRF) which was created in March 2020 for the purposes of ensuring the banks readiness for incoming regulatory reforms.
- In addition, management is expected to be engaged in, interrogate and be involved in all aspects of risk management, as well as to have a sound conceptual understanding of the bank's Risk Management Framework.

- The following diagram illustrates the RCICC structure and oversight.

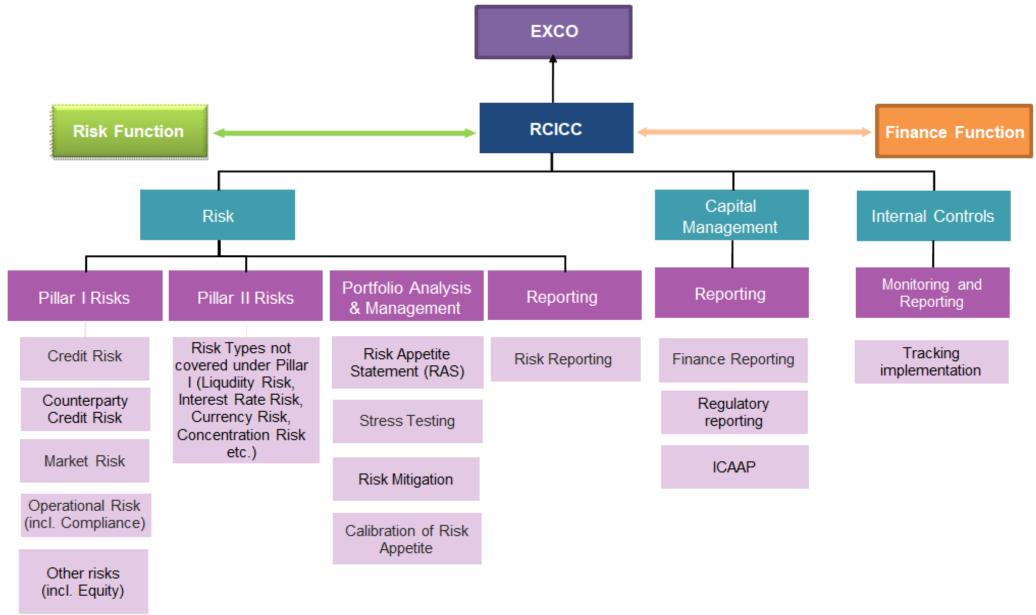


Figure 3: Risk Compliance and Internal Control Committee structure and oversight

- The CC of the Branch is responsible for:
  - matters relating to credit decisions, including loan approval matters and loan classifications (normal and special mention).

- A Deal Forum has been established to improve operational efficiencies by early identification of proposed credit limits and transactions that do not meet risk appetite criteria or presenting deficiencies.

- The ALCO of the Branch is responsible for:
  - managing market risk, counterparty credit risk (CCR), liquidity risk, foreign exchange risk, depositors' concentration risk, regulatory risk in terms of complying with prudential requirements (such as the liquidity ratios and 60/40 prudential ratio) and interest rate risk on the banking book (IRRBB); and
  - managing pricing of CCB-JHB's product and service offering as well as reviewing macroeconomic assumptions used across the bank.
- ALCO serves to provide strategic direction in terms of overall asset and liability mix and position-taking that would support business objectives while maintaining a sound financial position consistent with the bank's risk appetite.
- A Pricing Forum has been established to which ALCO has delegated internal pricing discussions.

- The AC of the Branch is responsible for:
  - working with both internal and external auditors to ensure audit findings/recommendations are implemented timeously and ensuring objectivity and credibility of the bank's financial reporting; and

- assisting to ensure that General Management has exercised due care, diligence, and skill as required by banking regulations.

- Non-performing assets management is performed by the Non-Performing Assets (NPA) Team which is mainly responsible for:
  - managing the NPAs of the Branch;
  - determining the appropriate level of impairments; and
  - assessing appropriate remedial actions.

(b) Channels to communicate, decline and enforce the risk culture within the bank (eg code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions).

- Clear reporting lines and escalation channels in terms of reporting to CCB Head Office, Executive Management, RMCAD and Compliance Department are well established
- The scope and risk reporting to committees are specified within the respective Terms of Reference
- Policies and Procedures from all departments are made available to all employees; updated at least annually and presented to RCICC/CC/REMCO involving all departments; breaches of Policies and Procedures are reported to RMCAD which would perform investigations and recommend corrective actions
- Risk incidents are reported to the Chief Risk Officer while material risk incidents are reported to Executive Management
- Risk and compliance culture is encouraged via various general/specific training provided to all employees

(d) The scope and main features of risk measurement systems.

- Risk measurement systems within CCB-JHB are a combination of CCB Head Office international and locally developed systems. These systems facilitate risk measurement and management as a whole; a summary of the main functions are presented in the table below:

Risk measurement systems	
Head-Office core banking system	- General Ledger system - Client profile system / clients database - Client transactions system - Credit limit monitoring - Risk monitoring and reporting tool - Interconnected systems
Middle and Back office system	- Bank deals- Bonds - End of Day process
Front end Treasury system	- Bank deals- Foreign Exchanges Swaps, Interest Rate Swaps, etc. - Treasury Limit monitoring - Containing modified and deleted deals - Audit trail

Reporting system (Head-Office)	- Reporting system linked to Head-Office core banking system - Generating automated reports - Generating adhoc reports as per specific request
Electronic Information Solutions	- Market data
Credit rating application (Head Office)	- Credit rating applications - Credit rating model - Credit rating reviews
External Rating database	- Database for – sector analysis, industry analysis, companies analysis and external ratings
Regulatory reporting platform	- Regulatory reporting - Monitoring prudential requirements - Preparing risk reporting - Extract data for risk reporting
AML systems	- Screening of Swift messages - Name screening - Transaction monitoring

(e) Description of the process of risk information reporting provided to the board and senior management, in particular the scope and main content of reporting on risk exposure.

- The Risk Register consists of a list of identified risks. The overall risk score is used to classify the risks so that the most significant risks are identified. Each risk is assigned to a Risk Owner with identified mitigating actions. The Risk Register is updated at least annually or as requested and is approved by the RCICC.
- In addition, reports on all significant risks are performed and submitted to the CCB Head Office, the various committees of the Branch and CCB-JHB Executive Management. Risk reporting processes are requested to comply with the Risk Data Aggregation and Risk Reporting (RDARR) Framework of the bank.

