BANK OF CHINA LIMITED, JOHANNESBURG BRANCH

Bank of China Limited Johannesburg Branch Pillar 3 Disclosures

Semi-annual 2024

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1. Regulatory Framework for Disclosures

Bank of China Limited, Johannesburg Branch ("the Branch") is supervised by the Prudential Authority (PA) within the South African Reserve Bank, who determines the capital requirements for South African banks. The capital requirements are calculated based on the Banks Act 94 of 1990 (Banks Act), relevant regulations, directives and guidance notes issued by the PA. The Basel Committee's framework is structured around three 'pillars':

- Pillar 1 – minimum capital requirements;
- Pillar 2 – supervisory review process; and
- Pillar 3 – market discipline.

The purpose of the Pillar 3 Disclosure Report is to promote market discipline by providing investors/clients with key information relating to *inter-alia* a Bank's regulatory capital and risk exposures. A key goal of the revised Pillar 3 Disclosure requirements is to improve comparability and consistency of disclosures. Pillar 3 requires all material risks to be disclosed, resulting in a comprehensive view of the Branch's risk profile.

2. Pillar 3 Disclosures

The Branch's Pillar 3 Disclosures for the period ending 30 June 2024 comprises all information required under Pillar 3, being both quantitative and qualitative. Pillar 3 requirements may be met by inclusion in other disclosure reports. Where the Branch chooses to adopt this approach, references are made to the relevant pages of the Annual Report and Accounts or other locations. The numbers are reported in Rand millions if there are no specific units in the report.

2.1 Financial Position

As at the end of June 2024 the financial position of the Branch was as follows:

- Total assets R54.17 billion
- Total liabilities R43.76 billion
- Total equity R10.41 billion

Total assets increased by 10.37% as compared to 30 June 2023.

2.2 Financial Performance

As at the end of June 2024 the Branch reported higher than projected budgeted operating revenue for 2024 and the budgeted operating expenses was reported to be within the 2024 budget. There has been a year-on-year increase in profits of 59% mainly driven by increase in net interest income and decrease in impairments.

3. Risk Governance and Oversight

The Branch's Executive Committee ("EXCO") are accountable for the risks of the Bank and segregates certain responsibilities to various internal committees which are aligned to South African regulatory requirements and Head Office management framework. The Finance Department ("FD") is responsible for preparing the reports, Internal Audit Department ("IAD") will perform independent review on a quarterly and semi-annual basis and External Auditors will perform the independent review annually before the reports published on the BOC website. The Branch will also follow the website publishing rules set by Head Office to ensure the accuracy and timeliness thereof.

4. Overview of Risk Management and RWA

4.1 Table 1: Key metrics (KM1)

The table provides an overview of the Branch's key prudential metrics.

		June 2024 ('m)	March 2024 ('m)	December 2023 ('m)	September 2023 ('m)	June 2023 ('m)
		a	a	b	c	d
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	9 119	9 139	9 197	9 043	9 112
1a	Fully loaded ECL accounting model	9 119	9 139	9 197	9 043	9 112
2	Tier 1	9 119	9 139	9 197	9 043	9 112
2a	Fully loaded ECL accounting model Tier 1	9 119	9 139	9 197	9 043	9 112
3	Total capital	9 453	9 496	9 521	9 358	9 420
3a	Fully loaded ECL accounting model total capital	9 453	9 496	9 521	9 358	9 420
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	29 515	31 469	28 743	27 926	27 270
4a	Total risk-weighted assets (pre-floor)	29 515	31 469	28 743	27 926	27 270
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	30,90	29,04	32,00	32,38	33,42
5a	Fully loaded ECL accounting model CET1 (%)	30,90	29,04	32,00	32,38	33,42
5b	CET1 ratio (%) (pre-floor ratio)	30,90	29,04	32,00	32,38	33,42
6	Tier 1 ratio (%)	30,90	29,04	32,00	32,38	33,42
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	30,90	29,04	32,00	32,38	33,42
6b	Tier 1 ratio (%) (pre-floor ratio)	30,90	29,04	32,00	32,38	33,42
7	Total capital ratio (%)	32,03	30,18	33,13	33,51	34,54
7a	Fully loaded ECL accounting model total capital ratio (%)	32,03	30,18	33,13	33,51	34,54
7b	Total capital ratio (%) (pre-floor ratio)	32,03	30,18	33,13	33,51	34,54
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019)(%)	2,50	2,50	2,50	2,50	2,50
9	Countercyclical buffer requirement (%)	0,08	0,08	0,18	0,19	0,00
10	Bank G-SIB and/or D-SIB additional requirements (%)	N/A	N/A	N/A	N/A	N/A
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2,58	2,58	2,68	2,69	2,50
12	CET1 available after meeting the bank's minimum capital requirements (%)	22,94	21,09	23,94	24,32	25,54
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	57 454	55 449	53 752	51 864	57 691
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	15,87	16,48	17,11	17,44	15,80
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	15,87	16,48	17,11	17,44	15,80
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	15,87	16,48	17,11	17,44	15,80
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	22 704	21 975	22 349	21 075	20 484
16	Total net cash outflow	10 228	8 296	8 357	4 357	5 079
17	LCR ratio (%)	222	265	267	484	403
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	30 520	26 327	26 713	27 274	28 101
19	Total required stable funding	23 717	23 076	21 400	18 597	18 281
20	NSFR ratio	129	114	125	147	154

