



Disclosure Report

Pillar 3 Annual Disclosure Report for the year ended 31 December 2025

CONTENTS

1. OVERVIEW 3
2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS, AND RWA (OVA) 4
3. LINK BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES 14
4. CAPITAL MANAGEMENT 19
5. CREDIT RISK 24
6. COUNTERPARTY CREDIT RISK 31
7. LIQUIDITY AND FUNDING RISK 33
8. INTEREST RATE RISK IN THE BANKING BOOK 36
9. MARKET RISK 39
10. OPERATIONAL RISK 41
11. MODEL RISK 46
12. REGULATORY AND CONDUCT RISK 47
13. OTHER RISKS 49
14. REMUNERATION 51
15. INDEX OF PILLAR 3 DISCLOSURE TEMPLATE 54
16. ABBREVIATIONS 55

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

Reporting period refers to 2025 (January to December). Financial and risk management information is provided as at December 2025, unless stated otherwise.

1. OVERVIEW

1.1. INTRODUCTION

China Construction Bank Corporation, Johannesburg Branch (hereafter referred to as CCB-JHB, the Bank or the Branch) is an overseas institution of China Construction Bank Corporation (incorporated in the People's Republic of China).

This document sets out the Annual Pillar III Disclosures as applicable to CCB-JHB as at 31 December 2025. Where referring to prior period, this should be interpreted as 31 December 2024, unless stated otherwise. The disclosure is compiled in terms of the requirements of the Banks Act 1990 (as amended) and Regulation 43 of the Regulations relating to Banks ("the Regulations").

CCB-JHB's business model is that of a corporate and merchant bank servicing the South African business community and promoting Chinese/African investments primarily within the Sub-Saharan region of Africa.

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

The key elements of the policy are:

- Appropriateness assessment - voting members of EXCO, as part of the internal governance and approval process, should assess whether the information contained in CCB-JHB's Pillar 3 disclosure reports is adequate and appropriate;
- Nature and extent of the information will be disclosed in compliance with International Financial Reporting Standards (IFRS), the minimum requirements as set out in the Regulations and the Pillar 3 disclosure requirements, and CCB-JHB audited financial statements;
- Disclosure requirements – sets out minimum requirements for quantitative and qualitative disclosure as per Regulation 43 and the timelines for disclosure;
- Internal controls and procedures – set out the controls and procedures in place to manage the review, approval and publication of disclosures; and
- Independent review requirements – sets out the requirements for independent review prior to publication of disclosure and the regulatory requirements.

In the execution of its governance, roles and responsibilities the Executive Management and EXCO of CCB-JHB adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Branch. Various policies, charters and committee terms of references have been implemented to ensure that there is governance on stakeholder relationships.

2. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS, AND RWA (OVA)

2.1. BUSINESS ACTIVITIES AND RESULTANT RISKS

Key activity	Products and Services	Sub-Products and Services	Key Risks		
Treasury Activities: Deposit taking Investment Banking OTC derivatives desk Clearing	Money Market	Call Deposit	Interest Rate & Liquidity		Operational & Settlement
		Fixed Deposit			
		Floating rate Fixed Deposits			
		Placements	Credit & Concentration	Interest Rate & Liquidity	
	Foreign Exchange	Spot Transactions	Credit & Counterparty Credit	Currency/Market risk	
		Forward Transactions			
		Swap Transactions			
	Fixed Income	RSA/Chinese Sovereign Bonds	Credit & Country	Interest Rate & Liquidity & Currency/Market risk	
		RSA Treasury Bills			
		Corporate Bonds			
	Interest Rate	Interest Rate Swaps	Interest Rate	Counterparty Credit	
	Clearing & Settlement	Clearing and Settlement Business			
		Enterprise Online Banking			
		Customer Services			
Corporate Banking Activities: Commercial Banking Payment & Settlement Trade Finance	Financing	Syndication Loans	Credit & Country & Concentration	Currency & Interest Rate & Liquidity	
		On-lending Loans			
		Bilateral Loans			
		Loans guaranteed by CCB domestic banks			
		Loans guaranteed by CCB overseas banks			
		Loans guaranteed by other banks			
		Project Financing			
		Export Credit			
		Guarantees			
		Cross-border Risk Participation			
		Short-Term Loans			
		Overdrafts			
		Call loan Facilities			
		Club Loans			
		ECA Financing			
		Cash-backed/collateralised Loans			
		Insurance-backed Loans			
	Trade Finance	Import Letter of Credit	Credit Risk and Country Risk		
		Standby Letter of Credit			
		Export Letters of Credit			
		Import Collections			
		Export Collections			
		Aval of Bills of Exchange	Credit Risk and Country Risk		
		Confirmation of Export L/C's			
		Cross-border Risk Participation			
		Forfaiting			
		Entrusted Payments			
		Refinancing			
		Cross-Border Interbank Payment System			
		Discounting			

Table 1: Products, Services, and associated risks

The products and services offering is unchanged.

2.2. CCB-JHB RISK PROFILE

CCB-JHB has established processes for identifying material risks. A risk is evaluated by its likelihood and impact. A material risk is defined by its potential to create significant business losses, disruption or reputational damage.

The potential materiality is dependent on the risk's impact on various criteria, such as:

- Profitability (quantitative);
- Capital Adequacy Ratio (CAR) (quantitative);
- Reputation (qualitative);
- Market share (qualitative); and
- Regulatory penalty (qualitative and quantitative).

The Bank identified the following risk types that are material to CCB-JHB:

- Credit Risk (including Credit Concentration Risk);
- Counterparty Credit Risk (CCR);
- Market Risk (including Foreign Exchange Risk);
- Operational Risk (including Property, People, IT, Cybersecurity, Business Continuity, Outsourcing/Third-Party risks);
- Solvency Risk (included in Capital Management and Liquidity Risk sections);
- Liquidity Risk (including Depositor Concentration Risk);
- Interest Rate Risk on the Banking Book (IRRBB);
- Regulatory and Conduct Risk (including Compliance, Financial Crime, AML/CFT/CPF and Legal risks);
- Country and Geopolitical and Macroeconomic Risk;
- Business and Strategic Risk;
- Model Risk;
- Valuation Risk;
- Reputation Risk; and
- ESG Risk.

The risks above are presented within this document. For ease of reference, some risks are grouped.

The CCB-JHB risk profile can be summarised as shown on the following page.

		31 December 2025	Risk Appetite/Target	Year under review
Growth and Returns		NPAT **-3.51%** Total Assets growth **0.73%**	Articulated around financial and business projections, RoA and ROE, and monitored monthly	As at 31 December 2025, the financial position of the Branch was as follows: • Total assets R 47 083 064 • Total liabilities R 39 239 539 • Net profit after tax of R 504 482 and operating income excluding impairments of R 957 860 Decreasing average interest-bearing assets over 2025, combination of lower interest rates and size of the lending portfolio.
Solvency		Total CAR **41.76%** T1 / CET1 CAR **41.40%** Leverage **15.75%**	Internal Buffers on top of minimum regulatory requirement and monitored monthly	The capital structure is relatively stable and CCB-JHB operated within internal appetite. The Branch's returns contributed to a steady increase of qualifying capital via profit appropriation. The decreases in credit risk contributed to an overall decrease of capital demand. The capital position of the Branch is suited to support growth of the lending portfolio and absorbed capital requirement increases driven by regulatory reforms implemented during 2025.
Liquidity		LCR **215.24%** NSFR **158.91%**	Internal Buffer on top of Minimum regulatory requirement (100%)	CCB-JHB liquidity risk profile remained stable and overall strategy unchanged. CCB-JHB's funding strategy relied is centred around diversification CCB-JHB operated within LCR and NSFR appetite, over and above regulatory requirements.
Exposure per risk type	Credit Risk	NPLs **0%** Credit Loss Ratio **0%** Total credit RWA (RBn) **15.63**	Appetite set in terms of internal credit ratings, credit concentration (industry, asset class and name), and NPL	Although the total lending portfolio remained stable during 2025, the asset mix structure changed (shorter term) and led to a decrease in total credit RWA as end of year. CCB-JHB lending portfolio is performing with no counterpart defaulting in 2025 nor any exposure being restructured. No major change occurred with the implementation of the credit risk regulatory reform.
	Market Risk	Total Market RWA (RMn) **292.29**	Appetite set in terms of traded currencies, open position limits and FX derivative instruments	CCB-JHB operates under restricted products and currency limits. FX exposures are hedged. No trading position are contracted. FRTB has been successfully implemented and did lead to increased capital requirements, fully absorbed by existing capital supply.
	IRRBB	Net Interest Income sensitivity (adverse) **-29.73%** SOT (EVE sensitivity) - BaU **-1.44%**	Appetite set in terms of NII and EVE sensitivity limits, IRS derivative instruments and hedging effectiveness	CCB-JHB maintained its IRRBB hedging strategy. IRR exposures are hedged (longer than 12 months), hedge effectiveness is monitored on an ongoing basis proven to be efficient. Risk management, processes, reporting and appetites have been adjusted in line with revised IRRBB framework. SOT regulatory and internal requirements are met, CCB-JHB is operating within risk appetite.
	Operational Risk	Operational risk loss rate **0%**	Appetite set in terms of number and amount of operational losses	No material operational losses were recorded and no material internal control failures occurred. The preparation of the operational risk regulatory reform (New Standardised Approach) is on track and all regulatory milestones have been met.

Table 2: Overview of financial position and risk profile

2.3. RISK MANAGEMENT GOVERNANCE

The following committees have been established:

Committee	Frequency	Mandate
Executive Management Committee (EXCO)	Minimum Quarterly / upon request	❖ Responsible for reviewing the risk reports and approve recommended improvements and, if necessary, adjust the risk profile or risk appetite of the Bank ❖ It is informed of and formally approves any material management actions considering the Bank's risk tolerance levels ❖ Performs an overview of Corporate Governance and approves EXCO level policies and procedures ❖ The final approval of sub-committee decisions in terms of material matters ❖ Ultimately responsible for the annual financial budget and financial accounts
Risk, Compliance and Internal Control Committee (RCICC)	Minimum Quarterly / upon request	❖ Ensuring an integrated and effective risk and compliance management framework is maintained throughout the Bank and that the Bank's business is conducted by following applicable laws and regulations
Asset and Liability Committee (ALCO)	Minimum Monthly / upon request	❖ Responsible for managing the Bank's liquidity, market, investment, foreign exchange, and interest rate risks
Credit Committee (CC)	Upon request	❖ Responsible for matters relating to credit risk management decisions, including loan approval matters and loan classifications (performing)
Audit Committee (AC)	Minimum Quarterly / upon request	❖ Responsible for reviewing the adequacy and effectiveness of internal controls and overseeing both internal and external auditors, ensuring objectivity and reliability of the Bank's financial reporting ❖ Assists to ensure that the Bank has exercised care, diligence, and skill as prescribed by South African laws and regulations
Remuneration Committee (REMCO)	Minimum Quarterly / upon request	❖ Determine, agree and develop CCB-JHB's policy in terms of remuneration ❖ Ensure performance management is fair and transparent ❖ Appoint/dismiss department heads, subject to HO final approval
Information Technology Governance Committee (ITGC)	Minimum Quarterly / upon request	❖ Provides effective oversight and governance of information assets and technology infrastructure used to generate, process and store that information, with the focus on resilience, stability, architecture, data management, security (cyber and other) and digitization ❖ Manages information technology risk, enhance continuity capabilities and improve support for business promotion
Social & Ethics Committee (SECO)	Minimum Biannually / upon request	❖ To monitor and report to EXCO the social and ethical performance of the branch, by monitoring activities related to social and economic development, good corporate citizenship, environmental impact, customer relationships, labour and employment and employee behaviour management ❖ Oversees the management of structures that support ethical culture
Financial Committee (FC)	Minimum Quarterly / upon request	❖ Recommends the annual financial budget plan and profit distribution plan of the Branch ❖ Purchase of important equipment, scientific and technological systems, fixed assets, consulting services, major technical arrangements, and major engineering project construction, etc., with an equivalent value of 1 million RMB (inclusive) or more ❖ Disposal of fixed assets with a single project net value of 1 million RMB (inclusive) or more

Table 3: Committees at CCB-JHB

RCICC, ALCO, CC, ITGC, SECO and FC are committees established by EXCO to assist in monitoring key risks as identified by the Executive and Senior Management. These committees convene regularly with the overall objective of ensuring that the risk profile supports the overall risk appetite of the Bank. All committees have their Terms of Reference (ToR).

Committees have established underlying operational forums to prepare, facilitate, consult on various risk topics. The purpose of the forums is to make recommendations the committees for decision-making, as the forums may have limited or no decision-making authority. The current risk forums have dedicated Terms of reference.

CCB-JHB has adopted the 'Three Lines of Defence' model, as illustrated below:

Three lines of defence		
First line of defence	**Second line of defence**	**Third line of defence**
Primary Risk Owner: Head of Departments	**Foundation of risk governance: RMD and Compliance**	**Independent Views: Audit (internal and external auditors)**
Ensure that the front-line departments and support functions act following mandates, policies, and procedures ❖ Identify key risks to own business area ❖ Specify and implement appropriate risk management processes and internal controls ❖ Specify and implement early warning measures, as well as associated reporting and management processes ❖ Implement corrective actions, as required ❖ Participate in formulating risk management strategies ❖ Ensure all staff understand their responsibilities concerning daily business and risk management ❖ Report all-risk incidents as soon as discovered to RMD	**Independent oversight and monitoring risk and compliance across departments** ***Committees*** ❖ Take ownership of and maintain risk governance frameworks ❖ Specify risk appetite in line with the strategy ❖ Approve risk and compliance-related policies ***RMD*** ❖ Establish and monitor risk universe ❖ Implement risk appetite, framework, and policies ❖ Challenge risk profile through review of risk assessment and measures, evaluation of risk management processes, and monitoring of corrective actions and mitigation ❖ Joint assessment to the business unit according to risk management and issues ***Compliance in line with Regulation 49*** ❖ Establish and mointor regulatory universe ❖ Facilitate the development, approval, and maintenance of CCB-JHB's Compliance manual, charter, mehtodology and policy ❖ Ensure consistency of approach and practice throughout CCB-JHB ❖ Entrench the culture of compliance in CCB-JHB such that any incident of non-compliance can be identified in a timely manner ❖ Provide a central point of reference and expertise to compliance-related matters and advice on policy and strategic decisions that have compliance implications ❖ Ensure the monitoring of regulatory and reputational risk in line with CCB as well as industry standards ❖ Ensure effective co-operation and interaction with all role players ❖ Submit detailed and summarised reports on areas covered, findings, and appropriate recommendations	**Independent Assurance** ***Internal Audit*** ❖ Provide independent assurance of the adequacy and effectiveness of the bank's system of internal controls and the bank's risk management in line with Regulation 48, Head Office requirements and internal audit methodology ❖ Carry out assurance over the system of internal controls and risk management in line with the risk-based Internal Audit plan ❖ Evaluate compliance with policies, laws and regulations and industry standards ❖ Review the integrity, reliability, timeliness, accuracy, and completeness of risk reports and other business reports ❖ Follow-up on implementation of audit recommendations and resolving audit findings ***External audit*** Conducts annual statutory and regulatory audits, and may from time to time be assigned to complete other assurance activities, where required by regulatory authorities or other.

Table 4: Risk Management Framework – Three Lines of Defence

RMD is responsible for the overall risk management and coordination within the Bank. To ensure effective management for all risk categories to which the Branch is exposed, the department has set up internal requirements, risk reporting standards, and responsibilities, which form CCB-JHB's Risk Management Framework (RMF).

RMD comprises two distinct functions, namely the risk management and credit approval functions.

Risk Function	Credit Approval Function
Independent oversight risks including identification, monitoring, reporting, mitigation, and management of all material risks	Day-to-day management of credit risk
Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS) monitoring and reporting	Validating internal ratings
Stress Testing Framework, conducting stress testing process	Providing risk review opinion for both local and HO credit applications
Recovery & Resolution Plan and specific risk-related contingency plans	Carrying out credit assessments and continuous monitoring
Consolidated plan in terms of Business Continuity Management	Performing post-loan management
Capital Management Framework and Internal Capital Adequacy Assessment Process (ICAAP)	Reviewing and recommending performing loan classification
Model Management, monitoring, model validation, and identifying acceptable alternatives	Recommending loan provision levels via IFRS9 stage classification
Risk Data Aggregation and Risk Reporting (RDARR) Framework and related implementation and monitoring	
Non-performing asset management	
New Product and Services Approval Policy and process for both regulatory and non- regulatory projects	
Monitoring fraud risk	
Assisting with communicating to the Regulator on all risk related topics and review all public risk disclosures	

Table 5: Risk Management Department functions

As a Branch of China Construction Bank, various risk-reporting lines are in place with the Group:

- reporting from General Manager to Head Office;
- reporting of RMD to various Head Office departments based on risk types and overall risk management department; and
- reporting of Compliance department to CCB Head Office's Internal Control and Compliance Department

2.4. COMBINED ASSURANCE

Principle 3.5 of the King III Report introduced combined assurance as a recommended governance practice. King IV expanded on this concept by indicating that a combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision-making by management, the governing body and its committees.

