



**CHINA CONSTRUCTION BANK (ASIA)
CORPORATION LIMITED**

Regulatory Disclosures

For the quarter ended

30 September 2020

(Unaudited)

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

Regulatory Disclosures

As at 30 September 2020

(Expressed in thousands of Hong Kong Dollars)

KM1: Key Prudential Ratios

The following table provides an overview of the Bank's Key Prudential ratios which are calculated in accordance with the Banking (Capital) Rules ("BCR") and Banking (Liquidity) Rules ("BLR") issued by HKMA.

		(a)	(b)	(c)	(d)	(e)
		30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	59,327,097	58,556,533	58,460,277	57,152,934	56,496,340
2	Tier 1	74,916,430	74,145,866	74,049,767	68,865,774	64,308,072
3	Total capital	77,885,764	77,240,808	77,478,885	72,003,976	67,275,804
	RWA (amount)					
4	Total RWA	387,137,371	404,494,230	404,456,109	393,410,290	380,713,496
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	15.32%	14.48%	14.45%	14.53%	14.84%
6	Tier 1 ratio (%)	19.35%	18.33%	18.31%	17.50%	16.89%
7	Total capital ratio (%)	20.12%	19.10%	19.16%	18.30%	17.67%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.83%	0.83%	0.81%	1.62%	2.05%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total AI-specific CET1 buffer requirements (%)	3.33%	3.33%	3.31%	4.12%	4.55%
12	CET1 available after meeting the AI's minimum capital requirements (%)	10.82%	9.98%	9.95%	10.03%	9.67%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	526,037,339	523,560,595	538,711,165	513,835,939	499,895,825
14	LR (%)	14.24%	14.16%	13.75%	13.40%	12.86%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	57,167,631	56,253,958	62,644,510	56,545,013	57,051,355
16	Total net cash outflows	38,928,385	33,322,547	41,746,929	25,224,795	24,982,553
17	LCR (%)	148.90%	172.24%	150.83%	231.93%	232.36%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	352,696,619	353,494,446	356,343,666	344,929,412	328,853,754
19	Total required stable funding	260,506,881	262,447,756	270,766,415	264,995,159	243,927,277
20	NSFR (%)	135.39%	134.69%	131.61%	130.16%	134.82%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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OV1: Overview of RWA

The following table provides an overview of the capital requirements in terms of detailed breakdown of RWAs for credit risk, market risk and operational risk. Minimum capital requirement means the amount of capital required to be held for that risk based on its risk-weighted amount multiplied by 8%.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2020	As at 30 June 2020	As at 30 September 2020
1	Credit risk for non-securitization exposures	346,078,247	362,504,095	27,686,260
2	Of which STC approach	346,078,247	362,504,095	27,686,260
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	716,348	1,038,822	57,308
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	716,346	931,400	57,308
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	2	107,422	-
10	CVA risk	341,488	434,638	27,319
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	N/A	N/A	N/A
13	CIS exposures – MBA	N/A	N/A	N/A
14	CIS exposures – FBA	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	23,520,450	24,079,025	1,881,636
21	Of which STM approach	23,520,450	24,079,025	1,881,636
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	15,205,838	15,162,650	1,216,467
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,275,000	1,275,000	102,000
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	Total	387,137,371	404,494,230	30,970,990

During the quarter ended 30 September 2020, total RWAs decreased by HK\$17.4 billion mainly due to decrease in RWAs for non-securitization credit exposures.

