JPMORGAN CHASE BANK, N.A. JOHANNESBURG BRANCH

PUBLIC DISCLOSURE: REGULATION 43 OF THE REGULATIONS RELATING TO BANKS PRUDENTIAL AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2021

April 2022

J.P.Morgan

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1. Overview

Aim of the public disclosure report

This report provides information on JPMorgan Chase Bank, N.A. Johannesburg Branch capital structure, capital adequacy, risk exposures, and risk weighted assets ("RWA"). This disclosure fulfils the requirements as set out in The Regulations Relating to Banks, issued by the Prudential Authority specifically directive D1 of 2019 and regulation 43 as well as the BCBS standards which have been applied.

Ownership and firm-wide disclosure

JPMorgan Chase Bank, N.A. Johannesburg Branch ("JPMCB Jhb" or the "Branch") is a branch of JPMorgan Chase Bank, National Association ("the Bank") and has been registered as an external company in South Africa. The Bank's ultimate parent is JPMorgan Chase & Co. ("the Firm"), a financial holding company incorporated in the United States of America.

Firm-wide disclosure is made under Basel III requirement and is available at the below link.

Reference is made to this Firm-wide disclosure throughout the document:

http://investor.shareholder.com/jpmorganchase/basel.cfm

The above firm-wide report should be read in conjunction with the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q which have been filed with the U.S. Securities and Exchange Commission and are available at the following link:

http://investor.shareholder.com/jpmorganchase/sec.cfm

This document refers to JPMorgan Chase or the "Firm" when referring to frameworks, methodologies, systems and controls that are adopted throughout JPMorgan Chase & Co. and its subsidiaries. Entity names are used to refer to documents, financial resources and other tangible concepts relevant only to that entity.

Business activities

JPMCB Jhb is a leading provider of financial services in South Africa, including trading in foreign exchange, fixed income and interest rate markets, as well as structured products, cash management, liquidity products, loans and advisory services to South African corporate and state-owned enterprises.

JPMCB Jhb holds a banking license in South Africa regulated by the Prudential Authority ("PA"), is also an Authorised Dealer regulated by the South African Reserve Bank ("SARB") and an Authorised Financial Services Provider regulated by the Financial Sector Conduct Authority ("FCSA") and the Financial Intelligence Centre.

JPMCB Jhb also holds a Primary Dealer license and is a trading member of the Johannesburg Stock Exchange Interest Rate and Currency Derivative Market ("IRC")'. The Branch was approved by the FSCA in April 2021 as an Over-the-Counter Derivative Provider ("ODP") and is also a direct member bank of the local clearing for both low value and high value ZAR payments.

Governance

As a branch of the Bank, governance is ultimately the responsibility of the Board of Directors of JPMorgan Chase Bank, N.A. who is responsible for the oversight of management of the Bank. The JPMorgan Chase Bank, N.A. Board accomplishes this function acting directly and through the principal standing committees of the Firm's Board of Directors. Risk oversight on behalf of the Bank is primarily the responsibility of the Risk Policy Committee of the Board of Directors and the Audit Committee of the Firm's Board of Directors and, with respect to compensation and other management-related matters, the Compensation & Management Development Committee of the Firm's Board of Directors.

In South Africa, JPMCB Jhb is managed though the Branch Oversight Committee, who are also members of the South Africa Local Management Committee ("SA LMC"). The SA LMC is the most senior cross business and support function governance committee in South Africa and responsible for legal entity risk management and governance. The SA LMC is the escalation forum for all risks and control issues requiring the attention of senior management

The Branch Oversight Committee own the overall country strategy and are responsible across all businesses for ensuring that the Firm's business in JPMCB Jhb is conducted in an appropriate manner in accordance with Firm policies and values.

Risk profile

The management of JPMCB Jhb's risks and uncertainties is integrated with that of the Firm and so changes in the Firm's global risk management policies will have an impact on JPMC Jhb.

Both the Firm and JPMCB Jhb operate within a highly regulated industry and JPMCB Jhb's businesses and results may be significantly affected by the laws and regulations to which it is subject.

Significant changes to the way that major financial services institutions are regulated are occurring worldwide. Several of the reforms being discussed contemplate restructuring of the financial services industry. Such measures are leading to stricter regulation of financial institutions generally, and heightened prudential requirements for systematically important firms, in particular. Included in these are reforms of the over-the-counter ("OTC") derivatives markets, such as mandated clearing, position limits, non-cleared OTC derivatives margin rules, capital and registration requirements. Many of the reforms have already, or will affect the Firm and JPMCB Jhb's business models.

2. Risk management framework (Table OVA)

Risk is an inherent part of JPMorgan Chase's business activities. When the Firm extends a consumer or wholesale loan, advises customers and clients on their investment decisions, makes markets in securities, or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Firm.

The Firm believes that effective risk management requires, amongst other things:

- Acceptance of responsibility, including identification and escalation of risk issues by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each of the LOBs and Corporate;
- Firmwide structures for risk governance

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board of Directors (the "Board").

Risk organisation

The Firm's risk governance and oversight framework is managed on a Firmwide basis. The Firm has an Independent Risk Management (IRM) function, which consists of the Risk Management and Compliance organizations. The Chief Executive Officer (CEO) appoints, subject to approval by the Risk Committee of the Board, the Firm's Chief Risk Officer (CRO) to lead the IRM organization and manage the risk governance structure of the Firm.

The Firm relies upon each of its LOBs and Corporate areas giving rise to risk to operate within the parameters identified by the IRM function, and within its own management-identified risk and control standards. Each LOB and Treasury &CIO, including their aligned Operations, Technology and Control Management are the Firms "first line of defense" and own the identification of risks, as well as the design and execution of controls to manage those risks. The first line of defense is responsible for adherence to applicable laws, rules and regulations and for the implementation of the risk management structure (which may include policy, standards, limits, thresholds and controls) established by IRM.

The IRM function is independent of the businesses and is the Firm's "the second line of defense". The IRM function independently assesses and challenges the first line of defense risk management practices. IRM is also responsible for its own adherence to applicable laws, rules and regulations and for the implementation of policies and standards established by IRM with respect to its own processes.

Internal Audit is an independent function that provides objective assessment on the adequacy and effectiveness of Firmwide processes, controls, governance and risk management as the "third line of defense". The Internal Audit Function is headed by the General Auditor, who functionally reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment but are not considered part of a particular line of defense including Finance, Human Resource and Legal and are responsible for adherence to applicable laws, rules and regulations and policies and standards established by IRM with respect to their own processes.

Risk governance

The independent status of the IRM function is supported by a governance structure that provides for escalation of risk issues to senior management, the Firmwide Risk Committee (“FRC”), and the Board of Directors, as appropriate.

The firm places key reliance on LOBs and Corporate areas for identifying and documenting material risks, and for managing, controlling, monitoring and escalating risks as appropriate and in accordance with IRM standards or LOB/Corporate area procedures. Senior management and each responsible individual in the LOBs and Corporate areas are responsible for identifying, managing and escalating, as appropriate, risk matters at a minimum to meet IRM standards in addition to any LOB/Function established procedures.

The FRC is the firm’s highest management-level risk committee. It provides oversight of the risks inherent in the firm’s businesses and serves as an escalation point for risk topics and issues raised by underlying committees and/or FRC members.

Global LE risk governance

Framework overview

JPMorgan Chase conducts its business through Legal Entities (LEs) located across different jurisdictions globally. It is incumbent on lines of business and corporate functions to manage risk at the level of the LE and to comply with associated regulatory expectations. The Risk Management and Compliance (RM&C) organization, as described in the Risk Oversight and Governance Policy and CCOR Management Oversight Policy has established the RM&C LE Framework which can be articulated as follows:

- The RM&C Legal Entity Forum (LE Forum) oversees the framework as the governing body, supported by the RM&C LE Framework team
- LEs are tiered based on RM&C factors, which define appropriate levels of LE risk governance and oversight and the requirement for appointment of LE Risk Managers (LERMs) or Chief Risk Officers (CROs) where required by regulatory designations
- LERMs are accountable for the holistic oversight of risk at an entity level
- LERMs may delegate responsibility for certain tasks to Regional CRO teams
- Risk functions/stripes are responsible for setting global standards and executing legal entity requirements with respect to risk oversight and should consider the implementation in an LE (where appropriate) in the design of the standard, tool or program

Legal entity risk forum

The LE Forum is the governing body for the Risk Management & Compliance (RM&C) LE Frameworks, inclusive of Risk Management and Compliance, Conduct and Operational Risk (CCOR) and acts as a Project Steering Group for agreeing to decisions, assumptions, milestones and implementation across the regions.

The LE Forum exercises oversight and control of the legal entity risk management and governance standards across all regions. It is responsible for:

- Periodic review and update of LE RM&C Framework and Governance documentation, as required
- Establish, review, and make recommendations and consider exceptions to standards, guidance and procedures that relate to the RM&C LE governance
- Acts as a steering group to hold project leaders and participants accountable for implementation

- Review and address matters relating to the RM&C LE Risk governance support model

LE risk tiering

Risk Management oversight of LEs is executed according to the risk profile of a LE. The risk profile of a LE is derived by applying the LE Risk Tiering methodology, the result of which will determine a LE's 'Risk Tier'.

Risk Tiering comprises four categories ranging from one to four, with Risk Tier one representing the highest requirement for LE Risk governance and oversight. The tiering methodology is comprised of qualitative and quantitative elements and a different level of oversight is established for each Tier, driven by a range of internal and external risk governance requirements.

The core and recommended governance standards have been created for each Tier of governance. JPMCB Jhb has been classified as a Risk Tier 2 entity under this framework.

EMEA risk governance

As described above, J.P. Morgan's risk governance structure is based on the principle that each line of business is responsible for managing the risk inherent in its business, albeit with appropriate corporate oversight. Each LOB risk committee is responsible for decisions regarding the business risk strategy, policies (as appropriate) and controls. Therefore, each LOB within JPMCB Jhb forms part of the firmwide risk governance structure.

To complement the global line of business structure, there is a regional governance construct as below:

- The EMEA Risk Committee (ERC) provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms. Oversight of Tier 2 and 3 entities (including JPMCB JHB) is delegated to the EMEA Risk Forum, a sub-forum of the ERC
- The ERC is accountable to the EMEA Management Committee (EMC). It reports to the Firmwide Risk Committee (FRC), the EMEA HR Control Forum, in addition to the EMC and the relevant legal entity boards. The EMEA CRO leads the Risk Management function in the region and chairs the ERC. The EMEA CRO is a member of the EMC and meets with local regulators on a regular basis

JPMCB Jhb

JPMCB Jhb is aligned to the regional and Firm-wide risk governance structure.

JPMCB Jhb exercises oversight through SA LMC, which comprises the members of the Branch Oversight Committee, and delegates certain responsibilities to various committees and sub-committees which are aligned to both the Firm-wide risk management framework and South African regulatory requirements. Additionally, the Legal Entity Risk Manager of JPMCB Jhb is a member of the SA LMC and the EMEA Legal Entity Risk Committee.

EMEA legal entity risk reporting

J.P. Morgan undertakes risk reporting at legal entity level, for entities with material business or risk profiles.

The Legal Entity Risk Reporting team (LERR) is based in London and also uses the JPM reporting hubs in Bangalore and Frankfurt. LERR production of legal entity reporting packs is centralized, and includes credit risk and market risk reporting details, as well as other risk stripes added as relevant.

All LERR is governed by rigorous controls, and prior to circulation to Legal Entity Risk Managers the information within the reports is reviewed and/or signed off by individuals within the specific risk stripe, or with specific risk responsibilities for the legal entities. Summary reporting for the risk stripes mentioned above is shared with appropriate Risk Committees, such as the EMEA Risk Committee, as required.

Risk data aggregation and risk reporting framework

The firmwide Risk Data Aggregation and Risk Reporting (RDARR) framework supports Risk Management's data aggregation and reporting processes including stress reporting in accordance with the Basel Committee on Banking Supervision Principles (BCBS 239 Principles). The RDARR framework has been approved by the firm's Board RC and compliance with BCBS 239 Principles is reported annually to the Board RC.

The framework includes four primary components:

- Definition of risk including magnitude and composition;
- Required components that establish the minimum set of processes, functions and controls;
- Business operating model and governance; and
- Technology and data required to support the Firm's Risk Data Aggregation and Reporting requirements

To provide guidance on the implementation of BCBS 239 Principles and to enable consistent interpretation of the regulatory language and Principles across the Firm, a 'JPM Minimum Compliance Standards' document has been established. This document is reviewed annually and is available on the firm's internal BCBS Governance portal.

Compliance with the JPM Minimum Standards at Risk Reporting Stripe level is governed by an independent team ('BCBS 239 Governance Team') for completeness and consistency through periodic assessments.

Identification and measurement of key risks

JPMCB Jhb completes an Internal Capital Adequacy Assessment Process ("ICAAP") periodically. The ICAAP forms part of management and decision-making processes including capital and risk management frameworks, and stress testing. The ICAAP is used to assess the key risks to which JPMCB JHB is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital the Branch should hold to reflect these risks now, in the future and under stressed conditions. The capital management framework monitor the available capital on a regular bases against internal triggers approved by the Branch Oversight Committee. The ICAAP is reviewed and approved, on an annual basis, by the Branch Oversight Committee.

