CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

Regulatory Disclosure Statement

For the year ended

31 December 2022

(Unaudited)

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Introduction

The Information contained in this document is for China Construction Bank (Asia) Corporation Limited ("the Bank") and its subsidiaries ("the Group"), and is prepared in accordance with the Banking (Disclosure) Rules ("BDR") and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

These banking disclosures are governed by the Group's disclosure policy, which has been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the regulatory disclosures statement is not required to be externally audited, the document has been subject to independent review in accordance with the Group's policies on disclosure and its financial reporting and governance processes.

The numbers in this document are expressed in thousands of Hong Kong Dollars, unless otherwise stated.

Basis of preparation

Except where indicated otherwise, the financial information contained in this Regulatory Disclosures Statement has prepared on a combined basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes. Information regarding subsidiaries that are not included in the consolidation for regulatory purposes is set out in the "Basis of consolidation" section in this document.

The capital adequacy ratios ("CAR") were compiled in accordance with the Banking (Capital) Rules ("BCR") issued by the Hong Kong Monetary Authority ("HKMA"). In calculating the risk weighted assets, the Group adopted the Standardised (Credit Risk) Approach and the Standardised (Market Risk) Approach for credit risk and market risk respectively. For counterparty credit risk, the Group adopted the standardized (counterparty credit risk) approach ("SA-CCR") to calculate its default risk exposures. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

Basis of consolidation

The basis of consolidation for regulatory purposes is different from that for accounting purposes. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C(1) of the BCR.

The CAR as at 31 December 2022 were computed on a consolidated basis, including the Bank and its subsidiaries, CCB Properties (Hong Kong) Holdings Limited and all of its subsidiaries ("CCBP Group") and CCB (Asia) Insurance Broker Limited.

The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries and a joint venture whereas the latter excludes CCB Securities Limited ("CCBS"), CCB Nominees Limited ("CCBN") and CCB (Asia) Trustee Company Limited ("CCBT") which conduct non-banking related business. In accordance with the thresholds as determined in Part 3 of the BCR, the Bank's shareholdings in CCBS, CCBN and CCBT were included in the total risk weighted assets of the Group.

The following entities are within the Group's accounting scope of consolidation but are excluded from its regulatory scope of consolidation as at 31 December 2022.

In HK$ thousands

Name of company	Principal activities	Total assets	Total equity
CCB Securities Limited	Securities brokerage business	831,379	618,284
CCB Nominees Limited	Custodian and nominee services	10,400	9,726
CCB (Asia) Trustee Company Limited	Trustee and custodian business	126,907	101,551

KM1: Key Prudential Ratios

The following table provides an overview of the Bank's key prudential ratios which were calculated in accordance with the Banking (Capital) Rules and Banking (Liquidity) Rules, issued by the HKMA.

		(a)	(b)	(c)	(d)	(e)
	In HK$ thousands	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**	**31 Dec 2021**
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	62,787,383	62,649,374	62,524,402	62,542,615	62,915,093
2	Tier 1	70,564,984	78,238,707	78,113,735	78,131,948	78,504,426
3	Total capital	73,027,802	80,924,693	80,963,632	81,103,009	81,409,319
	RWA (amount)					
4	Total RWA	348,726,726	368,482,530	369,940,529	386,943,407	383,383,864
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.00%	17.00%	16.90%	16.16%	16.41%
6	Tier 1 ratio (%)	20.24%	21.23%	21.12%	20.19%	20.48%
7	Total capital ratio (%)	20.94%	21.96%	21.89%	20.96%	21.23%
	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 (%)	0.85%	0.85%	0.85%	0.85%	0.86%
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 (%)	3.35%	3.35%	3.35%	3.35%	3.36%
12	CET1 available after meeting the AI's minimum capital requirements (%)	13.50%	12.50%	12.40%	11.66%	11.91%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	494,129,626	519,902,683	504,911,168	530,992,094	534,585,235
14	LR (%)	14.28%	15.05%	15.47%	14.71%	14.69%
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)	82,554,261	73,634,886	69,987,507	69,942,444	72,650,012
16	Total net cash outflows	63,175,960	56,538,161	49,764,966	48,742,578	49,692,804
17	LCR (%)	130.86%	130.39%	141.77%	143.87%	146.80%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	289,102,419	305,752,988	304,311,246	324,925,931	329,379,452
19	Total required stable funding	216,915,478	230,989,412	238,975,691	254,190,925	253,411,393
20	NSFR (%)	133.28%	132.37%	127.34%	127.83%	129.98%

OVA: Overview of risk management

China Construction Bank (Asia) Corporation Limited ("the Bank") and its subsidiaries (together referred to as "the Group") have effective risk governance and management framework in placed to comply with the requirements set out by the HKMA and other regulators. This framework is built around a structure that enables the Board and senior management to discharge their risk management-related responsibilities with appropriate delegation and controls. These risk management-related responsibilities are discharged by means of properly defined risk appetite in accordance with the Group's business strategies and objectives, formulated risk policies that govern the execution of those strategies, and established procedures and limits for the approval, control, monitoring, and remedy of risks.

The Board has primary responsibility for risk governance of the Group. For effective management, the Board has delegated authority to several Board-level committees to carry out risk management tasks. The Board-level committees include Audit Committee, Nomination and Remuneration Committee, Executive Committee, Risk Committee, Compliance Sub-Committee, and Strategy and Corporate Governance Committee. The Risk Committee, which is chaired by an independent non-executive director with a background in accounting, banking or other relevant financial industry or expertise in risk management, is responsible for examining the Group's key risk management policies according to the overall strategy of the Group, and supervising and evaluating implementation and effect of these policies. It also reviews and recommends the risk appetite framework and statement to the Board of Directors.

Senior management has established several functional committees including Asset and Liability Committee, Fintech Committee, Safe Production Committee, Product Innovation and Approval Committee, Credit Committee, Risk Management Committee, and Internal Control, Compliance and Operations Committee. The functional committees and senior management are delegated with authority by the Board to oversee the Group's corporate governance in their respective specific risk areas.

The Group adopts HKMA's Eight Types of Inherent Risk approach in managing risk, with principal risks include credit risk, market risk, interest rate risk, liquidity risk, operational risk, reputation risk, legal risk and strategic risk.

The Group has maintained effective risk management tools to ensure our business and operations are conducted under a sound and well-controlled environment. Such tools refer to relevant policies, procedures, and limits to identify, measure, monitor and control the various types of risk. The functional committees approve policies and procedures formulated by various working committees and functional management to identify, analyze, manage and control the risks through the use of reliable and up-to-date management and information systems. The Group has adopted a "Three Lines of Defense" risk management concept to ensure that roles within the organization are clearly defined in regard to risk management. The internal auditors perform risk-based audits to ensure the soundness of the governance and compliance with the relevant policies and procedures. The internal control of the Group is supervised and evaluated by Board-level Audit Committee through the assessment report from internal auditor and external auditor.

The Group is committed to fostering strong risk culture embedded with risk ownership, accountability and awareness of all staff. The risk policies and procedures are accessible by all staff through the Group's internal electronic platform. On the other hand, all staff is required to adhere to risk policies, procedures and limits, and to avoid excessive risk-taking. This is monitored by regular information reporting on different risk areas to the functional committees, Board-level Committees and the Board.

OVA: Overview of Risk Management (Continued)

The Group maintains risk management systems to measure and monitor exposures, identify areas of high risk, and ensure that the magnitude of risk is within the tolerance level. In particular, the credit, market and operational risk management systems are also used for assessing the capital adequacy. Their features are as follows:

(a) Credit risk measurement system

The Group has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's respective credit policies and procedures. These policies and procedures stipulate delegated lending authorities, credit underwriting criteria, credit control and monitoring process, internal rating structure, credit recovery procedures and provisioning practices. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practices in risk management processes.

The Group's credit risk management for the major types of credit risk is further elaborated in the latter section about credit risk.

(b) Market risk measurement system

The Group's market risk exposures arise from its trading book, with interest rate risk and foreign exchange risk being the major risks faced by the Group.

The Group has established relevant risk management policies, procedures, stress testing methodologies and risk limits in accordance with the Group's risk appetite to identify, measure and control market risk. These will be reviewed at least annually to ensure their effectiveness.

(c) Operational risk measurement system

The Group implements a centralized risk management framework and formulates operational risk management policy to provide a bank-wide definition of operational risks and set out the requirements on the identification, assessment, reporting, monitoring and mitigation of operational risk.

The Group implements the "Three Lines of Defense" in its operational risk management framework. Operational Risk under Risk Management Division, Legal and Compliance Division together with certain units involved in management of internal process, people and system are the second line of defense responsible for the design and implementation of the operational risk management policies, mechanism, tools and methodologies in their responsible areas.

Stress testing is an integral part of the Group's risk management. The Group regularly performs stress-tests on the principal risks, where appropriate, covering the Group's major portfolios such as lending and investments. Various stress testing methodologies and techniques including, sensitivity analysis, scenario analyses and reverse stress testing are adopted to assess the potential impact of stressed business conditions on the Group's financial positions, in particular, capital adequacy and liquidity. Whenever necessary, a prompt management response will be executed to mitigate potential impact.

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**
In HK$ thousands		**As at 31 December 2022**	**As at 30 September 2022**	**As at 31 December 2022**
1	**Credit risk for non-securitization exposures**	**303,407,932**	**322,536,112**	**24,272,635**
2	Of which STC approach	303,407,932	322,536,112	24,272,635
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**	**2,260,181**	**2,274,818**	**180,815**
7	Of which SA-CCR	1,810,348	1,944,869	144,828
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
8a	Of which counterparty default risk to CCPs in respect of derivative contracts	1,000	-	80
9	Of which others	448,833	329,949	35,907
10	**CVA risk**	**1,680,900**	**1,798,450**	**134,472**
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**	**25,520,588**	**25,817,050**	**2,041,647**
21	Of which STM approach	25,520,588	25,817,050	2,041,647
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**	**14,582,125**	**14,781,100**	**1,166,570**
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**	**348,726,726**	**368,482,530**	**27,898,139**

1. Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation as at 31 December 2022:

	As at 31 December 2022						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
In HK$ thousands	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 the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with banks and central banks	45,568,464	45,568,464	45,568,464	-	-	-	-
Placements with banks	23,012,295	23,012,295	23,012,295	-	-	-	-
Advances to customers and trade bills	270,395,785	270,395,785	270,083,540	312,245	-	-	-
Financial assets measured at fair value through profit or loss	2,401,965	2,386,552	-	-	-	2,386,552	-
Financial assets measured at fair value through other comprehensive income (NB1)	105,422,569	105,422,569	105,422,569	9,631,382	-	-	-
Other assets measured at amortised cost	3,072,032	3,072,032	3,072,032	-	-	-	-
Derivative financial instruments (NB2)	1,947,388	1,947,388	-	1,947,388	-	973,509	-
Investment in subsidiaries	-	516,000	516,000	-	-	-	-
Interest in a joint venture	1,871,923	1,871,923	1,871,923	-	-	-	-
Deferred tax assets	826,054	826,054	-	-	-	-	826,054
Fixed assets	2,302,667	2,300,358	2,300,358	-	-	-	-
Right-of-use assets	1,428,130	1,428,130	1,428,130	-	-	-	-
Other assets	2,198,735	2,309,168	1,694,573	148,478	-	-	466,117
Total assets	**460,448,007**	**461,056,718**	**454,969,884**	**12,039,493**	**-**	**3,360,061**	**1,292,171**

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)

	As at 31 December 2022						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
In HK$ thousands	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 the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposits and balances with banks	14,346,003	14,346,003	-	-	-	-	14,346,003
Deposits from customers	352,617,154	353,339,696	-	-	-	-	353,339,696
Other trade date payables	4,489,074	4,489,074	-	-	-	-	4,489,074
Financial assets sold under repurchase agreements (NB1)	8,727,525	8,727,525	-	8,727,525	-	-	-
Financial liabilities designated at fair value through profit or loss	169,932	169,932	-	-	-	-	169,932
Other debt securities issued	679,244	679,244	-	-	-	-	679,244
Derivative financial instruments (NB2)	843,945	843,945	-	518,592	-	778,348	-
Lease liabilities	978,624	978,624	-	-	-	-	978,624
Current tax payable	92,947	92,455	-	-	-	-	92,455
Deferred tax liabilities	19,150	18,785	-	-	-	-	18,785
Other liabilities	4,969,413	5,070,797	-	172,365	-	-	4,898,432
Total liabilities	**387,933,011**	**388,756,080**	**-**	**9,418,482**	**-**	**778,348**	**379,012,245**

NB1: As the SFTs create both on-balance and off-balance exposures which are subject to both credit risk and counterparty credit risk frameworks, the amount shown in column (b) does not equal to the sum of the amounts shown in columns (c) and (d).