CCB-JHB requires all lines of defence to work together to ensure that combined assurance is achieved following the Bank's Combined Assurance Framework which is set out in the diagram below:

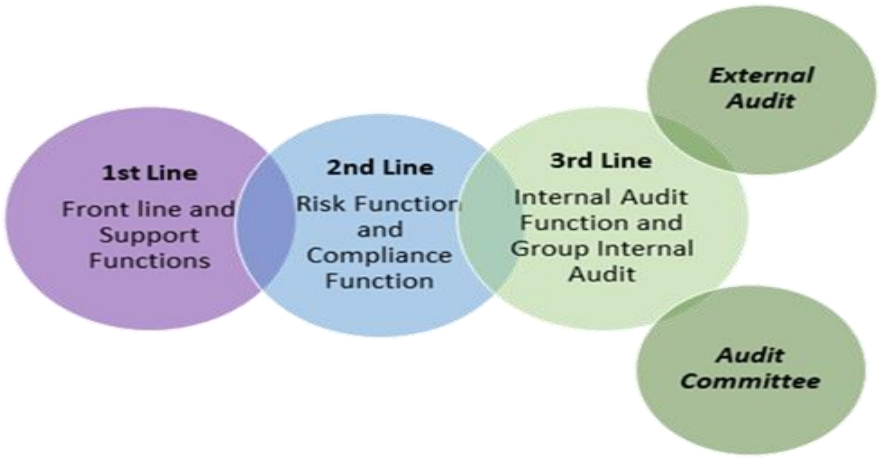


Figure 1: Combined Assurance Model - 2025

2.5. RISK MEASUREMENT APPROACHES

CCB-JHB measures assesses risk exposures using the following approaches:

Risk Type	Risk Measurement Approach
Credit Risk	Revised Standardised Approach (from July 2025)
Counterparty Credit Risk	Standardised Approach - SA-CCR
	Reduced Basic Approach for CVA (BA-CVA) (from July 2025)
Market Risk	Standardised Approach - Sensitivities-Based-Method (SBM) (from July 2025)
Operational Risk	New Standardised Approach (from July 2025)
Other Assets	Standardised Approach
Interest Rate Risk in the Banking Book (IRRBB)	Revised IRRBB Framework
Credit concentration	Large Exposure Framework

Table 6: Risk Measurement Approaches

More details on the different risk measurement approaches are presented in the risk-specific sections below.

2.6. RISK MANAGEMENT SYSTEMS

Risk management systems within CCB-JHB are a combination of CCB Head Office and locally developed systems. These systems facilitate risk measurement and management as a whole.

2.7. RISK REPORTING

Over and above reporting to the various committees governing risk and to the local regulatory authorities, clear reporting lines and escalation channels are established for risk reporting to CCB Head Office, Executive Management, RMD and the Compliance Department.

The scope of risk reporting to committees are specified within their respective Terms of Reference. Committee members perform annual committee self-assessments, including risk-reporting assessments where any identified gaps and areas of improvement are then implemented.

Regular risk reporting enables Executive Management and Department Heads to evaluate and understand the level and trend of material risk exposures.

Risk reports typically include:

- risk exposure (identification, review, measure, mitigation, residual risk);
- monitoring of the implementation of risk management;
- risk appetite monitoring and recommendation;
- limit and breach management;
- internal or external requirements affecting the risk management framework, policies, and processes;
- risk management assessment and compliance with policies; and
- identification of emerging risk.

2.8. RISK DATA AGGREGATION AND RISK REPORTING (RDARR)

BCBS 239 issued in January 2013 sets out the principles to strengthen risk data aggregation capabilities and internal risk reporting practices applicable to all banks, the implementation has contributed to enhancing risk management and decision-making processes.

The Branch achieved the first phase of its RDARR plan during 2023. CCB-JHB has adopted a phased approach with phase 1 consisting of applying the principles to 18 selected risk metrics, which included, but not limited to, pillar 1 risks. Compliance was achieved by implementing a pragmatic approach that is fit for purpose. Metrics for future phases of compliance are being assessed and considered for inclusion.

Independent and ongoing reviews have been and will be carried out to ensure RDARR principles are suitably enhanced and complied with during future phases.

2.9. RISK AND COMPLIANCE CULTURE

CCB-JHB, to encourage a risk and compliance culture, has established:

- Risk management forums to foster discussions between Front Line Departments, support functions, Compliance and RMD;
- Conduct risk standards implemented through conduct risk policies;
- A culture of no tolerance for any unethical behaviour;
- Risk and compliance management frameworks, policies, and procedures communicated and made available to all staff;
- That Compliance and RMD assist all departments when requiring support related to a specific risk process;
- That the risk and compliance management strategies are reviewed annually and communicated to Executive Management and Department Heads;
- That all staff must report risk incidents and are then investigated to implement corrective measures, enhanced controls;
- A whistle blowing policy and the process is outsourced to ensure independence and impartiality;
- A fit and proper test for key risk and compliance roles (before hiring and periodic assessments thereafter); and
- Various risk and compliance trainings, which are conducted annually where training is performed either by CCB-JHB staff and/or industry experts.

2.10. RISK APPETITE

The Risk Appetite Framework (RAF) is designed to establish an active risk management culture within the organisation, where the relevant and accurate risk information is utilised across the Branch for decision-making. CCB-JHB is committed to creating an environment where each staff member understands both what the Branch is aiming to achieve and the risk management constraints within which the Branch must operate to be successful.

Developing and embracing a Risk Appetite Statement (RAS) assists the Branch in:

- aligning HO group risk appetite and CCB-JHB risk appetite;
- aligning budgeted financial goals with necessary risk exposures;
- managing earnings volatility within acceptable levels;
- optimising the use of available capital and liquidity;
- maximising risk-adjusted returns, in the context of approved strategy;
- enhancing strategic planning and budgeting processes;
- enhancing effective decision-making, management, and control of the business; and
- ensuring compliance with regulatory ratios, internal appetite requirements, and CCB Head-Office requirements at all times.

CCB-JHB defines both quantitative and qualitative statements covering all major risks. The statement is translated into quantifiable performance measures and limits that are used to communicate, embed, and support the risk management process throughout the Bank.

The RAS is reviewed annually or any other time when a significant change in CCB-JHB's risk profile is experienced.

2.11. STRESS AND SCENARIO/SENSITIVITY TESTING

CCB-JHB's stress testing objective is to ensure that CCB-JHB can meet its capital requirements, prudential ratios, and sustaining business in a forward-looking manner, including severe but plausible economic stresses specific to CCB-JHB's portfolio and risk profile.

Stress testing at CCB-JHB takes the form of scenario analysis and/or sensitivity analysis:

- Stress Testing Scenario: refers to performing multiple sensitivity analyses at the same time, looking at the variables (and their interdependencies) that affect the Bank's CAR, Leverage Ratio, LCR, NSFR and other prudential ratios, and overall performance. Here, most of the sensitivity analyses are combined to form a scenario. By changing a combination of these factors, the Bank can assess several different scenarios;
- Sensitivity Analysis: specific risks applied to CCB-JHB can take the form of credit, market, or liquidity risks. To conduct sensitivity analysis, a certain variable affecting the respective risk category is stressed, keeping other variables constant, to see how the change would affect the overall CAR and Leverage Ratio, liquidity ratios, financial performance, and overall performance metrics of the Bank.

Stress testing outputs are used to:

- measure the sensitivity of risk portfolios to changes in the economic variables associated with the defined stress scenarios;
- setting the Branch's risk tolerance and establishing the risk strategy;
- inform senior management of possible vulnerabilities and available recovery options as defined within the Recovery & Resolution Plan (RRP); and
- perform capital planning and setting capital management strategy.

2.12. Hedging strategy and effectiveness

CCB-JHB has established dedicated strategies for both currency and interest rate risks. These strategies are reviewed annually and driven by both CCB Group and ALCO.

The strategies are embedded in respective policies and aimed at reducing overall risks of conducting business.

CCB-JHB uses both FX derivatives and IRS derivatives to hedge positions within pre-established limits and in line with overall appetite. The aim is to:

- reduce as much a possible currency risk arising from the lending business and treasury services with strict open foreign currency position limits; and
- reduce as much as possible IRR by converting fixed rate into variable rate.

Hedge effectiveness is monitored monthly via dedicated risk sensitivity calculations, set appetite and results are reviewed at ALCO. Any significant deviation from hedging strategy or poor hedge effectiveness results will trigger a review of hedges in place and possible corrective actions to be taken.

3. LINK BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

3.1. ACCOUNTING AND REGULATORY RECONCILIATIONS

The present disclosure refers to CCB-JHB only.
Consolidation of all CCB Group entities, including CCB-JHB, is managed at the Group level.

LI1/LIA – Difference 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:				
R' 000 At 31 December 2025			Subject to credit risk framework	Subject to counterpart y credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirement s or subject to deduction from capital
Assets							
Cash and cash equivalents	4 855 099	4 559 999	4 559 999	-	-	338	-
Loans and advances to banks	16 684 796	16 980 471	16 980 471	-	-	14 987 522	-
Loans and advances to customers	5 760 479	5 760 422	5 760 422	-	-	3 271 363	-
Derivative financial instruments	346 118	346 118	-	346 118	-	152 448	-
Interest-bearing securities at amortised cost	4 620 779	4 620 779	4 620 779	-	-	4 633 596	-
Interest-bearing securities at FVOCI	14 499 647	14 499 647	14 499 647	-	-	4 981 017	-
Investment in associate	-	-	-	-	-	-	-
Other assets	6 572	13 787	13 787	-	-	1 950	-
Deferred taxation asset	31 802	31 802	-	-	-	-	31 802
Right of use assets	7 733	-	-	-	-	-	-
Property, plant and equipment	270 039	270 039	270 039	-	-	-	-
Total assets	**47 083 064**	**47 083 064**	**46 705 144**	**346 118**	**-**	**28 028 234**	**31 802**
Liabilities							
Deposits from banks	13 875 180	13 875 180	-	-	-	8 908 636	4 965 710
Deposits from customers	25 241 499	25 241 499	-	-	-	1 685 829	23 555 670
Derivative financial instruments	9 956	9 956	-	9 956	-	1 916	-
Employee related liabilities	33 307	-	-	-	-	-	-
Tax payable	685	685	-	-	-	-	685
Other liabilities	71 179	112 217	-	-	-	54 032	58 185
Lease liabilities	7 731	-	-	-	-	-	-
Total liabilities	**39 239 537**	**39 239 537**	**-**	**9 956**	**-**	**10 650 413**	**28 580 250**

Table 7: LI1

The variance between the financial statements and the regulatory consolidation is due to the classification of asset and liability classes. Cash and cash equivalents for regulatory reporting only consider the cash reserve at the South African Reserve Bank (SARB) while financial statements also include Nostro accounts positions held at other CCB entities and banking counterparts.

All foreign currency assets and liabilities are subject to market risk framework. However, as per the implementation of FRTB, only FX derivatives are subject to FRTB in terms of capital requirements. CCB-JHB has received approval for the FX trading desk, of which scope is applying to all FX derivatives. On-balance sheet currency risk (loans and advances, securities and deposits) is transferred to the FX derivatives portfolio.

LI2/LIA: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

R' 000 At 31 December 2025		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)	47 083 064	46 705 144	-	346 118	28 028 234
2.	Liabilities carrying value amount under regulatory scope of consolidation (as per li1) (***)	-	-	-	9 956	10 651 248
3.	**Total net amount under regulatory scope of Consolidation**	**47 083 064**	**46 705 144**	**-**	**336 162**	**17 376 986**
4.	Off-balance sheet amounts (*)	5 137 593	2 055 037	-	-	
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.	Other changes (**)	-	(3 923 716)	-	485 162	
10.	**Exposure amounts considered for regulatory purposes**	**52 220 657**	**44 836 465**	**-**	**821 324**	

Table 8: LI2

(*) Off-balance sheet amount in column b does not consider Credit Risk Mitigation (CRM) and thus does not match to line 14, column d of the semi-annual CR4 table.

(**) Other changes:

- Credit Risk: The main difference regarding the credit risk framework is explained by the placements exposure, in Column a, the exposure is as of 31 December 2025 while in Column b is a monthly average; as well as differences for Off-balance sheet amounts in Columns a and b explained by Credit Conversion Factors (CCF) being applied in Column b.
- Counterparty Credit Risk: The main difference for column d is that the EAD is arrived at using SA-CCR, thereby resulting in the fair value of derivative liabilities made equal to 0, and an add-on factor for all derivatives is added.

The CCR disclosed is the fair value of the Branch's derivatives. The derivatives are made up of interest rate swaps, currency swaps, and forward exchange contracts.

(***) Total liabilities carrying value amount under regulatory scope of consolidation as per LI1 is R. 39 239 537

3.2. PRUDENT VALUATION

Instruments are fair-valued in accordance with International Financial Reporting Standards (IFRS).

Fair value is used for OTC derivatives and securities, namely:

- Foreign Exchange (FX) derivatives;
- Interest Rate Swaps (IRS);
- Government bonds;
- Treasury bills; and
- Corporate bonds.

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; and
- Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observables inputs.

The following key controls over and above system reliance have been noted:

- reconciliation is performed between the system calculation and Trial Balance (Derivative Instruments);
- controls are in place to ensure the accuracy of rates uploaded into the system from Bloomberg sources.

There is currently no Independent Price Verification process (IPV) at the Branch; this is performed at the CCB Head Office level.

Capital regulatory frameworks require banks to apply prudent valuation to all fair value assets and liabilities. The difference between the prudent value and the fair value in terms of IFRS called prudent valuation adjustments (PVAs) is directly deducted from Common Equity Tier 1 (CET1) capital.

PV01: Prudent valuation adjustments

		a	b	c	d	e	f	g	H
R' 000 At 31 December 2025		Equity	Interest rates	Foreign exchange	Credit	Commodities	**Total (*)**	Of which: In the trading book	Of which: In the banking book
1	*Closeout uncertainty, of which*			22 413			54 417		54 417
2	*Mid-market value*			14 295			33 011		33 011
3	*Closeout cost*			8 118			21 406		21 406
4	*Concentration*								
5	Early termination								
6	Model risk								
7	Operational risk			4 483			10 883		10 883
8	Investing and funding costs								
9	Unearned credit spreads								
10	Future administrative costs								
11	Other								
12	**Total adjustment**			**26 896**			**65 300**		**65 300**

(*) includes PVA calculated on securities at FVOCI

Table 9: PV1

As per the Prudential Authority's (PA) Directive 5/2020: Matters related to the Prudential Valuation Adjustment Framework, CCB-JHB is currently making use of the core approach for calculating PVA on its banking book.

The total PVA amount was arrived at by conducting an independent fair value calculation of CCB-JHB financial instruments (subject to PVA requirements).

The calculation has been completed by assessing the various adjustments contributing to PVA namely: Market Price Uncertainty, Close-Out Costs, Model Risk, Unearned Credit Spreads, Investing and Funding Costs, Concentrate Positions, Future Administrative Costs, Early Termination and Operational Risk.

The PVA calculation was refined during 2023 by including fair valued bonds. The PVA calculation is limited to the FX Swap book and FVOCI bonds.

The PVA model follows model management policy requirements, during 2024, the model was refined and validated (externally).

The total PVA amount is deducted from CET1 and, as of December 2025, amounted to R65.3Mn.

The table below provides explanations on PVA categories retained, being the Close-out Uncertainty and Operational risk PVA categories.

PVA category under the CA	Assessment	Materiality
Close-out Uncertainty	Market Price Uncertainty: Assessed to be material (refers to the valuation uncertainty of a valuation exposure arising from uncertainty of a valuation input) Close-out Cost (CoC): Assessed to be material for both FX and Securities (calculation detailed below) Concentration: The FX and TB portfolios are not constituted of very large exposures relative to market size.	Material Material None
Model risk	FX: valuation model is simple and no model risk is arising for the valuations that are taken into consideration. Securities: valuation is derived from traded prices and not modelled.	None
Unearned credit spread	FX: derivatives book is very short-dated and either contracted internally or with counterparties with good credit rating Securities: high liquidity nature and risk not material as instruments are simple and vanilla in nature	None
Investing and Funding costs	FX: funding costs associated are negligible Securities: not applicable	None
Future administration costs	FX: administrative costs and future hedging costs over expected life are negligible with the instruments being very short-dated Securities: liquid and traded in the market	None
Early termination	FX: early termination is only observed in more long-dated derivatives Securities: no early termination	None
Operational risk	As per regulatory requirement, CCB-JHB does not make use of the Advanced Measurement Approach (AMA) for measuring Operational risk	Material
Other –)	No other PVA was identified.	None

Table 10: PVA assessment

Fair value calculation

Market Price Uncertainty and Close-out Cost are calculated using the fair value pricing dynamics that regulate the instruments.