Risk appetite

The Firm's overall risk appetite is established by management taking into consideration the Firm's capital and liquidity positions, earnings power, and diversified business model. The Risk Appetite framework is a tool to measure the capacity to take risk and is expressed through qualitative factors and quantitative parameters at the Firm, JPMCB NA and LOB levels, including quantitative parameters on stressed net income, capital, liquidity risk, credit risk, market risk and structural interest rate risk. Performance against these parameters informs management's strategic decisions and is reported and reviewed to the Firmwide Risk Committee and relevant Board Risk Committees on an ongoing basis. The JPMCB NA Risk Appetite framework applies to JPMCB Jhb.

Key figures and ratios regarding the interaction between the risk profile and the risk appetite are deemed to be proprietary information as it relates to competitively significant operational conditions and business circumstances.

3. Statement of financial position

Assets (R millions)	2021	2020	2019
Balances with central bank	546	348	305
Treasury bills	4,414	4,554	2,834
Loans and advances, net of credit impairment	25,565	26,724	18,291
Investment and trading securities	1,477	1,771	2,719
Derivative financial instruments	27,523	43,695	21,748
Other assets	1,679	423	782
Total assets	**61,203**	**77,515**	**46,678**
Equity and liabilities			
Deposits	13,834	21,473	10,827
Derivative financial instruments	30,677	48,325	25,820
Other trading liabilities	836	240	2,447
Other liabilities	2,149	1,033	1,116
Total liabilities	**47,496**	**71,070**	**40,210**
Capital from head office	13,767	6,436	6,436
Other reserves	(60)	9	32
Total equity	**13,707**	**6,445**	**6,468**
Total equity and liabilities	**61,203**	**77,515**	**46,678**

Basis of preparation

The preparation of the numbers within the Statement of Financial Position and the Summarised Statement of Comprehensive Income have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and reported in accordance with PA's Regulations relating to Banks. These numbers are audited on an annual basis by an independent audit firm.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when the Branch has a legally enforceable right to offset the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. Summarised statement of comprehensive income

(R millions)	2021	2020	2019
Net interest income	440	659	815
Trading revenue and fee income	487	440	82
Gross operating income	**927**	**1,099**	**897**
Credit impairment released/(raised)	(60)	0	(1)
Operating expenses	(637)	(646)	(529)
Net profit before taxation	**230**	**454**	**367**
Taxation	(105)	(169)	(115)
Net profit after taxation	**126**	**285**	**251**

5. Regulatory capital

JPMCB Jhb's regulatory capital base as at 31 December 2021, calculated in accordance with the Regulations, was R13 682 million, R13 767 million of which was as a result of a capital injection from the Bank.

There is no difference between regulatory consolidation and accounting consolidation.

Net profits are remitted, or net losses reimbursed on a monthly basis from Head Office which ensures that JPMCB Jhb's capital injection of R13 767 million stays intact.

See below information on the Branch's capital, risk weighted assets and capital ratios.

Regulatory capital base for JPMCB Jhb

(R millions)	2021	2020	2019
Common Equity Tier 1			
Capital			
Endowment capital from parent	*13,767*	*6,436*	*6,436*
Accumulated other comprehensive income		–	–
Regulatory adjustments			
Goodwill			*(13)*
Other regulatory adjustments	*(85)*	*(17)*	
Common equity Tier 1 capital	**13,682**	**6,419**	**6,423**
Additional Tier 1 capital	0	0	32
Tier 1 Capital	**13,682**	**6,419**	**6,455**
Tier 2 capital	0	0	0
Total capital	**13,682**	**6,419**	**6,455**

For more detail, refer

- Annexure A: Composition of Capital Disclosure Template, and
- Annexure B: Main Features Disclosure Template

Capital adequacy requirement: JPMCB Jhb

Risk weighted assets as at 31 December

(R millions)	2021	2020	2019
Credit and counterparty credit risk	41,063	38,134	16,697
Market risk	2,172	2,540	2,571
Operational risk	2,207	2,221	1,976
Total risk weighted assets	**45,443**	**42,895**	**21,244**
CET Tier 1 capital adequacy ratio	30.11%	14.97%	30.34%
Tier 1 capital adequacy ratio	30.11%	14.97%	30.34%
Total capital adequacy ratio	**30.11%**	**14.97%**	**30.34%**

Leverage ratio: Refer appendix C, leverage ratio.

6. Credit risk (table CRA, CRB, CRC and CRD)

Credit risk governance

Credit risk is the risk associated with the default or change in the credit profile of client, counterparty or customer.

Credit risk management is an independent risk management function that monitors, measures and manages credit risk throughout the J.P. Morgan group and defines credit risk policies and procedures. The credit risk function reports to the Firm's Chief Risk Officer ("CRO"). The Firm's credit risk management governance includes the following activities:

- Maintaining a credit risk policy framework
- Monitoring, measuring and managing credit risk across all portfolio segments, including transaction and exposure approval
- Setting industry concentration limits and establishing underwriting guidelines
- Assigning and managing credit authorities in connection with the approval of all credit exposure
- Managing criticised exposures and delinquent loans, and
- Estimating credit losses and ensuring appropriate credit risk-based capital management

J.P. Morgan has developed policies and practices that are designed to preserve the independence and integrity of decision-making and ensure credit risks are assessed accurately, approved appropriately, monitored regularly and managed actively at both the transaction and portfolio levels. The firm-wide policy framework establishes credit approval authorities, concentration limits, risk-taking methodologies, portfolio review parameters and guidelines for management of distressed exposures.

Each Line of Business within the Firm has its own independent credit risk management function, reporting to the Firm's CRO.

Credit risk management

In its wholesale businesses, J.P. Morgan is exposed to credit risk through its underwriting, lending, market-making, and hedging activities with and for clients and counterparties, as well as through its operating services activities (such as cash management and clearing activities), securities financing activities, investment securities portfolio, and cash placed with banks.

JPMCB Jhb's credit risk is driven by the following:

- Financial services institutions counterparties as a result of market-making, trading, clearing, counterparty or other relationships. JPMCB Jhb routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, banks, mutual and hedge funds, investment managers and other clients which expose it to credit risk
- JPMCB Jhb also executes transactions with large South African corporates, State Owned Enterprises and South African subsidiaries of global multinational corporations
- JPMCB Jhb is also exposed to risk of non-performance by its clients, which it may seek to mitigate through the maintenance of adequate collateral, a process that is managed centrally for the Bank. JPMCB Jhb, as a standalone entity, only accepts ZAR deposits as collateral from local corporates in compliance with exchange control regulations
- Certain models, assumptions and inputs used in evaluating and monitoring credit risk are validated by support functions that are separate and independent from the businesses

- Credit Executives within the Firm who approve extensions of credit for JPMCB Jhb ultimately report to the Head of Wholesale Credit Risk. Each line of business (“LOB”) within the Firm has its own independent credit risk management function, reporting to the CRO. To enable monitoring of credit risk, aggregate credit exposure, concentration levels and risk profile changes are reported to senior credit risk management and to the regional risk committee

Credit risk methodology

A range of methodologies are employed for quantifying the impact of a counterparty default. JPMCB Jhb reduces its credit risk exposure through the use of risk mitigants (e.g. netting agreements and collateral).

Methodologies for measuring credit risk vary depending on several factors including type of asset, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the probability of default of an obligor or counterparty, the loss severity given a default event and the exposure at default.

Credit loss estimates are based on estimates of the probability of default (“PD”) and loss severity given a default. The probability of default is the likelihood that a borrower will default on its obligation; the loss given default (“LGD”) is the estimated loss on the loan that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower’s current financial position, risk profile and related collateral. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly. For portfolios that fluctuate based upon an underlying reference asset or index, potential future exposure is measured using probable and unexpected loss calculations based upon estimates of probability of default and loss severity given a default.

Risk rated exposure

All clients are subject to credit analysis and financial review by Credit Risk before new business is accepted. All credit exposure must be approved in advance by a Credit Officer(s) with the level of credit authority required by the applicable credit authority grid unless qualifying for rules-based policies, described separately below. Such approval, together with details of the credit limits are recorded in the Credit Systems.

Risk monitoring and control

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. JPMCB Jhb has adopted and applied the policies and practices developed by the Firm.

Stress testing

Stress testing is important in measuring and managing credit risk in the Firm’s credit portfolio. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Firm. Economic scenarios and the underlying parameters are defined centrally, articulated in terms of macroeconomic factors and applied across the businesses. The stress test results may indicate credit migration, changes in delinquency trends and potential losses in the credit portfolio. In addition to the periodic stress testing processes, management also considers additional stresses outside these scenarios, including industry and country specific stress scenarios, as necessary. The Firm uses stress testing to inform decisions on setting risk appetite both at a Firmwide and LOB level, as well as to assess the impact of stress on individual counterparties.

Risk reporting

To enable monitoring of credit risk, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes and to facilitate effective decision making, JPMCB Jhb utilises the Firm's extensive suite of credit risk systems and reports which are available to all levels of credit risk officer and are shared with Risk Committees (i.e. detailed portfolio reporting of industry; clients, counterparties and customers; product and geographic concentrations).

JPMCB Jhb adopts the following approaches for calculating the Credit Risk Capital Requirements:

- Credit risk: Standardised approach
- Counterparty credit risk: Standardised Approach to Counterparty Credit Risk (1 January 2021)
- JPMCB Jhb uses Moody's for external credit ratings. No change from prior years

Gross credit exposure before credit risk mitigation[1] as at 31 December

(R millions)	On-balance sheet	Off-balance sheet	Repo exposure	Derivative instruments	Total
2021					
Banks	9,431		12,836	33,124	55,392
Corporate	4,291	9,565		5,747	19,603
Public sector entities	3,021			11,012	14,033
Securities firms				31	31
Sovereign	4,414			121	4,535
Total	**21,158**	**9,565**	**12,836**	**50,035**	**93,595**

(R millions)	On-balance sheet	Off-balance sheet	Repo exposure	Derivative instruments	Total
2020					
Banks	6,105	257	12,340	54,237	72,938
Corporate	3,107	1,365		10,237	14,709
Public sector entities				15,096	15,096
Securities firms				81	81
Sovereign	4,554			496	5,050
Total	**13,765**	**1,622**	**12,340**	**80,147**	**107,873**

Average gross credit exposure before credit risk mitigation during the year

(R millions)	On-balance sheet	Off-balance sheet	Repo exposure	Derivative instruments	Total
2021					
Banks	8,447	975	12,922	34,049	56,392
Corporate	3,116	2,075	0	5,829	11,020
Public sector entities	837	167	0	11,773	12,777
Security firms	0	0	0	41	41
Sovereign	4,151	0	0	120	4,272
Total	**16,552**	**3,216**	**12,922**	**51,812**	**84,502**

(R millions)	On-balance sheet	Off-balance sheet	Repo exposure	Derivative instruments	Total
2020					
Banks	3,523	248	16,226	61,938	81,935
Corporate	4,637	6,112		11,857	22,605
Public sector entities				14,966	14,966
Security firms				143	143
Sovereign	4,238			432	4,670
Total	**12,398**	**6,359**	**16,226**	**89,335**	**124,319**

1. No netting, no collateral or margin placed taken into account

Maturity profile of gross credit exposure as at 31 December

(R millions)	2021	2020
Less than 1 year	57,183	39,085
1–5 years	15,068	30,138
More than 5 years	21,344	38,650
Total gross exposure	**93,595**	**107,873**

Break down of gross exposures by geographical areas

(R millions)	2021	2020
South Africa	45,558	49,052
Europe	15,248	52,127
North America	32,462	6,160
Rest of world	327	535
Total gross exposure	**93,595**	**107,873**

Break down of gross exposures by industry

(R millions)	2021	2020
Mining and quarrying	7,651	332
Manufacturing	1,299	1,137
Electricity, gas and water supply	4,890	4,036
Wholesale and retail trade, repair of specified items, hotels and restaurants	144	441
Transport, storage and communication	9,652	11,193
Financial intermediation and insurance	64,546	85,148
Real estate	448	521
Other	4,966	5,066
Total gross exposure	**93,595**	**107,873**

Expected credit loss measurement

Impairment of financial assets and lending-related commitments

Instruments in scope of Traditional Credit Products (TCP) include loans, lending-related commitments, and other lending products stemming from extensions of credit to borrowers (including intercompany and affiliated entities). The Branch establishes an ECL for these instruments to ensure they are reflected in the financial statements at the Branch's best estimate of the net amount expected to be collected. The ECL is determined on in-scope financial instruments measured at amortized cost or FVOCI. ECL are measured collectively via a portfolio-based (modeled) approach for Stage 1 and 2 assets but are generally measured individually for Stage 3 assets.

ECL are forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast horizon includes the reasonable and supportable (R&S) forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Branch applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

Determining the appropriateness of the allowance is complex and significant assumptions about future economic conditions and credit behaviours that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate. A number of significant judgements are also required in measuring ECL, such as:

- Determining the criteria for identifying when financial instruments have experienced a significant increase in credit risk;
- Choosing appropriate forecasts and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of financial instrument/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

The measurement of ECLs must reflect:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and evidence-based information about past events, current (economic) conditions, and forecasts of future economic conditions

Subsequent evaluations of the TCP portfolio, in light of the circumstances then prevailing, may result in significant changes in the ECL in future periods

The Branch considers the appropriateness of decisions and judgments regarding methodology and inputs utilized in developing estimates of ECL each reporting period

Impact of staging on measuring expected credit losses

ECL are measured using a three-stage model based on changes in credit quality of the financial instrument since it was initially recognized ("initial recognition"):

- Stage 1–performing financial instruments that have not had a significant increase in credit risk since initial recognition;
- Stage 2–performing financial instruments that have experienced a significant increase in credit risk; and
- Stage 3–non-performing financial instruments that have been determined to be credit-impaired

Unimpaired and without significant increase in credit risk (Stage 1)

Financial instruments that have not had a significant increase in credit risk (“SICR”) since initial recognition are included in Stage 1. For Stage 1 instruments, ECL are calculated by considering the probability of default within 12 months after the reporting date on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

Non-TCP intercompany assets with material legal entities that are covered by the Firm's resolution and recovery plans are considered to be investment grade and therefore these are included in Stage 1 with no SICR.