(f) Qualitative information on stress testing (eg portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management).

- The Stress Testing Framework defines the process of:
  - Identifying and defining potential extreme adverse future economic scenarios, which are considered to be severe yet plausible;
  - Measuring the sensitivity of the bank's risk portfolios to changes in the economic variables associated with the defined stress scenarios;
  - Comparing the results of the stress testing to board-approved risk appetite levels and taking management actions should the results of the stress tests exceed risk appetite;
  - Assessing the impact on prudential ratios for ICAAP and recommending internal buffers; and
  - Defining triggers for the Recovery Plan.

- The RMCAD of the Branch is responsible for:
  - Scenario definitions after consultation with relevant risk owners;
  - Sensitivity stress testing definitions after consulting with relevant risk owners;
  - Performing stress testing exercise;

- Presenting variables and results of stress testing to RCICC; specific scenarios and sensitivities setting and analysis can be delegated to other committees such as credit risk and liquidity risk is delegated to CC and ALCO respectively;
- Coordinating and presenting available management actions to mitigate the impact of scenarios/sensitivity analysis;
- Incorporating stress testing results into the ICAAP and Recovery Plan; and
- Liaising with Regulators and Head Office on stress testing.

- The stress testing framework covers the following types of tests:
  - Stresses demonstrating the effect of risks on CCB-JHB's earnings over a period;
  - Stresses and scenarios that demonstrate the effect of risks on CCB-JHB's liquidity;
  - Stresses that consider the effect of risks on CCB-JHB's capital; and
  - Scenarios of significant macroeconomic or operational events that may affect earnings, capital and liquidity.
- These tests include a variety of techniques, for example stressing key drivers to illustrate the effects on earnings or capital, and consideration of scenarios and macroeconomic events that might affect the liquidity of the Bank.
- The scope and severity of the stresses and scenarios vary according to their purpose but have the overall aim of demonstrating to Executive Management the risks that have been taken on by the bank and consider them in the bank's risk appetite.
- CCB-JHB has established a Risk Management Framework (RMF) to ensure that risks are managed in a co-ordinated, comprehensive and systematic manner that is in line with CCB Head Office requirements, South African laws and regulation, and is consistent with internationally accepted standards and guidelines.
- The RMF regulates all risk management initiatives and activities, and facilitates their alignment with the Bank's strategic and operational objectives to ensure that the risks threatening the achievement of these objectives are adequately and effectively managed at acceptable levels.

(g) The strategies and processes to manage, hedge and mitigate risks that arise from the bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants.

- CCB-JHB is governed by a local Executive Management team and CCB Head Office.
  - Risks are primarily managed by the business unit who carry primary responsibility for risks within their units. Accountability and responsibility for risk management remains with the bank's Executive and Senior Management as well as every employee.
  - The bank operates its business on the "Three Lines of Defence" principle, and has adopted the three lines of defence model to identify, manage, controls, report and challenge risk. The first line represented by business units and supporting functions, the second line represented by the RMCAD and Compliance Department and the third line represented by assurance functions.
  - CCB-JHB comprehensive risk management process involves identifying, quantifying, managing and mitigating, reporting (through the risk register and established set of reports) and challenging the risks associated with each of CCB-JHB businesses. Risk awareness, controls and compliance are embedded in all daily activities.
  - The bank's RMCAD monitors, manages and reports the risks to ensure it is within the stated risk appetite as approved by EXCO. The RMCAD monitors and controls risk exposure through relevant departments for example Credit Management, Middle-Office and Treasury.

- CCB-JHB has established a process for identifying material risks. One of the Bank's core principles is to address the identification of own risk profile, assign ownership and a team to support the management of material risks.

- The bank has identified the following risk types that are significant to CCB-JHB:
  - Credit risk;
  - Counterparty Credit Risk (CCR) (Purely from derivatives exposure);
  - Market risk;
  - Operational risk (including property, people and other risks);
  - Liquidity risk;
  - Interest Rate Risk on the Banking Book (IRRBB);
  - Depositors 'concentration risk;
  - Reputation risk;
  - Business and Strategic risk;
  - Country risk;
  - Counterparty risk (Default risk);
  - Credit Concentration risk;
  - Compliance risk (including AML/CFT);
  - Solvency risk;
  - Business Continuity risk;
  - IT Risk (including Cyber Security risk);
  - Third-Party risk; and
  - Macroeconomic risk.

- Executive Management with the assistance of key business functions / persons (responsible parties), manage and monitor risks within CCB-JHB.
- The bank has a risk register that captures risk information following a "bottom-up" approach within each risk / business area. The risk register is the bank's primary tool for tracking its risks and assists the bank in understanding the current risk level of each risk captured and any mitigating actions that will be required going forward.
- The second step in the risk management process once the risk has been identified is the assessment / rating of the risk. During this process the risk has to be rated in terms of likelihood and impact of the risk before controls have been implemented, as well as rating the risk mitigation currently in place. The results of these ratings (Inherent Risk Rating and Control Rating) will result in a calculated Residual Risk Rating.

- Risk Mitigation, depending on the risk type, may include techniques such as:
  - ensuring that appropriate insurance policies are in place;
  - upgrading processes and IT systems to control operational risk (IT risk, Cyber risk etc.);
  - hedging against market risk (Foreign exchange, interest rates etc.);
  - holding collateral/guarantees against a credit risk;
  - operating at set internal buffers to avoid any limit breach (internal or regulatory);
  - contingency source of funding / liquidity;
  - Terms and Conditions for conducting business;
  - ongoing monitoring and assessment of internal controls to reduce operational risk;
  - conducting various training;
  - establishing sound policies and procedures; and
  - establishing codes of conduct and ethics to mitigate risks such as reputation risk.

