

Disclosure Report

China Construction Bank Corporation, Johannesburg Branch

Basel Pillar 3 Semi – Annual Disclosure Report June 2019

“A Better Bank
A Better Living”

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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 position¹

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

- Total assets R 35 478 216
- Total liabilities R 30 668 723
- Total equity R 4 809 493

Total assets decreased by 8.37% compared to 31 December 2018. This is a result of maturities in high-quality liquid assets that were not renewed as at 30 June 2019.

Financial performance

As at the end of June 2019, the Branch reported a net profit after tax of R 69 484. Operating revenue is behind on budget and expectation which is a result of revaluation losses incurred on interest rate swaps.

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

COMPOSITION OF CAPITAL

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 June 2019, the Branch reported a capital adequacy of 31.11%. 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 30 June 2019

		Notes	a Amounts
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
2	Retained earnings		1,423,852
3	Accumulated other comprehensive income (and other reserves)		-
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>		-
5	Common share capital issued by third parties (amount allowed in group CET1)		-
6	Common Equity Tier 1 capital before regulatory deductions		4,809,493
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)		68
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		68
29	Common Equity Tier 1 capital (CET1)		4,809,425
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	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>		-
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>		-
36	Additional Tier 1 capital before regulatory adjustments		-
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments		-
38	Reciprocal cross-holdings in additional Tier 1 instruments		-
39	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation		-
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation		-

CC1: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

R' 000
At 30 June 2019

		Notes	a Amounts
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)		4,809,425
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		-
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>		-
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>		-
50	Provisions		44,992
51	Tier 2 capital before regulatory adjustments		44,992
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)		-
55	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)		-
56	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)		-
57	National specific regulatory adjustments		-
58	Total regulatory adjustments to Tier 2 capital		44,992
59	Tier 2 capital (T2)		4,854,417
60	Total regulatory capital (TC = T1 + T2)		15,604,799
Total risk-weighted assets			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	N1	30.82%
62	Tier 1 (as a percentage of risk-weighted assets)	N2	30.82%
63	Total capital (as a percentage of risk-weighted assets)		31.11%
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%
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.		22.95%
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		7.88%
70	National Tier 1 minimum ratio (if different from Basel III minimum)		9.81%
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)		-

CC1: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

R' 000
At 30 June 2019

		a
		Amounts
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	<i>Current cap on CET1 instruments subject to phase-out arrangements</i>	-
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-
82	<i>Current cap on AT1 instruments subject to phase-out arrangements</i>	-
83	<i>Amount excluded from AT1 due to cap (excess after redemptions and maturities)</i>	-
84	<i>Current cap on T2 instruments subject to phase-out arrangements</i>	-
85	<i>Amount excluded from T2 due to cap (excess after redemptions and maturities)</i>	-

Notes

N1: Common Equity Tier 1 (as a percentage of risk-weighted assets): The decrease is a result of the increase in risk-weighted assets.

N2: Tier 1 (as a percentage of risk-weighted assets): The decrease is a result of the increase in risk-weighted assets.

CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

R' 000
At 30 June 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 4 854 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	
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]

LIQUIDITY

The net stable funding ratio has been met throughout 2019 and remains stable. As at 30 June 2019, the net stable funding ratio was reported as 143%

LIQ2: NET STABLE FUNDING RATIO (NSFR)

R' 000
At 30 June 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:	4,809,493	-	-	-	4,809,493
2	<i>Regulatory capital</i>	4,809,493	-	-	-	4,809,493
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	37,741	11,202	-	44,049
5	<i>Stable deposits</i>	-	37,741	11,202	-	44,049
6	<i>Less stable deposits</i>	-	-	-	-	-
7	Wholesale funding:	-	20,763,953	3,187,844	6,189,256	15,084,715
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	20,763,953	3,187,844	6,189,256	15,084,715
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	-	-	-	-
12	<i>NSFR derivative liabilities</i>	-	42,769	-	-	-
13	<i>All other liabilities and equity not included in the above categories</i>	-	44,827	30,218	-	15,109
14	Total ASF	-	-	-	-	19,953,366
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	586,512
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	10,049,536	326,485	11,677,904	13,230,029
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	9,837,427	200,000	8,184,879	9,760,493
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>	-	212,109	126,485	3,493,025	3,138,368
21	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
22	<i>Performing residential mortgages, of which:</i>	-	-	-	-	-
23	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	-	-	-	331,167
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	-	453,987	-	132,783	144,885
27	<i>Physical traded commodities, including gold</i>	-	-	-	-	-

LIQ2: NET STABLE FUNDING RATIO (NSFR) (CONTINUED)

R' 000
At 30 June 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	-	-	-	10,552	-
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31	All other assets not included in the above categories	-	453,987	-	122,231	144,885
32	Off-balance sheet items	-	-	-	422,787	21,139
33	Total RSF	-	-	-	-	13,982,566
34	Net Stable Funding Ratio (%)	-	-	-	-	143%