4.1 Table 1: Key metrics (KM1) (continued)

The quarter-on-quarter decrease in Risk Weighted Assets (RWA) and increase in Capital Adequacy Ratio (CAR) is mainly due to the decrease in risk weighted assets related to corporate loans and exchange rate fluctuations. The leverage ratio decrease is mainly due to the increase in on-balance sheet exposures by R2.7 billion. The decrease in Liquidity Coverage Ratio (LCR) is mainly due to the increase in total net cash outflows which arose from a net increase of R1.9 billion in the non-operational deposits. The Net Stable Funding Ratio (NSFR) increased mainly due to the new issuance of 300 million USD bonds with a 3-year tenure in June 2024, which increased the available stable funding by R4.1 billion.

4.2 Table 2: Overview of RWA (OV1)

The below table provides an overview of total RWA forming the denominator of the risk-based capital requirements. The current minimum capital requirement to the RWA is 11.5% which is made up of 8% base minimum, 1% Pillar 2A add-on and 2.5% conservation buffer. The idiosyncratic ratio requirement for the Branch is not disclosed in the Pillar 3 disclosures.

		a	b	c
		RWA		Minimum capital requirements
		June 2024 ('m)	March 2024 ('m)	T
1	Credit risk (excluding counterparty credit risk)	26 739	28 641	3 075
2	Of which: standardised approach (SA)	26 739	28 641	3 075
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	-	3	-
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	-	-	-
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external rating-based approah (SEC-IRBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	
20	Market risk	16	31	2
21	Of which: standardised approach (SA)	16	31	2
22	Of which: internal model approaches (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	2 458	2 395	283
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	303	399	35
26	Aggregate capital floor applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	29 515	31 469	3 394

The quarter-on-quarter decrease in Risk Weighted Assets (RWA) is mainly due to the decrease in corporate loans and exchange rate fluctuations.

5. Composition of Capital

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

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

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

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

This ensures that the Branch's level of capital:

- Remains sufficient to support the Branch's risk profile and outstanding commitments;
- Exceeds the Branch's minimum regulatory capital requirements by an appropriate buffer;
- Is capable of withstanding a severe economic downturn stress scenario; and
- Remains consistent with the Branch's strategic and operational goals and Bank of China (BOC) Group's expectations.