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

TABLE LI1 – DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

	a	B	C	d	e	f	G
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash equivalents	2,016,504	2,014,237	2,014,237	-	-	-	-
Loans and advances to banks	8,550,109	8,552,893	8,552,893	-	-	-	-
Loans and advances to customers	10,405,511	10,405,512	10,405,512	-	-	-	-
Derivative financial instruments	627,390	627,391	-	627,391	-	-	-
Interest - bearing securities	16,835,030	16,835,030	16,835,030	-	-	-	-
Investment in associate	-	-	-	-	-	-	-
Taxation receivable	-	-	-	-	-	-	-
Other assets	363,388	363,875	363,875	-	-	-	-
Deferred taxation asset	47,213	47,213	-	-	-	-	47,213
Right of use assets	1 005	-	-	-	-	-	-
Property, plant and equipment	163,736	163,735	163,735	-	-	-	-
Total assets	**39,009,886**	**39,009,886**	**38,335,282**	**627,391**	-	-	**47,213**

Liabilities							
Bank overdraft	358,018						
Deposits from banks	13,559,244	13,917,262	-	-	-	-	13,917,262
Deposits from customers	19,984,808	19,984,807	-	-	-	-	19,984,807
Derivative financial instruments	45,729	45,730	-	45,730	-	-	-
Provisions	20,033	-	-	-	-	-	-
Tax payable	3,436	3,436	-	-	-	-	3,436
Other liabilities	39,839	60,941	-	-	-	-	60,941
Lease liabilities	1,068	-	-	-	-	-	-
Total liabilities	**34,012,175**	**34,012,176**	-	**45,730**	-	-	**33,966,446**

Instructions
Rows
The rows must strictly follow the balance sheet presentation used by the bank in its financial reporting.
Columns
If a bank's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged.
The breakdown of regulatory categories (c) to (f) corresponds to the breakdown prescribed in the rest of the present document, ie column (c) corresponds to the carrying values of items other than off-balance sheet items reported in Part 4 below; column (d) corresponds to the carrying values of items other than off-balance sheet items reported in Part 5 below, column (e) corresponds to carrying values of items in the banking book other than off-balance sheet items reported in Part 6 below; and column (f) corresponds to the carrying values of items other than off-balance sheet items reported in Part 7 below.
Column (g) includes amounts not subject to capital requirements according to the Basel framework or subject to deductions from regulatory capital.
Note: where a single item attracts capital charges according to more than one risk category framework, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b)

TABLE LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

	A	B	C	d	e
		Items subject to:			
	Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1. **Asset carrying value amount under scope of regulatory consolidation (as per li1)**	39,009,886	38,335,282	-	627,391	-
2. **Liabilities carrying value amount under regulatory scope of consolidation (as per li1)**	45,730	-	-	45,730	-
3. **Total net amount under regulatory scope of consolidation**	38,964,156	38,335,282	-	581,661	-
4. **Off-balance sheet amounts**	379,088	76,803	-	-	-
5. **Differences in valuations**	-	-	-	-	-
6. **Differences due to different netting rules, other than those already included in row 2**	-	-	-	-	-
7. **Differences due to consideration of provisions**	-	-	-	-	-
8. **Differences due to prudential filters**	-	-	-	-	-
9. **Exposure amounts considered for regulatory purposes**	39,343,244	38,412,085	-	581,661	-

Instructions
Amounts in rows 1 and 2, columns (b) to (e) correspond to the amounts in columns (c) to (f) of LI1.
Off-balance sheet amounts include off-balance sheet original exposure in column (a) and the amounts subject to regulatory framework, after application of the credit conversion factors (CCFs) where relevant in columns (b) to (e).
The breakdown of columns in regulatory risk categories (b) to (e) corresponds to the breakdown prescribed in the rest of the document, ie column (b) credit risk corresponds to the exposures reported in Part 4 below, column (c) corresponds to the exposures reported in Part 5 below, column (d) corresponds to exposures reported in Part 6 below, and column (e) corresponds to the exposures reported in Part 7 below.
Exposure amounts considered for regulatory purposes: The expression designates the aggregate amount considered as a starting point of the RWA calculation for each of the risk categories. Under the credit risk framework this should correspond either to the exposure amount applied in the credit risk standardised approach (see paragraphs 50–89 of the Basel framework) or to the exposures at default (EAD) in the credit risk – Internal Rating Based Approach (see paragraph 308 of the Basel framework); securitisation exposures should be defined as in the securitisation framework (see paragraphs 4 and 5 of the securitisation framework; counterparty credit exposures are defined as the exposure at default considered for counterparty credit risk purposes (see Annex 4 of the Basel framework); and market risk exposures correspond to positions subject to the market risk framework (see paragraph 683(i) of the Basel framework).

TABLE LIA: EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

As reported in financial statements amounts and regulatory exposure amounts, as displayed in LI1 and LI2
(a) origins of any significant differences between the amounts in columns (a) and (b) in LI1
The variance between the financial statements and the regulatory consolidating is due to classification of asset and liability classes. However, the totals are the same.
(b) origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2
No differences were noted.
(c) systems and controls to ensure that the valuation estimates are prudent and reliable.

In accordance with the implementation of the guidance on prudent valuation,13 banks must describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include:

• Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.
• Description of the independent price verification process.
• Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).
Derivatives are fair valued in accordance with International Financial Reporting Standards (IFRS).
The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:
Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.
Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.
Level 3: The fair value of financial instruments that are not traded in an active market and management uses valuation techniques for the valuation
The bank does not have a 'significant' Investments Portfolio; hence there is no formal Independent Price Verification (IPV) function required..
There are no 'Trading' positions currently held by the bank. Valuation/Reserve adjustments are therefore not applicable.

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%

TABLE LIQA – LIQUIDITY RISK MANAGEMENT

THE BANK'S LIQUIDITY RISK MANAGEMENT FRAMEWORK AND LIQUIDITY POSITION
QUALITATIVE DISCLOSURES
(A) governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors. - LIQUIDITY RISK IS DEFINED AS THE BANK'S ABILITY TO MEET ALL OF ITS OBLIGATIONS AT REASONABLE COSTS AT ANY TIME. THE ALCO OF THE BANK IS CONSTITUTED TO EXERCISE ITS RESPONSIBILITIES TO THE EXCO IN MANAGING THE BANK'S LIQUIDITY. **(B) funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralised or decentralised.** - THE BANK FOLLOWS A STRATEGY AIMED AT DIVERSIFYING ITS SOURCES OF FUNDING WHICH INCLUDES THE INVESTOR BASE, MATURITY PROFILE AND AVAILABLE FUNDING PRODUCTS. **(c) liquidity risk mitigation techniques.**

- ALTHOUGH THE BANK IS FULLY SUPPORTED BY CCB HEAD OFFICE, IT IS THE BANK'S RESPONSIBILITY TO MAINTAIN AN ADEQUATE LIQUIDITY POSITION AT ALL TIMES. SPECIFICALLY, THE BANK MUST ALWAYS BE IN A POSITION TO MEET THE IMMEDIATE WITHDRAWALS BY ITS DEPOSITORS, HONOUR ITS CREDIT COMMITMENTS TO ITS CUSTOMERS AND COMPLY WITH REGULATORY REQUIREMENTS.