NB2: As the assets / liabilities arising from derivative contracts under the trading book are marked to market and subject to the risk that the counterparty may default its contractual obligations, the assets / liabilities are subject to both the market risk capital charge and the counterparty credit risk capital charge. Therefore, the amount shown in column (b) does not equal to the sum of the amounts shown in columns (d) and (f).

Compared with 31 December 2021, carrying values of items "subject to counterparty credit risk framework" on asset side increased by 39% and "not subject to capital requirements or subject to deduction from capital" increased by 22% mainly due to increase in derivative financial instruments and deferred tax assets respectively.

Compared with 31 December 2021, carrying values of items "subject to counterparty credit risk framework" on liabilities side increased by 31% and "subject to market risk framework" increased by 36% mainly due to increase in derivative financial instruments respectively.

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

The following table shows the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation as at 31 December 2022:

		As at 31 December 2022				
		(a)	(b)	(c)	(d)	(e)
			Items subject to:			
In HK$ thousands		Total	credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	459,764,547	454,969,884	-	12,039,493	3,360,061
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	(9,743,835)	-	-	(9,418,482)	(778,348)
3	Total net amount under regulatory scope of consolidation	450,020,712	454,969,884	-	2,621,011	2,581,713
4	Off-balance sheet amounts	96,873,945	19,343,872	-	-	-
5	Differences due to consideration of provisions	1,368,676	1,368,676	-	-	-
6	Differences due to specific regulatory adjustments and other differences	(71,764)	(1,279,308)	-	1,207,544	-
7	Differences due to potential exposures for counterparty credit risk	1,210,156	-	-	1,210,156	-
8	**Exposure amounts considered for regulatory purposes**	**549,401,725**	**474,403,124**	**-**	**5,038,711**	**2,581,713**

Compared with 31 December 2021, the total exposure in “counterparty credit risk framework” increased by 31% mainly due to increase in repo transactions and replacement costs of derivative contracts.

LIA: Explanations of differences between accounting and regulatory exposure amounts

The following table provides qualitative explanations on the differences observed between accounting carrying values (as defined in template LI1) and amounts considered for regulatory capital purposes (as defined in template LI2) under each risk framework.

(a)	Material differences between the amounts in columns (a) and (b) in template LI1
	The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Banking (Capital) Rules.
(b)	The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2
	The differences are mainly attributable to the following factors: - Off-balance sheet credit exposures for regulatory purposes are derived by multiplying the principal amount of the exposures, after deducting any specific provisions applicable to the exposures, by the CCF; - The carrying values reported in the financial statement are after deduction of collective and specific provisions while the exposure amounts for regulatory purposes are net of specific provision only; - The exposure amounts for regulatory purposes are after the adjustment for the capital effect of recognized credit risk mitigation on the principal amounts; - Counterparty credit risk exposures for regulatory purposes consist of both the replacement cost and the potential future exposures which are calculated under SACCR approach
(c)	Systems and controls applied to valuation estimates
	(i) Financial assets and liabilities measured at fair value Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair value using the following hierarchy method: Level 1: fair values measured using quoted market prices (unadjusted) in active markets for identical financial instruments. Level 2: fair values measured using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes quoted prices in active markets for similar financial instruments, or quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Level 3: fair values measured using significant unobservable inputs. This category includes inputs to valuation techniques not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Where available, the most suitable measure for fair value is the quoted market prices in an active market. In the absence of active markets for most of the unlisted securities and over-the-counter derivatives, direct market prices of these financial instruments may not be available. The fair values of such instruments are therefore calculated based on established valuation techniques (i.e. Market Comparable Approach) by using observable and comparable market parameters or market prices provided by counterparties.

LIA: Explanations of differences between accounting and regulatory exposure amounts (Continued)

(c)	Systems and controls applied to valuation estimates (Continued)
	(i) Financial assets and liabilities measured at fair value (Continued) Independent price verification or reasonableness check is performed if fair values are determined by reference to externally quoted prices. Options and equity swaps traded over the counter are valued using broker quotes price. The fair value of foreign exchange contracts are valued by observable foreign exchange rates and forward points at the reporting date. Other derivative financial instruments, including interest rate swaps and currency swaps, are valued through estimated future cash flows and discounting with appropriate yield curves. For structured deposits, this class of instruments includes certain deposits received from customers that are embedded with derivatives. The valuation of the underlying deposits is derived by using net present value of expected cash flow taking the Group’s own credit risk into account. The valuation method of the embedded derivative is the same as other derivatives mentioned as above. (ii) Financial assets and liabilities not measured at fair value Financial assets and liabilities that are not presented at their fair value on the consolidated statement of financial position mainly represent cash and balances with banks and central banks, placements with banks, advances to banks, advances to customers and trade bills, and other assets measured at amortised cost. These financial assets are measured at amortised cost less ECL. Financial liabilities not presented at their fair value on the consolidated statement of financial position mainly represent deposits and balances of banks, deposits from customers and other debt securities issued. These financial liabilities are measured at amortised cost. i) Cash and balances with banks and central banks, Placements with banks, Advances to banks and Financial assets held under resale agreements These balances are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values. The differences between fair values and carrying amounts of these financial assets not presented on the Group’s consolidated statement of financial position. ii) Advances to customers and trade bills Majority of the advances to customers and trade bills are on floating rate terms, bear interest at prevailing market interest rate. Accordingly, their carrying values approximate the fair values. iii) Other financial assets and other debt securities issued which are measured at amortised cost The fair value of securities measured at amortised cost is determined using the same approach as those securities measured at fair value. Further details are described in Note 26 and Note 41 of the consolidated financial statements of China Construction Bank (Asia) Corporation Limited.

PV1: Prudent valuation adjustments

The following table provides a detailed breakdown of the constituent elements of valuation adjustment.

		As at 31 December 2022							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
In HK$ thousands		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	*Mid-market value*	-	-	-	-	-	-	-	-
3	*Close-out costs*	-	-	-	-	-	-	-	-
4	*Concentration*	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs						-	-	-
9	Unearned credit spreads						-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	**Total adjustments**	-	-	-	-	-	-	-	-

Valuation adjustments are made for assets measured at fair value, including non-derivative and derivative instruments. In the evaluation process of the valuation adjustment, the Bank would assess the market data input and model risk. Other elements are not taken into consideration as the impact is considered to be insignificant. There is no valuation adjustment as at 31 December 2022.

CC1: Composition of regulatory capital

The following table sets out the detailed composition of the regulatory capital as at 31 December 2022:

As at 31 December 2022		(a)	(b)
In HK$ thousands		**Amount**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	28,827,843	4
2	Retained earnings	35,651,111	6
3	Disclosed reserves	44,083	7+8+9+10+11
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	**CET1 capital before regulatory adjustments**	64,523,037	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	826,054	3
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable

CC1: Composition of regulatory capital (Continued)

As at 31 December 2022		(a)	(b)
In HK$ thousands		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	National specific regulatory adjustments applied to CET1 capital	909,600	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	909,600	8
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	1,735,654	
29	**CET1 capital**	62,787,383	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	7,777,601	5
31	of which: classified as equity under applicable accounting standards	7,777,601	
32	of which: classified as liabilities under applicable accounting standards	-	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
36	**AT1 capital before regulatory deductions**	7,777,601	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	7,777,601	
45	**Tier 1 capital (T1 = CET1 + AT1)**	70,564,984	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	*Of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	

CC1: Composition of regulatory capital (Continued)

As at 31 December 2022

In HK$ thousands

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	2,462,818	1+8
51	**Tier 2 capital before regulatory deductions**	2,462,818	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	2,462,818	
59	**Total regulatory capital (TC = T1 + T2)**	73,027,802	
60	**Total RWA**	348,726,726	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	18.00%	
62	**Tier 1 capital ratio**	20.24%	
63	**Total capital ratio**	20.94%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	3.35%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.85%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	13.50%	

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CC1: Composition of regulatory capital (Continued)

As at 31 December 2022 In HK$ thousands		(a) Amount	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	510,000	2
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	2,462,818	1+8
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	3,836,776	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	Capital instruments subject to phase-out arrangements only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 capital instruments subject to phase-out arrangements*	Not applicable	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	Not applicable
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*	-	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	-	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	-	

CC1: Composition of regulatory capital (Continued)

Notes to the Template

In HK$ thousands

	Description	Hong Kong basis	Basel III basis
9	**Other intangible assets (net of associated deferred tax liabilities)**	-	-
	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	**Deferred tax assets (net of associated deferred tax liabilities)**	826,054	-
	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	**Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

In HK$ thousands

	Description	Hong Kong basis	Basel III basis
19	**Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39	**Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54	**Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)**	-	-
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and noncapital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

CC2: Reconciliation of regulatory capital to balance sheet

The table below identifies the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the balance sheet in its published financial statements and the numbers that are used in the composition of regulatory capital disclosure template set out in Template CC1.

As at 31 December 2022 **In HK$ thousands**	(a) Balance sheet as in published financial statements	(b) Under regulatory scope of consolidation	(c) Reference
ASSETS			
Cash and balances with banks and central banks	45,568,464	45,568,464	
Gross cash and balances with banks and central banks	45,569,964	45,569,964	
Collective provision	(1,500)	(1,500)	1
Placements with banks	23,012,295	23,012,295	
Advances to customers and trade bills	270,395,785	270,395,785	
Gross advances to customers and trade bills	274,105,396	274,105,396	
Collective provision	(1,362,326)	(1,362,326)	1
Specific provision	(2,347,285)	(2,347,285)	
Financial assets measured at fair value through profit or loss	2,401,965	2,386,552	
Financial assets measured at fair value through other comprehensive income	105,422,569	105,422,569	
Gross Financial assets measured at fair value through other comprehensive income	105,423,626	105,423,626	
Collective provision	(1,057)	(1,057)	1
Other assets measured at amortised cost	3,072,032	3,072,032	
Gross other assets measured at amortised cost	3,075,822	3,075,822	
Collective provision	(3,790)	(3,790)	1
Derivative financial instruments	1,947,388	1,947,388	
Investment in subsidiaries	-	516,000	
Financial sector entities	-	510,000	2
Commercial entities	-	6,000	
Interest in a joint venture	1,871,923	1,871,923	
Deferred tax assets	826,054	826,054	3
Fixed assets	2,302,667	2,300,358	
Right-of-use assets	1,428,130	1,428,130	
Other assets	2,198,735	2,309,168	
Gross other assets	2,199,621	2,309,171	
Collective provision	(886)	(3)	1
TOTAL ASSETS	**460,448,007**	**461,056,718**	

CC2: Reconciliation of regulatory capital to balance sheet (Continue)

As at 31 December 2022 In HK$ thousands	(a) Balance sheet as in published financial statements	(b) Under regulatory scope of consolidation	(c) Reference
LIABILITIES			
Deposits and balances with banks	14,346,003	14,346,003	
Deposits from customers	352,617,154	353,339,696	
Other trade date payables	4,489,074	4,489,074	
Financial assets sold under repurchase agreements	8,727,525	8,727,525	
Financial liabilities designated at fair value through profit or loss	169,932	169,932	
Other debt securities issued	679,244	679,244	
Derivative financial instruments	843,945	843,945	
Lease Liabilities	978,624	978,624	
Current tax payable	92,947	92,455	
Deferred tax liabilities	19,150	18,785	
Other liabilities	4,969,413	5,070,797	
Other liabilities	4,784,871	4,886,255	
Collective provisions	184,542	184,542	1
TOTAL LIABILITIES	**387,933,011**	**388,756,080**	
EQUITY			
Share capital	28,827,843	28,827,843	4
Other equity instruments	7,777,601	7,777,601	5
Reserves	35,909,552	35,695,194	
Retained earnings		35,651,111	6
General reserve		750,956	7
Regulatory reserve		909,600	8
Other reserve		15,913	9
Investment revaluation reserve		(1,694,648)	10
Merger reserve		62,262	11
TOTAL EQUITY	**72,514,996**	**72,300,638**	
TOTAL EQUITY and LIABILITIES	**460,448,007**	**461,056,718**	

Notes:

Collective provisions are equivalent to the amount of expected credit loss (“ECL”) provided under *Stage 1: 12 month ECL* and *Stage 2: Lifetime ECL but not credit impaired* for financial accounting purposes.