To perform different fair value calculations, CCB-JHB uses:

- FX rates
  - Sourced multiple FX rates from third party data vendors;
  - Built a confidence interval around the data sourced;
  - Considered bid-ask spread and added it to the base FX rate; and
  - Re-performed the calculations with the newly calculated FX rates
- Interest rates
  - Sourced basis curves; and
  - Re-performed calculations with the newly sourced interest rates
- Price (Securities)
  - Close-out bid price from third party data vendors; and
  - Close-out ask price from third party vendors.

Calculation of Close-out Cost adjustment

The bid/offer spread is calculated per transaction, by taking the difference between maximum ask prices and minimum bid prices sourced from different third-parties.

Calculation of Market Price Uncertainty adjustment

The valuation exposure is defined as the amount of a valuation position which is sensitive to the movement in a valuation input. MPU is calculated using standard deviation of the ask, bid, mid prices sources from different third-parties.

The Operational Risk adjustment

The Operational Risk adjustment is calculated by assessing the potential losses that may be incurred because of operational risk related to valuation processes; it is calculated using 10% of the other categories PVA.

4. CAPITAL MANAGEMENT

4.1. INTRODUCTION

Capital Management is aligned to CCB-JHB's risk profile, medium and long-term strategy, and risk appetite. The following is considered:

Prudential requirements	Strategic and organic growth plan
Minimum regulatory and internal requirements	Regulatory reforms
CCB Group expectations	Stress testing outputs and recovery options
CCB-JHB size and mandate	Peer comparison

The Capital Management Framework, Recovery & Resolution Plan, and Internal Capital Adequacy Assessment Process (ICAAP), all aligned to Regulatory and CCB Group requirements and standards; define the capital management strategy within CCB-JHB. This ensures the Branch's level of capital:

- remains sufficient to support the Branch's risk profile and outstanding commitments;
- exceeds the branch's minimum capital for complying with the Banks Act and Regulations thereto by an appropriate internal buffer;
- is capable of withstanding a severe economic downturn stress scenario;
- should a severe economic downturn materialize, be able to activate capital recovery options as envisaged in the Recovery & Resolution Plan; and
- remains consistent with the Branch's strategic and operational goals for the next five years and is aligned to CCB Group's expectations.

4.2. CAPITAL ADEQUACY AND LEVERAGE

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

- Common Equity Tier 1 (CET1) 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.

And considers:

- BCBS Basel III minima (total capital requirement: 8%);
- South African minima (including Conservation buffer (2.5%), Pillar 2A (1%), and 2B); and
- Countercyclical buffer (depending on exposures to corporate sector in foreign jurisdiction).

CCB-JHB quantifies and holds capital against risks that are specified in the minimum requirements from Pillar 1 as per the Banks Act and Regulations thereto; those risks include credit, counterparty credit, market, operational, equity risk and other risks.

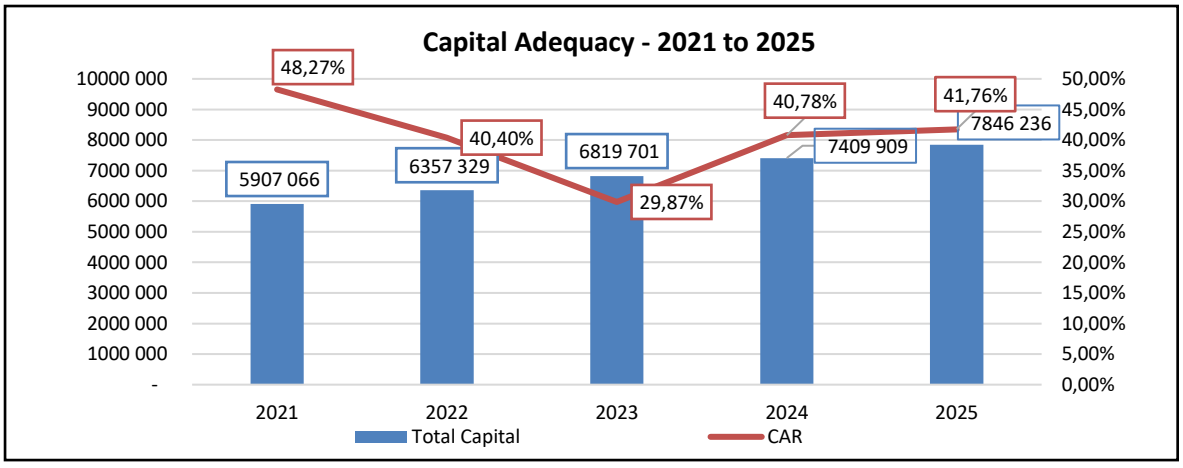


Figure 2: CAR and Qualifying Capital – 2021 to 2025

As at 31 December 2025, the Branch reported a capital adequacy ratio of 41.76% and a leverage ratio of 15.75%. CCB-JHB has exceeded both regulatory and internal minimum capital requirements for the period

under review, per the requirements of the Banks Act and stipulated within the ICAAP.
The capital adequacy ratio has increased due to a decrease of total RWA, mainly driven by a decrease of credit and counterparty credit RWAs:

- maturing bilateral and syndicated term loans were not replaced immediately as at the end of 2025 and resulted in the decrease of credit risk.

The high CAR at the end of 2025 is due to the current strategy of the Branch, which remains largely unchanged and continues to focus on organic growth of the lending portfolio. The increased maturing of deals (timing difference) at year end contributed to an increase of the CAR compared to during the year ratio.

4.3. SUPPLY OF CAPITAL

CCB- JHB capital structure is as follows:

- Paid in capital amount qualifying as Common Equity Tier 1 (CET1) capital;
- Retained earnings accumulated since the Branch's creation qualifying as CET1 capital;
- Other Reserves qualifying as CET1 (OCI);
- General allowance for credit impairments qualifying as Tier 2 capital; and
- Regulatory adjustment as prescribed by the Regulator (PVA deduction).

There are no restrictions on the transfer of qualifying capital and reserve funds within the CCB banking group. CCB-JHB complies with local requirements in terms of the transfer of qualifying capital and reserve funds outside of South Africa.

R'000	2025	2024
Tier 1 capital	**7 777 637**	**7 300 488**
Branch capital	*3 385 642*	*3 385 642*
Retained earnings	*4 284 657*	*3 780 176*
Accumulated other comprehensive income	*173 225*	*177 401*
Regulatory Adjustments	*(65 887)*	*(42 731)*
Tier 2 capital	**68 600**	**109 421**
General allowance for credit impairment	*68 600*	*109 421*
Total regulatory capital	**7 846 236**	**7 409 909**

Table 11: Capital supply

CCB JHB has high-quality capital with 99,13% of total capital constituting CET1. CET1 is suitable to absorb losses and retain value under stressed conditions. There have been no material changes in the capital composition/structure of CCB-JHB during 2025. CCB-JHB capital level is assessed as adequate to support the Branch's medium to long-term strategy while implementing Basel regulatory reforms.

4.4. DEMAND FOR CAPITAL

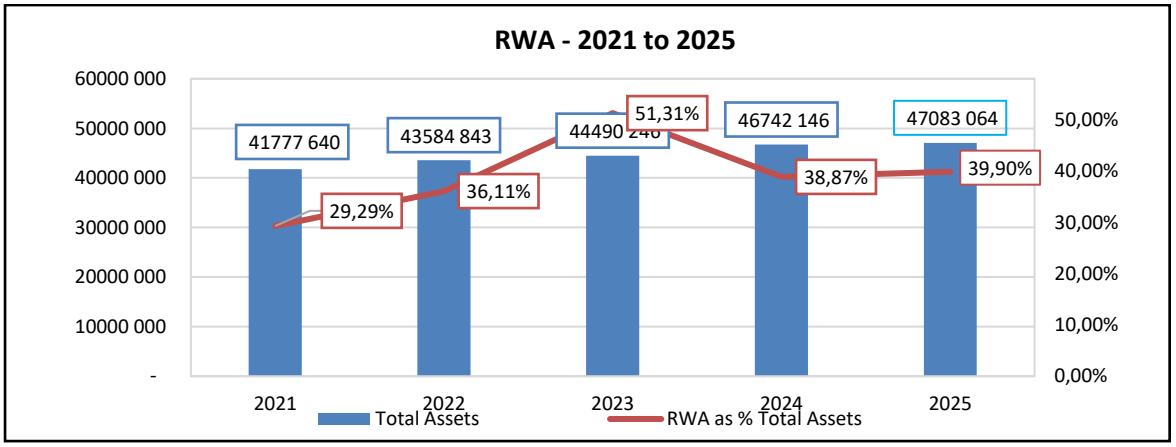


Figure 3: RW ratio and Total Assets – 2021 to 2025

COVID-19 pandemic impacted credit demand with loans maturing and not being replaced, early repayments and a decrease in exposure to large local and international corporates from 2020 to 2022. From 2023 the global and local credit demand recovered and CCB-JHB contracted an increase amount of term loans (bilateral and syndications). The timing difference of maturing term loans and their replacement, as explained above, contributed to the decreased RW ratio in 2024 and continued low level as end of 2025; short term placements were made to keep balance sheet constant (slight increase).

The change in asset mix, which started during 2022, continued during 2023 and part of 2024 and part of 2025, as per strategy, and consisting in:

- an increase in longer term loans and advances (to large FIs and corporates);
- a decrease in medium and short-term banking credit exposure; and
- an increase in corporate bonds holdings.

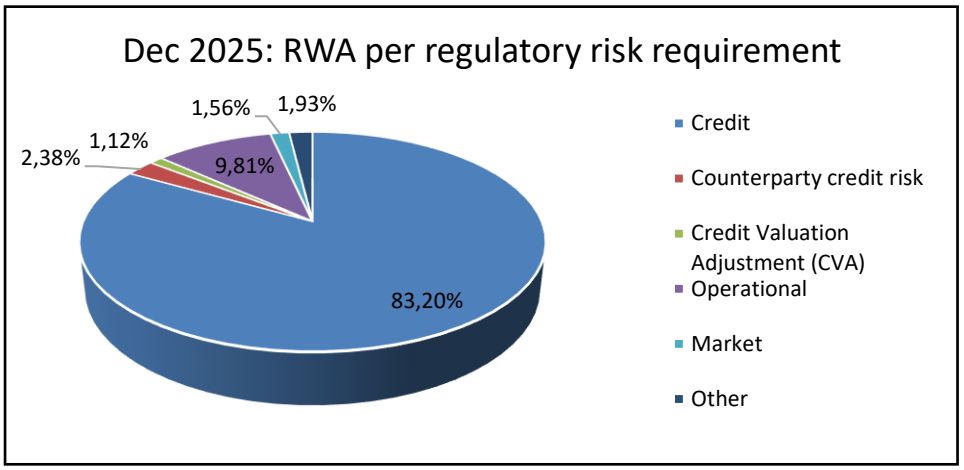


Figure 4: RWA per risk category – 2025

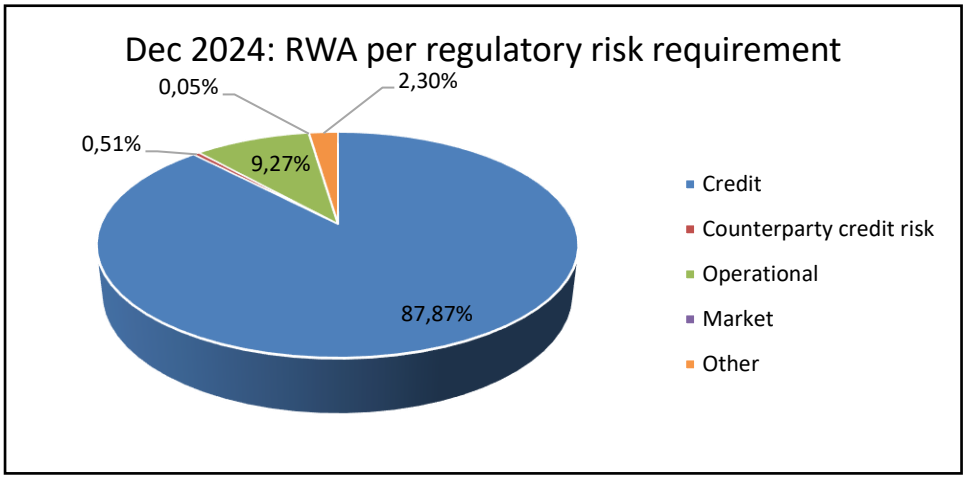


Figure 5: RWA per risk category - 2024

CCB-JHB's RWA profile has been mostly stable (bar counterparty credit risk) over 2025 with credit representing the largest capital requirements (83%). The main changes relate to:

- an increased counterparty credit risk, previously encompassing CVA, which is now separate from counterparty credit risk as per new regulatory reporting; and
- an increased market risk, due to the adoption of FRTB.

4.5. CAPITAL MANAGEMENT

The CCB-JHB capital framework and policy specifies the principles that management will follow in making decisions to manage the Branch's capital.

The RCICC is accountable for demonstrating that adherence to the capital framework and policy will allow the bank to maintain ready access to funding, meet its obligations to creditors and other counterparties, and continue to serve as a credit intermediary before, during, and after a stressful scenario.

Capital Management				
Investment of capital	**Profit appropriation/repatriation**	**Capital planning**	**Capital monitoring**	**Recovery & Resolution Plan**
"Risk-free" assets where a secondary market is active	Steady increase through monthly appropriation	Evaluate the level and trend of material risks and their effect on capital levels	Monitoring of regulatory capital measures (CET1, T1, CAR, Leverage, RWA growth, RWA contribution per risk, LEX framework)	The setting of early warning triggers
Maturity diversification of securities	No constraint from Head Office aimed at supporting the growth strategy	Evaluate the sensitivity and reasonableness of key assumptions used in the capital assessment measurement system	Monitoring of performance-related metrics (RoE, RAROC, EVA)	Identification of recovery options
	No barriers to transferability of capital from the Group to the Branch	Determine that sufficient capital against the various risks is held	Monitoring of risk appetite metrics (internal buffers)	Establishing governance for crisis management
		Capital adequacy goals	Pre-established reporting channels to Executives, Committees and Senior Management	Establishing escalation and reporting channels for crisis management
		Assess future capital requirements based on reported risk profile and make necessary adjustments to the strategic plan accordingly		

Table 12: Capital management principles

4.6. ICAAP

The Internal Capital Adequacy Assessment Process (ICAAP) document is developed in alignment to SARB Guidance Note 4/2015 which provides guidelines and expectations of the Prudential Authority (PA). The aforementioned guidance note refers to the Basel Committee on Banking Supervision (BCBS), Financial Stability Board (FSB) principles, best practices and requirements.

A successful ICAAP requires that the management of risk and capital should be embedded within business processes and span the entire spectrum of its activities.

CCB-JHB reviews its ICAAP frequently in line with the current strategy. CCB-JHB identifies the associated risks and assesses how those risks contribute to capital needs as measured by both internal and regulatory requirements.

During the ICAAP, review of risk management processes is performed to ensure integrity, accuracy, and reasonableness of:

- appropriateness of the bank's capital assessment process given the nature, scope, and complexity of its activities;
- identification of large exposures and risk concentrations;
- accuracy and completeness of data inputs into the bank's assessment process;
- reasonableness and validity of scenarios used in the assessment process; and
- stress testing and analysis of assumptions and inputs.

CCB-JHB has set the ICAAP stress testing process for determining the severity of risk management gaps and developing appropriate responses, including monitoring and limiting the exposure in question and holding regulatory capital to serve as a buffer to absorb these risks.

4.7. RECOVERY AND RESOLUTION PLAN

The Recovery & Resolution Plan (RRP) details the range of strategies Executive Management and Department Heads can employ to address anticipated and unexpected capital shortfalls.

The Bank considers the following aspects of the RRP when considering its current ability to recover from severe stress:

- measures to reduce risks;
- restore financial strength;
- ensure critical processes are maintained;
- address liquidity pressures;
- conservation of capital and solvency;
- strategic options including the divestment of business lines and restructuring of assets and liabilities;
- the process to ensure timely implementation;
- appropriate governance is followed during crises;
- appropriate reporting to both CCB Head Office and regulators is executed; and
- appropriate external communications are prepared, approved, and performed.