5.1 Table 3: Composition of regulatory capital (CC1)

		a	b
		Amounts ('m)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5 800	(h)
2	Retained earnings	3 277	
3	Accumulated other comprehensive income (and other reserves)	42	
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	9 119	
	Common Equity Tier 1 capital: regulatory adjustments	-	
7	Prudent valuation adjustments	0	
8	Goodwill (net of related tax liability)	-	(a) minus (d)
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	0	(b) minus (e)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in CAP30.14)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets	-	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	

5.1 Table 3: Composition of regulatory capital (CC1) (continued)

20	MSR (amount above 10% threshold)	-	(c) minus (f) minus 10% threshold
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	Of which: significant investments in the common stock of financials	-	
24	Of which: MSR	-	
25	Of which: DTA arising from temporary differences	-	
26	National specific regulatory adjustments	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common Equity Tier 1 capital**	0	
29	**Common Equity Tier 1 capital (CET1)**	9 119	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	-	(i)
31	Of which: classified as equity under applicable accounting standards	-	
32	Of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase-out from additional Tier 1 capital	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	-	
35	Of which: instruments issued by subsidiaries subject to phase-out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments	-	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory adjustments to additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 capital (T1 = CET1 + AT1)	9 119	
	Tier 2 capital: instruments and provisions	-	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase-out from Tier 2 capital	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	Of which: instruments issued by subsidiaries subject to phase-out	-	
50	Provisions	334	
51	**Tier 2 capital before regulatory adjustments**	334	

5.1 Table 3: Composition of regulatory capital (CC1) (continued)

	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	-	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital**	334	
59	**Total regulatory capital (= Tier 1 + Tier2)**	9 453	
60	**Total risk-weighted assets**	29 515	
	Capital adequacy ratios and buffers		
61	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets)**	30,90	
62	**Tier 1 capital (as a percentage of risk-weighted assets)**	30,90	
63	**Total capital (as a percentage of risk-weighted assets)**	32,03	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2,58	
65	Of which: capital conservation buffer requirement	2,50	
66	Of which: bank-specific countercyclical buffer requirement	0,08	
67	Of which: higher loss absorbency requirement	N/A	
68	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	22,94	
	National minima (if different from Basel III)		
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)	-	
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)	-	
71	National minimum Total capital adequacy ratio (if different from Basel III minimum)	-	
	Amounts below the thresholds for deduction (before risk-weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	
73	Significant investments in the common stock of financial entities	-	
74	MSR (net of related tax liability)	-	
75	DTA arising from temporary differences (net of related tax liability)	121	

5.1 Table 3: Composition of regulatory capital (CC1) (continued)

	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	461	
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	461	
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)		
84	Current cap on Tier 2 instruments subject to phase-out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	

As at 30 June 2024 the Branch reported a Capital Adequacy Ratio (CAR) of 32.03%. The decrease from 33.13% in December 2023 is mainly due to the increase in Risk Weighted Assets.

5.2 Table 4: Reconciliation of regulatory capital to balance sheet (CC2)

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period-end	
Assets			
Cash and cash Equivalents	8 714	8 714	
Property and equipment	27	27	
Intangible Assets	0	0	
Derivative financial instruments	0	0	
Deferred tax income assets	121	121	
Loans and advances to banks	1 953	1 953	
Loans and advances to customers	22 989	22 989	
Current income tax assets	1	1	
Investment securities	20 360	20 360	
Other Assets	6	6	
Total assets	54 171	54 171	
Liabilities			
Deposits from customers	21 140	21 140	
Deposits from banks	11 397	11 397	
Derivative financial instruments	1	1	
Provisions	117	117	
Bonds issued	10 972	10 972	
Other liabilities	133	133	
Total liabilities	43 760	43 760	
Equity			
Branch capital	5 800	5 800	
Retained earnings	4 569	4 569	
Fair value reserves	42	42	
Total shareholders' equity	10 411	10 411	

The amounts under regulatory scope (column b) and the balance sheet published in financial statements (column a) are the same for the period of June 2024. This is consistent with the disclosure in December 2023.

5.3 Table 5: Main features of regulatory capital instruments and of other TLAC-eligible instruments (CCA)

		a
		Quantitative / qualitative information
1	Issuer	Bank of China Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	None
3	Governing law(s) of the instrument	South Africa
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	N/A
4	Transitional Basel III rules	CET1
5	Post-transitional Basel III rules	CET1
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	CET1
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	5 800
9	Par value of instrument	5 800
10	Accounting classification	IFRS: Equity
11	Original date of issuance	2000
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupon/dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	N/A
21	Existence of step-up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Writedown feature	N/A
31	If writedown, writedown trigger(s)	N/A
32	If writedown, full or partial	N/A
33	If writedown, permanent or temporary	N/A
34	If temporary write-own, description of writeup mechanism	N/A
34a	Type of subordination	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

There have been no changes to the above table as compared with previous periods.