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 30 June 2019		a	b	c	d
		Gross carrying values of			
		Defaulted exposures	Non-defaulted exposures	Allowances/impairments	Net values (a+b+c)
1	Loans	N1 11,778	22,053,926	37,289	22,028,415
2	Debt Securities	-	N2 12,392,572	13,857	12,378,715
3	Off-balance sheet exposures	-	N3 424,144	1,161	422,983
4	Total	11,778	34,870,642	52,306	34,830,113

Notes

- N1:** The decrease in defaulted exposure is as a result of repayments.
N2: The decrease in debt securities is as a result of maturities of high-quality liquid assets that have not been renewed.
N3: The decrease is due to an increased utilisation of 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	31,035
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	-19,257
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	11,778

CR3: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

R' 000
At 30 June 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	22,028,415	-	-	-	-	-	-
2	Debt securities N2	12,378,715	-	-	-	-	-	-
3	Total	34,407,130	-	-	-	-	-	-
4	Of which defaulted N1	11,778	-	-	-	-	-	-

Notes

N1: The decrease in defaulted exposure is as a result of repayments.

N2: The decrease in debt securities is as a result of maturities of high-quality liquid assets that have not been renewed.

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

R' 000
At 30 June 2019

	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density

Notes

	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	N1 12,043,168	0	N1 12,043,168	-	156,465	1%
2	Non-central government public sector entities	N2 1,779,088	0	N2 1,779,088	-	889,544	50%
3	Multilateral development banks						
4	Banks	N3 16,361,717	153	N3 16,361,717	77	7,240,610	44%
5	Securities firms						
6	Corporates	N4 5,343,655	422,634	N4 5,342,889	78,700	5,421,588	100%
7	Regulatory retail portfolios	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Equity	0	0	0	0	0	0%
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	N5 577,603	0	N5 577,603	0	123,548	21%
14	Total	36,105,231	422,787	36,104,465	78,776	13,831,756	

Notes

N1: The exposure is predominantly RSA high-quality liquid assets, the decrease from previous period is as a result of such assets not being renewed after maturity.

N2: The decrease is as a result of repayments of loans.

N3: The increase is due to an increase in interbank placements as a result of excess liquidity.

N4: The increase is as a result of drawdowns from new credit facilities granted.

N5: The decrease is as a result of fluctuations in cash and cash equivalents.

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

R'000		a	b	c	d	e	f	g	h	i	j
At 30 June 2019											
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	11,730,238	-	-	-	312,930	-	-	-	-	N1 12,043,168
2	Non-central government public sector entities (PSEs)	-	-	-	-	1,779,088	-	-	-	-	N2 1,779,088
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	6,752,391	-	2,461,845	-	941,358	-	6,413,672	-	-	N3 16,361,793
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	5,390,616	-	-	N4 5,409,811
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	11,778	-	-	-	-	N6 11,778
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	454,056	-	-	-	-	-	123,548	-	-	N5 577,603
14	Total	18,936,684	-	2,461,845	-	3,045,154	-	11,927,835	-	-	36,183,241

Notes

N1: The exposure is predominantly RSA high-quality liquid assets, the decrease from previous period is as a result of such assets not being renewed after maturity.

N2: The decrease is as a result of repayments of loans.

N3: The increase is due to an increase in interbank placements as a result of excess liquidity.

N4: The increase is as a result of drawdowns from new credit facilities granted.

N5: The decrease is as a result of fluctuations in cash and cash equivalents.

N6: The decrease in past-due loans is as a result of repayments.

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 394 401 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
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post CRM	RWA
R'000 At 30 June 2019							
1	SA-CCR (for derivatives)	455,500	142,218		1.4	597,718	526,013
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						526,013

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	513,080	256,976
4	Total subject to the CVA capital charge	513,080	256,976

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

R'000	a	b	c	d	e	f	g	h	i	j
At 30 June 2019										
Risk weight**	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory Portfolio*										
Sovereigns	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	71,704	-	-	-	-	-	525,672	-	-	597,376
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	342	-	-	342
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	71,704	-	-	-	-	-	N1 526,013	-	-	597,718

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.

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 30 June 2019		Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency		-	-	-	-	-	-
Cash - other currencies		-	-	-	-	-	-
Domestic sovereign debt		-	-	-	-	-	-
Government agency debt		-	-	-	-	-	-
Corporate bonds		-	-	-	-	-	-
Equity securities		-	-	-	-	-	-
Other collateral		-	-	-	-	-	-
Total	N1	-	-	-	-	-	-

Notes

N1: No collateral is currently used for CCR exposure.

CCR6: CREDIT DERIVATIVE EXPOSURES

	R'000	
	a	b
	Protection bought	Protection sold
At 30 June 2019		
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

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.

MR1: MARKET RISK UNDER THE STANDARDISED APPROACH (SA)

		R'000	a
		At 30 June 2019	RWA
	Outright products		
1	Interest rate risk (general and specific)		-
2	Equity risk (general and specific)		-
3	Foreign exchange risk		1,344
4	Commodity risk		-
	Options		-
5	Simplified approach		-
6	Delta-plus method		-
7	Scenario approach		-
8	Securitisation		-
9	Total		1,344