In terms of resolution, the following aspects would be considered:

- communication channels and coordination with Head-Office and the SARB;
- ensure temporary continuity by maintaining critical functions;
- protect depositors while reducing and adjusting level of required funding, using intragroup funding if available;
- protect creditors by selling-off loans and advances on the secondary market and/or other CCB entities/ensuring FX derivatives are held till maturity and collateral returns;
- protect service providers and third parties with cooperation, information exchanges and transparency;
- ensure no legal impediments with third parties in the process;
- protect staff with following local labour regulation;
- avoid unnecessary destruction of value and minimise overall costs;
- exit market in an orderly way; and
- prepare with HO all external communications.

5. CREDIT RISK

5.1. CREDIT RISK OVERVIEW AND GOVERNANCE

Overview

The Branch's credit risk arises through its lending activities. It includes credit default risk, pre-settlement risk, country risk, and concentration risk.

A customer is considered to be in default when:

- the counterparty is unlikely to repay its credit obligations to the Branch in full, without recourse by the Branch to actions such as realizing security (if any is held);
- the customer 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.

The Bank's primary exposure to credit risk arises through its loans and advances. The credit exposure 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 undrawn part of committed facilities and guarantees.

The Branch's lending strategy has remained stable over the years.

Governance

EXCO has the overall responsibility for credit risk and for approving recommended improvements for credit risk governance and management and, if necessary, adjusting the credit risk appetite of the Branch.

The Branch's CC and RCICC are tasked to identify, manage and monitor credit risk. The CC is the approval authority of credit facilities, and it exercises its authority within limits and parameters delegated by CCB Head Office. RCICC monitor(s) credit risk of existing loans and advances portfolio, including country risk and concentration risk assessments, and is responsible for IFRS 9 impairment processes, including approving all material aspects of the model design, development, validation and model enhancement.

RMD carries out daily risk monitoring functions and ensures both RCICC and CC decisions are executed. The credit risk function mainly entails ongoing management of credit risk, which includes validating internal credit ratings, carrying out credit risk assessment, providing risk review opinions on credit submissions, performing continuous post-loan management, reviewing and recommending loan classification, and loan provision levels through the IFRS9 stage classification. The function also monitors compliance with various key credit related policies.

The Compliance Department:

- performs internal controls checks after selecting samples; and
- monitor compliance with regulatory requirements.

The Internal Audit function carries out dedicated audits, audit plan is determined on a risk-based approach basis and reviewed annually.
There has been no major change in managing credit risk in 2025.

5.2. MEASUREMENT AND MANAGEMENT OF CREDIT RISK

CCB-JHB has implemented the new Standardised Approach for measuring credit risk from 1st of July 2025. This approach remains based on customers' external ratings mapped to pre-defined risk-weight ratios using the ratings table included in Regulation 23 of the Regulations to the Banks Act and due consideration to the applicability of the rating to the exposure as contemplated in Regulation 23(5). If no external rating is available, the credit exposure will be allocated a conservative risk weight based on the local regulatory requirements.

Although credit risk capital demand is the largest capital charge for the Branch, the impact of the new approach is limited. This is mainly due to the nature of business of CCB-JHB and capital output floors not being applied (no used of IRB). Most notable changes related to some changes in terms of risk weights and credit conversion factors.

Credit Risk Assessment

The Branch's credit risk appetite is determined under the Branch's Risk Appetite Framework and guidance from CCB Head Office credit-related policies by promoting the sound and sustainable development of credit business.

The Deal Forum (DF) is responsible for conducting an initial high-level assessment on prospective credit proposals to determine compliance with the credit risk appetite.

Credit proposals undergo an assessment which includes the following:

- Assessment of the counterparty's internal credit rating
  - Counterparty internal credit ratings are initiated by the front-line departments (FLDs), reviewed and validated by RMD, and approved by Credit committee (CC).
  - The process of assigning an internal credit rating to a counterparty is guided by the Credit and Approval Management Policy and Procedure.
- Assessment of the counterparty's external credit rating
  - Under the guidance of the Credit and Approval Management Policy and Procedure, counterparty external credit ratings that are issued by approved rating agencies are utilised for referencing in the credit assessment process.
  - For regulatory reporting, CCB-JHB uses external ratings of rating agencies that have been approved by the PA, commonly referred to as eligible External Credit Assessment Institutions (ECAIs). CCB-JHB uses Moody's Investor Services, Standard and Poor's Rating Services, and Global Credit Ratings Co (Pty) Ltd. external ratings. Fitch Ratings Inc. was derecognised during 2023, hence no longer used. ECAIs ratings are used for banking and large corporates. When no external rating is available, the exposure is categorised as "unrated".
- Counterparts with no external credit rating are allocated a set risk weight as per Regulations relating to Banks and treated as unrated, including unrated subsidiaries or Branches where the parent company is rated.
- Assessment of the counterparty's risk profile
  - Under the guidance of the Credit and Approval Management Policy and Procedure, the assessment of the risk profile includes determining creditworthiness, setting appropriate credit limits within the Branch's credit risk appetite, industry and counterparty concentration, and the counterparty's risk profile;
  - Limits are allocated based on risk profile:

Type of limits		
Category	**Limit**	**Sub limit**
Counterparty limits	Corporate Banking limits	NA
	Treasury Transaction limits	FX limits
		Placement limits
Concentration limits	Single counterparty limits	NA
	Group and interconnected parties' limits (LEX)	NA
	Industry limits	NA
Country limits	Per country	NA

Table 13: Type of credit limits within CCB-JHB

Credit proposals are independently assessed by the RMD and a risk review opinion is included in all submissions.

Credit Risk Reporting / Post Lending Management

The Branch's credit risk post-lending management is undertaken with the guidance of CCB Head Office policies and procedures.

Repayments are monitored daily to identify any overdue exposure.

Counterparty concentration is calculated daily, aimed at monitoring a single or group of exposures that may threaten the Branch's capital adequacy or sustainability. The monitoring of counterparty concentration considers exposure arising from both on and off-balance sheet items, contingent liabilities and offset by qualifying credit risk mitigation.

Annual reviews of the counterparty's risk profile are conducted by FLDs to determine any change in the counterparty's risk profile. The annual reviews are subject to an independent assessment by RMD and fall under the authority of the CC.

Quarterly lending portfolio reports are also completed as part of post-lending management and these include an assessment of the Branch's lending portfolio by exposure type and related concentration, industry type and related concentration, top 10 counterparties, counterparty risk classifications and non-performing counterparties. This report falls under the authority of the RCICC.

Monthly post lending management reporting is completed and includes an assessment of the counterparty credit risk profile. The report informs on SENS announcement, media news, industry news, related industry news, client communications, upcoming repayment interest payment/principal repayment and so on.

Credit exposures/assets by industry, geography and residual maturity are broken down in the following graphs:

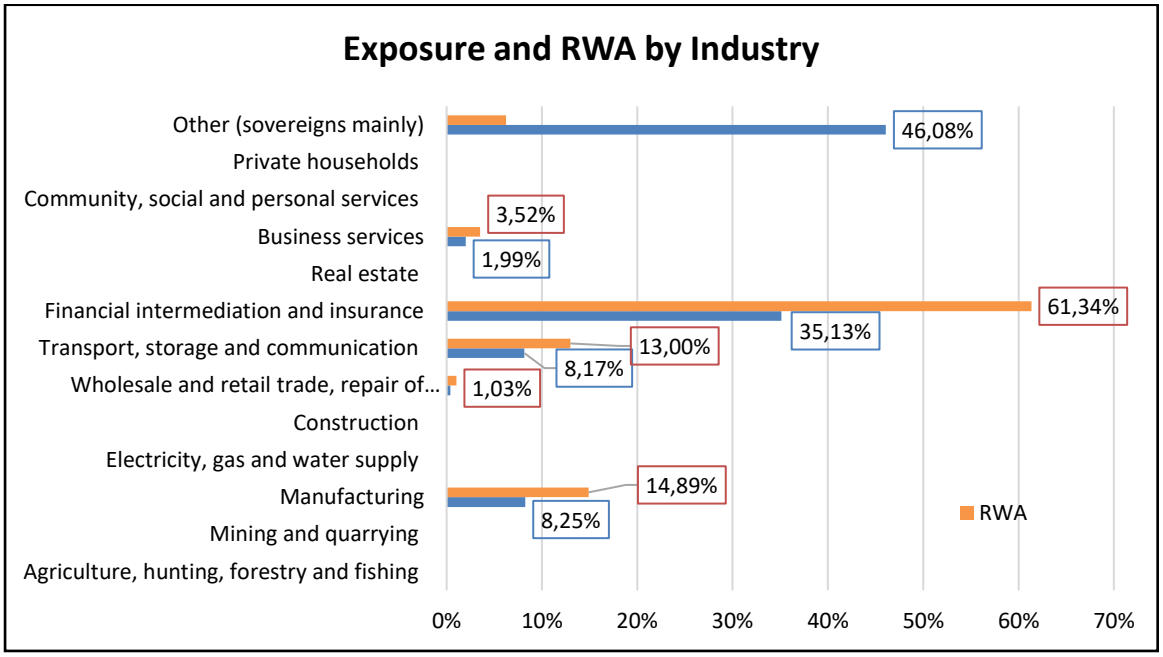


Figure 6: Credit Exposure and RWA by Industry - 2025

There are no material changes in terms of sector exposures.

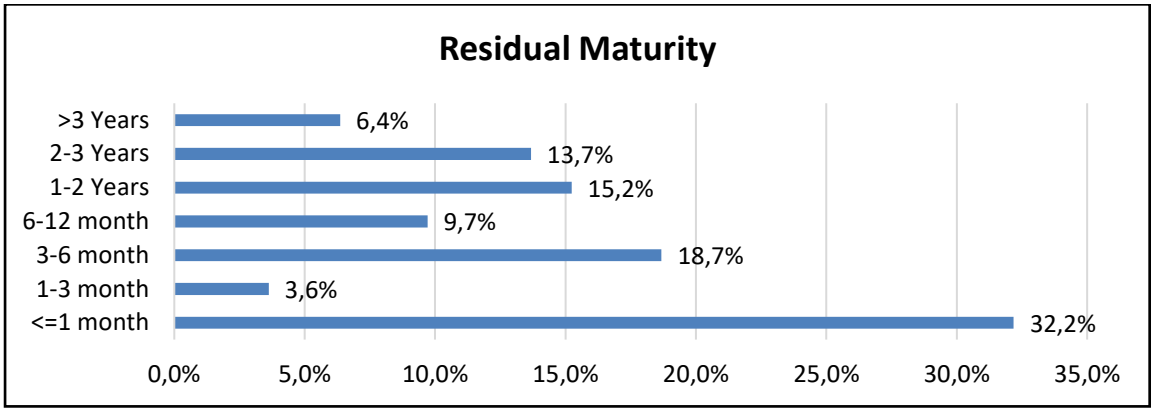


Figure 7: Credit assets per residual maturity

Maturity profile remained mostly stable in 2025, with some term loans and advances moving into shorter time bucket. Matured term loans in 2025 are anticipated to be replace during 2026 with an overall strategy to increase overall residual maturity to increase interest income.

Country Risk / Geopolitical risk

Credit exposure and RWA are broken down by region and industry in the following figure and table:

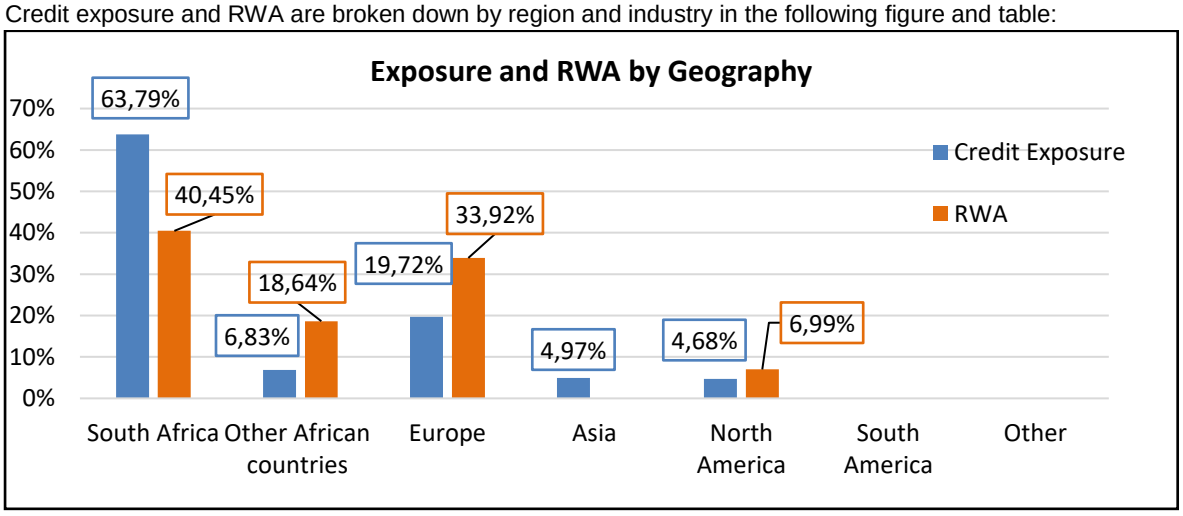


Figure 8: Credit Exposure and RWA by Geography - 2025

As at 31 December 2025	Overview of EAD and RWA			
	Total EAD (R'000)	EAD %	RWA (R'000)	RWA %
Geographical				
South Africa	28 002 295	63.79%	6 504 434	40.45%
Other African countries	2 999 753	6.83%	2 997 053	18.64%
Europe	8 657 575	19.72%	5 453 569	33.92%
Asia	2 181 479	4.97%	0	0.00%
North America	2 055 960	4.68%	1 123 452	6.99%
South America	0	0.00%	0	0.00%
Other	41	0.00%	0	0.00%
Industry				
Agriculture, hunting, forestry and fishing	-	0.00%	-	0.00%
Mining and quarrying	-	0.00%	-	0.00%
Manufacturing	3 619 454	8.25%	2 393 480	14.89%
Electricity, gas and water supply	-	0.00%	-	0.00%
Construction	-	0.00%	-	0.00%

Wholesale and retail trade, repair of specified items, hotel	165 373	0.38%	165 373	1.03%
Transport, storage and communication	3 585 336	8.17%	2 089 790	13.00%
Financial intermediation and insurance	15 421 390	35.13%	9 863 250	61.34%
Real estate	-	0.00%	-	0.00%
Business services	875 678	1.99%	566 057	3.52%
Community, social and personal services	-	0.00%	-	0.00%
Private households	-	0.00%	-	0.00%
Other (sovereigns)	20 229 873	46.08%	1 000 559	6.22%

Table 14: EAD and RWA per region and sector

CCB Head Office establishes specific country exposure limits for each country with whom the Bank has or may have a business. These limits are based upon an analysis of the socio-political environment in the listed countries, and the Branch manages these accordingly.

CCB-JHB has defined high-risk countries as those for which the political environment is such that the flow of capital into and out of the country could be restricted. This could preclude payment of obligations by obligors who have the willingness and ability to pay their obligations.

Risk analysis on operating in a given country is performed for all credit applications.

Country risk is managed/mitigated:

- with diversified funding lines across various regions than the one it is operating with;
- hedging all transactions > 9 months using Interest Rate derivatives and forex;
- contingency plans rely on other CCB branches across the world and on the CCB Group;
- ongoing monitoring of market movements due to geopolitical influences; and
- stress testing encompassing geopolitical and macroeconomic shock.

As of December 2025, 60% of total RWA was to companies domiciled outside of South Africa; RWA distribution has remained stable over 2025, most notable change being a decreased contribution from other African countries (from 28% to 19% of total RWA). There are no concerns with any given countries the Branch has exposures. While the branch has conservatively classified the counterparty domiciled in Egypt under Egyptian country risk, the entity is not directly exposed to Egyptian sovereign risk as it is operating as a supranational entity.

Credit Risk Mitigation (CRM)

The Branch has approved collateral that is acceptable in reducing credit risk and the collateral type must meet the minimum requirements that are stipulated in the Collateral Management in Corporate Lending Policy and Procedure. Preference is for collateral types that are easily valued and realizable, with minimum costs. The Branch also accepts credit insurance from accredited insurers. CRM (netting, guarantees, collateral, and others) is recognised only when the branch is meeting regulatory requirements.

As of 31 December 2025, limited collateral has been accepted to mitigate credit risk, mainly in the form of demand guarantees. There is no concentration in any type of collateral.

5.3. CREDIT QUALITY OF ASSETS

Definition of past-due and impaired for accounting and regulatory purposes

If a payment of principle or interest is not made on the 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.

All past-due exposures (more than 90 days) will be impaired. As end of 2025, the Branch does not have any default loan exposure.

IFRS 9 Impairment Model

The Branch has adopted the approach prescribed in IFRS 9, which uses an expected credit loss (ECL) for recognition of impairment losses. ECLs are calculated with three main components:

- the probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

PD is derived from the internal rating model used for credit applications. LGD are derived using regulatory guidelines and external benchmarks due to the limited internal default data of the Branch.