Specific provisions are equivalent to the amount of ECL provided under *Stage 3: lifetime ECL and credit impaired* for financial accounting purposes.

CCA: Main features of regulatory capital instruments

		CET1 capital HKD ordinary shares	CET1 capital RMB ordinary shares	AT1 Perpetual capital instruments	AT1 Perpetual capital instruments
1	Issuer	China Construction Bank (Asia) Corporation Limited	China Construction Bank (Asia) Corporation Limited	China Construction Bank (Asia) Corporation Limited	China Construction Bank (Asia) Corporation Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable	XS2092236434	XS2142208573
3	Governing law(s) of the instrument	Hong Kong	Hong Kong	English Law (subordination governed by Hong Kong Law)	English Law (subordination governed by Hong Kong Law)
	Regulatory treatment				
4	Transitional Basel III rules#	Common Equity Tier 1	Common Equity Tier 1	Not applicable	Not applicable
5	Post-transitional Basel III rules+	Common Equity Tier 1	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo*/group/group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares	Additional Tier 1 capital instruments	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (Currency in million, as at 31-Dec 2022)	HKD6,511 million	HKD22,317 million	HKD3,901 million	HKD3,876 million
9	Par value of instrument	HKD40 each	RMB40 each	USD500 million	USD500 million
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	Since incorporation	15-Aug-2013	13-Dec-2019	26-Mar-2020
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	13-Dec-2024. Redemption in whole at 100%	26-Mar-2025. Redemption in whole at 100%
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Any distribution payment date after first call date	Any distribution payment date after first call date

CCA: Main features of regulatory capital instruments (Continued)

		CET1 capital HKD ordinary shares	CET1 capital RMB ordinary shares	AT1 Perpetual capital instruments	AT1 Perpetual capital instruments
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Not applicable	Not applicable	Fixed	Fixed
18	Coupon rate and any related index	Not applicable	Not applicable	Year 1-5: 4.31% per annum payable semiannually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	Year 1-5: 3.18% per annum payable semiannually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Not applicable	Not applicable	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Not applicable	Not applicable	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	Not applicable	Not applicable	No	No
22	Noncumulative or cumulative	Not applicable	Not applicable	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not applicable	Not applicable	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable

CCA: Main features of regulatory capital instruments (Continued)

		CET1 capital HKD ordinary shares	CET1 capital RMB ordinary shares	AT1 Perpetual capital instruments	AT1 Perpetual capital instruments
30	Write-down feature	Not applicable	Not applicable	Yes	Yes
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not applicable	Not applicable	Partial	Partial
33	If write-down, permanent or temporary	Not applicable	Not applicable	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Not applicable	Subordinated to depositors, general creditors, creditors in respect of Tier 2 capital securities of the Issuer and all other subordinated creditors; pari passu with Additional Tier 1 capital securities; and senior to holders of ordinary shares or other instruments expressed to rank junior to the capital securities by operation of law or contract.	Subordinated to depositors, general creditors, creditors in respect of Tier 2 capital securities of the Issuer and all other subordinated creditors; pari passu with Additional Tier 1 capital securities; and senior to holders of ordinary shares or other instruments expressed to rank junior to the capital securities by operation of law or contract.
36	Non-compliant transitioned features	Not applicable	Not applicable	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

* Include solo-consolidated

Information relating to the disclosure of the full terms and conditions of the capital instruments issued can be viewed on the website:
https://www.asia.ccb.com/hongkong/aboutus/financial_results/regulatory_disclosures.html

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

The CCyB is calculated as the weighted average of the applicable CCyB ratios in effect in the jurisdictions in which banks have private sector credit exposures. The Group's CCyB ratio as at 31 December 2022 was 0.854% as the majority of its private sector credit exposures are attributed to Hong Kong which applicable JCCyB has been updated to 1.0% effective from 16 March 2020.

The table below provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Group's CCyB ratio:

In HK$ thousands		As at 31 December 2022			
		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect (%)**	**RWA used in computation of CCyB ratio**	**AI-specific CCyB ratio (%)**	**CCyB amount**
1	Hong Kong SAR	1.000%	223,770,860		
2	United Kingdom	1.000%	2,002,288		
4	Sum of above		225,773,148		
5	Total (including those exposures in jurisdictions with zero JCCyB ratio)		264,447,986	0.854%	2,978,126

Notes:

1. The geographical allocation of private sector credit exposure is determined with reference to the principle set out in the HKMA Return of International Banking Statistics, on the "Ultimate Risk" basis.

LR1: Summary comparison of accounting assets against leverage ratio exposure measure

Below shows the reconciliation from the total assets in the published financial statements to the LR exposure measure.

In HK$ thousands

	Item	**Value under the LR framework As at 31 December 2022**
1	Total consolidated assets as per published financial statements	460,448,007
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	516,000
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	771,306
5	Adjustment for SFTs (i.e. repos and similar secured lending)	9,631,382
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	24,894,839
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(184,542)
7	Other adjustments	(1,947,366)
8	**Leverage ratio exposure measure**	**494,129,626**

LR2: Leverage ratio

In HK$ thousands		As at 31 December 2022	As at 30 September 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	462,208,624	489,012,031
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,735,654)	(1,368,672)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	460,472,970	487,643,359
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)	1,376,388	1,664,254
5	Add-on amounts for PFE associated with all derivative contracts	1,342,306	1,470,977
6	Gross-up for collateral provided in respect of derivative contracts 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	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	2,718,694	3,135,231
Exposures arising SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	8,992,105	9,303,528
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	951,521	638,274
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	9,943,626	9,941,802
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	97,178,501	90,732,989
18	Less: Adjustments for conversion to credit equivalent amounts	(72,283,662)	(68,189,737)
19	Off-balance sheet items	24,894,839	22,543,252
Capital and total exposures			
20	Tier 1 capital	70,564,984	78,238,707
20a	Total exposures before adjustments for specific and collective provisions	498,030,129	523,263,644
20b	Adjustments for specific and collective provisions	(3,900,503)	(3,360,961)
21	Total exposures after adjustments for specific and collective provisions	494,129,626	519,902,683
Leverage ratio			
22	**Leverage ratio**	14.28%	15.05%

LIQA: Liquidity risk management

Liquidity risk is the risk that the Group may not be able to fund the increase in assets or meet obligations as they fall due without incurring unacceptable losses. This may be caused by market disruption or liquidity squeeze whereby the Group may only unwind specific exposures at significantly discounted values.

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

To achieve this purpose, the Bank adopts a prudent risk appetite in setting liquidity risk tolerance. Risk appetite is set in the form of liquidity risk limits and metric framework.

The Bank has established a set of liquidity risk management policies which set out the liquidity risk management framework of the Bank according to the requirements of HKMA's Supervisory Policy Manuals "Regulatory Framework for Supervision of Liquidity Risk (LM1)" and 'Sound Systems and Controls for Liquidity Risk Management (LM2)".

Liquidity risk management framework

The Board of Directors is ultimately responsible for having an effective liquidity risk management framework in place. Risk Committee ("RC") is one of the committees set up under the Board. The duties of RC are to approve a risk management framework that is sound and in line with the Group's business objectives and risk profile, to approve key liquidity risk management policies and to ensure that the liquidity management framework and policies are duly implemented and maintained by the Group.

Risk Management Committee ("RMC") is set up under the Risk Committee and the Executive Committee to oversee the Group's overall asset quality as well as resolve all important risk-related or governance issues including those on liquidity risk. The RMC is responsible for providing guidance and overseeing the Group's liquidity risk management strategy and development; review or approve liquidity risk management policies and review the Bank's liquidity risk position.

Asset and Liability Committee ("ALCO") is a functional committee set up under the Executive Committee to oversee the liquidity risk management in light of the business strategy.

Regular meetings of various committees are held to review the compliance status of liquidity measurements and the needs for change in strategy and policy. Daily liquidity management is performed by the Treasury. Risk Management Division is responsible for the daily monitoring of the liquidity limits and measurements, and submits regular reports of the liquidity profile to ALCO and RMC. Internal Audit periodically performs independent reviews to ensure effectiveness of the Group's liquidity risk management framework and implementation of the established policies.

Funding Strategies

The objective of the Bank's funding strategy is to strive for a balance between business growth opportunities and funding stability. The Bank seeks to maintain diversified and stable funding sources with an appropriate mix of liabilities including customer deposits, interbank borrowings, issuance of negotiable certificates of deposit and debt instruments.

The annual budgeted statement of financial position of the Bank, which contains a plan for the composition of various sources of liabilities, is approved by the Board of Directors in each calendar year. Various considerations such as the target business growth, market sentiment, target financial ratios and regulatory requirements would be taken into account in the process of budgeting.

LIQA: Liquidity risk management (Continued)

Funding Strategies (Continued)

To manage currency mismatch and avoid over-reliance on the currency swap market, the Bank sets limits on swapped fund ratios of major currency positions which are subject to daily monitoring. The swapped fund ratios limit the extent of one currency's assets being funded by other currencies through the swap market. The extent of diversification in tenors of funding is governed by liquidity metrics such as net stable funding ratio ("NSFR") and medium-funding ratio. A medium-term funding ratio highlights the extent to which medium-term assets are being financed by the roll-over of short-term liabilities. To mitigate the risk of contagion from other CCB group entities when they are under liquidity stress, the Bank sets intragroup liquidity limits.

The funding support provided by China Construction Bank Head Office is one of the key sources of liquidity backstop during times of liquidity stress.

Liquidity cushion

The Bank's liquidity cushion consists of cash, balances at central banks, high quality and other marketable securities issued or guaranteed by sovereigns, central banks, mainland policy banks and corporates. Liquidity cushion being held by the Bank consists of High Quality Liquid Assets for purposes of determining the Bank's liquidity coverage ratio ("LCR") and other marketable debt securities.

The extent of the Bank's maturity mismatch and the sufficiency of liquidity cushion are governed by various liquidity metrics and measurement tools such as maturity mismatch limits and liquidity stress test.

The marketability of the Bank's liquidity cushion is periodically reviewed in keeping with market conditions. The size of the liquidity cushion being maintained must be sufficient to meet intraday payments and settlement obligations on a timely basis under both normal and stressed conditions.

Stress scenario analysis

Liquidity Stress Testing is regularly conducted to project the Bank's cash flows under stress scenarios for evaluation of the sufficiency of the liquidity cushion. The stress scenarios cover institution-specific crisis scenario, general market crisis scenario and combined crisis scenario. The cash flows under each stress scenario are determined by applying a set of prescribed stress assumptions to the Bank's cash flow projection. Customer behavioural patterns of some products including customer deposits are applied in the stress test. The stress test results are regularly reported to the RMC and ALCO. The definition of liquidity cushion being held by the Bank is consistent with the definition of High Quality Liquid Assets and other marketable debt securities for purposes of determining the Bank's Liquidity Coverage Ratio. The liquidity cushion should be able to cover projected cash outflows under various prescribed stress scenarios.

Contingency Funding Plan (CFP)

The Bank has a CFP that sets out the Bank's strategies for identifying the occurrence of a liquidity event and the operational procedures for addressing such emergency situation if it really takes place. The CFP contains a set of early warning indicators that helps to identify any emerging liquidity risks at an early stage. The CFP also includes detailed action steps and properly assigned responsibilities within the liquidity risk management framework. The list of potential funding sources, with due consideration of their reliability, priority and the expected available time during liquidity crisis, is included.

The extent of liquidity shortfalls estimated from stress testing under various scenarios beyond the level of liquidity cushion is a factor in determining severity levels and strategies to be adopted under the CFP. The Bank developed Business Continuity Plan ("BCP") to handle bank-wide disaster and major crisis including bank run situations. The CFP constitutes an integral part of the BCP as bank run event may lead to liquidity drain.

The Bank has not entered into any agreement or arrangement under which the Bank has to fulfil contingent funding obligations.