6. Macro prudential Supervisory Measures

The proportion of capital held for Countercyclical (CCyB) requirements in geographies other than South Africa are shown in the table below.

6.1 Table 6: Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement (CCyB1)

	a	b	c	d	e
Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk weighted Assets		
Hong Kong	1,00%	116	116		
Luxembourg	0,50%	0	0		
Australia	1,00%	218	109		
Singapore	0,00%	-	-		
Germany	0,75%	-	-		
Norway	2,50%	-	-		
France	1,00%	-	-		
United States	0,00%	-	-		
Canada	0,00%	-	-		
China	0,00%	-	-		
Nethelands	2,00%	-	-		
Sweden	2,00%	-	-		
United Kingdom	2,00%	1 088	818		
Belguim	0,50%	-	-		
Korea	1,00%	-	-		
Sum		-	-		
Total		59 749	26 706	0,08	23

The countercyclical capital buffer (CCyB) rate has been calculated for the Basel Committee on Banking Supervision (BCBS) jurisdictions where the Branch has private sector credit exposures and the Risk Weighted Assets (RWA) is applied consistently with the RWA being an extension of the capital conservation buffer. The countercyclical buffer amount has been added to total RWA. The Countercyclical Capital buffer rate has been obtained from the BCBS website.

The foreign exposures that are below the CCyB threshold are deemed to be domestic exposures. There were no significant exposures in June 2024 for reporting of countercyclical capital buffer.

7. Leverage Ratio

The leverage ratio calculated in accordance with the Banks Act and the Regulations relating to Banks was 15.87% as at 30 June 2024, decreased from 16.48% as at 31 March 2024. The movement was mainly due to an increase in the on-balance sheet exposures by R2.7 billion. The exposures that have been disclosed are balances as at each quarter end.

7.1 Table 7: Summary comparison of accounting assets vs leverage ratio exposure (LR1)

The table below reflects the reconciliation of the total assets in the financial statements to the leverage ratio exposure measure.

	Item	R'm
1	Total consolidated assets as per published financial statements	54 171
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	0
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of offbalance sheet exposures)	3 283
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-0
12	Other adjustments	0
13	**Leverage ratio exposure measure**	57 454

The leverage ratio exposure measure decreased by 0.61% quarter-on-quarter which was mainly due to an increase in the on-balance sheet exposures by R2.7 billion. The material difference between the Total Assets per the Financial Statements and the leverage ratio exposure measure is the off-balance sheet items

7.2 Table 8: Leverage ratio (LR2)

The table below provides a detailed breakdown of the components of the leverage ratio.

	Item	T	T-1
On-balance sheet exposures		June 2024 ('m)	March 2024 ('m)
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	54 171	51 503
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	0	-0
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	54 171	51 503
Derivative exposures		**Other risk**	**Other risk**
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	1
9	Add-on amounts for potential future exposure associated with all derivatives transactions	0	9
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	0	10
Securities financing transaction exposures			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3 283	3 935
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	3 283	3 935
Capital and total exposures			
23	**Tier 1 capital**	9 119	9 139
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	57 454	55 449
Leverage ratio			
25	**Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	15,87%	16,48%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	15,87%	16,48%
26	**National minimum leverage ratio requirement**	4,00%	4,00%
27	**Applicable leverage buffers**	0,00%	0,00%

The above quarter-on-quarter movements was mainly due to the increase in the on-balance sheet exposures by R2.7 billion. The exposures that have been disclosed are balances as at each quarter-end.

8. Liquidity Risk

Liquidity risk is the risk of the Branch potentially not having sufficient financial resources to meet its obligations as they become due or will have to access such resources at excessive cost. The risk arises from mismatches in the timing of cash flows. The Branch follows the Bank of China Group's (the Group) liquidity framework.