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As at 30 September 2020

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LR2: Leverage ratio (“LR”)

		(a)	(b)
		As at 30 September 2020	As at 30 June 2020
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	499,320,233	497,725,722
2	Less: Asset amounts deducted in determining Tier 1 capital	(524,295)	(578,068)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	498,795,938	497,147,654
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	657,339	655,866
5	Add-on amounts for PFE associated with all derivative contracts	1,487,517	2,244,398
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(102,224)	(32,086)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	2,042,632	2,868,178
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	361,836	1,688,063
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	214,840
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	361,836	1,902,903
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	102,636,030	97,559,140
18	Less: Adjustments for conversion to credit equivalent amounts	(74,283,715)	(72,264,382)
19	Off-balance sheet items	28,352,315	25,294,758
Capital and total exposures			
20	Tier 1 capital	74,916,430	74,145,866
20a	Total exposures before adjustments for specific and collective provisions	529,552,721	527,213,493
20b	Adjustments for specific and collective provisions	(3,515,382)	(3,652,898)
21	Total exposures after adjustments for specific and collective provisions	526,037,339	523,560,595
Leverage ratio			
22	Leverage ratio	14.24%	14.16%

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LIQ1: Liquidity coverage ratio - for category 1 institution

The average LCR for each quarter is based on the arithmetic mean of its LCR as at the end of each working day for each quarter for the Bank as required by the HKMA for its regulatory purposes. LCR measures the extent of liquid assets covering total net cash outflow due within 30 days arising from on-balance sheet and off-balance sheet exposures including contingent funding obligations.

The average LCR of the Bank was maintained at a healthy level for the quarter ended 30 September 2020.

The Bank's High Quality Liquidity Assets ("HQLA") consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, mainland policy banks and non-financial corporate debt securities. The Bank's primary sources of funds were retail and corporate customer deposits. The funding base was also supplemented by wholesale funding such as issuance of certificates of deposit, term debts and short-term interbank money market borrowing.

The Bank's customer deposits are mainly denominated in HKD. To meet customers' loan demand, the Bank swaps surplus HKD funding into USD and other foreign currencies. This results in some currency mismatch in the LCR.

The currency mismatch between the HQLA and the net cash outflow in the calculation of LCR is controlled and monitored via individual currency LCR limits. The HQLA mix is further governed by concentration caps and limits in accordance with statutory requirements and internal policy requirements for risk management purposes.

The Bank closely monitors all its exchange traded and over-the-counter derivative exposures arising from customer transactions and their corresponding hedging activities. Collateral may be required to be posted to counterparties depending on the marked-to-market position of the derivative contracts. Nonetheless, such exposures are not material and hence the impact of the relevant cash outflows was minimal to the LCR levels.

The Bank manages its liquidity independently of other members of the CCB Group and has not granted any liquidity facility to any group member. However, CCB Head Office provides strong liquidity support to the Bank which forms an important part of the Bank's funding sources.

The composition of the Bank's HQLA was:

	Weighted amount (average value) at quarter ended September 30, 2020
Level 1 assets	50,044,715
Level 2A assets	2,372,491
Level 2B assets	4,750,425
Total weighted amount of HQLA	57,167,631

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LIQ1: Liquidity coverage ratio- for category 1 institution (Continued)

The below template presents the details of LCR, high quality liquid assets (“HQLA”), and a breakdown of cash outflows and inflows.

		Quarter ended 30 September 2020 (78 data points)	
		(a)	(b)
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		57,167,631
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	234,054,624	17,290,398
3	Stable retail deposits and stable small business funding	3,620,226	108,607
4	Less stable retail deposits and less stable small business funding	113,201,430	11,320,143
4a	Retail term deposits and small business term funding	117,232,968	5,861,648
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	114,985,755	65,851,508
6	Operational deposits	-	-
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	114,976,704	65,842,457
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	9,051	9,051
9	Secured funding transactions (including securities swap transactions)		145,504
10	Additional requirements, of which:	39,387,750	8,189,004
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	2,321,669	2,321,669
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	-	-
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	37,066,081	5,867,335
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,356,199	2,356,199
15	Other contingent funding obligations (whether contractual or non-contractual)	166,467,302	638,099
16	Total Cash Outflows		94,470,712
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	118,635,702	52,117,948
19	Other cash inflows	63,437,750	3,424,379
20	Total Cash Inflows	182,073,452	55,542,327
D. LIQUIDITY COVERAGE RATIO (ADJUSTED VALUE)			
21	Total HQLA		57,167,631
22	Total Net Cash Outflows		38,928,385
23	LCR (%)		148.90%