Significant increase in credit risk (Stage 2)

Financial instruments that have experienced a SICR since initial recognition for which there is no objective evidence of impairment are included in Stage 2. For Stage 2 instruments, ECL are calculated considering the probability of default over the remaining life of the instrument on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

The Branch assesses for evidence of a SICR by considering whether there has been a change in the risk of a default occurring since the financial instrument was initially recognized.

For TCP, the Branch assesses SICR based on a combination of qualitative and quantitative assessments, as described in more detail below:

- **Quantitative criteria**
  - The Branch determines whether the probability of a default ("PD") occurring has changed between the initial recognition and the reporting date of a financial instrument. If the change in PD exceeds certain relative and absolute thresholds, the instrument has experienced a SICR. The assessment of the PD takes into account reasonable and supportable information, including information about past events, current and future economic conditions
- **Qualitative criteria**
  - The Branch monitors borrowers that may become impaired by including them on its watch list. Obligors that are on the watch list are considered to have experienced a SICR. The Branch also monitors changes in internal credit risk ratings (relative to the credit rating on initial recognition) and delinquency triggers to determine if a borrower has experienced a SICR
  - The Branch's TCP portfolio is mostly comprised of large, international, wholesale borrowers. For these borrowers, short-term delinquencies alone are not considered to be a meaningful credit quality indicator as the Branch's experience has shown that other internal credit quality indicators generally identify increases in credit risk well before delinquency. As such, the Branch has determined that using the quantitative and qualitative assessments described above are most appropriate for capturing SICR for TCP
  - Financial instruments that are in Stage 2 are moved to Stage 1 as described below in the period that the quantitative and qualitative assessments for a SICR no longer exist. The approach for determining whether there has been a SICR for Non-TCP portfolios depends on the type of instrument. The Branch presumes non-TCP financial assets that are 30 days past due have experienced a SICR and are included in Stage 2 except for certain fee receivables (i.e. fee receivables with institutional clients which follow a different billing and collection cycle) that are classified in Stage 2 at 90 days past due

Default and credit-impairment (Stage 3)

Financial instruments are included in Stage 3 when there is objective evidence of impairment at the reporting date. For Stage 3 instruments, ECL are calculated considering the probability of default over the remaining life of each instrument ("Lifetime ECL") on an individual asset basis and interest revenue is calculated on the net carrying amount (that is, net of the allowance for credit losses). All financial assets, regardless of their category as TCP, Non-TCP or debt security, are considered to be credit-impaired and are included in Stage 3 when one or more of the following events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred:

- Significant financial difficulty of the issuer or the borrower;
- A default or past due event;
- The Branch has granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty;
- It has become probable the borrower will enter bankruptcy or other financial reorganization;
- An active market for that financial asset no longer exists because of the borrower's financial difficulties; or

- A financial asset is purchased or originated at a deep discount that reflects a credit loss has been incurred

Generally, a Stage 3 financial asset is considered to no longer be impaired when the borrower has made payments for a minimum of six months and there is other objective evidence of credit improvement.

However, for assets that were considered to be Stage 3 as a result of a restructuring where the borrower experiencing difficulty was granted a financial concession, there is no cure period and the asset will remain in Stage 3.

ECL measurement for TCP portfolios

ECL for stage 1 and stage 2 assets is determined using a collective assessment model that estimates losses expected on the portfolio from possible defaults in the next 12 months or lifetime depending on whether the instrument is included in stage 1 or 2. The 12-month ECL are calculated by multiplying the 12-month Probability of Default, Exposure at Default and Loss Given Default. Lifetime ECL are calculated using the lifetime PD instead.

These inputs are collectively known as the modeled estimate and are described in further detail below:

- Probability of Default (“PD”): The PD model estimates the probability of a borrower defaulting given certain macroeconomic scenarios and the probability of a borrower moving from one risk rating to another during the reasonable and supportable period. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The PD is determined at a facility level. Country specific information is applied to risk ratings, as appropriate in accordance with internal risk rating guidelines. Beyond the reasonable and supportable period, the probability of default and likelihood of downgrade are based on long run historical averages with no macroeconomic forecasting element. Internal historical default data is used for all periods, both during the reasonable and supportable (“R&S”) forecast period and beyond
- Loss Given Default (“LGD”): LGD, also known as loss severity, represents the amount of loss, expressed as a percentage, in the event the facility defaults under a given forecasted macroeconomic environment during the reasonable and supportable period. Beyond the reasonable and supportable period long run historical average LGD is used based on the Loan’s risk characteristics (e.g., secured type, region, LOB). Country specific considerations are also applied to the LGD inputs, as appropriate. Similar to PD, internal historical default data is used for all periods, both during the R&S forecast period and beyond
- Exposure at Default (“EAD”): Exposure at Default represents the gross exposure of the Firm upon the Obligor’s default and is characterized, as follows:
  - Term Loans–EAD is 100% of exposure, net of amortization
  - Revolving commitments–EAD is a model-based estimate that considers the expectation of future utilization at the facility level in the case of a default under a given macroeconomic environment
  - After the R&S forecast period, a long run EAD is determined based on the facility’s risk characteristics
  - All other unfunded committed facilities–EAD is determined judgmentally and where appropriate, empirically, based on the type of credit facility, line of business, underlying risk characteristics and utilization

Forward-looking information

ECL estimates are derived from the Branch’s historical experience and future forecasted economic conditions. To incorporate forward-looking information into the ECL calculation, the

Branch develops forecasted economic scenarios. As mentioned in 2020 Developments, the Branch moved from three forward looking scenarios (upside, base and downside) to five forward looking scenarios (base, relative upside, extreme upside, relative downside and extreme downside cases) during the year. Each of these scenarios contain a set of MEVs that reflect forward-looking economic and financial conditions. MEVs include, but are not limited to FX rates, inflation and GDP per country or country block (group of countries that have similar economic circumstances). MEVs for each scenario are projected over a reasonable and supportable forecast period of two years. After the forecast period, the losses revert to historical averages over a one-year transition period.

On a quarterly basis, the five economic scenarios are updated, and probability weighted. The Branch uses judgement to develop the scenarios and assign probability weightings. The most likely economic scenario in management's view is the base case which would generally be expected to be weighted more heavily than the other two scenarios.

The PD, LGD and EAD models are designed to forecast the credit quality and performance of a TCP portfolio based on industry, geography, rating and size of obligors, among other attributes of the portfolio.

PD, LGD and EAD models are calibrated based on historical MEVs and use forecasted macroeconomic scenarios for projecting PD, LGD and EAD values.

ECL calculation

The Branch uses the forward-looking PD, LGD, and EAD values for each of the scenarios to produce the scenario credit losses ("SCLs"). The modelled ECL estimate includes a probability-weighted calculation of the five SCLs discounted using the original effective interest rate or an approximation thereof. The weightings are periodically reviewed and approved centrally by a risk governance committee within the Firm.

As part of the normal review process, the central ECL calculation is subject to further adjustment to take into consideration the requirements of the Branch. As the centrally estimated ECL are not specific to local and regional conditions, the Branch completes a local review, which involves conducting individual client reviews and reviewing local MEVs and will adjust the centrally estimated ECL to appropriately reflect the Branch's portfolio. Management applies judgement in making this adjustment, which considers economic and political conditions, quality of underwriting standards, borrower behaviour, deterioration within an industry, product or portfolio, as well as other relevant internal and external factors affecting the credit quality of the portfolio. In certain instances, the interrelationships between these factors create further uncertainties.

In 2020, the Branch enhanced its statistical model methodology used for collective assessment to better estimate expected credit losses. Key model enhancements included:

- Expansion of forecasting during the reasonable and supportable period from using three forward looking scenarios (central, adverse and upside) to five forward looking scenarios (central, relative upside, extreme upside, relative adverse and extreme adverse)
- Introduction of large loan uncertainty (LLU), captures the variation in loan sizes across the portfolio by taking into consideration the risk of large exposures defaulting due to the nonhomogeneous nature of the portfolio

Stage 3 portfolio estimation techniques

In estimating ECL for Stage 3 Loans using an individual discounted cash flow assessment, broad economic conditions affecting a borrower are less relevant as they may not have a direct impact on the specific borrower and its ability to service its debts. Consequently, the Branch believes that borrower specific scenarios are the most relevant in estimating expected credit losses in an individual discounted cash flow assessment. When applying the discounted cash flow methodology, the Branch projects cash flows under three borrower-specific forecast scenarios that are reviewed, adjusted and ultimately blended into one-probability weighted calculation of ECL.

Modification of loans

The Branch may modify terms with borrowers that are not experiencing financial difficulty. In these instances, the Branch will make a determination of whether the modification results in a new financial asset. If the modification is substantive, the existing loan is derecognised and a new financial asset is recognised. If the modification does not result in a new financial asset, the unamortised net fees are carried forward as part of the recorded Investment in the modified loan along with any new fees or costs associated with the modification.

The Branch seeks to modify certain loans in conjunction with its loss-mitigation activities. A modification may result in the Branch granting one or more concessions to a borrower who is experiencing financial difficulty in order to minimise the Branch's economic loss, avoid foreclosure or repossession of the collateral, and to ultimately maximise cash flows received by the Branch from the borrower.

Concessions granted vary by borrower, and may include interest rate reductions, term extensions, payment deferrals, principal forgiveness, or the acceptance of equity or other assets in lieu of cash.

Such loan modifications are included in Stage 3, and the loans are considered to be credit-impaired until they mature, are repaid, or are otherwise liquidated, regardless of whether the borrowers perform under the modified terms. These modified loans are measured for impairment using the Branch's established asset-specific allowance methodology. An impaired loan generally remains subject to the asset-specific allowance methodology throughout its remaining life.

Impairment of Non TCP transactions

The Branch's approach to measuring ECL for Non-TCP portfolios depends on the type of instrument. See detail below for ECL analysis per balance sheet line item.

a. **Cash and balances at central banks**

   Cash and balances with central banks include interest-bearing deposits and are held with investment grade institutions. In evaluating the lifetime ECL related to receivables from a bank, the Branch determined the expected probability of default was extremely remote, and the magnitude of lifetime ECL related to exposures would be negligible as these are regulated investment-grade institutions that have significant capital, loss absorbing capacity and liquidity. The majority of the deposits held are short term in nature and can be withdrawn at short notice (typically overnight). The Branch includes cash and balances at central banks in Stage 1 as they are short-term and investment-grade and banking institutions are considered to have high quality credit with low risk of default and therefore the Branch has concluded there is no material SICR.

b. **Deposits with banks**

   The Branch places substantially all of its deposits with banks which are of investment-grade. Refer above for ECL assessment. Similar to cash and balances at central banks, the Branch includes loans and advances to banks in Stage 1 as investment-grade institutions are considered to have high quality credit with low risk of default and therefore the Branch has concluded there is no material SICR.

c. **Securities purchased under agreements to resell and securities borrowed**
   The Branch generally bears credit risk related to resale agreements and securities borrowed where cash advanced to the counterparty exceeds the expected value of the collateral received on default.

The Branch's credit exposure on these transactions is significantly lower than the amounts recognised on balance sheet as the substantial majority represent contractual value before consideration of any collateral received.

Where a fully collateralised arrangement exists (for example a reverse repurchase agreement), the estimate of the allowance is immaterial due to the following credit mitigants:

- Continuous margining requirements: The contractual terms of these agreements are designed to ensure that they are fully collateralised based on continuous margining requirements, even when the credit risk of the borrower increases significantly. The contractual terms provide the Branch (as lender) with the legal right to receive additional margin from the borrower each day a margin deficit exists. The contractual terms also allow the Branch to increase margin requirements, and to revoke or reduce commitments to the borrower at any time
- Intercompany arrangements may be repayable on demand: The vast majority of the Branch's collateralised intercompany lending arrangements are executed under master contracts that provide additional protections for the Firm, such as stipulating that extensions of credit are repayable on demand
- High quality collateral: If, in the extremely rare circumstance that the borrower were to default, because the collateral is generally of high quality or is otherwise considered highly liquid, the Branch has the legal right and operational ability, as well as the intent, to immediately seize the collateral and liquidate it in a timely and price-efficient manner to minimize any loss

The majority of securities purchased under agreements to resell are held at fair value. The fair value of the security collateral in respect of securities financing transactions is, in aggregate, greater than the net amounts reported on balance sheet.