The objective of the Group's internal liquidity and funding risk management framework is to allow it to withstand very severe liquidity stresses and be adaptable to changing business models, markets and regulations.

The primary sources of funding are customer deposits and intergroup borrowings. Within the Branch, the Assets and Liabilities Committee (ALCO) is responsible for managing the Branch's liquidity and funding. The ALCO members also manage the liquidity risk and interest rate risk in the banking book. The majority of the liquidity is invested in central bank deposits, South African treasury bills and government securities.

8.1 Table 9: Liquidity Coverage Ratio (LIQ1)

LCR promotes short-term resilience of the Branch's 1 calendar month liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment. The simple average is used in the table where the daily LCR from 1 April to 30 June 2024 is used. This means a total of 91 data points was used to calculate the Average LCR (which is the number of calendar days during the period 1 April to 30 June 2024). Un-weighted value represents the outstanding balances maturing or callable within 30 days for cash inflows and cash outflows. Total weighted value is calculated after application of weightings of cash inflows and outflows.

		Total unweighted value	Total weighted value
		(average) ('m)	(average) ('m)
	High-quality liquid assets		
1	Total HQLA		**22 704**
	Cash outflows		
2	**Retail deposits and deposits from small business customers, of which:**	**544**	**31**
3	Stable deposits	**-**	-
4	Less stable deposits	541	31
5	**Unsecured wholesale funding, of which:**	**33 788**	**12 439**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	20 004	12 439
8	Unsecured debt	-	-
9	**Secured wholesale funding**		**-**
10	**Additional requirements, of which:**	**7 099**	**771**
11	Outflows related to derivative exposures and other collateral requirements	2	2
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	6 947	620
14	Other contractual funding obligations	149	149
15	Other contingent funding obligations	-	-
16	**TOTAL CASH OUTFLOWS**	-	**13 242**
	Cash inflows		
17	**Secured lending (eg reverse repos)**	**-**	
18	**Inflows from fully performing exposures**	3 282	3 010
19	Other cash inflows	4	4
20	**TOTAL CASH INFLOWS**	**3 286**	**3 014**
	Total adjusted value		
21	**Total HQLA**		**22 704**
22	**Total net cash outflows**		**10 228**
23	**Liquidity Coverage Ratio (%)**		**222**

The quarter-on-quarter decrease in Liquidity Coverage Ratio (LCR) is mainly due to the increase in total net cash outflows mainly caused by an increase of R1.9 billion in the non-operational deposits.

The High-Quality Liquid Assets (HQLA) mainly comprises of Investment securities while the concentration of funding sources is derived from deposits and borrowing funds. There has no significant currency mismatch on the LCR during the quarter.

8.2 Table 10: Net Stable Funding Ratio (LIQ2)

The Branch has applied the Basel III Net Stable Funding Ratio (NSFR) standards as from 1 January 2018, pursuant to Directive 8 of 2017 by the PA, with the objective of promoting funding stability and resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities.

The Net Stable Funding Ratio (NSFR) have increased from 114% on 31 March 2024 to 129% on 30 June 2024 due to the new issuance of 300 million USD bonds with a 3-year tenure in June 2024, which increased available stable funding by R4.1 billion.

The Branch maintains and ensures that its NSFR remains above the specified regulatory minimum requirements. The Branch maintained NSFR compliance in excess of the 100% regulatory requirement and operates above the risk appetite and management internal buffer requirements.

The ASF lines consist of the following:
Deposits from Customers and Banks as well as capital and funding received from issuance of Bonds.

The Required Stable Funding (RSF) lines consist of the following:
Loans issued to customers and banks as well as investment in government bonds and treasury bills.

The following are key drivers which may potentially influence the movement of the NSFR:

- The drivers of the ASF are the deposits received from clients (based on customer type) and residual maturity of deposits as well as capital injection.
- The drivers of the RSF are the issuance of the loans to clients (based on customer type) and residual maturity of the loans issued as well as the addition and maturity of High-Quality Liquid Assets (HQLA).