- THE SOURCES OF LIQUIDITY INCLUDE TREASURY BILLS, ZAR, USD AND OTHER APPROVED DENOMINATED BONDS, NEGOTIABLE CERTIFICATES OF DEPOSIT ISSUED BY REPUTABLE AND APPROVED FINANCIAL INSTITUTIONS, AND OTHER SHORT-TERM MONEY MARKET INSTRUMENTS. ADDITIONALLY, LIQUIDITY MIGHT BE PROVIDED BY CCB BRANCHES IN VARIOUS JURISDICTIONS, AND THE INTERBANK MARKET.

(d) an explanation of how stress testing is used.

- THE BANK USES THE CONTRACTUAL AND BAU MATURITY MISMATCHES AS WELL AS THE CUMULATIVE MATURITY GAP REPORT TO MEASURE LIQUIDITY GAPS ARISING FROM THE MATURITY OF THE LIABILITIES BEING SHORTER THAN THE MATURITY OF THE ASSETS.

- THIS GAP IS MONITORED AND REPORTED AT LEAST ON A MONTHLY BASIS AT THE ALCO. ANY ISSUES OF CONCERN, SUGGESTED AMENDMENTS, OR CHANGES IN STRATEGY ARE DISCUSSED AT ALCO WHERE PROPOSALS ARE CONSIDERED.

(e) an outline of the bank's contingency funding plans.

- ADDITIONAL MEASURES TO MITIGATE LIQUIDITY RISK INCLUDE CONTINGENCY FUNDING PLANS which include THE DISPOSAL OF LIQUID ASSETS, THE USE OF AN INTRADAY REPO FACILITY, GROUP FUNDING FACILITIES, AND INTERBANK MONEY MARKET LINES.

QUANTITATIVE DISCLOSURES	
(F)	**Customised measurement tools or metrics that assess the structure of the Bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to the Bank.** - Risk reporting to RCICC indicates current balance sheet structures (assets and liabilities side) and highlighting main changes. - Contractual and business as usual liquidity gap (non-cumulative and cumulative) are monitored on a monthly basis at the ALCO. - LCR daily reporting / LCR weekly reporting / LCR monthly reporting, identifying main movements and setting the internal

	buffer. - NSFR reporting - Daily 60/40 prudential ratio and setting the internal buffer - Available source of stress funding versus cumulative contractual liquidity gap
(G)	**Concentration limits on collateral pools and sources of funding (both products and counterparties)** - Collateral mainly in the form of cash. There are no current limits is in place - No restriction on source of funding, however monitored on a monthly basis via top 30 depositors report presented at the ALCO
(H)	**Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of capital.** - The Branch has no current liquidity exposures or funding needs.
(I)	**Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.**

Liquidity Risk Management			Annual										
China Construction Bank Johannesburg Branch			31-Dec-19										

	1 month	2 months	3 months	6 months	1 year	2 years	3 years	4 years	5 years	10 years	More than 10 years	Non contractual	Total
Balance sheet													
Assets	6,393,073	1,309,731	2,761,164	905,478	6,484,163	5,342,826	6,747,494	440,327	4,638,768	3,835,397	-	151,463	39,009,886
Liabilities	15,373,228	2,264,681	2,439,721	4,147,394	4,667,432	840,050	1,417,010	1,399,383	1,415,314	14,342	-	5,031,331	39,009,886
On-balance sheet contractual mismatch	-8,980,155	-954,950	321,443	-3,241,916	1,816,731	4,502,776	5,330,484	-959,056	3,223,454	3,821,056	-	-4,879,867	-0
Off balance sheet													
Off-balance sheet exposure to liquidity risk	165,273												165,273

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.

Table CRA: General qualitative information about credit risk

(a) How the business model translates into the components of the Bank's credit risk profile.
Credit Risk
Credit risk is defined as the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the institution or its failure to perform as agreed. Credit risk also arises from an adverse change in the value of a portfolio due to deterioration in the credit quality of counterparties.
The responsibility for credit risk resides with the Chief Risk Officer within the bank. Governance of credit risks is excuted through the CC and day-to-day responsibility for credit risk management is implemented by the RMCAD.
The CC is the Branch's approval authority for credit facilities, and it exercises its authority within limits and other parameters delegated by CCB Head Office and reviewed from time to time. Approval of credit facilities for banks and other financial institutions, and country limits for cross-border activities, is centralized in Head Office. The bank is exposed to credit risk through its banking activities and where it acts as an intermediary on behalf of customers and other third parties. Credit risk is the largest component of the Pillar I capital requirements for the bank. Currently, the bank's credit capital requirements are calculated in accordance with the Prudential Authority regulations under the Standardized Approach for Credit Risk.
Credit Risk Identification
The Bank's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the financial assets on the statement of financial position. The bank is exposed to credit risk to a lesser degree on various other financial assets, including derivative financial instruments and interest bearing securities. In addition, the bank is exposed to off-balance sheet credit risk through commitments in respect of letters of credit and guarantees.
Credit Risk Assessment
The bank applies internal rating criteria to classify the credit quality of borrowers. Where external credit rating agency information is available, it is used only for reference purposes in