Adequacy of impairments is assessed through the continuous review of the quality of credit exposures. Individual exposure is classified into one of the following categories:

Stage 1	Stage 2	Stage 3
Credit risk has not had a significant increase since initial recognition or which have low credit risk	Credit risk has increased significantly since initial recognition unless having low credit risk but the asset is not credit-impaired	The asset has become credit-impaired since initial recognition
12-months ECL is recognised	Lifetime ECL is recognised	Lifetime ECL is recognised

Table 15: Stage and ECL

The bank uses a combination of qualitative and quantitative methods for determining the significant increase in credit risk. The quantitative method uses relative trigger thresholds to move exposures to Stage 2 based on the number of notch downgrades experienced between the original date of the financial instrument and the reporting date. The qualitative assessment of a significant increase in credit risk is based on the Branch's current credit risk classification procedure.

The table below sets out the mapping of the current credit risk definitions to the IFRS 9 stages:

	Stage 1	Stage 2	Stage 3
Criteria	Normal – provided that the exposure is not more than 30 days past due; Watchlist – provided that the exposure is not more than 30 days past due; and Exposures that are not subject to the notching criteria.	Normal – those exposures which are more than 30 days past due; Watchlist – those exposures which are more than 30 days past due; Special Mention; and Exposures whose internal credit rating is downgraded as per the quantitative notch downward criteria.	Special Mention – those exposures which are more than 90 days past due and the net realisable value of the security is sufficient to cover the payment of principal and accrued interest; Sub–Standard – those exposures which are more than 90 days past due and the net realisable value of the security is insufficient to cover the payment of principal and accrued interest; Doubtful – those exposures which are more than 90 days past due; Loss – those exposures which are more than 90 days past due; and Exposures that have been restructured due to financial distress.

Table 16: stage definitions

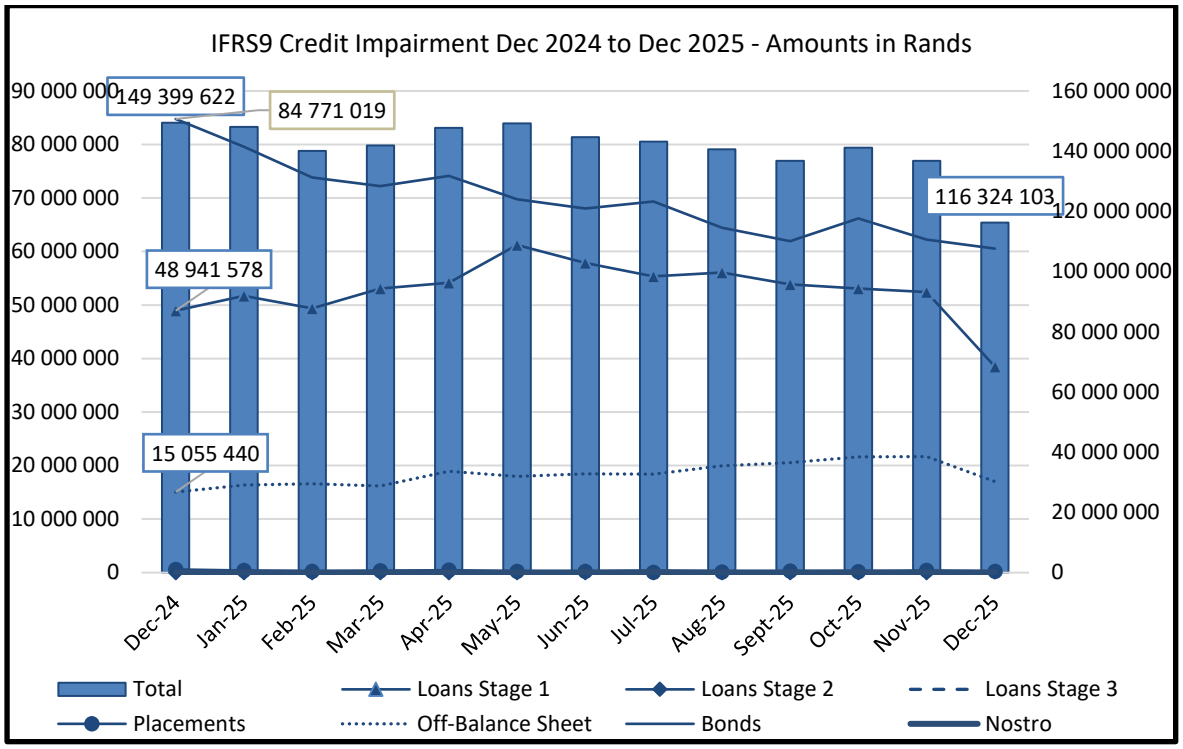


Figure 9: IFRS9 credit impairments

The impairment of the Branch has decreased from R149Mn in December 2024 to R116Mn in December 2025.

The impairment decrease is due to:

- an update in the economic data which includes the GDP, Credit Index and as part of the model annual review;
- term loan repayments (stage 1 loans); and
- securities tenor reducing (affecting lifetime PD).

The Branch believes that the impairment level was appropriate and sufficient based on the changes in the Branch's portfolio and the current economic environment.

Restructured exposures definition

The definition of restructured exposures is in line with Banks Act Directive 7 of 2015 and Directive 3 of 2020.

Restructured credit exposure is a credit exposure, approved by the CC, where a concession was granted to the Borrower owing to a deterioration in the Borrower's financial condition or owing to a distressed situation of the relevant Borrower.

When the financial distress of a borrower has been established and the remaining requirements of the definition of a restructured exposure have been met, the exposure will be reported to the PA as having been restructured.

There are no restructured exposures within the Branch as of 31 December 2025.

Year in review

In South Africa, the economy slightly improved, bolstered by higher commodity prices and increased exports. Business sentiments and economic growth continued to improve during 2025, although fragile. CCB-JHB maintained a stable lending portfolio with stable credit quality.

The Branch does not have any non-performing assets and suffered no losses during the year.

6. COUNTERPARTY CREDIT RISK

6.1. OVERVIEW

Counterparty Credit Risk (CCR) arises from the derivatives exposure of CCB-JHB. The Branch's derivative portfolio consists of Interest Rate Swaps (IRS) and Foreign Exchange Contracts (FECs). IRS are solely to hedge interest rate risk, while FX derivatives are for hedging and funding purposes.

There are two components for the CCR calculation, detailed below:

- CCR calculated based on the Standardised Approach (SA-CCR); and
- Credit valuation adjustment (CVA) using the Reduced Basic Standardised Approach for CVA calculation.

CCB-JHB conducts Over-The-Counter (OTC) derivatives transactions with clients that have an allocated limit (with the exception of cash cover transactions) and all OTCs are booked as bilateral agreements. CCB-JHB has no exposure to Central Counterparty Clearing House (CCP).

CCB-JHB does not conduct any Securities Financing Transactions (SFTs) and proprietary trading.

CCB-JHB has implemented the Revised Credit Valuation Adjustment Framework (CVA) from 1st of July 2025. CCB-JHB has selected the reduced version of the Basic Approach for measuring CVA (BA-CVA). CCB-JHB has not opted to use 100% of CCR for its CVA measure. No material impact on capital requirement was experienced.

6.2. GOVERNANCE

The responsibility of CCR governance and strategy resides with the Assets and Liabilities Committee (ALCO), which delegates measurement, monitoring and reporting responsibilities to relevant departments (RMD, Treasury and Accounting) as stipulated by the Branch's Counterparty Credit Risk policy.

As part of the new risk measurement approach for CVA, as per Prudential Communications, all ALCO members and senior management were trained and fully understand the revised framework. Model built followed a dual governance approval process (EXCO and AC) and fully operational.

6.3. RISK MANAGEMENT

CCR management relies on:

- dedicated credit lines for derivatives with banks having signed ISDA master agreements;
- CSA agreements entered into with selected counterparties, where exchange of daily cash variation margin is performed when applicable;
- an automated limit system to prevent limit breach;
- daily regulatory CCR and CVA capital requirement calculation; and
- monitoring and reporting of exchange rates and any significant market event possibly affecting CCR and CVA levels.

General wrong-way risk arises when the probability of default of counterparties is positively correlated with general market risk factors. General 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 inextricably linked to South African sovereign country rating, South African repo rate, and local currency.

Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty. CCB-JHB has no specific wrong-way exposure.

CCB-JHB does not hedge CVA.

CCB-JHB does not currently exchange daily cash variation margin, as excluded from CSAs.

The collateral amount would not be based on CCB-JHB's credit rating, but rather on Mark-to-Market values of derivatives; a downgrade of CCB-JHB (CCB Group) would thus not trigger any additional posting of collateral.

6.4. YEAR IN REVIEW

Fluctuations in CCR and CVA are as a result of the fair value movements in currency swaps. The fair value is determined by discounting future cash flows of the derivative and factors that influence the discounting are:

- the nominal value of contracts;
- the volume of derivatives; and
- interest rates and exchange rates.

The nominal value and volume of derivatives are not materially different from 2024 and the main parameter affecting RWA is the ZAR volatility to USD.

As at 31 December 2025, CCR and CVA RWA amounted to R657 532. FX derivatives are booked as hedging instruments and their replacement costs are affected by exchange rates. When ZAR depreciates towards USD, the replacement cost of ZAR/USD derivatives decreases, this, in turns, decreases capital requirements; the derivatives are usually ranging from few days to 3 months.

CCR and CVA levels are under control and CCR and CVA capital requirements are monitored daily.

7. LIQUIDITY AND FUNDING RISK

7.1. OVERVIEW

As part of its operations, the Branch is exposed to liquidity risk encompassed in financial risks relating to assets and liabilities, comprising of funding risk, market liquidity risk, currency mismatch, and concentration risk.

The Branch's responsibility is to maintain a strong liquidity and funding position at all times, although it can rely on support of its Head Office.

The Branch's funding is constituted of interbank, institutional, and corporate funding.

7.2. GOVERNANCE

The ALCO is mandated by the EXCO to ensure independent supervision of liquidity risk within the risk appetite, internal limits, and prudential requirements. The committee conducts monthly meetings to monitor the liquidity position and to elect strategies to optimize the structure of the balance sheet. The Treasury department is required to execute these strategies and manage the Branch's liquidity daily.

The RCICC institutes the control framework in which liquidity is to be managed in accordance with the risk appetite statement. The risk appetite statement defines risk metrics, buffers, limits, risk tolerances, survival horizon, and qualitative statements that articulate the level of risk the Branch is willing to accept in achieving its strategic objectives. The committee is responsible for establishing policies and contingency plans which detail the responsibilities, management processes, governance, stress testing, and monitoring procedures for managing liquidity.

The risk management function is tasked with monitoring liquidity risk and making recommendations to the committee with regard to the management of liquidity.

7.3. RISK MANAGEMENT

The Branch aims to manage liquidity efficiently, ensuring continuous banking operations in both normal and stressed conditions. Adherence to prudential and internal requirements drives the execution of this strategy, with metrics such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) playing a pivotal role in the liquidity management process. LCR and the NSFR are reported daily which enables the Treasury department and ALCO to monitor and manage the Branch's liquidity effectively and maintain pre-established internal buffers. This guarantees the maintenance of sufficient High-Quality Liquid Assets (HQLA); this includes Treasury Bills, sovereign bonds, and other short-term money market instruments. Additional sources of liquidity can be obtained intra-group and in the interbank market. The level of available sources of stress funding is measured and monitored monthly and was deemed sufficient to mitigate liquidity risk throughout the financial year.

The Accounting Department report and monitor the 60/40 and intra-group limits daily to ensure compliance with all prudential requirements

Monitoring of liquidity mismatches from a contractual, business as usual, and cumulative basis is conducted by RMD. The liquidity gaps, resulting from the maturity of the liabilities being shorter than the maturity of the assets, will be utilized to determine and manage the survival horizon in accordance with risk appetite.

In addition, the source of funding strategy resides in diversifying funding (industry, asset class, tenor and currencies) from sustainable sources to achieve strategic objectives efficiently and limit excessive concentration to achieve liquidity resilience.

To improve the Branch's resilience, regulatory metrics are monitored on an ongoing basis with set risk appetites and Recovery & Resolution Plan early warning triggers, stress testing is performed quarterly for CCB Head Office, and within ICAAP.

7.4. YEAR IN REVIEW

The Branch's liquidity profile has shown short-term resilience throughout the year, with LCR at 215.24% as at 31 December 2025. The portfolio of high-quality liquid assets (HQLA) increased by 9.42% from the prior reporting date. The increase in HQLA is mainly due to increased qualifying central bank reserves and increased investment in Treasury Bills. The Branch maintained LCR compliance in excess of both the internal buffer and regulatory requirements.

The NSFR demonstrates the Branch's funding stability and medium/long-term resilience. As at 31 December 2025, NSFR was reported at 158.91%, compliant with regulatory requirements and operating within the internal risk appetite.

Both LCR and NSFR are monitored daily, and adjustments to strategy, where applicable, are made to ensure continuous compliance with both internal and regulatory requirements.

The Branch has maintained sufficient levels of HQLA to address short-term funding needs throughout the financial year:

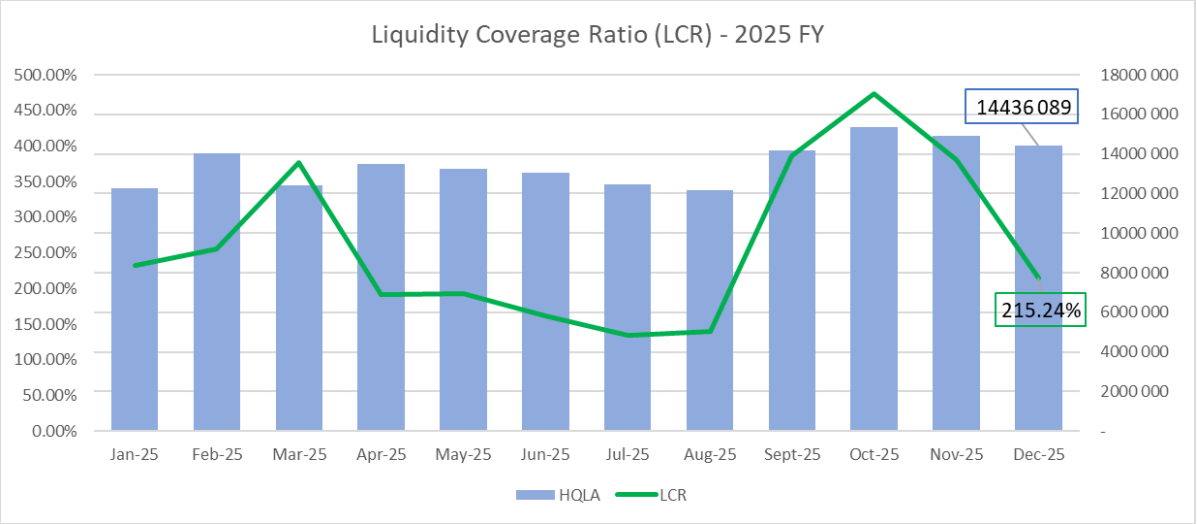


Figure 10: LCR - 2025

The Branch has maintained sufficient levels of available stable funding to address long-term funding needs throughout the financial year:

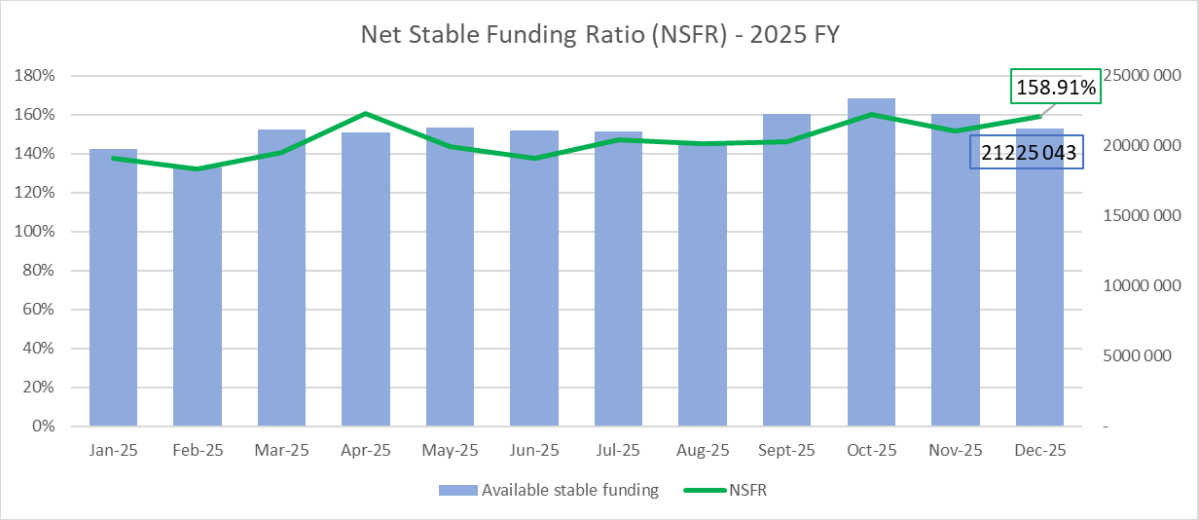


Figure 11: NSFR - 2025

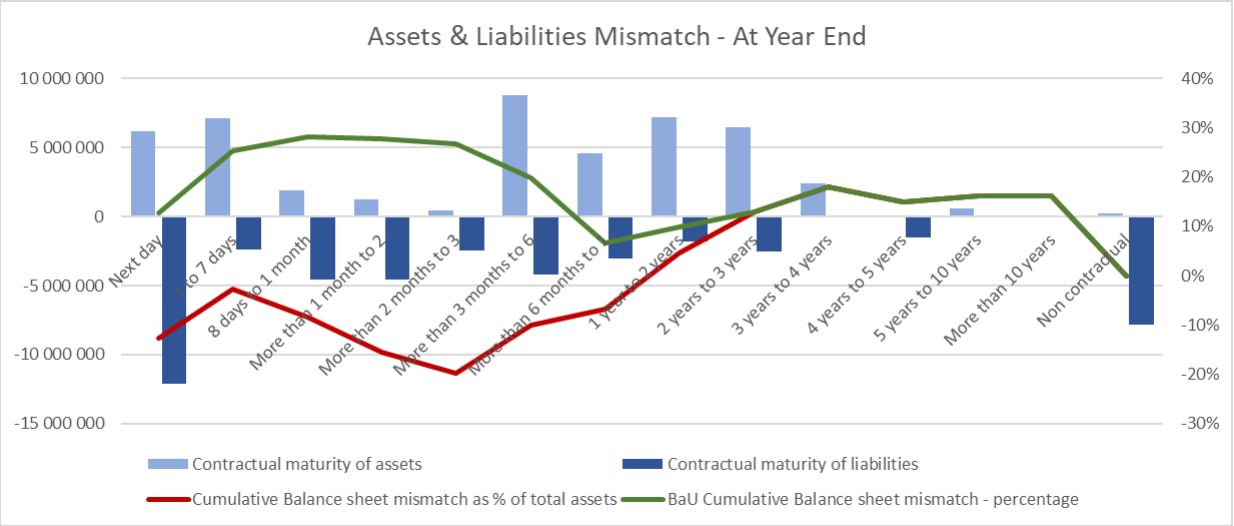


Figure 12: ALM - Contractual Mismatch – 2025

The above figure shows the contractual balance sheet mismatch between assets and liabilities, per time buckets and as of end of December 2025. The cumulative balance sheet mismatch is negative from next day up to 3 years. However, on a BaU basis, the cumulative mismatch is positive from next day up to 6 months. Survival horizon internal appetite was met consistently.

8. INTEREST RATE RISK IN THE BANKING BOOK

8.1. OVERVIEW

The interest rate risk exposure emanates from the banking book, as assets and liabilities are subject to repricing risk, yield curve risk, and basis risk.

The Branch aims to maintain a balance sheet profile with natural interest rate risk offsets. In cases where there are no natural offsets, interest rate risk is hedged using appropriate derivatives.

The Revised Interest Rate Risk in the Banking Book (IRRBB) Framework was implemented from January 2023 and aligned to the Basel Committee on Banking Supervision (BCBS) and PA revised IRRBB standards.

8.2. GOVERNANCE

The ALCO oversees interest rate risk in accordance with the Branch's policy and contingency plan approved by the RCICC.

The committee is responsible for establishing the appropriate risk appetite for IRRBB and monitoring adherence to internal and regulatory limits.

Operationally, the Treasury function is responsible for the daily management of interest rate risk per guidelines stipulated by the ALCO.

An external validation of the IRRBB model was performed end of 2024/early 2025. Adjustments to policy, procedure, reporting and risk appetites have all been performed accordingly.

8.3. RISK MANAGEMENT

Management of IRRBB is assigned to the Treasury department, which has been authorised by ALCO to hedge net interest rate exposures with CCB Head Office and the external market in accordance with the internal mandate.

To mitigate IRRBB:

- Interest rate swaps are utilized to hedge against the fixed-rate exposure on loans with a tenor exceeding 12 months, and government securities;
- Fixed-rate deposits with a maturity exceeding 9 months but under 12 months are left unhedged up to an ALCO determined limit;
- Interest rate swaps are utilized to hedge against the fixed-rate exposure on deposits with a tenor exceeding 12 months; and
- employ fair-value hedge accounting under IFRS 9 to recognise fair-value changes related to interest rate risk on hedged positions, the hedge effectiveness of the IRS portfolio is monitored and assessed monthly.

RMD monitors this risk through measures such as the net repricing mismatch, NII & EVE sensitivity, and stress testing. RMD also monitors the unhedged fixed deposit limit daily.

Sensitivity analysis is used to assess the effectiveness of the CCB-JHB interest policy. The sensitivity analysis on assets and liabilities is done on a monthly basis based on historic figures, as per contractual repricing maturities and Business as Usual (BaU) repricing maturities profile.

BaU modelling considers:

- Loans and advances prepayment risk,
- Term deposits early redemption, and
- Non-Maturity Deposits (NMDs).

CCB-JHB conservatively assumes all NMDs are overnight (as per contractual).

The risk is assessed, should market interest rates change, as:

- Earnings at risk: the loss in income (NII) as a percentage of the projected 12-months NII forecast; and
- EVE, measured as the maximum loss as a percentage of Tier 1 capital, commonly referred as the Supervisory Outlier Test (SOT).

8.4. YEAR IN REVIEW

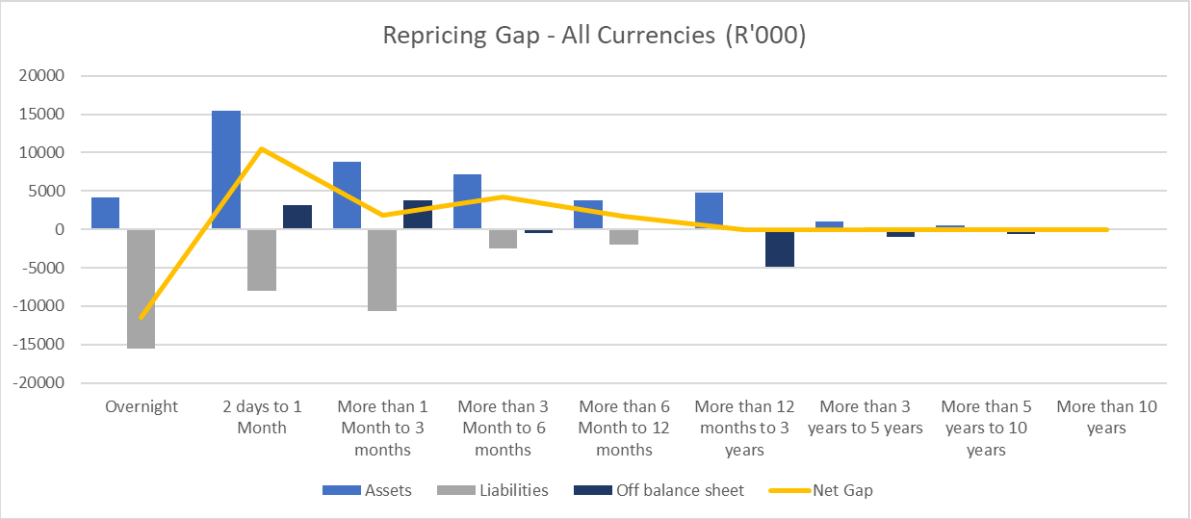


Figure 13: Repricing Gap as of December 2025

The repricing gap is closely monitored and reduced by using the IRS (off-balance sheet in the above graph). There are no major concerns as of December 2025.

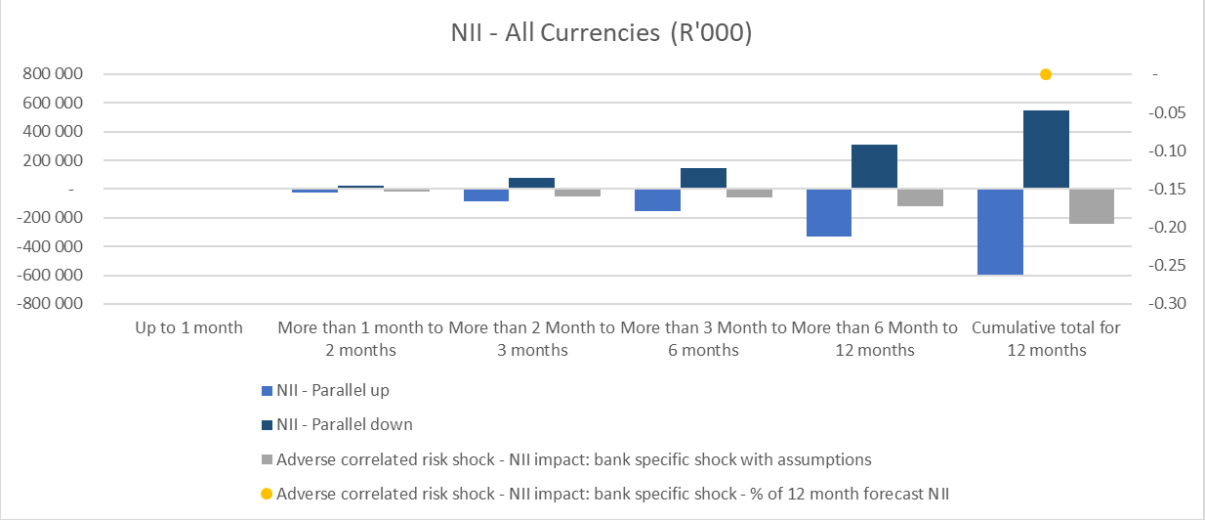


Figure 14: Parallel and adverse correlated risk shocks on NII - December 2025

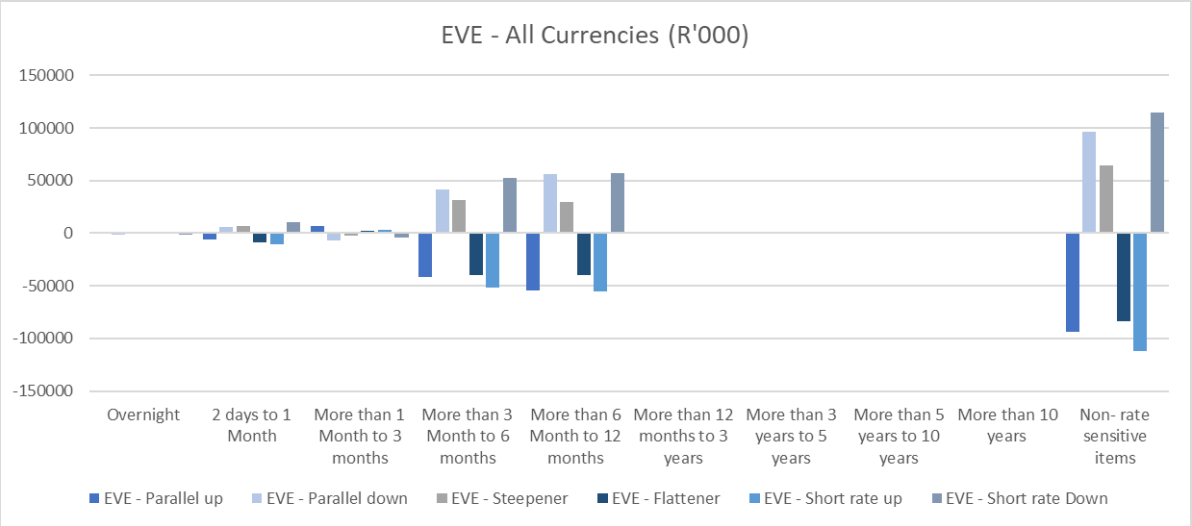


Figure 15: EVE sensitivity – December 2025

Both NII and EVE sensitivities remained within the Branch's appetite during 2025. As end of December 2025:

- the parallel rate down up/down – NII impact – represented respectively -72.91% and 67.167% of the 12-month forecasted NII; and
- the maximum (loss) of EVE represented -1.44% of Tier 1 capital (SOT), including derivatives; the short rate up scenario leads to the maximum (loss) of EVE.

IRRBB1:

In reporting currency (R'000)	ΔEVE		ΔNII	
Period	T	T-1 (*)	T	T-1 (*)
Parallel up	(94 140)	50 474	(596 907)	(439 898)
Parallel down	96 096	(52 305)	549 914	439 898
Steepener	64 736	(22 422)		
Flattener	(83 950)	30 960		
Short rate up	(112 384)	44 599		
Short rate down	114 464	(46 612)		
Maximum	(112 385)	(52 305)		
Period	T		T-1	
Tier 1 capital	7 777 637		7 300 486	

Table 17: IRRBB1

(*) restated as a change in terms of BaU assumptions methodology was performed during 2025.

All EVE and NII sensitivities are disclosed including the positive impact of interest rate derivatives.

As per Basel Committee on Banking Supervision (BCBS) guidelines and Guidance Note 4 of 2024: Criteria for identifying outlier banks in relation to interest rate risk in the banking book, banks must manage IRRBB so as to SOT being >= -15%. CCB-JHB has established dedicated risk appetite, CCB-JHB is operating well within regulatory and internal appetite limits.

The only material currency as end of 2025 is USD (asset or liabilities).

The hedge relationship of the government bonds/term deposits and related IRS have proved to be highly effective throughout 2025.

9. MARKET RISK

9.1. OVERVIEW

The Branch's exposure to market risk primarily stems from positions resulting from the facilitation of client flows in foreign exchange and money markets. This mainly consists of foreign exchange risk.

CCB-JHB has no trading book exposure.

CCB-JHB has no securitisation exposure nor equity, credit default or commodities derivatives exposure.

CCB-JHB's interest rate derivatives are booked with CCB Head Office for hedging purposes (banking book) and does not attract regulatory capital.

The Revised Market Risk Framework (encompassed within the FRTB Framework) has been implemented from the 1st of July 2025. While the new approach results in an increased capital demand it is absorbed through the Branch's existing capital.

9.2. GOVERNANCE

The ALCO is responsible for the independent oversight of the effectiveness of the market risk framework. The committee ultimately approves the market risk appetite and related limits following both CCB Head Office and local requirements. The committee reviews the market risk exposure monthly, reporting to ALCO is computed and performed by RMD and ensures the effectiveness of the management process.

Operationally, the Treasury department manages market risk daily, with the RMD monitoring early warning indicators and current exposures. The Accounting department is responsible for monthly regulatory reporting.

As part of the new risk measurement approach for market risk, as per Prudential Communications, all ALCO members and senior management were trained and fully understand the revised framework. Model built followed a dual governance approval process (EXCO and AC) and fully operational.

9.3. RISK MANAGEMENT

The Revised Market Risk Framework (encompassed within the FRTB Framework) has been implemented since the 1st of July 2025. The Standardised Approach is used for calculating the market risk capital requirement as per the regulations.

CCB-JHB has received regulatory approval for one trading desk which is the FX trading desk, of which main purpose is to manage currency risk at Branch level; i.e. hedging currency risk born by on and off-balance sheet exposures with FX derivatives. Instruments in scope are FX derivatives, i.e. FX swaps and forwards.

The calculation relies on the Sensitivity Based Method (SBM) to calculate capital requirements and applied to the FX trading desk.

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

Market risk is mitigated as follows:

- Treasury is restricted to trading in limited major currencies, ensuring that the Branch only trades in liquid markets;
- All FX exposures are hedged within Head Office intra-day and overnight open position limits;
- Limits are set with regard to the maximum authorization for trades as stipulated by the Branch's delegation of authority;
- Market risk limits are set according to guidelines set out in the risk appetite statement; and
- Treasury manages currency mismatch on an ongoing basis, while the RMD provides oversight of the exposures and monitors early warning indicators to anticipate market risk events.

The Branch has a dedicated policy and contingency plan to ensure there is a formal process for recognition and authorisation for risk excesses incurred.

FX risk mitigation strategy is deemed satisfactory, efforts are taken to reduce structural asset and liability currency mismatch, in line with CCB Group principles.

9.4. YEAR IN REVIEW

During 2025, the Branch has not detected market risk events that would have a significant effect on the Branch and this is despite the home currency volatility and current balance sheet structure and currency mismatches.

Market risk is directly linked to exchange rates, more specifically USD/ZAR; overall market conditions have improved during 2025 and CCB-JHB benefited from the ZAR appreciation towards the USD. With new arising conflicts, it is difficult to assess impact on FX risk during 2026.

More information is found in quarterly Pillar 3 disclosures.