8.3 Table 10: Net Stable Funding Ratio (LIQ2) (continued)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value ('m)
		No maturity ('m)	< 6 months ('m)	6 months to < 1 year ('m)	≥ 1 year ('m)	
	Available stable funding (ASF) item					
1	Capital:	9 453				9 453
2	Regulatory capital	9 453				9 453
3	Other capital instruments					
4	Retail deposits and deposits from small business customers:	388	232	187	5	731
5	Stable deposits					
6	Less stable deposits	388	232	187	5	731
7	Wholesale funding:	10 462	17 425	8 831	5 980	20 234
8	Operational deposits					
9	Other wholesale funding	10 462	17 425	8 831	5 980	20 234
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities		-	-	0	
13	All other liabilities and equity not included in the above categories	1 403	-	5	100	102
14	Total ASF					30 520
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)		8 588	4 407	7 365	1 018
16	Deposits held at other financial institutions for operational purposes	1 656				46
17	Performing loans and securities:					
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		8 181	254	13 293	14 647
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:		1 752	1 335	7 580	7 615
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		-	-	1 857	1 207
22	Performing residential mortgages, of which:		0	-	13	8
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		0	-	13	8
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
25	Assets with matching interdependent liabilities					
26	Other assets:	-108	1	6	148	46
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		-	-	0	0
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31	All other assets not included in the above categories	-108	1	6	148	46
32	Off-balance sheet items		1 466	1 035	4 233	337
33	Total RSF					23 717
34	Net Stable Funding Ratio (%)					129

9. <u>Credit Risk</u>

9.1. Table 11: Credit quality of assets (CR1)

The below table provides a breakdown of the credit quality of on and off-balance sheet assets (gross and net of impairments) and reconciles to the amounts reported in the annual financial statements.

		R'millions						
		a	b	c	*d*	*e*	*f*	g
		Gross carrying values of		Allowances/impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		(a+b-c)
1	Loans	224	32 446	632	171	334	-	32 038
2	Debt Securities	-	20 360	8	-	-	-	20 352
3	Off-balance sheet exposures	29	6 690	34	-	-	-	6 685
4	**Total**	**253**	**59 496**	**674**	**171**	**334**	**-**	59 075

The Branch's definition of a defaulted borrower is as follows:

1. *Any material credit obligation that is past due for more than 90 days. Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.*

The Branch applies a consistent definition to default for regulatory and accounting purposes. The Branch has 4 customers in default remain the same and there were small movements due to interest income adjustments and exchange rate changes.

9.2. Table 12: Changes in stock of defaulted loans and debt securities (CR2)

The table below depicts the changes in the Branch's defaulted exposures, the flows between non-defaulted and defaulted exposure categories related to existing customers and exchange rate fluctuations. The Branch's exposures consists of off-balance and on-balance sheet items. The movement is attributable to the IFRS 9 required interest income raised of non-performing loan that was raised at year-end.

		R'millions
		a
1	**Defaulted loans and debt securities at end of the previous reporting period**	261
2	Loans and debt securities that have defaulted since the last reporting period	- 8
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	**Defaulted loans and debt securities at end of the reporting period** (1+2-3-4+5)	253

9.3 Table 13: Credit risk mitigation techniques – overview (CR3)

The below table reports the extent of Credit Risk Mitigation (CRM) techniques used to reduce capital requirements as well as the extent of exposures secured by collateral and/or guarantees.

The secured exposures are reported as Exposure at Default (EAD) before any credit conversion factors or mitigation in the current reporting period and only contains exposures that have security against them either in full or partially.

All exposures not secured by both eligible collateral and/or a qualifying guarantee are regarded as unsecured.

		R'millions				
		a	b	c	d	e
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	32 038	-	-	-	-
2	Debt securities	20 352	-	-	-	-
3	**Total**	52 390	-	-	-	-
4	Of which defaulted	224	-	-	-	-

Branch's internal rating system divides the credit rating into 27 levels based on the level of default risk. Customers' credit rating results are an important reference for the Branch to carry out the management of credit approval, customer entry, risk monitoring, limit management, post-lending management, credit policy, risk report, economic capital, risk preference, loan loss reserve (ECL), risk pricing and performance appraisal. There have been no significant changes over the reporting period relating to the Credit risk mitigation techniques used by the Branch.