the credit assessment process.
Credit applications are prepared for borrowers or potential borrowers taking into account a wide range of factors, including the underlying credit rating. After considering available quantitative and qualitative information, a Relationship Manager, in conjunction with a Business Analyst, proposes a credit rating (as well as associated pricing) which is reviewed by RMCAD. The proposed credit rating is submitted to the bank's CC for final approval.
A review of each borrower is conducted at least quarterly, and credit ratings are updated periodically, subject to the same approval process mentioned above, in the following instances:
- With each new credit application, and when changes in the existing facilities are applied for;
- As part of an annual review; and
- At any other time when new information comes to light that is expected to materially affect the risk profile of the borrower.
(b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits.
When CCB Head Office issues credit related policies, the RMCAD will evaluate the new policies and update the credit management policies where appropriate.
(c) Structure and organisation of the credit risk management and control function.
The CC is a committee established by the EXCO which is the bank's approval authority for credit facilities and it exercises its authority within limits and other parameters delegated by CCB Head Office and reviewed from time to time. The General Manager of the Branch acts as the Chairperson of the CC with the members including the Deputy General Manager and the Deputy Head of the RMCAD as well as the Chief Risk Officer. The RMCAD is the daily office of the CC which is responsible for credit risk management of specific industries, projects and customers such as carrying out the confirmation of the credit condition precedent, continuous monitoring, post-loan management and risk classification etc.
(d) Relationships between the credit risk management, risk control, compliance and internal audit functions.
Credit risk management, risk control and compliance are all under the management of the General Manager. According to the RMF risk control and compliance are the second line of defence to provide direction and oversight for risk and control. Internal auditors are the third line of defence.
(e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors.
A summary of the bank's overall credit risk, including the approved facilities, limits utilised, credit portfolio analysis, exposure by industry and country and top 10 exposures is presented at the RCICC.

Qualitative disclosures

(a) The scope and definitions of 'past due' and 'impaired' exposures for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

If a payment of principle or interest is not made on due date, then this is defined as 'past due'. When the bank recognises that it will not be able to collect, or there is no longer a reasonable assurance that the bank will collect all amounts due according to the contractual terms of the written agreement, then it is defined as 'impaired'. A financial asset can be 'impaired' but not necessarily 'past due' if the principle or interest is up to date but the bank believes that it is probable that it will not be able to collect all outstanding amounts.

(b) The extent of past-due exposures (>90 days) that are not considered to be impaired and the reasons for this.

The bank did not have any exposures that are past-due for more than 90 days and not impaired in the annual financial year.

(c) Description of methods used for determining impairments. In addition, banks that have adopted an ECL accounting model must provide information on the rationale for categorisation of ECL accounting provisions in general and specific categories for standardised approach exposures.

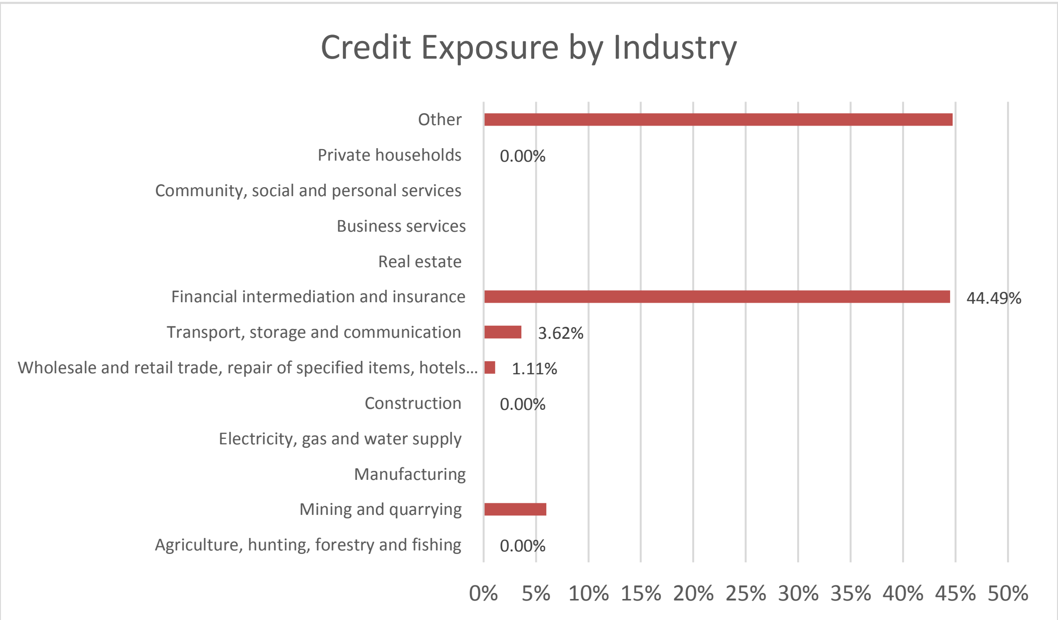
The bank uses a combination of qualitative and quantitative method for determining significant increase in credit risk. The qualitative method is the risk classification procedure. The quantitative method is to use relative trigger thresholds to move exposures to stage 2 based on the number of notch downgrades experienced between the orginal date of the financial instrument and the reporting date.

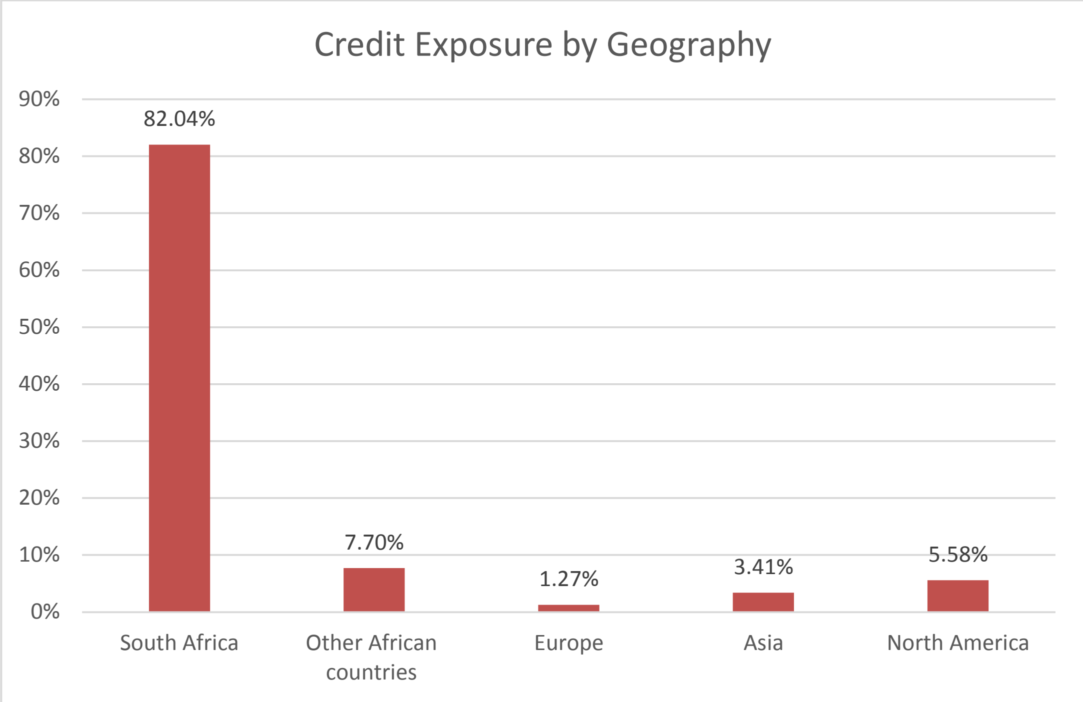
(d) The Bank's own definition of a restructured approach.