10. OPERATIONAL RISK

10.1. INTRODUCTION AND OVERVIEW

Operational Risk can cause financial loss, reputational loss, loss of competitive position, or regulatory sanctions. Such risk can be minimised by the implementation of adequate infrastructure, controls, systems, and appropriately trained and skilled staff. Operational risk is an inherent risk in the ordinary course of business activity.

The Branch appropriately identifies and manages operational risk within acceptable levels by the adoption of sound operational risk management practices which are fit for purpose.

10.2. GOVERNANCE

Operational Risk is managed within the EXCO approved operational risk appetite and any breaches of the appetite are escalated to the RCICC. An Operational Risk Forum (ORF) has been established to assist the RCICC to address operational risk in the Branch.

RMD establishes operational risk requirements across all departments and monitors these requirements accordingly.

10.3. RISK MANAGEMENT

The Branch applies the New Standardised Approach (NSA) for the assessment of regulatory capital as at 1st July 2025. The calculation is based on a series of regulatory components, indicator and Internal Loss Multiplier (ILM) that are applied to gross income over the last three years. Historical losses are disclosed in section 10.4, they do not however have an impact on capital requirement calculation as CCB-JHB is below the set Business Indicator (BI) threshold.

In order to meet the requirements to satisfy the NSA calculation, the Branch ensured among other enhancements, a refined process for operational loss data collection and reporting. A minimum regulatory capital requirement increase is noted as a result of the new calculation; however, the increase does not have a material impact on capital requirements. The increase is easily absorbed due to CCB-JHBs healthy capital position.

The Operational Risk Management Policy and Operational risk Management Procedure are embedded at all levels of the Branch and are supported by a robust risk culture. The policy is enhanced continually in line with regulatory developments, CCB Head Office, and Branch requirements.

Included in the documents are practices which facilitate the ongoing identification, assessment, mitigation, monitoring, and reporting of operational risk. The Branch's operational risk profile is reported regularly to the relevant Committees and Forums responsible for the oversight of operational risk. The Branch has also completed various assessments during 2025 which will support ongoing improvements of the management of operational risk.

Apart from the operational risk management tools illustrated below, the Branch also makes use of risk insurance covering liability and losses related to the Branch-owned buildings and contents, Branch- owned vehicles, legal risk, crime and civil liabilities, misconduct by Directors and Officers and employment practices.

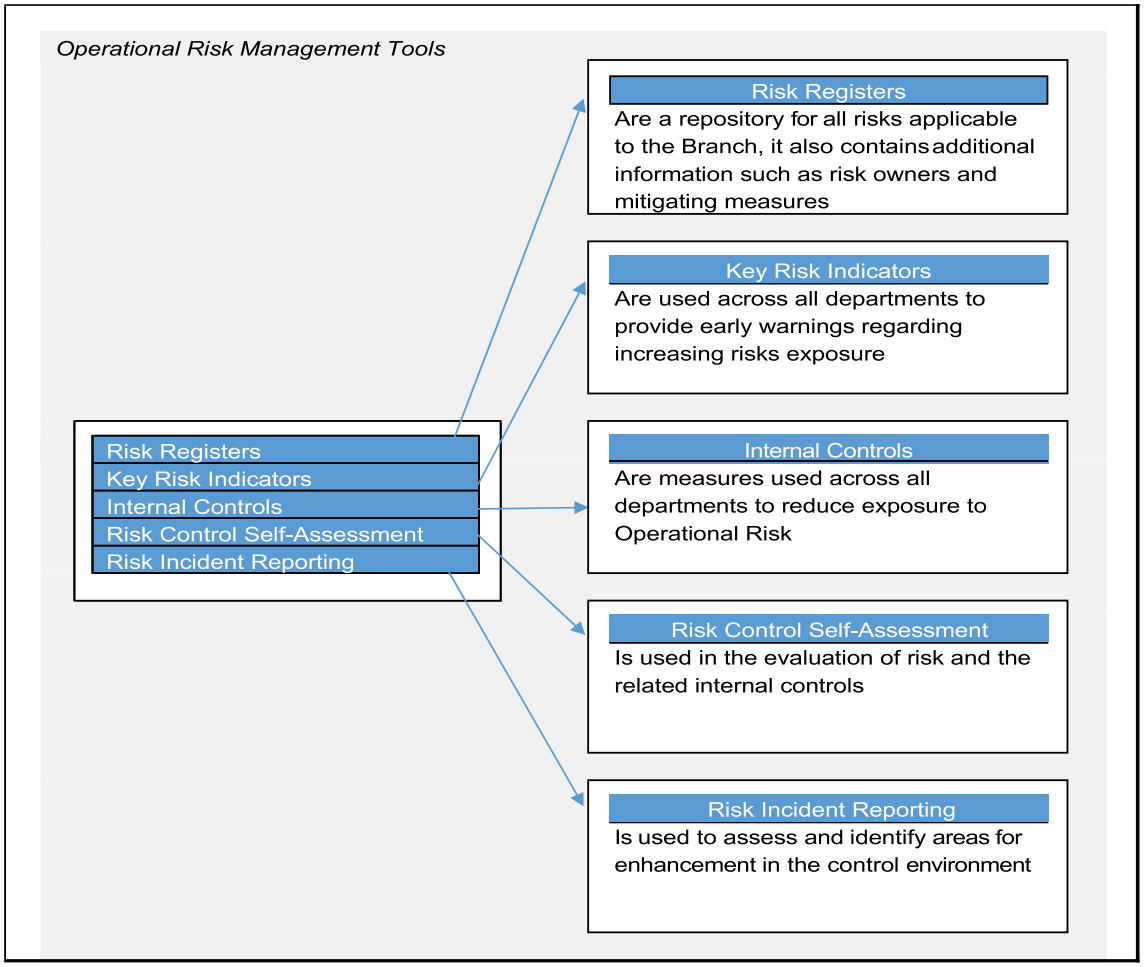


Table 18: OR tools

Key categories falling within the operational risk category, their management, policies, and committees are detailed below:

	Business Continuity	Legal	Outsourcing
Management	• Disaster Recovery and Business Continuity Plan • Office premises and generator maintenance programs • Annual review of insurance requirements • Annual DR-site review • Controls to address possible IT system failures	• Review of applicable laws affecting or that could affect CCB-JHB • General Terms and Condition signed with clients • Service agreement signed will all employees • Contracts/SLAs signed with all third parties • Review of contracts and SLAs (in-house or external)	• Outsourcing arrangements involving material business activities and functions entered into are subject to appropriate due diligence, approval, and ongoing monitoring • Material/Critical service providers identified and alternate service providers identified where possible • Backups measures are established to reduce Third-Party Risk • Enhanced procurement processes • Legal review of contracts/SLAs (in-house or external)
Policies and Committees	• Business Continuity Management Policies (IT and PFM) • Disaster Recovery and Business Continuity Plan • ITGC • BCM working group	• Legal contract review procedure • RCICC • REMCO	• Outsourcing Policy • Centralised Procurement of Goods, Services and Works Policy • EXCO • RCICC * ITGC • Procurement Team meetings
	Information Technology	**Fraud and theft**	**Human Resources**
Management	• COBIT as baseline guidance to improve maturity ratings • IT Risk Register, dedicated internal controls and KRIs • Enhanced reporting and monitoring to RCICC • Protection of information systems against unauthorised access, modification or use • Maintain availability and integrity of IT systems • Internal and external assessments for systems vulnerabilities (cyber risk testing)	• Internal controls • 4 or 6 eyes processes for all transactions • Independent Whistle Blowing facility • Screening of employees before hiring • User access policy and register • Immediate revocation of users' rights and access to building when resigning	• Key-man risk mitigation process • Succession planning/stand-in roster • Verification of qualifications, debt record,criminal record and certifications • Training for all employees are encouraged (in-house or external training) • Personal development plans • Salary benchmark studies
Policies and Committees	• Various IT policies (Data governance, cyber resilience, user data information Security etc., …) • ITGC * RCICC • IT Forum	• Fraud Risk & Whistle Blowing Policy • Various HR policies • RCICC	• Various HR policies (Leave, Remuneration, Disciplinary etc.,…) • REMCO • Transformation Forum

Table 19: OR sub-categories

10.4. OPERTIONAL RISK FRAMEWORK

OR1: Historical losses

R' 000 At 31 December 2025		a T	b T-1	c T-2	d T-3	e T-4	f T-5	g T-6	h T-7	i T-8	j T-9	k Ten-year average
Using R50 000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	0	0	0	0	0	0	431	129	55 096	0	5 566
2	Total number of operational risk losses	0	0	0	0	0	0	2	2	2	0	0.6
3	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
4	Total number of exclusions	0	0	0	0	0	0	0	0	0	0	0
5	Total amount of operational losses net of recoveries and net of excluded losses	0	0	0	0	0	0	431	129	55 096	0	5 566
Using €100,000 threshold (Not applicable in South Africa)												
6	Total amount of operational losses net of recoveries (no exclusions)											
7	Total number of operational risk losses											
8	Total amount of excluded operational risk losses											
9	Total number of exclusions											
10	Total amount of operational losses net of recoveries and net of excluded losses											
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: R50 000 for the operational risk capital calculation if applicable											

Table 20: OR1

Aggregation is based on R50 000 threshold, on net loss amounts, no exclusion was performed (or requested)

OR2: Business Indicator and subcomponents

	R' 000 At 31 December 2025	a	b	c
	BI and its subcomponents	T	T-1	T-2
1	Interest, lease and dividend component	294 612		
1a	Interest and lease income	3 023 622	3 589 292	3 059 220
1b	Interest and lease expense	2 642 616	3 339 778	2 805 903
1c	Interest earning assets	46 433 616	45 950 430	43 168 276
1d	Dividend income	1 174	435	-
2	Services component	**Independent Assurance**	**Independent Assurance**	**Independent Assurance**
2a	Fee and commission income	62 589	61 389	58 702
2b	Fee and commission expense	2 884	2 970	2 833
2c	Other operating income	3 037	2 473	3 369
2d	Other operating expense	-	-	-
3	Financial component	626 719		
3a	Net P&L on the trading book	-	-	-
3b	Net P&L on the banking book	512 938	670 195	697 023
4	BI	985 184		
5	Business indicator component (BIC)	118 222		

No material change occurred in terms of BI, overall interests received decreased due to interest rate cuts. OR2 is computed using regulatory returns as of December 2025.

Disclosure on the BI:

		a
6a	BI gross of excluded divested activities	985 184
6b	Reduction in BI due to excluded divested activities	0

Table 21: OR2

No divested activities occurred during 2025.

OR3: Minimum required operational risk capital

		a
1	Business indicator component (BIC)	118 222
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (ORC)	118 222
4	Operational risk RWA	1 477 776

Table 22: OR3

10.5. YEAR IN REVIEW

In 2025, the Branch continued to promote the application of operational risk management tools, strengthened collection, analysis, and reporting of internal operational risk events, and conducted internal assessments throughout the year. These efforts culminated in value-added improvements to the policy and procedure. CCB-JHB continued to improve the monitoring of operational risk via the regular review of Policies and Procedures, Key Risk Indicators (KRIs), and Internal Controls (ICs) in accordance with the operational risk appetite and business practices of the Branch.

Staff members at all levels of the Branch are provided with operational risk training to continually improve the risk culture within the Branch.

The Branch continually assesses and improves Business Continuity Management (BCM) practices; the Business Continuity Management Framework aligns to best practice standards of the Business Continuity Institute's Good Practice Guidelines of 2018. To further bolster continuity improvement, the Branch performs reviews and testing of Business Continuity Plans the outcomes of which are reported at Committee level.

With increased instances of cyber related crimes and events on global level, the Branch continued to focus on the enhancement of Information Technology practices which is vital to ensure a robust working environment safeguarding the quality of the customer experience.

11. MODEL RISK

11.1. OVERVIEW

CCB-JHB makes use of models which are both financial and non-financial, including those covering regulatory, managerial, and accounting purposes. Models are often used for decision-making and/or reporting and are either in house developed, off-the-shelf-purchased, or third- party-developed, meeting specific requirements set by the Branch.

11.2. GOVERNANCE

Model risk is managed within RCICC, the department is managing overall model risk; from setting established minimum requirements via the Model Management Policy, to rating all existing models and reviewing main assumptions, their documentation, possible alternatives/backups and performing annual reviews. To support Model Management governance, the Branch maintains a model inventory, which records the list of active models/calculation tools that are currently deployed within the Branch together with the respective owners and applicable review schedule/s.

A register of all models/calculation tools in use and which have been discontinued is maintained and annually reported to the RCICC.

Users who are experiencing issues must communicate the issues to the model/calculation tool validation team or external party. Any issues reported to the validation team must also be reported to the RCICC.

11.3. RISK MANAGEMENT

Models and calculation tools are to be supported with comprehensive model documentation (including methodology, risk classification (low/medium/high), validation rules, and are assessed by applicable validator (Internal or third party based).

A fit-for-purpose assessment is conducted on all newly implemented models after the first two years of implementation and thereafter at least once a year or as stipulated in the specific model governance policy. Models are required to be back-tested before implementation and at least once a year thereafter or as defined in the model documentation.

Alternative plans are established to cater for all material models which would mainly consist of setting alternatives to perform modelling without making use of the primary model.

11.4. YEAR IN REVIEW

All models/calculation tools performed as intended and any anomalies were escalated in a timely manner with any applicable corrective actions taken as required.

During 2025, the Branch:

- Undertook an independent third-party assessment of model management practises based on best industry standards to ensure the Branch aligns accordingly;
- An independent validation of the Hedge Accounting and IFRS9 models, the outcome of which was satisfactory; and
- All active model policies and procedures were reviewed and approved.

12. REGULATORY AND CONDUCT RISK

12.1. OVERVIEW

CCB-JHB is licensed as a Branch of a foreign bank and is therefore governed by the provisions of the Banks Act and other applicable Financial Sector Regulation.

The landscape in which CCB-JHB operates is the financial services sector which is highly regulated. With the introduction of the Twin Peaks Model of regulation which is legislated in the Financial Sector Regulation Act, the bank has to ensure compliance with both Prudential and Conduct Standards.

CCB-JHB's Risk Appetite Statement defines the type and the level of conduct risk that CCB-JHB is willing and able to accept in pursuit of its strategic objectives by taking on sufficient risk to achieve its stakeholder expectations, but ensuring that it is protecting itself from the compliance risks associated with its pursuit of value.

The risk appetite defines the boundaries within which the business must operate and is directly linked to CCB-JHB's strategy:

"CCB-JHB does not accept any non-compliance with core and high-risk regulatory requirements and will not accept any compliance failures on core and high-risk regulatory requirements that will lead to fines from the regulator (in China and/or South Africa); the compliance risk appetite is measured in terms of fines/penalties received for core and high-risk regulatory requirements."

Fostering a culture of compliance, as well as optimising relationships with regulators, warrants a multi-disciplinary approach that can only be effective once all the relevant role-players actively support the compliance system and its objectives. Therefore, the relations and communication channels between the different role-players must be set out in an appropriate structure.

CCB-JHB aims at minimising the risk of financial loss, or loss to reputation, the Bank may suffer as a result of its failure to comply with compliance rules and standards. CCB-JHB subscribes to a culture of responsible business conduct, fair treatment of customers, and avoidance of conflicts of interest.

12.2. GOVERNANCE

The format of CCB-JHB's compliance structure has been determined based on the following principles.

Executive Management is ultimately responsible for compliance with regulatory requirements and governance of the Bank.

RCICC, chaired by the General Manager and composed of senior representatives from across the Bank, provides a forum for considering important compliance matters. RCICC also ensures that compliance matters are coordinated within the Bank.

The Compliance Department is independent and reports directly to the General Manager of the Branch. The General Manager of CCB-JHB is appointed by CCB Head Office by means of a Delegation of Authority to lead, control and monitor the business of CCB-JHB and to provide effective corporate governance. The Compliance Department's role is to assist Heads of all departments in the management of compliance risk as compliance risk management is the responsibility of the first line of defence. The management of compliance risk forms part of the overall risk management framework of CCB-JHB. Due to the serious consequence for non-compliance, compliance risks must be controlled by all employees in the organisation.

The HODs are responsible for ensuring that all relevant employees are trained on legislative requirements which are applicable to their operational activities, in order to mitigate the risk of non-compliance which may expose the Bank to administrative sanctions and or regulatory fines. The Compliance Department is responsible for guiding and advising HODs in their training endeavours.

All CCB employees are responsible for the effective implementation of the Compliance Management Policy as the primary responsibility for complying with any regulatory requirement lies with all employees conducting the

particular transaction or activity to which regulation applies.

The Compliance Department is required to be able to function adequately, independently and objectively. The Chief Compliance Officer is a senior executive officer of the bank and has the authority to communicate directly and freely in respect of any relevant matter, including decisions made by management which may be in conflict with legal or regulatory requirements, as well as to communicate directly and freely on her own initiative with the General Manager, members of EXCO, members of AC, the external auditors and CCB Head Office's Internal Control and Compliance Department.