Securities financing arrangements tend to be short-term in nature with no history of credit losses. These arrangements are included in Stage 1 as the Branch has determined there is no SICR during the short tenor of the instrument as at 31 December 2020. The Branch recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

d. Debtors

Debtors consist of trade and other debtors. Trade debtors mainly consist of unsettled trades, receivables related to sales of securities which have not yet settled. These receivables generally have minimal credit risk due to the low probability of default of a clearing organisation default and failure to deliver, and the short-term nature of receivables related to securities settlements which are predominately on a delivery versus payment basis. The Branch recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

Other debtors primarily comprise receivables related to cash collateral paid to counterparties in respect of derivative financial instruments. Margin posted in cash is reflected as a receivable from the counterparty and is carried at amortised cost. Furthermore, the Branch provides clearing services to its clients wherein it facilitates the execution and settlement of derivative transactions by intermediating between a Central Clearing Party ("CCP") and a client, the associated cash collateral is recognised at amortised cost. In evaluating the lifetime ECL related to receivables from a CCP, the Branch determined the expected probability of CCP default was extremely remote, and the magnitude of lifetime expected credit losses related to CCP exposures would be negligible due to the robust multi-layered credit protection inherent in the design and operations of the CCP clearing model. The Firm includes these receivables in Stage 1 due to the robust multi-layered credit protection inherent in the design and operations of the CCP clearing model.

e. Fee receivables

Fee receivables arise out of revenue from contracts with customers. Staging and write off policies depend on the nature of the asset.

Fee receivables for institutional clients are included in Stage 1 if they are less than 90 days past due ("dpd"), and instruments less than 180 dpd are included in Stage 2. A fee receivable from an institutional client is deemed to be credit-impaired and 100% reserved when it is 180 dpd.

The Branch has not had significant losses on its fee receivable portfolios and based on the immateriality of these losses, the provision matrix and staging approach described is applied.

Fee receivables from non-institutional clients are included in Stage 1 if they are less than 30 dpd, and instruments less than 90 dpd are included in Stage 2. A fee receivable for non-institutional clients is deemed to be credit-impaired and 100% reserved when it is 90 dpd. The Firm has not had significant losses on its fee receivable portfolios and based on the immateriality of these losses, the provision matrix and staging approach described is applied.

The Branch continues to monitor the fee receivable population to ensure the described framework is appropriate and ECL on this portfolio are adequately reflected.

f. Non-TCP intercompany transactions

Non-TCP include, but are not limited to, other debt instruments such as reverse repurchase agreements, margin loans, fee receivables, and intercompany receivables (such as cash and deposits).

All intercompany exposures had formerly been considered non-TCP, but have been segmented based on product type, irrespective of whether the borrower is third party or intercompany. In other words, TCP and non-TCP both have intercompany positions.

For intercompany transactions where the counterparty is a Material Legal Entity ("MLE"), the Branch’s anticipated ECL was determined to not be material and no loss was recognized, for the following reasons:

- The MLE has been prepositioned with funding in an extremely efficient manner from both a liquidity and a capital perspective
- JPMorgan Chase Bank, N.A. ("JPMCB") and the JP Morgan Chase's Intermediate Holding Company ("IHC") are obligated to provide financial support to their direct and indirect subsidiaries in connection with the Support Agreement that is put in place as part of the Firm’s resolution planning process, which effectively functions as a guarantee/backstop for intercompany lending arrangements with an MLE borrower

As MLEs are adequately capitalized to ensure the MLE can fulfil all of its obligations even in the event of an orderly liquidation of JPMorgan Chase and are of investment grade, these intercompany receivables are included in Stage 1 as they are held with MLEs and considered to not have an increase in credit risk that would result in material expected credit losses. Receivables from MLE’s are only included in Stage 2 if the obligor is no longer considered an MLE and there is evidence of credit deterioration of the obligor, or if certain support triggers defined in the JPMorgan Chase’s Resolution Plan occur. Receivables from MLE’s are not credit-impaired as the Firm ensures MLE’s are more than adequately capitalized as required by the Firms Resolution Plan.

The anticipated ECL for other receivables from non MLEs was determined to not be material and no loss was recognized.

g. Non-TCP intercompany transactions

The Branch has determined that ECL on other non-TCP portfolios are immaterial due to:

- The existence of credit risk mitigants such as the existence of the collateral;
- The credit quality of the borrower (e.g. investment-grade); and/or the short-term nature of the instrument. Similarly, the Branch has determined that these non-TCP portfolios are without SICR (i.e. Stage 1) due to the credit quality of the borrower and/or the short-term nature of the instrument

For non-TCP intercompany transactions, the Branch evaluates the counterparty based on the consolidated Firm’s resolution and recover plan, tenor of the instrument and any collateral received. The Branch has not experienced any losses on non-TCP intercompany transactions.

The Branch continues to monitor its Non-TCP portfolios to ensure the described framework is appropriate and its exposure to credit risk and ECL on these portfolios are adequately reflected [in the allowance for credit losses].

Write-offs

Loans recognised as loans and advances on the balance sheet are charged off when it is highly certain that a loss has been realised. The determination of whether to recognise a charge-off includes many factors, including the prioritisation of the Branch’s claim in bankruptcy, expectations of the workout/restructuring of the loan and valuation of the borrower’s equity or the loan collateral.

All other financial assets are written off when there is no reasonable expectation of recovery and the amount of loss can be reasonably estimated or when the asset is past due for a specified period.

Impact of COVID-19 pandemic

The COVID-19 pandemic has stressed MEVs to degrees not experienced in recent history, which creates additional challenges in the use of modelled credit loss estimates and increases the reliance on management judgement. The estimated impact of COVID-19 is incorporated into ECL through MEVs and forward-looking scenarios, which generally resulted in more loans exhibiting significant increase in credit risk since initial recognition, and as a result classified as Stage 2. As Stage 2 loans have ECL based on a probability of default (PD) over the lifetime of the loan (as opposed to 12 months in Stage 1), the Branch’s overall ECL increased.

7. Counterparty credit risk (table CCRA)

Risk management objectives and policies related to counterparty credit risk

The Firm-wide approach is outlined in the Firm's Pillar 3 Regulatory Capital Disclosures document. JPMCB Jhb activity falls within this firmwide approach and calculation methodology. JPMCB Jhb CCR approach follows Firmwide limits and Credit risk techniques, and is complemented by activities and governance that are specific to JPMCB Jhb.

JPMCB Jhb calculates standalone CCR on a standardised approach, based on its exposure to OTC derivatives. No CVA adjustments are held at the Branch reporting level.

Credit Officers in CIB Credit Risk Management are appointed and assigned credit approval authorities according to their experience and seniority within the Firm.

As per Firmwide approach, all potential new clients are subject to credit analysis and financial review by Credit Risk before new business is accepted.

The credit risk strategy is set alongside each local line of business so as to provide independence and integrity of decision making and ensure credit risks are accurately assessed, properly approved, continually monitored and actively managed at both the transaction and portfolio levels.

A change in credit status and rating of a client or major market change will be flagged to the Credit Officers via an industry, risk, or client review or via a specific Relationship Manager. This will trigger an ad-hoc client review. Significant deviation from the previous profile will prompt referral by the Credit Officer for re-approval or adjustment of the current credit facility. All credit relationships are subject to a periodic review in accordance with the Firm's Credit Risk Policy in addition to ongoing monitoring by Credit Risk Management and CIB Relationship Managers. Credit lines may also be reviewed on receipt of new credit requests from clients or as a consequence of industry, market (including FX fluctuation) or client events.

JPMCB Jhb exposure to counterparty credit risk

	Unmargined netting sets		Margined netting sets		Exposure amount	
	Replacement costs (R millions)	Potential future exposure add-on (R millions)	Replacement costs (R millions)	Potential future exposure add-on (R millions)	Unmargined netting sets (R millions)	Margined netting sets (R millions)
2021						
Over the counter derivative instruments	3,274	6,350	30	815	13,473	1,183
Total	**3,274**	**6,350**	**30**	**815**	**13,473**	**1,183**

(R millions)	Gross positive fair value	Potential future exposure	Netting benefit	Net amount	Collateral held	Credit exposure amount after collateral
2020						
FX contracts	19,253	11,032	20,589	9,696	327	9,369
Interest rate contracts	34,758	8,652	34,800	8,610	1,555	7,055
Equity derivatives	1,023	5,428	3,813	2,639	24	2,615
Total	**55,034**	**25,113**	**59,202**	**20,945**	**1,906**	**19,039**

Credit derivatives are held in the trading book and are fully hedged resulting in no net market risk. Credit derivatives are netted with other derivative exposures with the same counterparty under ISDA agreements.

8. Market risk (table MRA)

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

For a discussion of the Firm's Market Risk Management organization, various metrics, both statistical and nonstatistical, used to assess risk and risk monitoring and control, see Market Risk Management on pages 135-142 of the 2020 Form 10-K.

Market Risk Management monitors market risks throughout the Firm and defines market risk guidance. The Market Risk Management function reports to the Firm's Chief Risk Officer ('CRO'), and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Firm's market risk profile for senior management, the Board of Directors and regulators.

Risk governance and policy framework

JPMCB Jhb's approach to market risk governance mirrors the Firm-wide approach and additional oversight is provided by JPMCB Jhb's LERM.

Risk measurement

There is no single measure to capture market risk and therefore the Firm and JPMCB Jhb use various metrics both statistical and non-statistical to assess risk. The appropriate set of risk measures utilized for a given business activity is tailored based on business mandate, risk horizon, materiality, market volatility and other factors.

Value-at-Risk ('VaR')

The Firm utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment.

The VaR framework is employed across the Firm using historical simulation based on data for the previous 12 months.

VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. These VaR results are reported to senior management, the Firm Board of Directors and regulators.

JPMCB Jhb applies the Firm-wide approach for VaR as described above, for internal risk management purposes.

JPMCB Jhb uses the standardised approach to calculate market risk capital requirement for local regulatory reporting and compliance requirements.

Stress testing

Along with VaR, stress testing is an important tool to assess risk. While VaR reflects the risk of loss due to adverse changes in markets using historical market behavior, stress testing reflects the risk of loss from hypothetical changes in the value of market risk sensitive positions applied simultaneously.

The Firm and JPMCB Jhb run weekly stress tests on market-related risks across the lines of business using multiple scenarios that assume significant changes in risk factors such as credit spreads, equity prices, interest rates, currency rates or commodity prices.

The Firm and JPMCB Jhb use a number of standard scenarios that capture different risk factors across asset classes including geographical factors, specific idiosyncratic factors and extreme tail events. The stress testing framework calculates multiple magnitudes of potential stress for both market rallies and market sell-offs for each risk factor and combines them in multiple ways to capture different market scenarios. The flexibility of the stress testing framework allows risk managers to construct new, specific scenarios that can be used to form decisions about future possible stress events.

Stress testing complements VaR by allowing risk managers to shock current market prices to more extreme levels relative to those historically realised, and to stress test the relationships between market prices under extreme scenarios.

Stress-test results, trends and qualitative explanations based on current market risk positions are reported to the respective Line of Business (“LOB”), Firm and JPMCB Jhb senior management as appropriate, to allow them to better understand the sensitivity of positions to certain defined events and to enable them to manage their risks with more transparency.

Stress scenarios are defined and reviewed by Market Risk Management, and significant changes are reviewed by the relevant LOB Risk Committees and may be redefined on a periodic basis to reflect current market conditions.

Other non-statistical

Aside from VaR and stress testing, other specific risk measures, such as, but not limited to, credit spread sensitivities, net open positions, basis point values, option sensitivities, are also utilised within specific market context and aggregated across businesses.

JPMCB Jhb utilises non-statistical risk measures such as but not limited to, FX Delta and IR Delta, to measure and monitor risk.

Limits

Market risk limits are employed as the primary control to align the Firm’s and JPMCB Jhb’s market risk with certain quantitative parameters within the Firm’s and JPMCB Jhb’s Risk Appetite framework, respectively.

Market Risk Management sets limits and regularly reviews and updates them as appropriate, with any changes approved by Firm or LOB or JPMCB Jhb management, as appropriate, and Market Risk Management. Limits that have not been reviewed within a specified time period by Market Risk Management are reported to senior management.

Limit breaches are required to be reported in a timely manner to limit approvers, which include Market Risk Management and senior management. In the event of a limit breach, Market Risk Management consults with senior management to determine the course of action required to return to compliance, which may include as a reduction in risk or granting a temporary increase in limits to accommodate an expected increase in client activity and/or market volatility. Certain Firm, LOB or JPMCB Jhb level limits that have been breached are escalated as appropriate

JPMCB Jhb’s limits include VaR, Stress and non-statistical limits established for the legal entity:

- Appropriate Business area representatives and Market Risk representatives are signatories to these limits

Risk reporting

The Firm and JPMCB Jhb have their own set of regular market risk reports, which include daily notification of limit utilizations and limit breaches, and where applicable, granular market risk metrics which provide transparency into potential risk concentrations.

JPMCB Jhb

JPMCB Jhb has adopted the standardised approach for calculating the regulatory market risk capital requirements for the Prudential Authority.

Market risk capital requirements weighted exposure as at 31 December

(R millions)	2021	2020
Interest rate risk	842	1,009
Foreign exchange net open position	1,331	1,531
Total	**2,172**	**2,540**

9. Operational risk

Operational risk management

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes compliance risk, conduct risk, legal risk, and estimations and model risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business interruptions (including those caused by extraordinary events beyond the Firm's control) cyber attacks, inappropriate employee behaviour, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

Operational risk management framework

The Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk.

Operational risk governance

The LOBs and Corporate are responsible for the management of operational risk. The Control Management Organization, which consists of control managers within each LOB and Corporate, is responsible for the day-to-day execution of the CCOR Framework and evaluating the effectiveness of their control environment to determine where targeted remediation efforts may be required.