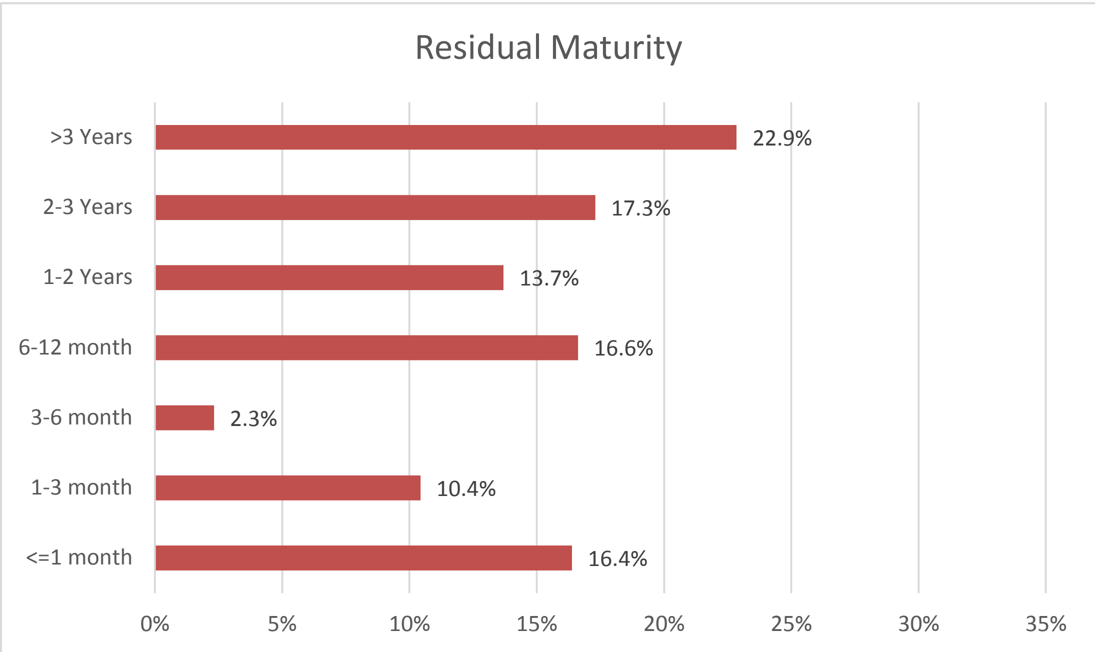
In all cases, if the loan is in arrears (excluding technical arrears) at the time of the restructure, the restructure will be regarded as a distressed restructure. If a loan has been in arrears at any point during the past 6 months prior to the restructure, the restructure will be regarded as a distressed restructure. Where the loan is not in arrears at the time of the restructure and the terms and conditions were changed in order to prevent the obligor from going into arrears, this will also be regarded as an indication of financial distress of the obligor and the restructure will be classified as a distressed restructure.

Quantitative disclosures

(d) Breakdown of exposures by geographical areas, industry and residual maturity.




Credit Exposure by Geography
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
82.04%
7.70%
1.27%
3.41%
5.58%
South Africa
Other African countries
Europe
Asia
North America


Residual Maturity
>3 Years
2-3 Years
1-2 Years
6-12 month
3-6 month
1-3 month
<=1 month
22.9%
17.3%
13.7%
16.6%
2.3%
10.4%
16.4%
0%
5%
10%
15%
20%
25%
30%
35%

(f) Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related accounting provisions, broken down by geographical areas and industry.

Overview of RWA	**(R000's)**
China Construction Bank Johannesburg Branch	**31-Dec-19**
Geographical	**Total exposure**
South Africa	10 673 080
Other African countries	2 608 937
Europe	
Asia	
North America	2 105 089
South America	
Other African countries	
Industry	**Total exposure**
Agriculture, hunting, forestry and fishing	
Mining and quarrying	2 245 341
Manufacturing	
Electricity, gas and water supply	
Construction	
Wholesale and retail trade, repair of specified items, hotel	355 983
Transport, storage and communication	1 200 323
Financial intermediation and insurance	11 583 188
Real estate	2 255
Business services	
Community, social and personal services	
Private households	15
Other	

(g) Ageing analysis of accounting past-due exposures.

There is one past-due exposure as of 31 December 2019. The exposure is the b**ank's only NPL and it is 2198 days pass-due. The outstanding balance of** the bank**'s only NPL was R10.72m as of 31 December 2019**.

(h) Breakdown of restructured exposures between impaired and not impaired exposures.

There is no restructured exposure as of 31 December 2019.

TABLE CRC: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CREDIT RISK MITIGATION TECHNIQUES

(a) The core features of policies and processes for, and indication of the extent to which the Bank makes use of on- and off-balance sheet netting:
- No risk mitigation technique is applied as CCB-JHB makes use of the standardised approach for credit risk mitigation.
(b) The core features of the policies and processes for collateral evaluation and management highlight:
- The market value of each item of collateral must be determined, a forced-sale value shall be determined appropriately for each item of the collateral for non-performing loans
- Collateral shall be easily realisable with limited costs.
- Correlation between the credit quality of the borrower and quality of the collateral must be considered
- Evaluation of collaterals shall be performed by approved valuers. The volatility in value of the collateral shall be considered in determining the frequency of the evaluation.
(c) Market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers) include:
- Single client credit risk concentration is monitored and geographical / industry concentration.