12.3. RISK MANAGEMENT

The methodology employed by CCB-JHB is aligned to CCB-HO rules and the Generally Accepted Compliance Principles, as set out by the Compliance Institute of Southern Africa, (GACP). The methodology outlines a set of compliance tools and systems in place, which aids the three lines of defence to assess compliance risks and to report on the status of compliance with legislative requirements.

The compliance process is the basis for implementing a risk-based approach to compliance and encompasses compliance risk identification, compliance risk assessment, compliance risk management and monitoring together with appropriate reporting, tracking and advisory.

CCB-JHB is also registered as an accountable institution with the Financial Intelligence Centre (FIC) and therefore supports the objectives of global efforts to combat money laundering and terrorist financing through the "CCB-JHB Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing Risk Management and Compliance Programme".

13. OTHER RISKS

13.1. BUSINESS AND STRATEGIC RISK

Business and strategic risks are influenced by the volatility of earnings (proportional to the size of the fixed cost base) and how quickly the cost base can be adjusted to changes in earnings. As a result, CCB-JHB assesses business risk from six basic sources:

- regional penetration into the Sub-Saharan African region;
- penetration into the South African market within the corporate environment;
- monetary policy decisions and the resultant impact on earnings capabilities;
- exchange rate volatility and resultant conversions/translation stress;
- regulatory framework and resultant restriction on business activities; and
- retention and acquisition of appropriate intellectual capital to sustain the Branch's strategy.

The Branch reviews the strategy and business model in conjunction with risk management constraints and consideration of its risk appetite. The strategy and business model also form part of the mandate and guidelines for loans provided by the Branch. The review is conducted at least on an annual basis and is the responsibility of the EXCO.

The business model, funding strategy, investment strategy, and lending mandates can lead to potential increases in foreign exchange risk, interest rate risk, credit concentration risk and/or credit risk. Second-order effects are monitored and managed as part of overall risk management, at ALCO, CC or RCICC.

When assessing new products or services or any material regulatory project, business risk and strategy risk are reviewed as part of the overall risk assessment process. The approval process follows requirements stipulated in the "New Product and Services Approval Policy and Procedure".

13.2. REPUTATIONAL RISK

The Branch manages reputational risk through the Reputational Risk Policy and Procedure that is owned and administered by the RMD. The policy and procedure take into consideration CCB Head Office requirements, Branch requirements, regulatory developments and "lessons learnt" from public events that may have occurred locally and globally.

It is the responsibility of every employee and representative to conduct his/ her business activities in a manner that protects and enhances the Branch's reputation. CCB-JHB has established an employee handbook, code of conduct, Ethics Policy, Fraud Risk and Whistleblowing Policy, Conduct Risk Policy and compliance standards which constitute the reference framework for CCB Group's values, responsibilities, ethics, and compliance. Adherence to the principles in these documents protects employees from exposure to severe reputation risk.

The objective of Reputational Risk management is:

- to build a mechanism for reputational risk management;
- to establish a reputational risk management system with full coverage, clear definitions, well-assigned duties, and efficient coordination;
- to proactively and effectively prevent reputational risk occurrence;
- to respond to reputational risk events in the best way possible following pre-established guidelines and procedures; and
- to maintain the reputation of CCB-JHB and CCB Group as a whole.

However, should a reputational risk event occur, the Branch has a set policy and plan to mitigate the risk.

Material reputational risk events are to be escalated to the relevant committees, CCB Head Office as well as local and Chinese regulators where applicable.

During the year in review, the Branch did not experience any material reputational risk events.

13.3. ENVIRONMENT, SOCIAL AND GOVERNANCE RISK

Introduction and objectives

While climate risk can affect all economic sectors, besides direct physical climate risks, there are also indirect risks such as the impact on clients/counterparts' credit risk profile, reputational risks, litigation risks, financial risks, and so on.

CCB-JHB's goals are to:

- uphold the guiding principles of CCB Group's Green Development Strategy and ESG;
- promote green, sustainable financing and investment;
- establish relevant governance, reporting practices and internal controls for identifying, reporting, monitoring and managing ESG risk;
- supply demand for sustainable banking; and
- achieve carbon neutrality (medium-term goal).

Risk Management

CCB-JHB has developed and issued an ESG Framework to address all aspects of ESG. This framework lays out CCB-JHB's overall principles and guidelines for managing, enhancing and improving ESG within the Branch.

The Branch has also established platforms to facilitate the implementation of the Green strategy of the Branch. This includes, among other items, a CO2 reduction plan to achieve neutrality within realistic and reasonable timeframe.

CCB-JHB has taken into consideration ESG risk drivers when developing and implementing its business strategy, governance processes, management responsibilities and overall risk management.

Management of ESG is embedded in policies, frameworks, procedures, internal controls or other internal processes such as, but not limited to, product and service offerings, AML/CFT screening and rating, risk appetite setting, credit rating, credit granting, stress testing, procurement, committees' mandates, hiring, remuneration and training.

CCB-JHB has provided sustainable financing during 2025 and intends to increase its participation in achieving a more sustainable environment and economy in the years to come (medium to long-term goal). CCB-JHB also invested in green bonds during 2025.

14. REMUNERATION

14.1. CHINA CONSTRUCTION BANK CORPORATION (CCB) GROUP

CCB Group is committed to maintaining order and harmony in remuneration allocation and continuously improves the level of performance and remuneration management to serve the development of the whole Bank.

The Group's major allocation policies and other significant matters relating to remuneration management are reviewed by the nomination and remuneration committee under the Board. Material proposals relating to remuneration allocation are approved by the shareholders' general meeting and are reported to the competent authority of the State for approval and filing.

The Group establishes the principle of assessment and assignment:

- encouraging value creation;
- allocating the salary resources to operation institutions;
- optimising the incentive and guarantee policies for mainland China branch staff; and
- establishing special criteria for staff in branches and subsidiaries situated in remote countries.

CCB group has set rules and requirements related to deferred payment and performance-based remuneration for key positions. For further information, please refer to CCB Group website.

14.2. REMUNERATION POLICY – CCB-JHB

As a Branch of a foreign bank in South Africa, CCB-JHB's governance is driven by a delegation of authority from CCB Head Office to the General Manager who further sub-delegates such authority to the EXCO.

CCB Head Office acts as a nomination committee and formulates criteria and procedures to select and appoint Executive Management of overseas branches.

CCB-JHB identifies material risk takers as follows:

- staff whose professional activities have a material impact on its risk profile;
- staff who are responsible and accountable for the activities of the independent Risk, Compliance, and Internal Audit functions;
- EXCO members; and
- selected HODs.

CCB-JHB's Recruitment and Selection Policy sets out the recruitment process and fit and proper assessment of Executive Management and Heads of Departments. The General Manager has the authority to make offers of employment.

The Executive Management performance assessment process is initiated by CCB Head Office and the indicators are divided into four categories, of which are subdivided into sub-categories as per below:

Ethics	Capacity	Performance	Work Style
Anti-corruption	Business Operations and Management Capability	Achievements of High-Quality Development	Internal Management

Table 23: HR indicators

CCB-JHB REMCO oversees the remuneration processes and considers and approves remuneration- related issues and proposals. The committee consists of Executive Management and the General Administration and Human Resources Department. The mandate of REMCO consists in:

- enabling development of remuneration policies and procedures;
- determining remuneration practices in terms of employee salaries and benefits;
- annual salary reviews;
- overseeing employee benefit structures;
- promotions;

- recruitment of critical positions;
- succession development;
- dismissals;
- performance management; and
- determining discretionary bonus allocations.

The remuneration policy ensures that principles such as transparency, confidentiality, fairness, market standards, and flexibility are following all applicable regulations and best practices. The policy further seeks to link performance with levels of remuneration with metrics including annual performance appraisals, alignment of job descriptions to key process areas, and key process indicators (reviewed when evaluating scores allocated to managers and employees). The remuneration policy is reviewed annually, no material changes were performed during in 2025.

The performance management policy sets out the requirement for performance appraisals for all employees along with the criteria, indicators, and weights used to measure performance. HO allocates Key Performance Indicators (KPIs) to CCB-JHB and different assessment criteria are used for Front, Middle, and Back offices. Remuneration incentive assessments (both local and HO KPIs) for Compliance and Risk employees are based on very specific criteria independent of the businesses they oversee. KPIs are reviewed annually and consider current and future risks on which both individual and departmental performances can be measured. When setting/establishing KPIs for Executives, HODs and departments, risk management elements have an important weighting; the annual review allows dynamic assessment criteria including both existing risks, emerging risks.

Performance is rated A, B, C, or D symbols:

- A is proficient in business;
- B is competent with a good work ethic;
- C is special attention with average work ethic; and
- D is for incompetent or poor work ethic.

Criteria used for assessment are divided into:

- Quantitative criteria based on departmental KPI results achieved, individual KPI results achieved, and must-to-do list achievements; and
- Qualitative criteria based on leadership, coordination, time management, cooperation, and strong work ethic.

Other internal and external factors that influence remuneration are:

- the CPI (Consumer Price Index) as determined by the South African Reserve Bank;
- the employees' performance guided by the Bank's Performance Management Policy;
- market movements for affordability considerations; and
- other indicators such as market norms, skills shortage and so on.

CCB-JHB's areas of focus for the next few years is to align the reward performance values to behaviour values to:

- ensure that customers are treated fairly;
- create a safe working environment for all stakeholders; and
- to restructure the Remuneration policy to encourage and reward behaviours that support CCB-JHB's values.

The REMCO has commissioned Remchannel Salary Survey as external consultant in comparing market-related data to the current remuneration of employees.

REM1: REMUNERATION AWARDED DURING THE FINANCIAL YEAR

Rand amounts	Remuneration amount		Senior Management
1	Fixed remuneration	Number of employees	15 (*) / (**)
2		**Total fixed remuneration (3 + 4)**	**49 386 188**
3		*Of which: cash-based*	*42 405 979*
4		*Of which: other forms*	*6 980 209*
5	Variable Remuneration	Number of employees	15
6		**Total variable remuneration**	**13 278 655**
7		*Of which: cash-based*	*13 278 655*
8	**Total remuneration (2 + 6)**		**62 664 844**

Table 24: REM1

(*) The material risk takers and senior management are identified at CCB-JHB the Executives (3) and Head of Departments (10)

(**) Expatriates who leave CCB-JHB may receive a deferred bonus (up to three years post return to the CCB Group).

15. INDEX OF PILLAR 3 DISCLOSURE TEMPLATE

SECTION AND TABLE	PILLAR 3 REQUIREMENTS	PAGES	COMMENTS
Overview of risk management key prudential metrics and RWA		4	
OVA: Bank risk management approach	✓	4	
Link between financial statements and regulatory exposures		14	
LI1 Mapping of financial statement categories with regulatory frameworks	✓	14	
LI2 Sources of difference between regulatory exposure amounts and carrying values in financial statements	✓	15	
LIA Explanation of differences between accounting and regulatory exposure amounts	✓	15	
PV1: Prudent valuation adjustments	✓	16	
Capital management		19	
Credit risk		23	
CRA: Qualitative information about credit risk	✓	23	
CRB: Additional disclosure related to credit quality of assets	✓	27	
CRB: Exposure by geographical, industry and residual maturity	✓	25-26	
CRB: Impaired exposures by geographical and industry	✓	25-26	
CRB: Age analysis	✓	25	
CRB: Impaired and not impaired restructured exposures	✓	29	
CRBA: prudential treatment of problem assets	☒		No problem assets
CRC: Credit risk mitigation	✓	27	
CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	✓	23-24	
CRE: IRB approach qualitative disclosure	☒		No use of IRB
CR9: backtesting of PD portfolio	☒		No use of IRB
Counterparty credit risk		30	
CCRA: Qualitative disclosure	✓	30-31	
CVAA: General qualitative disclosure requirements related to CVA	✓	30-31	
CVAB: qualitative disclosure for banks using SA-CCR	☒		No use of SA-CVA
Liquidity and funding risk		32	
LIQA: Liquidity risk management	✓	32	
Interest rate risk in the banking book		35	
IRRBBA: IRRBB risk management objective and policies	✓	35	
IRRBB1: Quantitative information on IRRBB	✓	37	
Market risk		38	
MRA: Qualitative disclosure for market risk	✓	38	
MRB: IMA qualitative disclosure	☒		No use of IMA
Operational risk		40	
ORA: operational risk framework	✓	40-42	
OR1: Historical losses	✓	43	
OR2: Business Indicator and subcomponents	✓	43-44	
OR3: Minimum required operational risk capital	✓	44	
Model risk		45	
Regulatory and conduct risk		46	
Other risks		48	
Remuneration and compensation		50	
REM1: Remuneration awarded during the financial year	✓	52	
REM2 Special payments	☒		No special payments
REM3 Deferred remuneration	☒		No deferred remuneration

SECTION AND TABLE NOT DISCLOSED	PILLAR 3 REQUIREMENTS	COMMENTS
GSIB: Disclosure of G-SIB indicators	☒	CCB-JHB is not seen as a G-SIB locally (standalone reporting
SECA: Qualitative disclosure requirements related to securitisation exposures	☒	No Securitisation exposure
CDC: Capital distribution constraints	☒	No capital distribution

16. ABBREVIATIONS

AC	Audit Committee/Amortised Cost (depending on context)
AFS	Annual Financial Statements; Available For Sale (depending on context)
ALCO	Assets and Liabilities Committee
ALM	Assets and Liabilities Management
AML/CFT/CPF	Anti-Money Laundering and Combatting the Financing of Terrorism and Countering Proliferation Financing
BaU	Business as Usual
BA-CVA	Basic Approach – Credit Valuation Adjustment
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BI	Business Indicator
BIA	Basic Indicator Approach
CAF	Combined Assurance Framework
CAR	Capital Adequacy Ratio
CBD	Corporate Banking Department
CC	Credit Committee
CCB-JHB	China Construction Bank – Johannesburg; the Bank or the Branch
CCF	Credit Conversion Factor
CCO	Chief Operating Officer
CCP	Central Counterparty Clearing House
CCR	Counterparty Credit Risk
CCyB	Countercyclical Buffer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CoC	Close-out-Cost
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CSA	Credit Support Annexure
CVA	Credit Value Adjustment
DF	Deal Forum
DGM	Deputy General Manager
EAD	Exposure At Default
EaR	Earning at Risk
ECAI	External Credit Assessment Institution
ECL	Expected Credit Loss
EL	Expected Loss
ESG	Environmental, Social and Governance
EVE	Economic Value of Equity
EXCO	Executive Management Committee
FECs	Foreign Exchange Contracts
FICA	Financial Intelligence Centre Act
FLDs	Front Line Departments
FRTB	Fundamental Review of the Trading Book
FV	Fair Value
FVOCI	Fair Value through Other Comprehensive Income
FX	Foreign Exchange
GACP	Generally Accepted Compliance Principles
GM	General Manager
HQLA	High-Quality Liquid Asset
HO	Head Office
HODs	Head of Departments
HR	Human Resource
HR&GA	Human Resource and General Administration
IBOR	Interbank Offered Rate
IC	Internal Control
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILM	Internal Loss Multiplier
IRB	Internal Rating Based Approach

IRRBB	Interest Rate Risk in the Banking Book
IRS	Interest Rate Swaps
ISDA	International Swaps and Derivatives Association
IT	Information & Technology
ITF	Information & Technology Forum
KPI	Key Performance Indicators
KRI	Key Risk Indicator
LAR	Liquid Asset Requirement
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LRP	Liquidity Recovery Plan
MM	Money Market
MOF	Management Operations Forum
MPU	Market Price Uncertainty
MtM	Mark-to-Market
NII	Net Interest Income
NOFCP	Net Open Foreign Currency Position
NPA	Non-Performing Asset
NPAT	Net Profit After Tax
NPL	Non-Performing Loan
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
ORF	Operational Risk Forum
OTC	Over-The-Counter
PA	Prudential Authority
PD	Probability of Default
PoPIA	Protection of Personal Information Act
PSEs	Public Sector Enterprises
PVA	Prudent Valuations Adjustment
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RCICC	Risk, Compliance and Internal Control Committee
REMCO	Remuneration Committee
RMD	Risk Management Department
RMF	Risk Management Framework
ROA	Return On Assets
ROE	Return On Equity
RRP	Recovery & Resolution Plan
RW	Risk-Weight
RWA	Risk-Weighted Asset
S&P	Standard and Poor's Global Ratings
SA	South Africa/South African
SA-CCR	Standardised Approach for Counterparty Credit Risk
SARB	South African Reserve Bank
SBM	Sensitivity-Based Methodology
SICR	Significant Increase in Credit Risk
SMEs	Small and Medium Enterprises
SOT	Supervisory Outlier Test
T1	Tier 1
ToR	Terms of Reference
YTD	Year-To-Date