The Firm's Global Chief Compliance Officer ("CCO") and Firmwide Risk Executive ("FRE") for Operational Risk and Qualitative Risk Appetite is responsible for defining the CCOR Management Framework and establishing minimum standards for its execution. The LOB and Corporate aligned CCOR Lead Officer reports to the Global CCO and FRE for Operational Risk and Qualitative Risk Appetite and are independent of the respective businesses or functions they oversee. The CCOR Management Framework is included in the Risk Governance and Oversight Policy that is reviewed and approved by the Board Risk Committee periodically.

Operational risk identification

The Firm utilizes a structured risk and control self-assessment process that is executed by the LOBs and Corporate. As part of this process, the LOBs and Corporate evaluate the effectiveness of their control environment to assess where controls have failed, and to determine where remediation efforts may be required. The Firm's Operational Risk and Compliance organization ("Operational Risk and Compliance") provides oversight of these activities and may also perform independent assessments of significant operational risk events and areas of concentrated or emerging risk.

Operational risk measurement

Operational Risk and Compliance performs independent risk assessments of the operational risk inherent within the LOBs and Corporate, which includes assessing the effectiveness of the control environments and reporting the results to senior management.

In addition, Operational Risk and Compliance assesses operational risks through quantitative means, including operational risk-based capital and estimation of operational risk losses under both baseline and stressed conditions. Measurement includes operational risk-based capital and operational risk loss projections under both baseline and stressed conditions.

The primary component of the operational risk capital estimate is the Loss Distribution Approach ("LDA") statistical model, which simulates the frequency and severity of future operational risk loss projections based on historical data. The LDA model is used to estimate an aggregate operational risk loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual internal operational risk losses in the quarter following the period in which those losses were realized, and the calculation generally continues to reflect such losses even after the issues or business activities giving rise to the losses have been remediated or reduced.

As required under the Basel III capital framework, the Firm's operational risk-based capital methodology, which uses the Advanced Measurement Approach ("AMA"), incorporates internal and external losses as well as management's view of tail risk captured through operational risk scenario analysis, and evaluation of key business environment and internal control metrics. The Firm does not reflect the impact of insurance in its AMA estimate of operational risk capital.

The Firm considers the impact of stressed economic conditions on operational risk losses and develops a forward looking view of material operational risk events that may occur in a stressed environment. The Firm's operational risk stress testing framework is utilized in calculating results for the Firm's Comprehensive Capital Analysis and Review ("CCAR") and other stress testing processes.

Operational risk monitoring and testing

The results of risk assessments performed by Operational Risk and Compliance are leveraged as one of the key criteria in the independent monitoring and testing of the LOBs and Corporate's compliance with laws, rules and regulation. Through monitoring and testing, Operational Risk and Compliance independently identify areas of operational risk and tests the effectiveness of controls within the LOBs and Corporate.

Management of operational risk

The operational risk areas or issues identified through monitoring and testing are escalated to the LOBS and Corporate to be remediated through action plans, as needed, to mitigate operational risk. Operational Risk and Compliance may advise LOBS and Corporate in the development and implementation of action plans.

Operational risk reporting

Escalation of risks is a fundamental expectation for employees at the Firm. Risks identified by Operational Risk and Compliance are escalated to the appropriate LOB and Corporate Control Committees, as needed. Operational Risk and Compliance has established standards to ensure that consistent operational risk reporting and operational risk reports are produced on a Firmwide basis as well as by the LOBs and Corporate. Reporting includes the evaluation of key risk and performance indicators against established thresholds as well as the assessment of different types of operational risk against stated risk appetite. The standards reinforce escalation protocols to senior management and to the Board of Directors.

JPMCB Jhb operational risk overview

JPMCB Jhb adheres to the firm-wide Compliance, Conduct and Operational Risk Management Framework.

The Branch has one dedicated Location Control Manager ("LCM"). The LCM forms part of the business reporting into the Control Management organization, and supports the business in the execution of the CCOR framework at the location level in the region.

A Location Operational Risk and Control Committee (“LORCC”) is in place as a forum where Senior Managers discuss operational risks and supervise the control environment of each line of business operating in South Africa. Committee members review metrics that indicate soundness of their operational risk processes. The LORCC is a delegated committee of the SA LMC and issues raised at the LORCC are escalated to the SA LMC as appropriate.

JPMCB Jhb operational risk capital measurement

JPMCB Jhb calculates the Operational Risk Capital Requirement (ORCR) for Pillar 1 using the Basic Indicator Approach (“BIA”). The Pillar 1 assessment of Operational risk is calculated in accordance with the BIA under Basel 3. This approach calculates operational risk capital using a single indicator as a proxy for an institution’s overall operational risk exposure–referred to as the “relevant indicator”.

The relevant indicator is the sum of JPMCB Jhb’s net interest income and its net non-interest income before the deduction of any provisions and operating expenses. The Operational Risk Capital Requirement under the BIA is equal to 15% of the average over the previous 3 years of the relevant indicator. If the relevant indicator for a given year is negative, it is excluded from both the numerator and denominator when calculating the average.

On instructions from the PA, a 3% capital requirement is added to Pillar 1 leading total Operational risk RWA to an equivalent of 18% of the relevant indicator.

Operational risk weighted exposure as at 31 December

(R millions)	2021	2020
Operational risk	2,207	2,221

10. Liquidity risk (Table LIQA)

Liquidity risk is the risk that the JPMCB Jhb will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

JPMCB Johannesburg liquidity and funding management is integrated into JPMorgan Chase & Co.'s (the Firm's) liquidity management framework.

Liquidity risk oversight

The Firm has a liquidity risk oversight function whose primary objective is to provide independent assessment, measurement, monitoring, and control of liquidity risk across the Firm. Liquidity Risk Oversight's responsibilities include:

- Defining, monitoring and reporting liquidity risk metrics;
- Establishing and monitoring limits and indicators, including Liquidity Risk Appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing an independent review of liquidity risk management processes;
- Monitoring and reporting internal firmwide and legal entity liquidity stress tests as well as regulatory defined liquidity stress tests;
- Approving or escalating for review new or updated liquidity stress assumptions; and
- Monitoring liquidity positions, balance sheet variances and funding activities

Liquidity management

Treasury and CIO is responsible for liquidity management. The primary objectives of effective liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix and availability of liquidity sources

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralised, global approach in order to:

- Optimize liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a firmwide and legal entity level, where relevant

In the context of the Firm's liquidity management, Treasury and CIO is responsible for:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring firmwide and legal entity specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;

- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items

Governance

The firm has established and implemented strategies, policies and procedures to effectively manage liquidity risk at the Firmwide, legal entity and LOB levels. The specific risk committees responsible for liquidity risk governance include the Board Risk Committee, Firmwide ALCO and CTC Risk Committee, as well as risk committees and ALCOs of regions, legal entities and LOBs.

Liquidity Risk Oversight is managed through an independent firmwide risk group within the Chief Investment Office, Treasury, and Corporate (CTC) Risk organization.

- Liquidity risk management issues are governed by the CTC Risk Committee (RC), which is co-chaired by the JPMC CFO and CTC CRO;
- The CTC RC will review amendments made to the liquidity risk stress testing assumptions used within the firm's Risk Appetite framework. The CTC RC will review stress practices, methodologies, assumptions, and results used within liquidity risk stress tests that are part of the firm's Risk Appetite framework on a quarterly basis. The assumptions and results included in the quarterly stress review will be approved by JPMC CRO, CFO and Global Treasurer

The firm's Liquidity Risk Oversight Policy specifies overall principles for the firm's approach to liquidity risk oversight. This policy establishes the requirements to assess, measure, monitor and control liquidity risk . Liquidity risk limits and indicators are governed by the firmwide Liquidity Risk Limits and Indicators Standard, which is approved by the CTC CRO.

Risk appetite

The Board Risk Committee reviews the firm's liquidity risk appetite and recommends to the board as governed by the Firmwide Risk Appetite policy.

- 90 Day Risk Appetite: Maintain buffer of Local LAB assets sufficient to meet peak cash outflows caused by an immediate and acute stress scenario;
- 365 Day Risk Appetite: Management can access a broader pool of available unencumbered securities and/or reduce extension of wholesale credit to withstand prolonged liquidity outflows over 365 days
- Regulatory measures: US LCR ⩾100%: Maintain US-defined HQLA sufficient to meet 30 days cumulative cash outflows established by the US LCR
- Net Stable Funding Ratio: The U.S. Net Stable Funding Ratio (NSFR; firm and JPMCB) must be ⩾100% [(U.S. defined available stable funding)/U.S. defined required stable funding)]

Liquidity risk limits and indicators

Liquidity risk limits and indicators are governed by the firmwide Liquidity Risk Limits and Indicators Standard, which is approved by the CTC CRO.

- Limits are defined as internal risk metrics that aim to restrict the amount of liquidity risk or balance sheet exposure across the firm such that the firm's liquidity position is maintained and is aligned with the firm's risk appetite, as determined by the firm's senior management
- Indicators serve as early warning signals of changes within market or counterparty/customer behaviour. Indicator breaches require a prompt assessment of the current and/or potentially changing liquidity status for the firm, region or the LOB

The key attributes of these limits and indicators are:

- Limits and indicators are established by LRO group
- Limits and indicators are classified as Level 1 (highest level), Level 2, and Level 3 which have formalised approvers and escalations
- New liquidity risk limits and indicators, as well as changes, breaches, and one-off approvals of current limits and indicators must be approved and signed by the liquidity risk limit and indicator signatories. Notifications must be sent to both signatories and groups identified under notifications. Any intraday limit breaches require notification to signatories and predefined controls to be enacted. Intraday indicator breaches require notification to signatories. Limits and indicators must be tracked and reported daily
- End-of-Day limit breaches require Corporate Treasury to actively direct LOBs or take steps to bring utilisation within the limit. Intraday limit breaches require predefined controls to be enacted
- Any valid indicator breach must be acknowledged by signatories with documented reason for breach with an assessment of current and/or potentially changing liquidity status

Risk reporting

Liquidity Risk Infrastructure (LRI) is the single global source for data consumption and reporting capabilities of the firm's liquidity reporting (both internal and regulatory) and analytics as well as LOB, LE, currency and specific jurisdictional requirements. LRI provides daily liquidity reporting on firmwide, LOB, LE, product and currency basis, therefore all operating model processes and controls are design to support these dimensions.

Internal stress testing

Liquidity stress tests are intended to ensure that the Firm has sufficient liquidity under a variety of adverse scenario, including scenarios analysed as part of the Firm's resolution and recovery planning. Stress scenarios are produced for JPMorgan Chase & Co. ("Parent Company") and the Firm's material legal entities on a regular basis, and other stress tests are performed, in response to specific market events or concerns. Liquidity stress tests assume all of the Firm's contractual financial obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets,
- Estimated non-contractual and contingent cash outflows, and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal or other restrictions

Liquidity outflow assumptions are modelled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stress.

Results of stress tests are considered in the formulation of the Firm's funding plan and assessment of its liquidity position.

The Firm's contingency funding plan (CFP), which is approved by the firmwide ALCO and the Board Risk Committee, is a compilation of procedures and action plans for managing liquidity through stress events.

Contingency funding plan

The Firm's Contingency Funding Plan ("CFP") which is approved by firm-wide ALCO and the Risk Committee of the Board, is a compilation of procedures and action plans for managing liquidity through stress events. The CFP incorporates the limits and indicators set by the Liquidity Risk Oversight group. These limits and indicators are reviewed regularly to identify the emergence of risks or vulnerabilities in the Firm's liquidity position. The CFP identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities in a period of stress. JPMCB Jhb's addendum to the CFP is reviewed and approved by the SA ALCO and by JPMCB Jhb Branch Oversight Committee.

JPMorgan Chase Bank, N.A. Johannesburg ("JPMCB Jhb")

JPMCB Jhb has a South African Asset and Liability Committee ("SA ALCO") which is responsible for reviewing the liquidity risk profile of the Branch.

JPMCB Jhb is subject to the PA's liquidity regulations.

Per the directives issued by the PA, the LCR is a prudential requirement on with a minimum requirement of 100% for 2019, with temporary adjustment from April 2020 to 80% for COVID relief. As per Directive 8/2021 this was adjusted to 90% at 1 January 2022, and to 100% from 1 April 2022.

The LCR is intended to measure the amount of "high quality liquid assets" ("HQLA") held by the Branch in relation to estimated net cash outflows within a 30-day period during an acute stress event.

The Branch did not breach its LCR during 2021.

Net stable funding ratio

NSFR aims to promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis.

Per PA Directive 8 of 2017 the NSFR became a minimum applicable liquidity requirement from 1 January 2018, reportable on a monthly basis within 20 business days immediately following the reportable month end.

The Branch did not breach its NSFR during 2021.

Liquid asset requirement

Under the PA liquidity requirements, JPMCB Jhb holds certain unencumbered high quality, liquid assets that are available to raise liquidity if required. The Branch did not breach its liquid asset requirement during 2021.

11. Interest rate risk in the banking book ("IRRBB") (table IRRBBA)

Firm-wide

Interest rate risk in the banking book

This is the risk resulting from the Firm's traditional banking activities (accrual accounting on and off balance sheet positions) arising from the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as "non-trading activities").