LIQA: Liquidity risk management (Continued)

Liquidity measurements

Maturity analysis

The maturity analysis lists out the assets and liabilities by their remaining maturities into different time buckets. The gap amount for each time bucket represents the liquidity exposure after netting the assets and liabilities maturing in the same bucket. The Bank maintains daily gap limits for time buckets to manage liquidity risk. For some liabilities without prescribed maturity date such as demand deposits from customers, the liabilities are listed in the bucket of “Repayable on Demand”, resulting in a larger negative gap in this time bucket. The Bank considers this is an inherent risk to a consumer and commercial bank that offers demand deposit products to customers. By experience demand deposits have stable outstanding and the negative gap does not materialise into an immediate outflow of liquidity. However, to mitigate the liquidity risk, inter-bank and other borrowing facilities, as well as contingency funding plan are in place to cover withdrawals at unexpected levels of demand. Apart from customer deposits, the Bank has other sources to fund the earning assets, such as inter-bank borrowings, certificates of deposit issued, funding support from the parent bank and CCBA’s share capital.

Below table sets out the on- and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gaps.

	As at 31 December 2022											
In HK$ thousands	**Total amount**	**Next day**	**2 to 7 days**	**8 days to 1 month**	**> 1 month up to 3 months**	**> 3 months up to 6 months**	**> 6 months up to 1 year**	**> 1 year up to 2 years**	**> 2 years up to 3 years**	**> 3 years up to 5 years**	**Over 5 years**	**Balancing amount**
Currency notes and coins	257,596	257,596	-	-	-	-	-	-	-	-	-	
Amount receivable arising from derivative contracts	1,871,841	5,111,895	6,995,804	24,537,953	27,965,765	11,412,986	10,190,927	501,768	5,979,743	310,039	165,292	-
Due from MA for a/c of Exchange Fund	620,973	620,973	-	-	-	-	-	-	-	-	-	-
Due from banks	68,310,719	14,398,870	11,060,284	19,606,250	232,686	8,190,396	13,173,541	1,648,692	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held	110,626,336	85,622,913	1,515,352	362,964	5,140,784	5,335,782	1,946,203	4,311,358	2,851,081	3,400,054	139,845	-
Acceptances and bills of exchange held	8,176	-	-	8,176	-	-	-	-	-	-	-	-
Loans and advances to non-bank customers	273,842,142	5,982,559	6,610,362	65,990,310	18,372,441	15,248,952	16,349,162	36,991,107	20,466,309	27,548,452	50,599,545	9,682,943
Other assets	2,956,842	739,581	207,071	123,055	121,925	1,005,680	28,105	67,935	76,936	115,663	643,150	-172,259
Total on-balance sheet assets	**458,494,625**	**112,734,387**	**26,388,873**	**110,628,708**	**51,833,601**	**41,193,796**	**41,687,938**	**43,520,860**	**29,374,069**	**31,374,208**	**51,547,832**	**9,510,684**
Total off-balance sheet claims	**60,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60,000,000**

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LIQA: Liquidity risk management (Continued)

Liquidity measurements (Continued)

Maturity analysis (Continued)

	As at 31 December 2022											
In HK$ thousands	**Total amount**	**Next day**	**2 to 7 days**	**8 days to 1 month**	**> 1 month up to 3 months**	**> 3 months up to 6 months**	**> 6 months up to 1 year**	**> 1 year up to 2 years**	**> 2 years up to 3 years**	**> 3 years up to 5 years**	**Over 5 years**	**Balancing amount**
Deposits from non-bank customers	353,397,243	137,114,056	19,150,397	52,458,647	92,609,845	37,918,680	14,054,169	91,449	-	-	-	
Amount payable arising from securities financing transactions	8,727,525	-	1,387,435	-	3,140,851	4,199,239	-	-	-	-	-	
Amount payable arising from derivative contracts	781,650	4,975,648	7,010,284	24,521,262	27,881,439	11,316,032	10,005,168	220,392	5,817,666	163,896	78,335	
Due to banks	14,392,425	8,129,284	51,005	169,772	5,932,210	110,154	-	-	-	-	-	
Debt securities, prescribed instruments and structured financial instruments issued and outstanding	846,437	21,063	54,866	46,216	22,710	24,834	-	676,748	-	-	-	-
Other liabilities	8,401,468	754,523	4,618,529	369,872	162,327	1,630,309	110,660	185,764	151,707	256,073	161,704	-
Capital and reserves	72,212,591	-	-	-	-	-	-	-	-	-	-	72,212,591
Total on-balance sheet liabilities	**458,759,339**	**150,994,574**	**32,272,516**	**77,565,769**	**129,749,382**	**55,199,248**	**24,169,997**	**1,174,353**	**5,969,373**	**419,969**	**240,039**	**72,212,591**
Total off-balance sheet obligations	**41,973,386**	**1,310,241**	**67,603**	**165,669**	**4,871,314**	**3,832,439**	**13,806,527**	**2,114,905**	**3,204,220**	**12,523,763**	**76,705**	**-**

Contractual Maturity Mismatch		**-39,570,428**	**-5,951,246**	**32,897,270**	**-82,787,095**	**-17,837,891**	**3,711,414**	**40,231,602**	**20,200,476**	**18,430,476**	**51,231,088**	
Cumulative Contractual Maturity Mismatch		**-39,570,428**	**-45,521,674**	**-12,624,404**	**-95,411,499**	**-113,249,390**	**-109,537,976**	**-69,306,374**	**-49,105,898**	**-30,675,422**	**20,555,666**	

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 in 2022.

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 and USD. 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	
	December 31, 2022	September 30, 2022
Level 1 assets	**77,403,129**	67,935,285
Level 2A assets	**579,373**	617,732
Level 2B assets	**4,571,759**	5,081,869
Total weighted amount of HQLA	**82,554,261**	73,634,886

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 31 December 2022 (75 data points)		Quarter ended 30 September 2022 (77 data points)	
In HK$ thousands		**(a)**	**(b)**	**(a)**	**(b)**
Basis of disclosure: Hong Kong office		**Unweighted value** (average)	**Weighted value** (average)	**Unweighted value** (average)	**Weighted value** (average)
A.	**HQLA**				
1	Total HQLA		**82,554,261**		73,634,886
B.	**CASH OUTFLOWS**				
2	Retail deposits and small business funding, of which:	**170,019,115**	**12,846,988**	174,208,026	13,536,166
3	Stable retail deposits and stable small business funding	3,745,854	112,375	4,298,409	128,952
4	Less stable retail deposits and less stable small business funding	88,418,989	8,841,899	98,234,663	9,823,466
4a	Retail term deposits and small business term funding	77,854,272	3,892,714	71,674,954	3,583,748
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	**137,005,096**	**87,245,926**	137,280,938	85,423,961
6	Operational deposits	-	-	-	-
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	137,005,096	87,245,926	137,280,938	85,423,961
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	-	-	-	-
9	Secured funding transactions (including securities swap transactions)		2,209,212		1,007,066
10	Additional requirements, of which:	**34,026,951**	**6,879,685**	32,951,834	6,666,731
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	1,115,467	1,115,467	764,294	764,294
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)	32,911,484	5,764,218	32,187,540	5,902,437
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,559,753	9,559,753	9,318,401	9,318,401
15	Other contingent funding obligations (whether contractual or non-contractual)	178,298,047	337,263	183,886,309	342,849
16	Total Cash Outflows		**119,078,827**		116,295,174
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	134,016,319	53,538,018	135,298,016	55,072,912
19	Other cash inflows	66,525,428	2,364,849	65,132,713	4,684,101
20	Total Cash Inflows	**200,541,747**	**55,902,867**	200,430,729	59,757,013
D.	**LIQUIDITY COVERAGE RATIO (ADJUSTED VALUE)**				
21	Total HQLA		**82,554,261**		73,634,886
22	Total Net Cash Outflows		**63,175,960**		56,538,161
23	LCR (%)		**130.86%**		130.39%

LIQ2: Net stable funding ratio – for category 1 institution

For the quarter ended 31 December 2022:

In HK$ thousands		Quarter ended 31 December 2022				
		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
A.	**Available stable funding ("ASF") item**					
1	Capital:	73,765,806	-	-	-	73,765,806
2	*Regulatory capital*	73,765,806	-	-	-	73,765,806
2a	*Minority interests not covered by row 2*	-	-	-	-	-
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and small business funding:	-	161,886,723	12,035,280	91,049	156,788,184
5	*Stable deposits*		3,346,659	-	-	3,179,326
6	*Less stable deposits*		158,540,064	12,035,280	91,049	153,608,858
7	Wholesale funding:	-	199,529,225	2,596,323	400	57,872,514
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*	-	199,529,225	2,596,323	400	57,872,514
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	8,275,536	-	675,915	675,915
12	*Net derivative liabilities*	-				
13	*All other funding and liabilities not included in the above categories*	-	8,275,536	-	675,915	675,915
14	**Total ASF**					289,102,419
B.	**Required stable funding ("RSF") item**					
15	Total HQLA for NSFR purposes				88,668,832	8,857,685
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	44,782	170,976,787	35,501,831	155,281,982	198,715,701
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	85,386,992	16,548,698	6,439,887	27,522,285
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	-	81,659,437	16,236,833	91,811,820	126,988,182
21	*With a risk-weight of less than or equal to 35% under the STC approach*	-	-	-	-	-

LIQ2: Net stable funding ratio – for category 1 institution (Continued)

For the quarter ended 31 December 2022 (Continued):

In HK$ thousands		Quarter ended 31 December 2022				
		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
22	*Performing residential mortgages, of which:*	-	887,149	770,097	39,557,707	26,820,780
23	*With a risk-weight of less than or equal to 35% under the STC approach*	-	762,971	727,515	38,159,471	25,548,899
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	44,782	3,043,209	1,946,203	17,472,568	17,384,454
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	7,111,008	1,552,726	1,386	5,346	7,453,358
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	516,417				438,954
29	*Net derivative assets*	1,110,630				1,110,630
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	381,465				19,073
31	*All other assets not included in the above categories*	5,102,496	1,552,726	1,386	5,346	5,884,701
32	Off-balance sheet items				226,372,076	1,888,734
33	**Total RSF**					216,915,478
34	**Net Stable Funding Ratio (%)**					**133.28%**

LIQ2: Net stable funding ratio – for category 1 institution (Continued)

For the quarter ended 30 September 2022:

In HK$ thousands		Quarter ended 30 September 2022				
		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
A.	**Available stable funding (“ASF”) item**					
1	Capital:	81,607,933	-	-	-	81,607,933
2	*Regulatory capital*	81,607,933	-	-	-	81,607,933
2a	*Minority interests not covered by row 2*	-	-	-	-	-
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and small business funding:	-	164,182,442	5,890,439	68,747	153,345,765
5	*Stable deposits*		4,228,502	-	-	4,017,077
6	*Less stable deposits*		159,953,940	5,890,439	68,747	149,328,688
7	Wholesale funding:	-	228,189,824	1,682,664	-	70,136,521
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*	-	228,189,824	1,682,664	-	70,136,521
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	4,263,480	-	662,769	662,769
12	*Net derivative liabilities*	-				
13	*All other funding and liabilities not included in the above categories*	-	4,263,480	-	662,769	662,769
14	**Total ASF**					305,752,988
B.	**Required stable funding (“RSF”) item**					
15	Total HQLA for NSFR purposes				91,949,091	8,901,418
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	38,846	186,212,546	32,511,814	165,606,279	211,764,894
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	94,674,201	6,628,679	16,038,532	33,554,002
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	-	87,927,267	23,056,988	93,595,201	135,048,049
21	*With a risk-weight of less than or equal to 35% under the STC approach*	-	-	-	-	-

LIQ2: Net stable funding ratio – for category 1 institution (Continued)

For the quarter ended 30 September 2022 (Continued):

In HK$ thousands		Quarter ended 30 September 2022				
		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				
Basis of disclosure: Hong Kong office		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
22	*Performing residential mortgages, of which:*	-	935,945	821,117	39,703,767	26,961,280
23	*With a risk-weight of less than or equal to 35% under the STC approach*	-	809,508	775,069	38,327,265	25,705,011
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	38,846	2,675,133	2,005,030	16,268,779	16,201,563
25	Assets with matching interdependent liabilities					
26	Other assets:	8,468,837	2,539,126	1,008	4,608	8,803,636
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	425,829				361,955
29	*Net derivative assets*	1,063,838				1,063,838
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	881,110				44,056
31	*All other assets not included in the above categories*	6,098,060	2,539,126	1,008	4,608	7,333,787
32	Off-balance sheet items				208,574,505	1,519,464
33	**Total RSF**					230,989,412
34	**Net Stable Funding Ratio (%)**					132.37%

The NSFR of the Bank was maintained at a healthy level in 2022. Net stable funding ratio means the ratio of the amount of the Bank's available stable funding ("ASF") to the amount of the Bank's required stable funding ("RSF").