9.4 Table 14: standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

The table below illustrates the effect of eligible collateral as defined in the standardized approach for credit risk.

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign and their central banks	21 098	-	21 098	-	735	3%
2	Non-central government public sector entities	3 240	65	3 240	32	1 774	54%
3	Multilateral development banks	5 474	-	5 474	-	5 474	100%
4	**Banks**	9 048	3	9 048	2	1 538	17%
	Of which: Securities firms and other financial institutions	-	-	-	-	-	0%
5	Covered bonds	-	-	-	-	-	0%
6	Corporates	13 933	6 608	13 933	3 204	17 153	100%
	Of which: Securities firms and other financial institutions	-	-	-	-	-	0%
	Of which: Specialised lending	-	-	-	-	-	0%
7	Subordinated debt, equity and other capital	-	-	-	-	-	0%
8	Retail	13	14	13	-	5	37%
9	**Real estate**	-	-	-	-	-	0%
	Of which: general RRE	-	-	-	-	-	0%
	Of which: IPRRE	-	-	-	-	-	0%
	Of which: general CRE	-	-	-	-	-	0%
	Of which: IPCRE	-	-	-	-	-	0%
	Of which: land acquisition, development and construction	-	-	-	-	-	0%
10	Defaulted exposures	224	29	53	15	26	0%
11	Other assets	1 689	-	1 689	-	33	2%
12	Total	54 719	6 719	54 548	3 252	26 739	46%

The risk weighted asset density of all asset classes are reported based on the risk weighted asset balance of each asset class relative to its exposure post-CCF and post-CRM.

9.5 Table 15: Standardized approach – exposures by asset classes and risk weights (CR5)

The table below presents the breakdown of credit risk exposures under the market-based approach by asset class and risk weight, corresponding to the risk weighting percentage. Compared to December 2023, there was an increase on the Banks exposure that was driven by the increase on the intergroup lending. In addition, there was a slight increase on corporate loan exposures.

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign and their central banks	20 361	-	-	737	-	-	21 098

		20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Non-Central Government Public Sector Entities	1 873	-	1 400	-	-	3 273

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development banks	-	-	-	-	5 474	-	-	5 474

		0%	20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Banks	7 002	60	-	-	921	-	1 066	-	-	9 049
	Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	-	-

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Covered bonds	-	-	-	-	-	-	-	-	-

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Covered bonds	-	-	-	-	-	-	-	-	-

		20%	50%	65%	75%	80%	85%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	Corporates	-	224	-	-	-	-	16 913	-	-	-	17 137
	Of which: Securities firms and other financial inst	-	-	-	-	-	-	-	-	-	-	-
	Of which: Specialised lending	-	-	-	-	-	-	-	-	-	-	-

		100%	150%	250%[5]	400%[5]	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Subordinated debt, equity and other capital[6]	-	-	-	-	-	-

		35%	45%	75%	100%	Other	Total credit exposure amount (post CCF and post-CRM)
8	Retail	13	-	-	-	-	13

9.6 Table 15: Standardized approach – exposures by asset classes and risk weights (CR5) (continued)

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total
9	Real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: general RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: IPRRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: general CRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures	53	15	-	-	68

		0%	20%	100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other assets	-	-	1 689	-	-	1 689

		a	b	c	d
	Risk weight	***On-balance sheet exposure***	***Off-balance sheet exposure***	***Weighted average CCF****	***Exposure***
		(pre-CCF)			***(post-CCF and post-CRM)***
1	*Less than 40%*	29 308	3	50%	*29 310*
2	*40–70%*	1 145	-	50%	*1 198*
3	*75%*	-	-	0%	-
4	*85%*	-	-	0%	-
5	*90–100%*	24 266	6 716	40%	*27 293*
6	*105–130%*	-	-	0%	-
7	*150%*	-	-	0%	-
8	*250%*	-	-	0%	-
9	*400%*	-	-	0%	-
10	*1250%*	-	-	0%	-
11	***Total exposures***	54 719	6 719	45%	57 800

10. Counterparty Credit Risk

10.1 Table 16: Analysis of CCR exposure by approach (CCR1)

The below table provides a summary of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

		a	b	c	d	e	f
		Replacement cost	Potential future exposure - add on	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives and SFTs)			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	
5	Value-at-risk (VaR) for SFTs					-	-
6	**TOTAL**						-

The RWA decreased in June 2024 from December 2023 as there were no derivatives in June 2024.