Interest Rate Risk in the Banking Book (IRRBB) is defined as interest rate risk resulting from the firm's traditional banking activities (accrual accounted on and off-balance sheet positions) which include the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities); and also the impact from Treasury and Chief Investment Office (T/CIO) investment securities portfolio and other related T/CIO activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

- Difference in the timing of re-pricing of assets, liabilities and off-balance sheet instruments;
- Differences in the balances of assets, liabilities and off-balance sheet instruments that re-price at the same time;
- Differences in the amounts by which short-term and long-term market interest rates change

Impact of changes in the duration of various assets, liabilities or off-balance sheet instruments as interest rates change

Governance

Governance for Firmwide IRR is defined in the IRR Management policy which is approved by CTC CRO. The CIO, Treasury and Other Corporate Risk Committee (CTC RC) is the governing committee with respect to IRRBB.

- Reviews the IRR Management policy
- Reviews the IRR profile of the firm and adherence to limits
- Reviews significant changes to IRR models and/or assumptions; and
- Provide Governance on legal entity related exposures

IRR exposures, significant models and/or assumptions including the changes are reviewed by Firmwide ALCO. The ALCO provides a framework for overseeing the IRR of LOBs, foreign jurisdictions and key legal entities to appropriate LOB ALCOs, Country ALCOs and other local governance bodies

In addition, oversight of structural interest rate risk is managed through IRR Management, a dedicated risk function reporting to the CTC CRO.

IRR Management's responsibilities include:

- Establishing and monitoring metrics to manage interest rate risk, which may include, but are not limited to Earnings at Risk, Duration of Equity, Economic Value Sensitivity;
- Defining and monitoring interest rate risk limits; signatories to limits include representatives from both the first and second lines of defense;
- Developing a process to classify, monitor and report limit breaches;
- Performing independent review of the firm's interest rate risk activities;
- Creating and maintaining governance over interest rate risk assumptions;

- Overseeing interest rate risk of LOBs net of Funds Transfer Pricing; and
- Performing interest rate risk management for certain legal entities

Risk appetite

Risk appetite for Duration of Equity (DoE) is also set and evaluated as part of the firm's Risk Appetite framework as governed by the Risk Appetite policy.

Risk management

Treasury and Chief Investment Office (T/CIO) manages interest rate risk exposure on behalf of the Firm by identifying, measuring, modelling and monitoring Firmwide interest rate risk. T/CIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage interest rate risk through T/CIO investment portfolio positions. Execution by T/CIO is based on parameters established by senior management, per the Treasury & CIO Investment Policy. Lines of businesses are responsible for developing and monitoring the appropriateness of LOB specific interest rate risk modelling assumptions. The Funds Transfer Pricing policy provides a framework to transfer interest rate risk from LOBs to T/CIO.

Measures to manage IRR are:

- Earnings-at-Risk (EaR): Primary metric used to gauge the firm's shorter term interest rate risk exposure is Earnings at Risk (EaR), or the sensitivity of pre-tax net interest income and interest rate sensitive fees to changes in interest rates over a rolling 12 months compared to a base scenario;
- Duration of Equity (DoE): Primary metric used to determine the firm's long-term exposure to interest rate changes. DoE is calculated by measuring the change in the discounted value of asset, liability, and off-balance sheet cash-flows for a 100 basis point change in interest rates, divided by the book value of equity;
- Economic Value Sensitivity (EVS): EVS is an additional Firmwide metric utilized to determine changes in Economic Value of Equity (EVE) due to changes in interest rates. EVE sums the present value of expected future cash-flows across the firm's balance sheet

Additional scenario analysis, including Firmwide Stress Initiative (FSI) scenarios and bespoke scenarios, will also be run, as required

JPMCB Jhb

JPMCB Jhb banking book's interest rate risk is managed by the Branch Treasurer supported by Corporate Treasury which manages to the Firm wide policies on interest rate risk management.

Impact of a 2% parallel rate shock on Net interest Income (NII) as at 31 December

(R millions)	2021	2020
Interest rate increase	345	196
Interest rate decrease	(345)	(196)

12. Remuneration disclosures (Table REMA)

Background

This section sets out the remuneration disclosures required in relation to JPMCB Jhb and in respect of the remuneration period (“Performance Year”) ending 31 December 2021.

This disclosure sets out general principles. Details of specific remuneration programmes are set forth in the relevant plan terms and conditions as in force from time to time.

Qualitative disclosures

As part of the Firm, JPMCB Jhb applies J.P. Morgan’s global compensation practices and principles. The qualitative remuneration disclosures required under the Basel Pillar 3 standards in respect of all employees of the Firm’s businesses operating in EMEA, including staff of JPMCB Jhb, is available in the most recent EMEA Remuneration Policy Disclosure at: http://investor.shareholder.com/jpmorganchase/basel.cfm.

Additional qualitative disclosures specific to JPMCB Jhb

The South African regulations do not include guidance on, or a definition of, “material risk taker” (“MRTs”) or “Senior Management”. For the purposes of this disclosure, JPMCB Jhb has identified:

- Nine members of the Branch as “Senior Management” being those employees that comprise its Branch Oversight Committee
- Two further employees of the Branch as “Other Material Risk Takers” on the basis of their role (in particular their regulatory designation) and total compensation level

Quantitative disclosures

The prescribed disclosures in relation to these two groups are set out in the Appendices as follows:

- Appendix D: Remuneration awarded during the financial year
- Appendix E: Special payments
- Appendix F: Analysis of deferred remuneration

In preparation of these disclosures, JPMCB Jhb has taken into account its size, in particular the number of individuals identified as “Senior Management” and “Other Material Risk Takers” for the purposes of this disclosure. In light of these considerations, JPMCB Jhb concluded that it was appropriate to aggregate the compensation information for these groups.

Where compensation was denominated in currencies other than ZAR, the annual average FX rate has been used for the purposes of these disclosures (14.78 USD: ZAR). Note that 2020 figures have not been restated.

A. Template CC1: Composition of capital disclosure template (annual)

Name of bank/controlling company: JPMorgan Chase Bank, N.A. Johannesburg Branch

Year ended: 2021-12-31

		Amounts	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	13,767	
2	Retained earnings	(142)	
3	Accumulated other comprehensive income (and other reserves)	82	
4	Directly issues 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		
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	25	
8	Goodwill (net of related tax liability)		minus (d)
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)		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 paragraph 36 of Basel III securitisation framework 25)		
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 netted off 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)		

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, (amount above 10% threshold)		
20	Mortgage servicing rights (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: mortgage servicing rights		
25	Of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to over deductions		
28	Total regulatory adjustments to Common equity Tier 1	25	
29	Common equity Tier 1 capital (CET1)	13,682	
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 Financial Reporting Standards		
32	Of which: Classified as liabilities under applicable Financial Reporting Standards		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT 1)		
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		

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		
45	Tier 1 capital (T1=CET1 + AT1)	13,682	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	Of which: instruments issued by subsidiaries subject to phase out		
50	Provisions		
51	Tier 2 capital before regulatory adjustments	0	
	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 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)		

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	0	
58	Tier 2 capital (T2)	0	
59	Total regulatory capital (TC=T1+T2)	13,682	
60	Total risk weighted assets	45,443	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	30.11%	
62	Tier 1 (as a percentage of risk weighted assets)	30.11%	
63	Total capital (as a percentage of risk weighted assets)	30.11%	
64	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk weighted assets)	2.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: banks specific countercyclical buffer requirement		
67	of which: higher loss absorbency requirement	1.25%	
68	Common Equity Tier 1 (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements	21.86%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Base III minimum)	8.00%	
70	National Tier 1 minimum ratio (if different from Base III minimum)	10.50%	
71	National total capital minimum ratio (if different from Base III minimum)	11.75%	
	Amounts below the threshold for deductions (before risk weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	N/A	
73	Significant investments in common stock of financial entities	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A	
	Applicable caps on the inclusion of provisions in Tier 2		

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	0	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	
	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	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	

B. Table CCA: Main features disclosure template (annual)

Name of bank/controlling company: JPMorgan Chase Bank, N.A Johannesburg Branch

Year ended: 2021-12-31

Main features of regulatory capital instruments		
1	Issuer	N/A
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	N/A
3	Governing law(s) of the instrument	
	Regulatory Treatment	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group and solo	N/A
7	Instrument type	N/A
8	Amount recognised in regulatory capital (R ’million, as of most recent reporting date)	13,767
9	Par value of instrument	N/A
10	Accounting classification	Shareholders’ equity
11	Original date of issuance	N/A
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
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
	Coupons / 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	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger	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	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A

Main features of regulatory capital instruments		
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

C. Template LR2: Leverage ratio common disclosure template (annual)

Name of bank/controlling company: JPMorgan Chase Bank, N.A Johannesburg Branch

Year ended: 2021-12-31

Leverage ratio common disclosure template	Line item	Total (R' million)
On-balance sheet exposures[1]		**Quarterly average**
On-balance sheet items, excluding derivatives and SFT's but including collateral	1	25,298
Asset amounts deducted in determining tier 1 capital[7]	2	
Total on-balance sheet exposures, excluding derivatives and SFT's (total of items 1 and 2)	**3**	**25,298**
Derivative exposures[2]		
Replacement cost associated with all derivatives transactions, net of eligible cash variation margin	4	3,667
Add-on amounts for PFE associated with all derivative transactions	5	6,010
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	6	
Deductions of receivables assets for cash variation margin provided in derivatives transactions[7]	7	
Exempted CCP leg of client-cleared trade exposures[7]	8	
Adjusted effective notional amount of written credit derivatives	9	
Adjusted effective notional offsets and add-on deductions for written credit derivatives[7]	10	
Total derivative exposures (total of items 4 to 10)	**11**	**9,678**
Securities financing transactions exposures[3]		
Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	12	12,076
Netted amounts of cash payables and cash receivables of gross SFT assets[7]	13	(11,500)
CCR exposure for SFT assets	14	
Agent transaction exposures	15	
Total securities financing transaction exposures (total of items 12 to 15)	**16**	**576**
Other off-balance sheet exposures		
Off-balance sheet exposure at gross notional amount	17	6,944
Adjustments for conversion to credit equivalent amounts [7]	18	(4,115)
Off-balance sheet items (total of items 17 and 18)	**19**	**2,829**
Capital and total exposure		
Tier 1 capital[5]	20	13,725

Total exposures (total of items 3,11,16 and 19)	**21**	**38,380**
Leverage ratio[6]		
Leverage ratio (expressed as a percentage)	22	35.76%

[1] Refer to regulation 38(15) (e) (iv) (A).

[2] Refer to regulation 38(15)(e)(iv)(B).

[3] Refer to regulation 38(15)(e)(iv)(C).

[4] Refer to regulation 38(15)(e)(iv)(D).

[5] Refer to regulation 38(15)(d).

[6] Refer to regulation 38(15)(c).

[7] Report as negative amounts or reductions.

D. Template REM1: Remuneration awarded during the financial year (annual)

	Total amount of remuneration for the performance year (ZAR 000)		2020	2021
1	Fixed remuneration	Number of employees	11	11
2		Total fixed remuneration	44,548	45,842
3		Of which: Cash-based	44,548	45,842
4		Of which: Deferred		
5		Of which: Shares or other share-linked instruments		
6		Of which deferred		
7		Of which: Other forms		
8		Of which deferred		
9	Variable remuneration	Number of employees	11	11
10		Total variable remuneration (11+13.15)	62,347	61,470
11		Of which: Cash-based	41,464	40,582
12		Of which: Deferred		
13		Of which: Shares or other share-linked instruments	20,883	20,888
14		Of which deferred	20,883	20,888
15		Of which: Other forms		
16		Of which deferred		
17	**Total remuneration (2+10)**		**106,895**	**107,312**

E. Template REM2: Special payments (annual)

Guarantees, sign-on and severance payments

No guaranteed bonuses or sign-on awards were paid to either group during 2021 (2020: 0). No severance payments was made to these groups during 2021 (2020: 0).

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

F. Template REM3: Analysis of deferred remuneration (annual)

	a	b	c	d	e
Deferred and retained remuneration (ZAR '000)	Total amount of outstanding deferred remuneration as at 31 December 2021	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment[1]	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments[2]	Total amount of deferred remuneration paid out in 2021
Cash					
Shares	53,158	53,158		10,603	(19,867)
Cash-linked instruments					
Other					
Total	**53,158**	**53,158**		**10,603**	**(19,867)**

1. All awards of deferred variable compensation are subject to malus and clawback provisions as set out in the most recent EMEA Remuneration Policy Disclosure, as referenced above.
2. All awards of deferred variable compensation have been made in Restricted Stock Units and so their value fluctuates with the value of the Firm's stock.

G. Template LIQ1: Liquidity coverage ratio for the quarter ended 31 December 2021 (quarterly)

	(R millions)	Total unweighted[1] value (daily average October to December 2021)	Total weighted[2] (daily average October to December 2021)
High quality liquid assets			
1	Total high-quality liquid assets (HQLA)		12,652
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits		
5	Unsecured wholesale funding, of which:	10,858	2,638
6	Specified term deposit with residual maturity greater than 30 days	5,367	
7	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
8	Non-operational deposits (all counterparties)	5,490	2,638
9	Unsecured debt		
10	Secured wholesale funding		
11	Additional requirements, of which:	17,461	15,382
12	Outflows related to derivative exposures and other collateral requirements	15,133	15,133
13	Outflows related to loss of funding on debt products		
14	Credit and liquidity facilities		
15	Other contractual funding obligations	–	–
16	Other contingent funding obligations	2,329	250
17	**Total cash outflows**		**18,021**
18	Secured lending (e.g. reverse repos)	9,843	
19	Inflows from fully performing exposures		
20	Other cash inflows	13,005	12,822
21	Total Cash Inflows		12,822

		Total adjusted[3] value
22	Total HQLA	12,652
23	Total net cash outflows	5,199
24	Liquidity coverage ratio (%)	243.35

3. Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

4. Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

5. Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and Level 2 assets for HQLA and cap on inflows).