ASF is the sum of weighted amounts of the Bank's capital and on-balance sheet liabilities. The Bank's liabilities include customer deposits, certificates of deposit and medium term debts issued and interbank money market borrowing.

RSF is the sum of weighted amounts of the Bank's on-balance sheet assets and off-balance sheet obligations. The Bank's assets include loans to customers, interbank money market lending and debt securities held. The Bank's off-balance sheet obligations mainly involve potential drawdown of undrawn committed facilities.

CRA: General information about credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk exists in the Group's loans, leases, credit cards, trade finance and treasury transactions. There is also credit risk in off-balance sheet financial arrangements such as loan commitments, trade-related contingencies and transaction-related contingencies.

The Group has appointed the intermediate holding company, China Construction Bank Corporation, as its credit adviser. Risk Management Division is responsible for providing centralized management and control of different types of risks including credit risk. Whereas credit approval matters are handled by the Credit Division, both divisions are independent of the business units, and supervised by the Deputy Chief Executive overseeing Risk Management. In addition, functional committees, namely Risk Management Committee and Credit Committee are set up under the Executive Committee and the Risk Committee to provide guidance in the respective risk areas. The Risk Management Committee is a central forum for overseeing the Group's overall asset quality as well as resolving all the important risk or governance issues on credit risk. It is chaired by the Deputy Chief Executive overseeing Risk Management, and the other Regular Members are the Head of Risk Management Division, the Head of Credit Division, Head of Finance Division, the Head of Legal & Compliance Division, Deputy Head of Risk Management Division supervising Operational Risk and the Head of Market Risk. The Credit Committee is responsible for loan quality maintenance, authority delegation, credit related policymaking and maintenance, credit approval and credit risk management issues. It is chaired by the Deputy Chief Executive overseeing Risk Management, and the other Members are the Head of Risk Management Division, the Head of Credit Division, Deputy Head of Risk Management Division, Deputy Head of Credit Division, Chief Approver and designated individual credit approver(s).

Overall, credit risks of the Group are managed through the following processes:

- Ensuring the Group's risk profile is in line with the risk appetite and strategies set by the Bank.

- Establishing credit policies and procedures of the Group and issuing lending and monitoring guidelines to credit officers and business units. Credit policies and procedures are constantly revisited and updated whenever warranted to accommodate portfolio development, market changes and regulatory requirements.

- Making appropriate lending authority delegation via the Credit Committee according to the risk, size and nature of the transactions.

- Maintaining the internal risk rating system for measurement of credit risk exposures. The Group adopts a two dimensional risk rating methodology for the corporate portfolio, for which risk ratings are assigned to the obligor and facility separately. This system provides granularity in the rating scale and hence more refined risk differentiation for better risk and reward analysis and enhanced risk quantification. For a certain part of the consumer portfolio, in-house scoring models are also adopted to measure the credit risk involved.

- Monitoring and controlling large exposures, connected lending, product and industry concentration based on established policies and internal risk limits to ensure prudent credit decisions are made and that the Group complies with statutory requirements and supervisory guidelines.

- Monitoring criticized loans and managing recoveries of problem assets. Collection and problem asset management are separately handled by specialized teams with the relevant experience and expert knowledge.

- Assessing collective and individual loan impairment losses and allowances regularly to ensure the adequacy of impairment allowances.

- Managing and monitoring the Group's loan quality.

CRA: General information about credit risk (Continued)

- Supervising the stress-testing programme to provide a forward-looking assessment of the Group's risk exposures under stressed conditions, and enable the Group to project tail risks on a bank-wide basis, to quantify such potential losses and the impact on the Bank in terms of profitability, liquidity and capital adequacy.

- Coordinating and driving credit related initiatives throughout the Group to ensure compliance with regulatory requirements.

(a) Credit risk for advances

In addition to underwriting standards, the Group manages credit risks through an effective and prudent credit approval process. In making credit recommendations and decisions, only officers with appropriate banking experience and product knowledge are delegated credit approval authorities. There is a post-approval review process where applicable to ensure quality of the credit decisions made, to identify negative trends which need attention or actions, and to ensure adherence to existing policies and procedures.

In the approval process, the credit officers assess the purpose and structure of the loan, the ability of a particular borrower or counterparty to service the proposed facilities, as well as the nature of the underlying collateral where applicable. Credit approval guidelines are issued from time to time to enhance the credit acceptance process as appropriate.

The Group categorizes its loans and leases into either consumer or corporate and commercial credits and monitors their risks separately as discussed below:

Consumer credits are grouped by products and their risk attributes for purposes of evaluating credit risk, and on-going monitoring of asset quality. Standard credit underwriting criteria are established and exceptional approvals for deviations from such criteria are required and monitored.

Corporate and commercial credits are evaluated for customers' default risk, taking into consideration the related credit enhancements. To support the credit assessment, internal risk ratings will be assigned to customers. These risk ratings are monitored regularly and updated upon any changes in the borrower's or counterparty's financial position, repayment ability and the related credit enhancements.

(b) Credit risk for treasury transactions

The credit risk of the Group's investment in debt securities and treasury hedging transactions is managed by the use of both internal and external credit ratings and credit limits set on individual counterparties. Internal and external credit ratings, and news on each counterparty are closely tracked and monitored.

(c) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are therefore subject to the same credit approval, portfolio maintenance and collateral requirements as for customers applying for loans.

CRA: General information about credit risk (Continued)

(d) Collateral and other credit enhancements

The Group obtains collateral in respect of loans advanced to mitigate the credit risk of the transactions and has established policies and guidelines on the eligibility and valuation of collateral and other credit enhancements. However, the approval of credits will be based on the assessment of debt servicing ability rather than solely dependent on collateral or other credit enhancements. The main collateral types and credit enhancements include charges over properties, standby letters of credit issued by banks, securities, deposits, account receivables, vehicles and guarantees.

(e) Risk concentration

The Group sets various risk limits to control exposure to countries, individual counterparties, industries, intra-group exposures and loan portfolios to avoid excessive risk concentration.

The Group has adopted a “Three Lines of Defense” risk management concept to ensure that roles within the organization are clearly defined in regard to credit risk management. The internal auditors conduct periodic reviews and independent audits of the Group’s credit portfolio and credit risk management process. The purpose is to ensure due compliance with established credit policies and procedures, and to evaluate the effectiveness of the credit management process and control mechanism. The results of these reviews and audits are regularly reported to the Board level Audit Committee for effective oversight and monitoring.

CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31 December 2022:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of			Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	
	In HK$ thousands	Defaulted exposures	Non-defaulted exposures	Allowances / impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		Net values (a+b-c)
1	Loans	2,861,262	340,596,308	(3,711,114)	2,347,285	1,363,829	-	339,746,456
2	Debt securities	-	108,332,911	(4,847)	-	4,847	-	108,328,064
3	Off-balance sheet exposures	-	42,277,943	(184,542)	-	184,542	-	42,093,401
4	**Total**	**2,861,262**	**491,207,162**	**(3,900,503)**	**2,347,285**	**1,553,218**	**-**	**490,167,921**

Compared with 30 June 2022, the total “allowances / impairments” increased by 22% mainly due to increase in specific provision under advances to customers and trade bills.

CR2: Changes in defaulted loans and debt securities

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 31 December 2022 and 30 June 2022 respectively:

		(a)
	In HK$ thousands	**Amount**
1	**Defaulted loans and debt securities at end of the previous reporting period (30 June 2022)**	**2,777,484**
2	Loans and debt securities that have defaulted since the last reporting period	227,997
3	Returned to non-defaulted status	(22,921)
4	Amounts written off	(86,337)
5	Other changes*	(34,961)
6	**Defaulted loans and debt securities at end of the current reporting period (31 December 2022)**	**2,861,262**

* Other changes include loan repayment

CRB: Additional disclosure related to credit quality of exposures

The Group has laid down guidelines for determining the impairment loss allowances.

At each of the reporting period end, the carrying amount of the Group's assets are reviewed to determine whether there is objective evidence of impairment. If internal and external sources of information indicate such evidence exists, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognized in the income statement.

The approach and treatment of impairment allowance of different types of assets are elaborated in note 8 (a) (x) "Expected credit loss measurement" of the consolidated financial statements of China Construction Bank (Asia) Corporation Limited.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider.

Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due. The original loan that is renegotiated is derecognized and a new financial asset is recognized at fair value if the original loan agreement is cancelled and a new agreement made on substantially different terms.

Credit risk exposures by geographical areas:

Geographical areas (In HK$ thousands)	As at 31 December 2022
Hong Kong	327,143,091
China	119,490,691
Others	47,434,642
Total	494,068,424

Credit Risk exposures by residual maturity:

Residual maturity (In HK$ thousands)	As at 31 December 2022
Less than 1 year	269,547,123
Between 1 and 5 years	151,108,739
More than 5 years	72,755,650
Undated	656,912
Total	494,068,424

CRB: Additional disclosure related to credit quality of exposures (Continued)

Credit Risk exposures by industry sectors:

Industry sector (In HK$ thousands)	As at 31 December 2022
Financial concerns	176,993,745
Individual others	55,827,792
Information technology	26,732,319
Manufacturing	24,986,454
Property development	2,799,255
Property investment	65,042,361
Recreational activities	438,738
Stockbrokers	144,969
Transport and transport equipment	18,539,672
Wholesale and retail trade	17,603,566
Others	104,959,553
Total	494,068,424

The credit quality of credit exposures can be analyzed as follows:

Analysis of exposures that are "neither past due nor impaired", "past due but not impaired" and "impaired":

Credit exposures (In HK$ thousands)	As at 31 December 2022
Neither past due nor impaired	490,363,998
Past due but not impaired	843,164
Impaired	2,861,262
Total	494,068,424

Aging analysis of exposures which were past due:

Exposures that are past due but not impaired (In HK$ thousands)	As at 31 December 2022
Overdue 3 months or less	843,164
Overdue more than 3 months	-
Total	843,164

Breakdown of restructured exposures between impaired and not impaired exposures:

Restructured exposures (In HK$ thousands)	As at 31 December 2022
Not impaired	-
Impaired	61,795
Total	61,795

CRB: Additional disclosure related to credit quality of exposures (Continued)

Impaired exposures by geographical areas:

In HK$ thousands	**As at 31 December 2022**	
Impaired exposures	**Gross impaired exposures**	**Impaired provision for Stage 3**
Hong Kong	2,603,690	2,095,483
Others	257,572	251,802
Total	2,861,262	2,347,285

Impaired exposures by industry sectors:

In HK$ thousands	**As at 31 December 2022**	
Impaired exposures	**Gross impaired exposures**	**Impaired provision for Stage 3**
Individual others	106,883	83,496
Information technology	516	516
Manufacturing	281,527	240,326
Property investment	2,439,138	2,002,832
Wholesale and retail trade	33,198	20,115
Total	2,861,262	2,347,285

CRC: Qualitative disclosures related to credit risk mitigation

The Group obtains collateral in respect of loans advanced to mitigate the credit risk of the transactions and has established policies and guidelines on the eligibility and valuation of collateral and other credit enhancements. However, the approval of credits will be based on the assessment of debt servicing ability rather than solely dependent on collateral or other credit enhancements.

For regulatory capital adequacy and management, the Group has established policies in managing and recognizing credit risk mitigation, one of which is the taking of collateral and other credit enhancements. The principal types of collateral taken by the Group are also those of the recognized credit risk mitigation as prescribed in the Banking (Capital) Rules.

For regulatory capital calculation, the Group adheres to the criteria as stipulated in the Banking (Capital) Rules when assessing the eligibility of the credit risk mitigation.