10.2 Table 17: Credit valuation adjustment (CVA) capital charge (CCR2)

		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	-	-
4	Total subject to the CVA capital charge	-	-

CVA in the regulatory context is a capital charge to be taken into account for the possible volatility in the value of derivative instruments due to changes in the credit quality of the Branch's counterparties. The decrease compared to December 2023 is mainly because there were no derivatives in June 2024.

10.3. Table 18: Standardised approach - CCR exposures by regulatory portfolio and risk weights (CCR3)

The below table provides a breakdown of counterparty credit risk exposures excluding all CVA exposures that are reported in CCR2 as well as exposures to central counterparties, calculated according to the standardized approach: by portfolio (type of counterparties) and by risk weight.

	a	b	c	d	e	f	g	h	j
Risk weight / Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

The decrease as compared to December 2023 is mainly because there were no derivatives in June 2024.

10.4 Table 19: Exposures to central counterparties (CCR8)

		a	b
		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

The decrease as compared to December 2023 is mainly because there were no derivatives in June 2024.

11. Market Risk

11.1 Table 20: Market Risk under the standardised approach (MR1)

		a
		Capital requirement in standardised approach
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	16
5	Credit spread risk - non securitisations	-
6	Credit spread risk - securitisations (non-correlation trading portfolio)	-
7	Credit spread risk - securitisations (correlation trading portfolio)	-
8	Default risk - non securitisations	-
9	Default risk - securitisations (non-correlation trading portfolio)	-
10	Default risk - securitisations (correlation trading portfolio)	-
11	Residual Risk add-on	-
12	Total	16

The major currencies that are subject to market risk is USD and EUR. The decrease from June 2023 is due to the clearing of the foreign net open position as at June 2024.

12. Sovereign Exposures

12.1 Table 21: Exposures to Sovereign entities – Currency denomination breakdown (SOV2)

Sovereigns and their central banks				
		a	b	c
		Banking book sovereign exposures (after CCF and CRM)	**Trading book sovereign exposures**	**Risk-weighted assets**
	Significant currency denomination[1] (in descending order of exposure value)	Amount (including on- and off- balance sheet)	Amount	Amount
1	Total	21 098	0	737
2	Currency 1: ZAR	20 361	0	0
3	Currency 2: USD	737	0	737

The Branch's Sovereign exposures are mainly denominated in USD and ZAR. There has been no significant changes in currency across the countries as the Branch's sovereign exposures are mainly government bonds and treasury bills.

12.2 Table 22: Exposures to Sovereign entities – Accounting Classification Breakdown (SOV3)

Sovereigns and their central banks

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o				p				q				r			
		Debt instruments / loans and receivables			**Total exposures for debt instruments / loans and receivables**						**Direct sovereign exposures in derivatives**					**Total exposures in derivatives (on-balance sheet)**															
		Fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Amortised cost (AC)	Maturity buckets						Notional value (NV)	Positive values		Negative values		Maturity buckets															
					< 12 months	12 months to < 2 years	2 years to < 5 years	5 years and more	No maturity	Total	Total derivative NV	NV	Fair value through profit and loss (FVTPL)	NV	Fair value through profit and loss (FVTPL)	< 12 months				12 months to < 2 years				2 years to < 5 years				5 years and more			
																Positive		Negative		Positive		Negative		Positive		Negative		Positive		Negative	
																NV	FV	NV	FV	NV	FV	NV	FV	NV	FV	NV	FV	NV	FV	NV	FV
1	**Gross value**	737	20 361	-	13 003	0	7 366	728	-	21 098	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Net value**	714	20 351	-	12 994	0	7 366	705	-	21 065																					

The majority of the Branch's sovereign exposures are mainly based in South Africa. There have been no significant changes to the exposures in terms of country or currency.