H. Template KM1: Key prudential metrics at 31 December 2021 (quarterly)

No transitional arrangement with regards implementation of IFRS 9 for the impact of expected credit loss accounting on regulatory capital have been applied.

	(R millions)	a Current Quarter (31 Dec 21)	b Quarter 3 2021 (30 Sep 21)	c Quarter 2 2021 (30 Jun 21)	d Quarter 1 2021 (31 Mar 21)	e Quarter 4 2020 (31 Dec 20)
	Available capital (amounts)					
1	Common equity Tier 1 (CET1)	13,682	13,749	13,734	10,917	6,419
1a	Fully loaded ECL accounting model					
2	Tier 1	13,682	13,749	13,734	10,917	6,419
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	13,682	13,749	13,734	10,917	6,419
3a	Fully loaded ECL accounting model total capital					
	Risk weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	45,443	43,525	56,229	51,647	42,895
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	30.11%	31.59%	24.42%	21.14%	14.97%
5a	Fully loaded ECL accounting model common equity tier 1 (%)					
6	Tier 1 ratio (%)	30.11%	31.59%	24.42%	21.14%	14.97%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	30.11%	31.59%	24.42%	21.14%	14.97%
7a	Fully loaded ECL accounting model total capital ratio (%)					
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirements (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	1.88%
9	Countercyclical buffer requirement (%)					
10	Bank G-SIB and/or D-SIB additional requirements (%)					
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	1.88%
12	CET1 available after meeting the bank's minimum capital requirements (%) (as a percentage of risk weighted assets)	21.86%	23.34%	16.17%	12.89%	6.72%
	Basel III leverage ratio	**Average**				

	(R millions)	a Current Quarter (31 Dec 21)	b Quarter 3 2021 (30 Sep 21)	c Quarter 2 2021 (30 Jun 21)	d Quarter 1 2021 (31 Mar 21)	e Quarter 4 2020 (31 Dec 20)
13	Total Basel III leverage ratio exposure	38,380	34,020	33,232	39,349	44,378
14	Basel III leverage ratio (%) (row 2/row 13)	35.76%	40.39%	35.68%	26.48%	14.44%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/ row 13)					
	Liquidity coverage ratio	**Average**				
15	Total HQLA	12,652	16,323	13,630	14,839	17,882
16	Total net cash outflow	5,199	7,540	6.609	5,957	9,362
17	LCR ratio (%)	243.35%	216.49%	206.23%	249.12%	191.01%
	Net stable funding ratio	**Dec-21**	**Sep-21**	**Jun-21**	**Mar-21**	**Dec-20**
18	Total available stable funding	17,052	19,896	16,317	13,508	10,007
19	Total required stable funding	6,169	5,630	4,017	4,392	5,716
20	NSFR ratio	276.40%	353.36%	406.20%	307.56%	175.08%

I. Template LR2: Leverage ratio common disclosure template (quarterly)

	(R millions)	Current Quarter (Average month end October, November and December 2021)	Quarter 3 (Average month end July, August and September 2021)
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFT's but including collateral)	25,298	22,164
2	(Asset amounts deducted in determining Basel III Tier 1 capital)		
3	**Total on-balance sheet exposures (excluding derivatives and SFT's) (sum of rows 1 and 2)**	**25,298**	**22,164**
Derivative exposure			
4	Replacement costs associated with all derivative transactions (where applicable net of eligible cash variation margin and/or bilateral netting)	3,667	5,023
5	Add-on amounts for PFE associated with all derivative transactions	6,010	5,673
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–	–
8	(Exempted CCP leg of client-cleared trade exposure)	–	–
9	Adjusted effective notional amount of written credit derivatives	–	–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
11	**Total derivative exposure (sum of rows 4 to 10)**	**9,678**	**10,696**
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	12,076	15,405
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(11,500)	(14,980)
14	CRR exposure for SFT assets	0	0
15	Agent transaction exposures	0	0
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	**576**	**426**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	6,944	2,465
18	Adjustments for conversion to credit equivalent amounts	(4,115)	(1,732)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**2,829**	**733**
Capital and total exposure			
20	Tier 1 capital	13,725	13,740
21	**Total exposures (sum of rows 3,11,16 and 19)**	**38,380**	**34,020**
Leverage ratio			
22	**Basel III leverage ratio**	**35.76%**	**40.39%**

J. Template LIQ2: Net stable funding ratio (quarterly) as at 31 December 2021

		a	b	c	d	e
		Unweighted value by residual maturity				
(R millions)		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:				13,767	13,767
2	Regulatory capital				13,767	13,767
3	Other capital instruments					
4	Retail deposits and deposits from small business customers:					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:		17,926		2,090	3,243
8	Operational deposits					
9	Other wholesale funding		17,926		2,090	3,243
10	Liabilities with matching interdependent assets					
11	Other liabilities:		2,883		4,442	42
12	NSFR derivative liabilities				4,410	
13	All other liabilities and equity not included in the above categories		2,883		42	42
14	Total ASF					17,052
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		22,277	2,017	1,161	5,146
18	Performing loans to financial institutions secured by Level 1 HQLA		11,554			1,155
19	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		9,629		31	1,475
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:		1,094	2,017	1,130	2,516
21	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk					
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities					
25	Assets with matching interdependent liabilities					
26	Other assets:		1,102		2,142	250
27	Physical traded commodities, including gold					

		a	b	c	d	e
		Unweighted value by residual maturity				
(R millions)		**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted				1,891	
31	All other assets not included in the above categories		1,102		250	250
32	Off-balance sheet items		9,565			478
33	**Total RSF**					**6,169**
34	**Net stable funding ratio (%)**					**276.40%**

K. Template CC1: Composition of regulatory capital (semi-annual) as at 31 December 2021

		a	
		Amounts (R millions)	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	13,767	
2	Retained earnings	(142)	
3	Accumulated other comprehensive income (and other reserves)	82	
4	Directly issues 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**	**13,707**	
Common equity tier 1 capital: Regulatory adjustments			
7	Prudential valuation adjustments	25	
8	Goodwill (net of related tax liability)		minus (d)
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)		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 paragraph 36 of Basel III securitisation framework 25)		
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 netted off 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, net of eligible short positions, (amount above 10% threshold)		
20	Mortgage servicing rights (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: Mortgage servicing rights		
25	Of which: Deferred tax assets arising from temporary differences		

		a	
		Amounts (R millions)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	National specific regulatory adjustments		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to over deductions		
28	**Total regulatory adjustments to Common equity tier 1**	**25**	
29	**Common equity Tier 1 capital (CET1)**	**13,682**	
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 Financial Reporting Standards		
32	Of which: Classified as liabilities under applicable Financial Reporting Standards		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT 1)		
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 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to additional tier 1 capital**		
44	**Additional Tier 1 capital (AT1)**		
45	**Tier 1 capital (T1=CET1 + AT1)**	**13,682**	
Tier 2 capital: Instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	Of which: Instruments issued by subsidiaries subject to phase out		
50	Provisions		
51	**Tier 2 capital before regulatory adjustments**		

		a	
		Amounts (R millions)	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
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 other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)		
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 capital**		
58	**Tier 2 capital (T2)**		
59	**Total regulatory capital (TC=T1+T2)**	**13,682**	
60	**Total risk weighted assets**	**45,443**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**30.11%**	
62	**Tier 1 (as a percentage of risk weighted assets)**	**30.11%**	
63	**Total capital (as a percentage of risk weighted assets)**	**30.11%**	
64	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk weighted assets)**	**2.50%**	
65	of which: Capital conservation buffer requirement	2.50%	
66	of which: Banks specific countercyclical buffer requirement		
67	of which: Higher loss absorbency requirement	0.00%	
68	**Common Equity Tier 1 (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements**	**21.86%**	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Base III minimum)	8.00%	
70	National Tier 1 minimum ratio (if different from Base III minimum)	10.50%	
71	National total capital minimum ratio (if different from Base III minimum)	11.75%	
Amounts below the threshold for deductions (before risk we			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	N/A	

		a	
		Amounts (R millions)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
73	Significant investments in common stock of financial entities	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)		
77	Cap on inclusion of provisions in Tier 2 under standardised approach		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	
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	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	

L. Template OV1: Overview of RWA (quarterly) as at 31 December 2021

		a	b	c
		RWA (R millions)		Minimum capital requirements (Basel Minimum 8%) (R millions)
		31-Dec-21	30-Sep-21	31-Dec-21
1	Credit risk (excluding counterparty credit risk)	12,647	2,934	1,012
2	Of which: Standardised approach (SA)	12,647	2,934	1,012
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)	9,836	10,204	787
7	Of which Standardised approach (SA)	9,836	10,204	787
8	Of which: Internal model approach (IMM)			
9	Of which: Other CCR			
10	Credit valuation adjustment (CVA)	18,580	22,639	1,486
11	Equity positions under simple risk weight approach	0	0	0
12	Equity investments in funds–look-through approach	0	0	0
13	Equity investments in funds–mandate-based approach	0	0	0
14	Equity investments in funds–fall-back approach	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposure in banking book	0	0	0
17	Of which: Securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: Securitisation external ratings-based approach (SEC-ERBA)			
19	Of which: Securitisation standardised approach (SEC-SA)			
20	Market risk	2,172	5,527	174
21	Of which: Standardised approach (SA)	2,172	5,527	174
22	Of which Internal model approach (IMA)			
23	Capital charge for switch between trading book and banking book	0	0	0
24	Operational risk	2,207	2,221	177
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
26	Floor adjustment	0	0	0
27	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)**	**45,443**	**43,525**	**3,635**

M. Table CCA: Main features of regulatory capital instruments and of other TLAC-eligible instruments (semi-annual) as at 31 December 2021

		a
		Quantitative/ qualitative information
1	Issuer	N/A
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of instrument	N/A
3a	Means by which enforceability requirement of Section 13 of TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	N/A
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group and solo	N/A
7	Instrument type (types to be specified by each jurisdiction)	N/A
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	13,767
9	Par value of instrument	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
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 duties, if applicable	N/A
	Coupons/dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of 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	
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 type convertible into	N/A
30	Write down features	

31	If write down, write down triggers	N/A
32	If write down,	N/A
33	If write down,	N/A
34	If temporary write-own, description of write-up 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

N. Template CR1: Credit quality of assets (semi-annual) as at 31 December 2021

		a	b	c	d
		Gross carrying values of (R millions)		Allowances/ impairments (R millions)	Net values (a+b-c) (R millions)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	0	16,744	60	16,684
2	Debt securities	0	4,414	0	4,414
3	Off-balance sheet exposures	0	9,565	0	9,565
4	**Total**	**0**	**30,723**	**60**	**30,663**

Definitions

Gross carrying values: On- and off-balance sheet items that give rise to a credit risk exposure according to the Basel framework. On-balance sheet items include loans and debt securities. Off-balance sheet items must be measured according to the following criteria: (a) guarantees given–the maximum amount that the bank would have to pay if the guarantee were called. The amount must be gross of any credit conversion factor (CCF) or credit risk mitigation (CRM) techniques. (b) Irrevocable loan commitments–total amount that the bank has committed to lend. The amount must be gross of any CCF or CRM techniques. Revocable loan commitments must not be included. The gross value is the accounting value before any allowance/impairments but after considering write-offs. Banks must not take into account any credit risk mitigation technique.

Write-offs for the purpose of this template are related to a direct reduction of the carrying amount when the entity has no reasonable expectations of recovery.

Defaulted exposures: Banks should use the definition of default that they also use for regulatory purposes. Banks must provide this definition of default in the accompanying narrative.

Non-defaulted exposures: Any exposure not meeting the above definition of default.

Allowances/impairments: Total amount of impairments, made via an allowance against impaired and not impaired exposures (may correspond to general reserves in certain jurisdictions or may be made via allowance account or direct reduction–direct write-down in some jurisdictions) according to the applicable accounting framework.

Net values: Total gross values less allowances/impairments

O. Template CR2: Changes in stock of defaulted loans and debt securities as at 31 December 2021 (semi-annual)

		a
		(R millions)
1	Defaulted loans and debt securities as at end of previous reporting period	0
2	Loans and debt securities that have defaulted since the last reporting period	0
3	Returned to non-defaulted	0
4	Amounts written off	0
5	Other changes	0
6	**Defaulted loans and debt securities at end of reporting period (1+2-3-4±5)**	**0**

P. Template CR3: Credit risk mitigation techniques–overview as at 31 December 2021 (semi-annual)

		a	b	c	d	e	f	g
		(R millions)						
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	16,684	0	0	0	0	0	0
2	Debt securities	4,414	0	0	0	0	0	0
3	**Total**	**21,098**	**0**	**0**	**0**	**0**	**0**	**0**
4	Of which defaulted	0	0	0	0	0	0	0

Definitions

Exposures unsecured–carrying amount: Carrying amount of exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.

Exposures secured by collateral: Carrying amount of exposures (net of allowances/ impairments) partly or totally secured by collateral, regardless of what portion of the original exposure is secured.