Recognized collateral includes both financial and physical collateral. Financial collateral include cash deposit, shares and debt securities and mutual fund, whilst physical collateral include commercial real estate and residential real estate. The exposure amount after mitigation is determined by applying the standard supervisory haircut stipulated in the Banking (Capital) Rules as an adjustment discount to the current collateral value.

Recognized guarantor is any sovereign entities, public sector entities, banks, regulated securities firms and corporates with a lower risk weight than that of the borrower.

The credit and market risk concentrations within the credit risk mitigation (recognised collateral and guarantees for capital calculation) used by the Group are under a low level.

On-balance sheet and off-balance sheet recognized netting is not adopted by the Group.

CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 31 December 2022:

		As at 31 December 2022				
		(a)	(b1)	(b)	(d)	(f)
	In HK$ thousands	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	316,557,949	23,188,507	949,438	22,239,069	-
2	Debt securities	106,737,658	1,590,406	-	1,590,406	-
3	**Total**	**423,295,607**	**24,778,913**	**949,438**	**23,829,475**	**-**
4	Of which defaulted	507,196	6,781	2,316	4,465	-

Compared with 30 June 2022, the total exposures secured by recognized collateral decreased by 47% mainly due to decrease in securities firm and corporate exposures secured by recognized collateral.

CRD: Qualitative disclosures on use of ECAI ratings under STC approach

The Group uses the following external credit assessment institutions (“ECAIs”) to calculate its capital adequacy requirements under the Standardised (Credit Risk) Approach prescribed in the Banking (Capital) Rules:
- Moody’s Investors Service
- Standard & Poor’s Ratings Services

Where exposures have been rated by the above-mentioned ECAIs, they are categorised under the following classes of exposures:
- Sovereign exposures
- Public sector entity exposures
- Bank exposures
- Securities firm exposures and
- Corporate exposures.

The process used to map ECAIs issue specific ratings in the Group’s banking book is consistent with those prescribed in the Banking (Capital) Rules.

CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 31 December 2022:

		As at 31 December 2022					
		(a)	(b)	(c)	(d)	(e)	(f)
	In HK$ thousands	**Exposures pre-CCF and pre-CRM**		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereign exposures	46,139,680	-	46,139,794	-	2,221,805	5%
2	PSE exposures	685,765	1,500,000	2,531,307	750,000	656,262	20%
2a	Of which: domestic PSEs	685,765	1,500,000	2,531,307	750,000	656,262	20%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	5,771,650	-	5,771,650	-	-	0%
4	Bank exposures	95,051,905	40,935	104,396,251	20,467	38,433,506	37%
5	Securities firm exposures	144,969	-	1,983,352	-	991,676	50%
6	Corporate exposures	240,663,731	43,491,906	229,040,876	18,594,779	224,374,155	91%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	257,696	-	257,696	-	-	0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	12,327,397	49,256,903	12,255,042	1,629	9,192,503	75%
11	Residential mortgage loans	41,185,860	-	39,381,885	-	14,716,433	37%
12	Other exposures which are not past due exposures	13,124,868	2,888,757	12,648,079	-	12,648,079	100%
13	Past due exposures	120,317	-	120,317	-	173,513	144%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	**Total**	**455,473,838**	**97,178,501**	**454,526,249**	**19,366,875**	**303,407,932**	**64%**

CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31 December 2022:

		As at 31 December 2022										
	In HK$ thousands	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / **Risk Weight**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Others**	**Total credit risk exposures amount (post CCF and post CRM)**
1	Sovereign exposures	35,030,771	-	11,109,023	-	-	-	-	-	-	-	46,139,794
2	PSE exposures	-	-	3,281,307	-	-	-	-	-	-	-	3,281,307
2a	Of which: domestic PSEs	-	-	3,281,307	-	-	-	-	-	-	-	3,281,307
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	5,771,650	-	-	-	-	-	-	-	-	-	5,771,650
4	Bank exposures	-	-	45,916,180	-	58,500,538	-	-	-	-	-	104,416,718
5	Securities firm exposures	-	-	-	-	1,983,352	-	-	-	-	-	1,983,352
6	Corporate exposures	-	-	400,222	-	46,084,656	-	200,948,763	202,014	-	-	247,635,655
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	257,696	-	-	-	-	-	-	-	-	-	257,696
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	12,256,671	-	-	-	-	12,256,671
11	Residential mortgage loans	-	-	-	37,848,997	-	254,417	1,278,471	-	-	-	39,381,885
12	Other exposures which are not past due exposures	-	-	-	-	-	-	12,648,079	-	-	-	12,648,079
13	Past due exposures	-	-	4,465	-	-	-	2,316	113,536	-	-	120,317
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	**Total**	**41,060,117**	**-**	**60,711,197**	**37,848,997**	**106,568,546**	**12,511,088**	**214,877,629**	**315,550**	**-**	**-**	**473,893,124**

Compared with 30 June 2022, 33% increase in credit risk exposures under 0% risk weight was mainly due to increase in debt securities of multilateral development bank.

CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

Counterparty Credit Risk Management

The Group has adopted standardized (counterparty credit risk) approach ("SA-CCR") for regulatory capital calculation of its counterparty credit risk ("CCR") arising from derivative contracts booked in the banking book and trading book.

The Group has in place a set of policies and a comprehensive framework to effectively manage such counterparty credit risk.

Under this management framework, the Group establishes credit limit through formal credit approval procedures to control the pre-settlement and settlement credit risk arising from derivative transactions. In this connection, distinct credit limits for counterparty credit exposure for individual counterparties and each group of related counterparties are determined based on the credit standing of the counterparties, collateral value, contract nature, actual needs, etc.

From a risk management perspective, the Group monitors the risk exposure due to fluctuations in the market by using the current exposure and the potential exposure value of the transactions.

All credit facilities granted to a counterparty, including general credit facilities as well as pre-settlement limit for derivative and FX products will be subject to review on an annual basis, in order to assess the latest information together with credit standing of the counterparties, and decide whether any adjustment of the credit package is required.

Transactions with associated specific wrong-way risks are discouraged, e.g. granting a credit line to a counterparty against the pledge of the counterparty's own shares (e.g. for conducting OTC derivative transactions) creates specific wrong-way risk to the Bank, as the risk of "secured" portion of the exposure is positively correlated with the probability of default of the counterparty. Exception should be justified and approved by Deputy Head of Credit Division or above.

Credit ratings downgrade

A credit rating downgrade clause in International Swaps and Derivatives Association ("ISDA") Master Agreement or a credit rating downgrade threshold clause in a Credit Support Annexes ("CSA") is designed to trigger an action if the credit rating of the affected party falls below a specified level. These actions may include the requirement to pay or increase collateral, the termination of transactions by the non-affected party or the assignment of transactions by the affected party.

If the Bank is given a credit rating downgrade, the impact on collateral posted is minimal as currently there are no such clauses in the collateral agreements entered by the Bank.

CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 31 December 2022

		As at 31 December 2022					
		(a)	(b)	(c)	(d)	(e)	(f)
	In HK$ thousands	Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	1,387,567	1,210,156		1.4	3,636,812	1,810,348
1a	CEM (for derivative contracts)	-	-		N/A	-	-
2	IMM(CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					1,401,899	448,833
5	VaR (for SFTs)					-	-
6	**Total**						**2,259,181**

Compared with 30 Jun 2022, the RWA increased by 27% mainly due to increase in SFTs transaction and replacement cost of derivative contracts.

CCR2: CVA capital charge

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardized CVA method and advanced CVA method as at 31 December 2022

		As at 31 December 2022	
		(a)	(b)
	In HK$ thousands	EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	3,622,126	1,680,900
4	**Total**	**3,622,126**	**1,680,900**

Compared with 30 Jun 2022, the RWA increased by 23% mainly due to increase in CVA of Interest Rate Contracts as of 31 Dec 2022.

CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach

The following table presents a breakdown of default risk exposures as at 31 December 2022, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

		As at 31 December 2022										
	In HK$ thousands	(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposures after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,244,673	-	1,870,371	-	-	-	-	-	3,115,044
5	Securities firm exposures	-	-	-	-	1,691,411	-	-	-	-	-	1,691,411
6	Corporate exposures	-	-	-	-	-	-	217,513	-	-	-	217,513
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	11,604	-	-	-	-	11,604
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	3,139	-	-	-	3,139
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	**Total**	**-**	**-**	**1,244,673**	**-**	**3,561,782**	**11,604**	**220,652**	**-**	**-**	**-**	**5,038,711**

Compared with 30 Jun 2022, total default risk exposures after CRM increased by HK$912 million mainly due to increase in default risk exposures of Interest Rate Contracts.

CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

The following table presents a breakdown of all types of collateral posted or recognized collateral received to support or reduce the exposures to counterparty default risk exposures as at 31 December 2022 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

	As at 31 December 2022					
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
In HK$ thousands	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	312,244
Cash - other currencies	-	141,374	466,117	148,478	8,710,852	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	56,825
Debt securities	-	-	-	-	-	10,052,895
Equity securities	-	-	-	-	312,241	-
Total	**-**	**141,374**	**466,117**	**148,478**	**9,023,093**	**10,421,964**

Compared with 30 Jun 2022, the fair value of recognised collateral received (unsegregated) and posted collateral (unsegregated) under derivative contracts decreased by 46% and increase 49% respectively mainly driven by change in market value and outstanding transaction volume. The fair values of recognised collateral received and posted collateral under SFTs increased by 25% and increased 29% respectively mainly driven by increase in outstanding transaction volume.

CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 31 December 2022, broken down into credit protection bought and credit protection sold:

	As at 31 December 2022	
	(a)	(b)
In HK$ thousands	**Protection bought**	**Protection sold**
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	**-**	**-**
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

CCR8: Exposures to CCPs

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs as at 31 December 2022, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs):

		As at 31 December 2022	
		(a)	(b)
	In HK$ thousands	**Exposure after CRM**	**RWA**
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		1,000
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	-	-
3	(i) OTC derivative transactions	-	-
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	-
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	50,300	1,000
10	Unfunded default fund contributions	-	-
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		**-**
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

SEC1: Securitization exposures in banking book

There was no securitisation exposure in the banking book as at 31 Dec 2022.

SEC2: Securitization exposures in trading book

There was no securitisation exposure in the trading book as at 31 Dec 2022.

SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an originator as at 31 Dec 2022.

SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an investor as at 31 Dec 2022.

MRA: Qualitative disclosures related to market risk

Market risk management by the Group

Market risk is the risk of loss arising from adverse changes in market rates and prices such as foreign exchange rates and interest rates and prices of debt securities. The Group's market risk exposures arises from its trading book, with interest rate risk and foreign exchange risk being the major risks faced by the Group.

Risk Management Committee ("RMC") is responsible for overseeing market risk management. The Group has established relevant risk management policies, procedures, stress testing methodologies and risk limits in accordance with the Group's risk appetite to identify, measure and control market risk. These will be reviewed at least annually to ensure their effectiveness.

The trading activities are primarily related to foreign exchange and interest rate transactions. The market risk exposure is managed through the establishment of various trading limits (such as VaR) in accordance with the Group's risk appetite. The Group will also conduct various sensitivity and stress tests under historical and hypothetical scenarios to measure the level of market risk exposures. Trading book position is monitored by both end-of-day and intraday reports. Any limit excess will be promptly investigated and communicated with Treasury and then reported to RMC. In addition to the overall limits, documented trading policies and procedures define acceptable boundaries within which traders can execute transactions in their assigned markets.

MR1: Market risk under Standardized (market risk) approach (STM approach)

The table below provides the components of the market risk capital requirements calculated using the STM approach as at 31 December 2022:

		(a)
	In HK$ thousands	**RWA**
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	3,201,550
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	22,319,038
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	**25,520,588**

IRRBBA: Interest rate risk in banking book

Risk Management objectives and policies

Interest rate risk in the banking book (IRRBB) is the potential adverse impact of changes in interest rates on earnings and capital. The major types of interest rate risk of the Group include gap risk, basis risk and option risk.

IRRBB risk management aims to minimise potential significant loss as a result of changes in interest rate and to maintain IRRBB within risk appetite. A set of IRRBB management policies which set out the overall IRRBB management and mitigation strategies has been established.