TABLE CRD: QUALITATIVE DISCLOSURES ON BANKS' USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK

(a) The external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank are:
- Moody's and Standard & Poors
- The Export-Import Bank of China
There has been no changes in the past financial year.
(b) The asset classes for which ECAI and ECA is used are as follows:
- Asset classes under performing assets include Normal, Watch list and Special Mention.
- Assets classes under non-performing assets include Sub-standard, Doubtful and Loss.
(c) the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book
CCBJHB utilises an internally developed rating system which is used to rate all borrowers. External credit ratings may be utilized for reference purposes in the credit assessment process, provided that the rating has been undertaken by a rating agency that is approved by the Regulator.
(d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply).

An internal mapping table is used and CCBJHB only uses the external ratings issued by eligible rating agencies approved by the Regulator. As per the Regulations, each external rating is mapped to a specific risk weight.
The Bank considers a financial asset to be in default when:
The borrower is unlikely to pay its credit obligations to the bank in full, without recourse by the bank 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 bank. 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 has been no material movement 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.

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 697 963 as a result of exchange rate fluctuations during the period.

TABLE CCRA: QUALITATIVE DISCLOSURE RELATED TO COUNTERPARTY CREDIT RISK

(a) Risk management objectives and policies related to counterparty credit risk, including:
(b) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures;
(c) Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs;
(d)Policies with respect to wrong-way risk exposures;
(e) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.

Capital requirement

Counterparty Credit Risk arises from the derivatives exposure of CCB-JHB (FX Swaps, IRS, etc.). There are two components for the CCR calculation as detailed as per below:

- CCR calculated based on the Current Exposure Method (CEM); and
- Credit valuation adjustment (CVA) is the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default. In other words, CVA is the market value of counterparty credit risk.

CCR exposure and capital requirement are monitored monthly and reported at the ALCO and the RCICC.

The main characteristics of counterparty credit risk management specify that:

- CCR limits are allocated by CCB Head Office and strictly adhered to by the Branch; derivatives are only conducted with counterparts having signed an ISDA agreement with CCB Head Office;
- CCB-JHB does not have exposure to CCP;
- Wrong-way exposures are contracted with CCB-JHB hedging strategy and specific and general wrong way risks are accepted since CCB-JHB deals mainly with large local banks and corporates to book OTC derivatives with, who are D-SIB and inextricably linked to South African sovereign country rating, South African repo rate and local currency;
- no trading of derivatives is performed at CCB-JHB; and
- no posting of collateral is performed by CCB-JHB, hence a credit downgrade would not impact posting of collateral.

Market Risk

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.

Table MRA: General qualitative disclosure requirements related to market risk

Banks must describe their risk management objectives and policies for market risk according to the framework as follows:	
(a)	Strategies and processes of the bank, which must include an explanation and/or a description of:
• The bank's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and the strategies/processes for monitoring the continuing effectiveness of hedges.	
• A general description of the desk structure.	
• Types of instruments included in the desks or desk categories that are not covered by Table MRC.	
• Policies for determining whether a position is designated as trading, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, banks should describe cases where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category and the market and gross fair value of such cases, as well as cases where instruments have been moved from one book to the other since the last reporting period, including the gross fair value of such cases and the reason for the move.	
(b)	The structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above.
(c)	The scope and nature of risk reporting and/or measurement systems.

The bank 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 ALCO is responsibile for managing market risk.

The bank's exposure to market risk primarily relates to foreign currency exchange rate risk and interest rate risk in the banking book (IRRBB). Regulatory market risk capital requirement is considered to be immaterial in relation to the total regulatory capital requirements of CCB-JHB as the bank has a restricted open position limit. No arbitrage business is allowed and the bank does not have a trading book.

Foreign exchange risk, also called FX risk, currency risk, or exchange rate risk, is the financial risk of an investment's value changing due to the changes in currency exchange rates. This also refers to the risk CCB-JHB faces when the bank needs to close out a long or short position in a foreign currency at a loss, due to an adverse movement in exchange rates.

The Accounting Department performs regulatory reporting and market risk exposure is calculated using the Standardised Approach, which is reported to the ALCO and the RCICC respectively on a monthly and quarterly basis.

Strategy
In order to manage currency risk and interest rate risk in the banking book, the bank has adopted a strategy to hedge its positions. A limited unhedged term deposit limit is set by CCB Head Office, and is monitored on a daily basis by Treasury Middle Office.

In order to mitigate IRRBB:
- all Money Market instruments with a maturity of more than 9 months are left unhedged up to an ALCO determined limit; and
- all Fixed Term deposits and assets are hedged (IRR SWAPS from fixed to variable).

In order to manage FX exposure:
- all FX exposure is hedged;
- Treasury department manages FX risk on behalf of the Branch within CCB Head Office specified limits;
- No proprietary trading is allowed; and
- Interest income affecting FX positions is cleared daily.

Currencies
CCB-JHB is only authorised to transact in the following major currencies:
- ZAR
- USD
- CNY/CNH
- EUR
- GBP
- AUD
- HKD

Instruments
The following instruments are utilised to hedge FX risk:
- FX spot deals with maximum single transaction limit set by CCB Head Office
- FX forwards with maximum single transaction and terms limits set by CCB Head Office
- FX swaps with maximum single transaction and terms limits set by CCB Head Office

The RMCAD monitors on a transaction basis that the bank's Delegation of Authority (DoA) is duly followed. Any instrument not permited in terms of the DoA must be approved by CCB Head Office prior to the bank utilizing the instrument.

Market risk trend analysis is monitored on an ongoing basis by the Treasury department.

Other reporting:
- Interest rate mismatch gap
- Intra-day and overnight open position limits with allocated buffers as specified per the ALCO and CCB Head Office
- Currency Position Mismatches
- Interest rate risk sensitivity analysis (HO/BA330/sensitivity per major currency presented at the RCICC)
- BA320 reporting to the Prudential Authority is done monthly and is included in the ALCO meeting pack

REMUNERATION

TABLE REMA: REMUNERATION POLICY

Qualitative disclosures	
(a)	*Information relating to the bodies that oversee remuneration. Disclosures should include:* *• Name, composition and mandate of the main body overseeing remuneration.* *• External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.* *• A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.* *• A description of the types of employees considered as material risk-takers and as senior managers.*
(b)	*Information relating to the design and structure of remuneration processes. Disclosures should include:* *• An overview of the key features and objectives of remuneration policy.* *• Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.* *• A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.*
(c)	*Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include an overview of the key risks, their measurement and how these measures affect remuneration.*
(d)	*Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:* *• An overview of main performance metrics for bank, top-level business lines and individuals.* *• A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.* *• A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the bank's criteria for determining "weak" performance metrics.*
(e)	*Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:* *• A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.* *• A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.*
(f)	*Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:* *• An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms).* *• A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance*