Exposures secured by collateral–of which secured amount: Amounts of the exposure portions, which are secured by collateral. Where the value of the collateral (meaning the amount that the collateral can be settled for) exceeds the value of the exposure, the bank must report the exposure amount (i.e. it does not report the over-collateralisation).

Exposures secured by financial guarantees: Carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees, regardless of what portion of the original exposure is guaranteed.

Exposures secured by financial guarantees–of which secured amount: Amounts of the exposure portions, which are covered by the financial guarantee. Where the value of the guarantee (amount that can be obtained if the guarantee is called) is above the amount of the exposure, the bank must report the amount of the exposure, i.e. not to report the excess value.

Exposures secured by credit derivatives: Carrying amount of exposures (net of allowances/impairments) partly or totally secured by credit derivatives, regardless of what portion of the original exposure is secured.

Exposures secured by credit derivatives–of which secured amount: Amounts of the exposure portions which are secured by the credit derivatives. Where the value of the credit derivative (amount that the credit derivative can be settled for) is above the amount of the exposure, the bank must report the amount of the exposure, i.e. not to report the excess value.

P. Template CR4: Standardised approach–credit risk exposure and credit risk mitigation effects as at 31 December 2021 (semi-annual)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
		On-balance sheet amount (R millions)	Off-balance sheet amount (R millions)	On-balance sheet amount (R millions)	Off-balance sheet amount (R millions)	RWA	RWA density (%)
1	Sovereigns and their central banks	4,414		4,414			0%
2	Non-central government public sector entities	3,021		3,021		4,029	133%
3	Multilateral development banks						
4	Banks	9,431		9,431		141	1%
5	Securities firms						
6	Corporates	4,291	9,565	4,266	9,531	8,165	59%
7	Regulatory retail portfolios						
8	Secured by residential property						
9	Secured by commercial real estate						
10	Equity						
11	Past due loans						
12	Higher risk categories						
13	Other assets	858		858		234	27%
14	**Total**	**22,016**	**9,565**	**22,990**	**9,531**	**12,569**	**40%**

Q. Template CR5: Standardised approach–exposures by asset classes and risk weights as at 31 December 2021 (semi-annual)

		a	b	c	d	e	f	g	h	i	j
		(R millions)									
	Risk weight Asset class	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposure amount (post CCF and post CRM)
1	Sovereigns and their central banks	4,414									4,414
2	Non-central government public sector entities (PSEs)							1,005	2,017		3,021
3	Multilateral development banks (MDBs)										
4	Banks	9,150		0		281					9,431
5	Securities firms										
6	Corporates							13,797			13,797
7	Regulatory retail portfolios										
8	Secured by residential property										
9	Secured by commercial real estate										
10	Equity										
11	Past-due loans										
12	Higher-risk categories										
13	Other assets							858			858
14	**Total**	**13,563**	**0**	**0**	**0**	**281**	**0**	**15,659**	**2,017**	**0**	**31,521**

Definitions

Total credit exposure amount (post-CCF and CRM): The amount used for the capital requirements calculation (both for on- and off-balance sheet amounts), therefore net of allowances and write-offs and after having applied CRM techniques and CCF but before the application of the relevant risk weights.

Past-due loans: Past-due loans correspond to the unsecured portion of any loan past due for more than 90 days, as defined in paragraph 75 of the Basel framework.

Higher-risk categories: Banks must include in this row the exposures included in paragraphs 79 and 80 of the Basel framework that are not included in other regulatory portfolios (e.g. exposure weighted at 150% or higher risk weight reflecting the higher risks associated with these assets). Exposures reported in this row should not be reported in the rows above. From 1 January 2017 when the Banks' equity investments in funds framework enters into force, corresponding requirements must not be reported in this template but only in OV1.

Equity investments in funds: Will become applicable from 1 January 2017 when the corresponding framework enters into force.

Other assets: Refers to assets subject to specific risk weight set out by paragraph 81 of the Basel framework and to significant investment in commercial entities that receive a 1250% risk-weight according to paragraph 90, fourth bullet, of Basel III.

R. Template CCR1: Analysis of counterparty credit risk exposure approach as at 31 December 2021 (semi-annual)

		a	b	c	d	e
		(R millions)				
		Replacement cost	Potential future exposure	Alpha used for computing regulatory EAD	EAD post CRM	RWA
1	Current exposure method (for derivatives and SFTs)1	3,304	7,165	1.4	14,657	9,836
2	Internal Model Method (for derivatives and SFTs)			0	0	0
3	Simple approach for credit risk mitigation (SFTs)				0	0
4	Comprehensive approach for credit risk mitigation (for SFTs)				488	
5	VaR for SFTs				0	0
6	**Total**					**9,836**

Standardised approach (SA-CCR) for measuring exposure at default for counterparty credit risk will be applicable from 1 October 2019. Before it enters into force, banks should report in row 1 information corresponding to the Current Exposures Method and the Standardised Method which will become obsolete once the SA-CCR enters into force; see BCBS, March 2014, The standardised approach.

Definitions

Replacement Cost (RC): For trades that are not subject to margining requirements, the RC is the loss that would occur if a counterparty were to default and was closed out of its transactions immediately. For margined trades, it is the loss that would occur if a counterparty were to default at present or at a future date, assuming that the closeout and replacement of transactions occur instantaneously. However, closeout of a trade upon a counterparty default may not be instantaneous. The replacement cost under the Current Exposure Method is described under the Basel framework, Annex 4, paragraph 92(i). The replacement cost under the standardised approach for measuring counterparty credit risk exposures is described in the standardised approach for measuring counterparty credit risk exposures (see footnote 18).

Potential Future Exposure is any potential increase in exposure between the present and up to the end of the margin period of risk. The potential future exposure for the Current Exposure Method is described in Basel framework, Annex 4, paragraph 92(i). The potential future exposure for the standardised approach is described in the standardised approach for measuring counterparty credit risk exposures.

Effective Expected Positive Exposure (EEPE) is the weighted average over time of the effective expected exposure over the first year, or, if all the contracts in the netting set mature before one year, over the time period of the longest-maturity contract in the netting set where the weights are the proportion that an individual expected exposure represents of the entire time interval (see Annex 4, paragraph 2E).

EAD post-CRM: exposure at default. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques, credit valuation adjustments according to paragraph 9 of Annex 4 (as supplemented by Basel III in paragraph 105) and specific wrong-way adjustments (see Annex 4, paragraph 58).for measuring counterparty credit risk exposures, accessible at http://www.bis.org/publ/bcbs279.htm.

S. Template CCR2: Credit valuation adjustment capital charge as at 31 December 2021 (semi-annual)

		a	b
		(R millions)	
	Total portfolios subject to the Advanced CVA capital charge	**EAD post-CRM**	**RWA**
1	VaR component (including the 3x multiplier)		0
2	Stressed Var component (including the 3x multiplier)		0
3	All portfolios subject to the Standardised CVA capital charge	14,657	18,580
4	**Total subject to the CVA capital charge**	**14,657**	**18,580**

Definitions

Advanced CVA capital charge: The amount of the advanced capital charge calculated according to paragraphs 98–103 of Annex 4 of the Basel framework.

Standardised CVA capital charge: The amount of the standardised capital charge calculated according to paragraph 104 of Annex 4 of the Basel framework or with the definition provided in domestic regulation if use of external credit ratings is not permitted.

EAD post-CRM: Exposure at default. This refers to the amount used for the capital requirements calculation. It is therefore the amount of the credit valuation adjustments according to paragraph 9 of Annex 4 of the Basel framework (as supplemented by Basel III in its paragraph 105) and of the specific wrong-way adjustments (see Annex 4, paragraph 58), having applied CRM techniques.

T. Template CCR3: Standardised approach of CCR exposures by regulatory portfolio and risk weights as at 31 December 2021 (semi-annual)

	a	b	c	d	e	f	g	h	i
	R'M	R'M	R'M	R'M	R'M	R'M	R'M	R'M	R'M
Risk weight/ Regulatory portfolio	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	37								37
Non-central government public sector entities (PSEs)						3,270	446		3,716
Multilateral development banks (MDBs)									
Banks	5,435		48	7		3,728			9,218
Securities firms				36					36
Corporates						2,137			2,137
Regulatory retail portfolios									
Other assets									
Total	**5,472**		**48**	**43**		**9,135**	**446**		**15,144**

Note: Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

U. Template CCR5: Composition of collateral for CCR exposures as at 31 December 2021 (semi-annual)

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	R'M	R'M	R'M	R'M	R'M	R'M
Cash-domestic currency	1,504		191			1,325
Cash-other currencies						
Domestic sovereign debt					11,053	
Other sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral						
Total	**1,504**		**191**		**11,053**	**1,325**

V. Template CCR6: Credit derivative exposures as at 31 December 2021 (semi-annual)

	a	b
	Protection bought (R million)	Protection sold (R million)
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps	3,393	3,393
Credit options		
Other credit derivatives		
Total notionals		
Fair values		
Positive fair value (asset)	165	
Negative fair value (liability)		165

W. Template CCR8: Exposures to central counterparties as at 31 December 2021 (semi-annual)

No exposures to central counterparties as at 31 December 2021.

X. Template MR1: Market risk under standardised approach as at 31 December 2021 (semi-annual)

		a
		Capital charge in SA (Basel minimum 8%) (R millions)
1	General interest rate risk	67
2	Equity risk	
3	Commodity risk	
4	Foreign Exchange risk	106
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**	**174**

Y. Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (annual)

LI1	**a**	**b**	**c**	**d**	**e**	**f**	**g**
	(R millions)	**(R millions)**	**Carrying values of items**				
	Carrying values as reported in published financial statements	**Carrying values under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to securitisation framework**	**Subject to market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Balances at central banks	546	546	546				
Treasury bills	4,363	4,414	4,414				
Loans and advances, net of credit impairment	25,565	25,565	13,840	11,554			170
Investment and trading securities	1,477	1,477				1,477	
Derivative financial instruments	27,574	27,523		27,523		27,523	
Other assets	1,838	1,679	313				1,366
Total assets	**61,362**	**61,203**	**19,113**	**39,077**	**0**	**29,000**	**1,536**
Deposits	13,826	13,834		1,328			12,505
Derivative financial instruments	30,677	30,677		30,677		30,677	
Other trading liabilities	836	836				836	
Other liabilities	2,158	2,149					2,149
Total liabilities	**47,497**	**47,496**	**0**	**32,005**	**0**	**31,513**	**14,654**

Z. Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (annual)

		a	b	c	d	e
			Items subject to:			
		Total	**Credit risk framework**	**Securitisation framework**	**Counterparty credit risk framework (derivatives and SFT's)**	**(R millions) Market risk framework**
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	61,203	19,113		39,077	29,000
2	Liability carrying value amount under scope of regulatory consolidation (as per template LI1)	47,496			32,005	919
3	Total net amount under scope of regulatory consolidation (as per template LI1)	13,707	19,113	–	7,072	28,081
4	Off-balance sheet items	9,565	9,565			
5	Differences in valuation	11,550	1,984			
6	Potential future exposure	9,872			9,872	
	Exposure amounts considered for regulatory purposes	**93,535**	**30,663**	**–**	**62,872**	**2,473**

AA. Table LIA (annual)

Assets	
Loans and advances, net of credit impairment	■ Standardised approach: Credit risk for overdrafts and overnight loans are based on average balances for the month ■ Counterparty credit risk: Resale agreements
Derivative financial instruments	■ Standardised approach market risk: Interest rate sensitivities are used in maturity based approach ■ Standardised approach for counterparty credit risk are used where gross exposure is calculated on positive mark to markets and an add on (potential future exposure) as per Basel recommendations. This will also include some netting benefits
Other assets	■ Only banking book

Liabilities	
Deposits	■ Counterparty credit risk: Repurchase agreements
Derivative financial instruments	■ Standardised approach market risk: Interest rate sensitivities are used in maturity based approach ■ Standardised approach for counterparty credit risk are used where gross exposure is calculated on positive mark to markets and an add on (potential future exposure) as per Basel recommendations. This will also include some netting benefits

BB. Template LR1: Summary comparison of accounting assets vs leverage ratio exposure measure (quarterly)

		a
		(R millions)
1	Total consolidated assets per published financial statements	66,060
2	Adjustments 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 fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	(20,743)
5	Adjustments for securities financing instruments (i.e. repos and similar secured lending)	(9,766)
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,829
7	Other adjustments	
8	**Leverage ratio exposure measure**	**38,380**

CC. Appendix: Acronyms

Acronyms	Description
ALCO	Asset and Liability Committee
BIA	Basic Indicator Approach
CCOR	Compliance, Conduct and Operational Risk Management Framework
CIO	Chief Investment Office
CTC	CIO, Treasury and Corporate
DRPC	Risk Policy Committee of the Board of Directors
FCSA	Financial Sector Conduct Authority
FRC	Firmwide Risk Committee
IFRS	International Financial Reporting Standards
JPMCB Jhb or Branch	JPMorgan Chase Bank, N.A. Johannesburg Branch
JSE IRC	Johannesburg Stock Exchange Interest rate and Currency Derivatives
LERM	Legal Entity Risk Manager
LMC	Local Management Committee
LORCC	Location Operational Risk and Control Committee
PA	Prudential Authority
RCSA	Risk and Control Self-Assessment
Regulations	Regulations Relating to Banks, Prudential Authority
SARB	South African Reserve Bank
the Bank	JPMorgan Chase Bank, National Association
the Firm	JPMorgan Chase & Co