Interest rate risk indicators and limits are in place to measure, monitor and control interest rate risk. The indicators, limits and monitoring tools include, but are not limited to, re-pricing gap limits, Net Interest Income (NII), Economic Value of Equity (EVE) and stress testing. These are regularly reviewed by Risk Management Division. Different levels of limit are established and approved by Risk Management Committee (RMC) and Risk Committee (RC), as deemed appropriate. The indicators are consistently presented to the ALCO for its decision-making purposes. ALCO formulate strategies over the asset and liability structure based on the risk appetite approved by the Board to ensure the business is operated within the acceptable risk tolerance. IRRBB management process is also subject to independent reviews by the Internal Audit.

Interest rate risks are analysed in terms of interest rate re-pricing gap that measure for each future period the re-pricing characteristic mismatches between assets and liabilities. The interest rate re-pricing gaps are subject to limits across time horizons which are monitored on a daily basis.

The risk is also measured and controlled through limits of both earning and economic value sensitivities on a monthly basis. From the earning perspective, Net Interest Income (NII) measures potential changes in NII due to an adverse interest rate movement over a one-year period. From the economic value perspective, Economic Value of Equity (EVE) measures the change in the present value of expected cashflows from interest rate shock scenarios. Commercial margin and other spread components are included in the computation and discounted at risk-free rates. The EVE and NII sensitivity shown in the quantitative disclosures are based on scenarios and assumptions prescribed in the Hong Kong Monetary Authority's Supervisory Policy Manual IR-1, and the total exposures are aggregated across currencies as prescribed by the HKMA's standardized framework.

In the NII and EVE calculations, behavioral prepayment models are applied to retail loans for estimating loan prepayment rates according to historical analysis. The behavioral models are reviewed and validated regularly or more frequently in response to significant change in market conditions. On the other hand, retail term deposits are slotted according to their contractual re-pricing dates as significant penalty are charged for early redemption. The non-maturity deposits (NMD) are slotted to the next business day for conservative purpose.

IRRBB stress testing has been developed to estimate the sensitivities of NII and EVE under stressed conditions. The stress scenarios including historical scenarios and hypothetic scenarios which make reference to the latest changes of market condition.

Exposures to interest rate risk are hedged using derivatives. Further details on hedge accounting are discussed in note 28 of the consolidated financial statements of China Construction Bank (Asia) Corporation Limited.

As of 31 December 2022, there is no behavioral model for non maturity deposits (NMDs) and these products are assumed to be repriced and matured in the next business day. (The average and longest maturity is one day)

IRRBB1: Quantitative information on interest rate risk in banking book

This table provide information on the change in economic value of equity ("EVE") and change in net interest income ("NII") over next 12 months under each of the prescribed interest rate shock scenario in respect of the Group's interest rate exposures arising from banking book positions for the annual reporting date at 31 December 2022 and 31 December 2021.

	In HK$ million	(a)	(b)	(c)	(d)
		ΔEVE		**ΔNII**	
	Period	**As at 31 December 2022**	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2021**
1	Parallel up	**1,748**	3,862	**(205)**	(281)
2	Parallel down	**-**	-	**209**	282
3	Steepener	**57**	421		
4	Flattener	**366**	350		
5	Short rate up	**977**	1,349		
6	Short rate down	**-**	-		
7	**Maximum**	**1,748**	3,862	**209**	282
	Period	**As at 31 December 2022**		**As at 31 December 2021**	
8	**Tier 1 capital**	**70,565**		78,504	

Off-balance sheet exposures other than derivative transactions

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments to extend credit:

In HK$ thousands	As at 31 December 2022	As at 31 December 2021
Direct credit substitutes	**102,700**	101,818
Transaction-related contingencies	**2,963,201**	4,531,319
Trade-related contingencies	**1,437,364**	1,473,461
Other commitments:		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	**54,900,558**	56,675,692
with an original maturity up to one year	**4,514,432**	1,741,383
with an original maturity over one year	**33,260,246**	41,900,422
Total	**97,178,501**	106,424,095
Total RWAs for credit risk of its off-balance sheet exposures	**16,416,023**	21,341,568

Contingent liabilities and commitments are credit-related instruments which include letters of credits, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for the loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

International claims

International claims are exposures recorded on the statement of financial position based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate international claims are shown as follows:

	As at 31 December 2022				
			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	**10,625,752**	**7,282,250**	**111,092**	**12,109,931**	**30,129,025**
Developing Asia and Pacific	**81,156,177**	**11,187,680**	**4,525,216**	**35,220,245**	**132,089,318**
- of which China	**81,156,177**	**11,187,680**	**4,525,216**	**31,738,769**	**128,607,842**
Offshore centres	**4,687,041**	**875,338**	**38,343,063**	**53,287,675**	**97,193,117**
- of which Hong Kong SAR	**2,071,617**	**875,338**	**38,338,318**	**51,841,188**	**93,126,461**

	As at 31 December 2021				
			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	13,148,291	2,402,654	49,807	8,980,498	24,581,250
Developing Asia and Pacific	72,324,521	18,803,676	3,973,064	45,721,472	140,822,733
- of which China	72,324,521	18,803,676	3,973,064	42,640,955	137,742,216
Offshore centres	8,175,656	1,307,016	34,425,583	67,947,007	111,855,262
- of which Hong Kong SAR	3,653,009	808,901	34,424,996	65,354,094	104,241,000

Loans and advances to customers by geographical areas

The following table breaks down the Group's loans and advances exposure by geographical region as of 31 December 2022. The geographical analysis is based on location of the customers and has taken into account of transfer of risk.

As of 31 December 2022

HK$' thousands	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Hong Kong	**240,104,287**	**2,603,690**	**663,337**	**2,095,483**	**1,082,685**
China	**16,288,696**	**257,572**	**70,201**	**251,802**	**213,099**
Macau	**53,839**	**-**	**-**	**-**	**184**
Others	**17,658,574**	**-**	**-**	**-**	**66,358**
	274,105,396	**2,861,262**	**733,538**	**2,347,285**	**1,362,326**

As of 31 December 2021

HK$' thousands	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Hong Kong	266,430,765	1,655,037	709,956	767,753	1,619,955
China	22,632,850	285,687	67,598	133,647	353,295
Macau	85,597	-	-	-	8,976
Others	14,148,139	-	-	-	179,045
	303,297,351	1,940,724	777,554	901,400	2,161,271

Gross loans and advances to customers by industry sectors

	As at 31 December 2022	
	Outstanding balance In HK$ thousands	% of gross advances covered by collateral
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	**12,545,085**	**91.64**
Property investment	**27,335,101**	**90.99**
Financial concerns	**34,446,138**	**23.47**
Stockbrokers	**1,392,576**	**0.00**
Wholesale and retail trade	**4,507,534**	**99.27**
Manufacturing	**6,900,063**	**79.46**
Transport and transport equipment	**5,332,062**	**81.56**
Recreational activities	**1,201,538**	**0.00**
Information technology	**1,655,507**	**51.99**
Others	**16,490,118**	**68.17**
	111,805,722	
Individuals		
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**960**	**100.00**
Loans for the purchase of other residential properties	**36,678,500**	**100.00**
Credit card advances	**3,690,807**	**0.00**
Others	**13,935,975**	**25.72**
	54,306,242	
Trade finance	**1,648,024**	**82.64**
Loans and advances for use outside Hong Kong	**105,546,647**	**46.31**
Accrued interest receivables	**798,761**	
Gross loans and advances to customers	**274,105,396**	

Gross loans and advances to customers by industry sectors (Continued)

	As at 31 December 2021	
	Outstanding balance In HK$ thousands	% of gross advances covered by collateral
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	19,366,960	90.06
Property investment	27,023,353	92.24
Financial concerns	36,069,234	22.22
Stockbrokers	1,620,000	37.04
Wholesale and retail trade	5,506,145	86.52
Manufacturing	6,583,844	77.10
Transport and transport equipment	10,542,598	64.16
Recreational activities	1,836,934	0.63
Information technology	3,961,728	72.45
Others	17,737,014	75.14
	130,247,810	
Individuals		
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,457	100.00
Loans for the purchase of other residential properties	35,334,745	100.00
Credit card advances	3,599,555	0.00
Others	15,423,053	27.00
	54,358,810	
Trade finance	3,116,180	78.10
Loans and advances for use outside Hong Kong	115,235,121	53.82
Accrued interest receivables	339,430	
Gross loans and advances to customers	303,297,351	

Gross loans and advances to customers by industry sectors (Continued)

Analysis of gross loans and advances to customers which constitute not less than 10% of gross loans and advances to customers are as follows:

As of 31 December 2022

In HK$' thousands	**Gross advances**	**Impaired advances**	**Overdue advances**	**Specific provisions**	**Collective provisions**
Financial Concerns	**34,446,138**	**-**	**-**	**-**	**21,267**
Loans for use outside Hong Kong	**105,546,647**	**2,451,609**	**623,301**	**2,196,715**	**259,696**
Loans for the purchase of other residential properties	**36,678,500**	**-**	**3,652**	**3,734**	**205,538**

As of 31 December 2021

In HK$' thousands	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Financial concerns	36,069,234	-	-	-	38,050
Loans for use outside Hong Kong	115,226,312	293,000	77,000	141,108	610,028
Loans for the purchase of other residential properties	35,334,745	1,676	18,478	1,676	232,800

Mainland activities exposures

The table below summarises the Mainland activities exposure of the Bank, categorised by types of non-bank counterparties:

As at 31 December 2022
In HK$ thousands

Types of Counterparties	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total**
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	80,436,880	10,402,990	**90,839,870**
(b) Local governments, local government-owned entities and their subsidiaries and JVs	15,438,754	923,018	**16,361,772**
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	52,041,351	13,763,031	**65,804,382**
(d) Other entities of central government not reported in part (a) above	7,673,382	403,908	**8,077,290**
(e) Other entities of local governments not reported in part (b) above	-	-	**-**
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	12,496,198	1,992,643	**14,488,841**
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	238,694	-	**238,694**
Total	**168,325,259**	**27,485,590**	**195,810,849**
Total assets after provision	**458,821,808**		
On-balance sheet exposures as percentage of total assets	**36.69%**		

Mainland activities exposures (Continued)

As at 31 December 2021
In HK$ thousands

Types of Counterparties	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total**
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	98,898,724	12,146,044	111,044,768
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,043,757	795,132	16,838,889
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	62,214,355	13,148,360	75,362,715
(d) Other entities of central government not reported in part (a) above	8,115,437	2,655,539	10,770,976
(e) Other entities of local governments not reported in part (b) above	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	12,613,610	3,483,821	16,097,431
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,122,463	236,865	1,359,328
Total	199,008,346	32,465,761	231,474,107
Total assets after provision	494,977,430		
On-balance sheet exposures as percentage of total assets	40.21%		

Currency concentrations

The Group had the following net foreign currency exposures which exceeded 10% of the net foreign currency exposure in all currencies:

As at 31 December 2022	**RMB**	**USD**	**Others**	**Total**
HK$ thousands equivalent				
Spot assets	**49,105,080**	**158,088,867**	**25,003,155**	**232,197,102**
Spot liabilities	**(71,580,566)**	**(147,374,584)**	**(17,597,749)**	**(236,552,899)**
Forward purchases	**23,566,920**	**41,816,303**	**5,883,422**	**71,266,645**
Forward sales	**(23,373,313)**	**(55,004,399)**	**(13,369,447)**	**(91,747,159)**
Net (short) / long position (note 2)	**(22,281,879)**	**(2,473,813)**	**(80,619)**	**(24,836,311)**

As at 31 December 2021	**RMB**	**USD**	**Others**	**Total**
HK$ thousands equivalent				
Spot assets	48,933,347	174,420,296	24,551,399	247,905,042
Spot liabilities	(79,383,518)	(148,497,401)	(15,589,582)	(243,470,501)
Forward purchases	29,230,973	64,589,783	3,831,156	97,651,912
Forward sales	(20,974,572)	(90,279,569)	(12,795,502)	(124,049,643)
Net (short) / long position (note 2)	(22,193,770)	233,109	(2,529)	(21,963,190)

There was no net structural and option position as at 31 December 2022 and 31 December 2021.

Note 1: The Group's foreign exchange exposures in the table above are prepared in accordance with the HKMA 'Return of Foreign Currency Position - (MA(BS)6)'.

Note 2: The RMB spot liabilities include the RMB17.6 billion share capital (HK$22.3 billion). The net short RMB position was mainly stemmed from the conversion of RMB capital related assets into Hong Kong dollars in 2015.