- China Construction Bank Corporation Johannesburg Branch is a Branch of an international bank in South Africa. Due to the size and complexity of its business operations the governance on a local level is driven by delegation of authority from Head Office to the General Manager of the Branch who further delegates such authority to an Executive Management Committee. The Executive Management Committee is established and run in compliance with local and international Corporate Governance Principles.
- Under the corporate structure of a Foreign Branch, China Construction Bank Corporation Johannesburg, considers staff whose professional activities have a material impact on its risk profile and who are responsible and accountable for the activities of the independent Risk, Compliance and Internal Audit functions as material risk takers and senior managers. This interpretation includes the members of the Executive Management Committee and the Heads of Department.
- The Remuneration Committee of the Bank is a subcommittee of the Executive Management Committee which oversees the remuneration of employees. The Committee consists of the Executive Management and the Human Resources and Administration Head of Department. The mandate of the Remuneration Committee enables it to develop remuneration policies and procedures and determine remuneration practices in terms of employee salaries and benefits as well as annual salary reviews.
- The Remuneration Committee is also tasked with overseeing employee benefit structures, promotions, recruitment of critical positions, succession development, dismissals, performance management and determining discretionary bonus allocations. The Remuneration Committee performs its obligations with due regard to the principles of governance and code of best practice and considers initiatives brought forward by the Workplace Forum.
- The remuneration policy has been developed to ensure that all employees are remunerated fairly and are treated consistently. The objectives of the policy include rewarding employees for reaching and achieving targets set by the Bank, promoting high levels of performance, allowing the Bank to compete effectively in the labour market and to recruit and retain high calibre employees while achieving fairness and equity in setting remuneration and rewards.
- The remuneration policy is reviewed annually and at the last review had no material changes which impacted remuneration. The changes included adjustment to fuel re-imbursement, inclusion of executive medical assessments and minor amendments to the employment process of temporary employees. The policy takes into account current and future key risks such as loss of critical employees due to remuneration and reward frameworks, which might not be aligned to the banking sector, confidentiality of the payroll information, compliance with regulatory requirements and performance driven remuneration.
- The Bank's remuneration policy further seeks to link performance during a performance measurement period with levels of remuneration with performance metrics which include quarterly performance reviews and annual performance appraisals, alignment of job descriptions to key process areas and key process indicators which are reviewed when evaluating scores allocated by managers and employees.
- Each key process indicator is assessed using a five point rating scale. Competency assessments are used as an indication of an employee's ability to perform in terms of their key process areas and are assessed on a three point rating scale, while a 360° value assessment is utilised as an indication of employees' demonstration of the Bank's values in their behaviour and performance, this is rated by peers, managers and other related staff members.
- Scores and ratings are gathered, combined and a schedule is performed for the Remuneration Committee where the principle is determined. This varies from year to year based on approved bonus allocation provided by Head Office in accordance with the Bank's budget.
- China Construction Bank Corporation Johannesburg Branch does not provide for deferred and retained remuneration in its current remuneration policy and procedures.
- The Remuneration Committee has commissioned Price Waterhouse Cooper and Remchannel Salary Survey as external consultants in comparing market related data to current remuneration of employees.

TEMPLATE REM1: REMUNERATION AWARDED DURING THE FINANCIAL YEAR

			A	b
	Remuneration amount		Senior Management	Other material risk-takers
1	Fixed remuneration	Number of employees	21	
2		Total fixed remuneration (3 + 5 + 7)	41 276 542.00	
3		Of which: cash-based Cash and 13th Cheque	41 276 542.00	
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms		
8		Of which: deferred		
9	Variable Remuneration	Number of employees	21	
10		Total variable remuneration (11 + 13 + 15)	22 513 709.00	
11		Of which: cash-based Incentive bonus, Year-end allocation ,Performance bonus	22 513 709.00	
12		Of which: deferred		
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	Total remuneration (2 + 10)		63 790 251.00	

Definitions and instructions
Senior management and other material risk-takers categories in columns (a) and (b) must correspond to the type of employees described in Table REMA.
Other forms of remuneration in rows 7 and 15 must be described in Table REMA and, if needed, in the accompanying narrative.

TEMPLATE REM2: SPECIAL PAYMENTS

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management	-	-	-	-	-	-
Other material risk-takers	-	-	-	-	-	-

Definitions and instructions

Senior management and other material risk-takers categories in rows 1 and 2 must correspond to the type of employees described in Table REMA.

Guaranteed bonuses are payments of guaranteed bonuses during the financial year.

Sign-on awards are payments allocated to employees upon recruitment during the financial year.

Severance payments are payments allocated to employees dismissed during the financial year.

TEMPLATE REM3: DEFERRED REMUNERATION

a	b	c	d	e	
Deferred and retained remuneration	**Total amount of outstanding deferred remuneration**	**Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment**	**Total amount of amendment during the year due to ex post explicit adjustments**	**Total amount of amendment during the year due to ex post implicit adjustments**	**Total amount of deferred remuneration paid out in the financial year**
Senior management	-				
Cash	-				
Shares	-				
Cash-linked instruments	-				
Other	-				
Other material risk-takers	-				
Cash	-				
Shares	-				
Cash-linked instruments	-				
Other	-				
Total	-				

Definitions
Outstanding exposed to ex post explicit adjustment: part of the deferred and retained remuneration that is subject to direct adjustment clauses (for instance, subject to malus, clawbacks or similar reversal or downward revaluations of awards).
Outstanding exposed to ex post implicit adjustment: part of the deferred and retained remuneration that is subject to adjustment clauses that could change the remuneration, due to the fact that they are linked to the performance of other indicators (for instance, fluctuation in the value of shares performance or performance units).
In columns (a) and (b), the amounts at reporting date (cumulated over the last years) are expected. In columns (c)–(e), movements during the financial year are expected. While columns (c) and (d) show the movements specifically related to column (b), column (e) shows payments that have affected column (a).

CCB-JHB does not provide for deferred and retained remuneration in its current remuneration policy and procedures and as such did not have any deferred and retained remuneration for the financial year of 2019.