REMA: Remuneration Policy

Disclosure on remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA

The Board has delegated power to the Nomination and Remuneration Committee to oversee the design and operation of the Bank's remuneration system.

The Nomination and Remuneration Committee consists of not less than three members, majority of whom should be independent non-executive Directors.

The major responsibilities of the Committee include but not limited to:

- Making recommendations of remuneration packages of the Senior Management [Note1] and the Key Personnel [Note 2],

- Making recommendations to the Board on the Bank's remuneration structure, annual salary adjustment, annual performance bonus and long term incentive, if applicable, and

- Conducting regular review of the Bank's remuneration system and its operation.

The Committee takes into account of the Bank's risk tolerance, risk management framework and long term financial soundness in determining the Bank's Remuneration Policy (the "Policy"). The Policy advocates pay-for-performance philosophy and internal equity to encourage achievement of results and desirable behaviours in support of the Bank's long term goals and strategies. The Policy applies to all employees employed by the Bank.

Remuneration Structure

The remuneration packages of employees focus on "total cash remuneration" comprising of fixed salary and variable remuneration. In alignment with the total reward principle and prevailing market practices, the total cash remuneration follows the Policy guidelines to maintain an appropriate balance that the fixed salary portion is sufficient to attract and retain employees with relevant skills whereas the variable remuneration portion will not effectively become "non-discretionary" or induce excessive risk taking. The proportion of variable remuneration shall vary according to roles and responsibilities, and is usually higher for employees who are higher in seniority.

Fixed remuneration refers to base salary and fixed allowances. Variable remuneration, comprising of mainly discretionary bonus, incentives e.g. short term sales incentives and project bonus, etc. (if applicable), is based on overall performance of the Bank, the relevant business units and the employee as well as taking into account the full range of current and potential short-term and longer-term risks connected with the activities of employees which may affect the performance of the Bank. Variable remuneration is awarded in form of cash currently.

Performance Management and Allocation of Variable Remuneration

Performance of the Bank will be assessed against pre-defined and assessable financial and non-financial targets, including but not limited to the Bank's performance on risk management perspectives. Based on the Bank level targets, each individual division will set up its performance indicators covering financial, non-financial, risk management, compliance and corporate values targets. Major types of risks such as credit risks, market risks, liquidity and operational risks are taken into consideration during the evaluation process.

[Note 1] Senior Management refers to the senior management who are responsible for oversight of the Bank's strategy or activities or those of the Bank's material business lines, including the Chief Executive Officer, Alternate Chief Executive(s), Executive Directors, and other senior executives with a role in the Bank's business who report directly to the Chief Executive, i.e. the most senior personnel who manage Internal Audit and Legal & Compliance functions. The Bank had 7 employees classified as Senior Management as at the year ended 31 December 2022.

[Note 2] Key Personnel refers to the employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank, i.e. the most senior personnel who manage all trading functions of the treasury business and the business functions including Corporate, Retail and Transaction Banking businesses. The Bank had 13 employees classified as Key Personnel as at the year ended 31 December 2022.

REMA: Remuneration Policy (Continued)

Performance Management and Allocation of Variable Remuneration (Continued)

Performance of individual employees will be assessed against a number of pre-defined and measurable performance goals. The goals are determined according to the job responsibilities, areas of contribution covering both financial and non-financial factors, and the full adherence to the code of conduct, internal control policy, compliance standard, ESG, risk management requirements and corporate values. The overall and balanced quality of an employee's performance and performance rating is therefore measured and determined by not only financial achievement, but also non-financial indicators such as adherence to risk management policies, compliance with legal, regulatory, ethical standards (including Anti-Money Laundering etc.), results of internal audit reviews, adherence to corporate values, commitment to sustainable development and customer satisfaction as an integral part of the performance management system. Employees who play a role in supervising employees within the Bank should be measured with additional non-financial factors, such as oversight responsibilities in relation to the management and mitigation of risks, and the risks of misconduct. "Zero compromise" is the standard that the Bank advocates as far as legal and compliance are concerned. Stringent compliance standard and risk management requirement have remained as key and mandatory elements in the performance management system during the year of 2022. For employees within risk control functions, they have to achieve their specific divisional and individual key performance indicators independent of the performance of the business areas which they oversee.

Bank-wide variable remuneration level will be determined with reference to the result of the Bank's overall performance evaluation at the end of the year. Failure to achieve financial and non-financial targets will result in reduction in variable remuneration pool at the Bank level. Award of variable remuneration of individual employee is linked to the performance of the Bank as a whole, the relevant Division and the employee concerned. Misconduct or adverse performance in non-financial factors, where appropriate, should override outstanding financial achievements and could have a significant negative impact on the overall performance rating. Employees who fail to achieve satisfactory non-financial performance results or are accountable for misconduct, will result in a reduction or elimination of variable remuneration. Employees who are beyond those directly responsible for misconduct would also be subject to adjustment to remuneration. The amount of remuneration to be adjusted should be proportionate with the non-compliance or misconduct outcome, by taking account all relevant factors and indicators of the severity of the impact as the outcome depicted in the Performance Management Policy and Procedural Guidelines of the Bank.

In assessing the remuneration packages of Senior Management and Key Personnel of the Bank, the Nomination and Remuneration Committee has the delegated responsibility to review and recommend the total remuneration inclusive of the variable components in alignment with the performance management system described above.

Payout and Deferral of Variable Remuneration

The overall amount of variable remuneration shall take into account of the Bank's performance over the longer term. To align variable remuneration with the Bank's sustainable performance, the payout of variable remuneration is subject to deferment in certain circumstances in connection with activities or employees in roles where the risks taken by them are harder to measure or will be realized over a longer timeframe, and other situations as defined in the Policy or determined by the Nomination and Remuneration Committee or the Board of the Bank. In general, the proportion of variable remuneration, which is subject to deferment, will increase in line with seniority, scope of responsibilities and in proportionate with the amount of bonus as compared to the fixed remuneration.

The award of deferred remuneration is subject to a minimum vesting period and pre-defined vesting conditions in accordance with the Policy. The vesting period shall not be less than three years on a gradual manner and aligned with the nature and risks of business, activities undertaken by employees and the time horizon of the risks from the activities. Payout of deferral may be subject to forfeiture in case of significant performance deterioration at the Bank, business unit or individual level, as appropriate. Early payment of deferral amount is normally not allowed except for special cases in the event of death or disability and the unvested payment will be forfeited if the employee tenders resignation from the Bank or is terminated by the Bank before the normal payout date. Any exception to the rules is subject to approval by the Board, Nomination and Remuneration Committee or Chief Executive Officer as defined in the Policy.

REMA: Remuneration Policy (Continued)

Payout and Deferral of Variable Remuneration (Continued)

Unvested deferred variable remuneration shall be subject to "Malus" and any paid and vested deferred variable remuneration shall be subject to "Clawback" if it is later established that any performance measurement was based on data which is subsequently proven to have been manifestly misstated, or it is later established that there has been fraud or other malfeasance on the part of the employee or violation of the Bank's internal control policies/ procedures. Exception to malas/clawback shall be subject to approval by the Board, Nomination and Remuneration Committee or Chief Executive Officer as defined in the remuneration policy.

On-going Monitoring of the Remuneration System

A multi-level monitoring mechanism shall be in place to ensure the policy is well respected and followed appropriately.

The Board and the Nomination and Remuneration Committee shall provide oversight of the overall remuneration matters of the Bank to ensure the consistency with the culture, strategy, risk tolerance and control environment of the Bank. The audit function of the Bank or an external consultant appointed by the Bank shall conduct regular review (at least annually), independent of management, on the adequacy and effectiveness of the Policy as well as compliance of the operations of the Bank's remuneration system. Results of the review together with any material weaknesses identified shall be submitted to the Nomination and Remuneration Committee. Involvement and inputs from risk management, compliance, finance and human resources shall be solicited as appropriate in the design and implementation of the Policy and systems, with specific regard to risk considerations at various levels of the Bank.

In 2022, the assessment of the Bank's remuneration system against the principles as outlined in the Supervisory Policy Manual CG-5 "Guidelines on a Sound Remuneration System" which was issued by the Hong Kong Monetary Authority was conducted independent of management, and the result of the review was submitted to the Board of Directors and the Nomination and Remuneration Committee.

REM1: Remuneration awarded during financial year

Total value of remuneration in 2022:

In HK$ thousands	**2022***		**2021#**	
Total value of remuneration awards for the current financial year	Non- deferred	Deferred	Non- deferred	Deferred
(i) Senior management				
Fixed remuneration				
• Number of employees	9		5	
• Cash-Based	31,779	-	21,840	-
Variable remuneration				
• Number of employees	9		5	
• Cash-Based	5,760	3,305	3,542	3,197
• Shares and shared-linked instruments	-	-	-	-
(ii) Key Personnel				
Fixed remuneration				
• Number of employees	15		5	
• Cash-Based	24,505	-	8,174	-
Variable remuneration				
• Number of employees	15		5	
• Cash-Based	5,330	3,483	2,427	1,257
• Shares and shared-linked instruments	-	-	-	-

*Note 1: As of the date of these issuance of consolidated financial statements, the above compensation packages including discretionary bonus for senior management and key personnel for the year ended 31 December 2022 has not been finalized yet, and only accrued figures are presented.

#Note 2: Accrued variable remuneration figures for year 2021 were presented in previous disclosure, and are now restated with actual figures in this disclosure. The 2021 actual total remuneration for Senior Management and Key Personnel as compared with the accrued total remuneration presented in previous disclosure has decreased by 0.8% and increased by 4.7% respectively.

Note 3: In 2021, 1 staff left from Senior Management position. In 2022, 5 staff were added as Senior Management position and 2 staff left.
In 2021, 1 staff left from Key Personnel position. In 2022, 11 staff were added as Key Personnel and 2 staff left. Their remuneration details are disclosed according to the period they assumed such Senior Management / Key Personnel roles within the year.
The number of employees disclosed in the above table is the total number of staff who had held the position any time during the year.

Note 4: Starting from 2020, according to Head Office guideline and the PRC Individual Income Tax requirement, PRC secondees are liable for the PRC Individual Income Tax. For Senior Management who are PRC secondee, the above figures have included the gross-up amount being the tax allowance, which are the value equivalent to the tax difference between PRC and Hong Kong tax.

REM2: Special payments

In 2021 and 2022, no guaranteed bonuses, sign-on, or severance payments were made to the Senior Management and Key Personnel of the Bank.

REM3: Deferred remuneration

Outstanding deferred remunerations at the end of 2022:

In HK$ thousands	**2022*** (include award for performance year 2022)		**2021#** (include award for performance year 2021)	
Outstanding deferred remunerations	Vested	Unvested	Vested	Unvested
(A) Senior management				
• Cash-Based	-	10,717	-	9,853
• Shares and shared-linked instruments	-	-	-	-
• Others (Please specify)	-	-	-	-
(B) Key Personnel				
• Cash-Based	-	10,801	-	2,802
• Shares and shared-linked instruments	-	-	-	-
• Others (Please specify)	-	-	-	-

Employees' exposures to implicit and explicit adjustments of deferred remuneration and retained remunerations

In HK$ thousands	**2022***		**2021#**	
	Senior management	Key personnel	Senior management	Key personnel
Total outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	10,717	10,801	9,853	2,802
Total reductions during the financial year due to ex post explicit adjustments	-	-	-	-
Total reductions during the financial year due to ex post implicit adjustments	-	-	-	-
Total deferred remuneration paid out during the financial year	2,950	1,168	3,010	479

Glossary

Abbreviations	Descriptions
ASF	Available Stable Funding
AT1	Additional Tier 1
BSC	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
EAD	Exposure at Default
EPE	Expected Positive Exposure
FBA	Fall-back Approach
G-SIB	Global Systemically Important Banks
IMM	Internal Models Approach
IMM (CCR)	Internal Models (Counterparty Credit Risk) Approach
IRB	Internal Ratings-Based Approach
LTA	Look-through Approach
MBA	Mandate-Based Approach
PFE	Potential Future Exposure
PSE	Public Sector Entity
RC	Replacement Cost
RSF	Required Stable Funding
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount
SA-CCR	Standardized Approach for Counterparty Credit Risk
SEC-ERBA	Securitization External Ratings Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach
VaR	Value at Risk