



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

Regulatory Disclosures

For the quarter ended

31 March 2022

(Unaudited)

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

Regulatory Disclosures

As at 31 March 2022

(Expressed in thousands of Hong Kong Dollars)

KM1: Key Prudential Ratios

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

| | | (a) | (b) | (c) | (d) | (e) |
|----|--|-------------|-------------|-------------|-------------|-------------|
| | | 31 Mar 2022 | 31 Dec 2021 | 30 Sep 2021 | 30 Jun 2021 | 31 Mar 2021 |
| | Regulatory capital (amount) | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 62,542,615 | 62,915,093 | 62,375,868 | 61,244,598 | 61,047,698 |
| 2 | Tier 1 | 78,131,948 | 78,504,426 | 77,965,201 | 76,833,931 | 76,637,031 |
| 3 | Total capital | 81,103,009 | 81,409,319 | 81,068,534 | 79,856,497 | 79,584,550 |
| | RWA (amount) | | | | | |
| 4 | Total RWA | 386,943,407 | 383,383,864 | 396,437,954 | 392,193,332 | 382,405,184 |
| | Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | |
| 5 | CET1 ratio (%) | 16.16% | 16.41% | 15.73% | 15.62% | 15.96% |
| 6 | Tier 1 ratio (%) | 20.19% | 20.48% | 19.67% | 19.59% | 20.04% |
| 7 | Total capital ratio (%) | 20.96% | 21.23% | 20.45% | 20.36% | 20.81% |
| | 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% | 0.86% | 0.85% | 0.86% | 0.85% |
| 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% | 3.36% | 3.35% | 3.36% | 3.35% |
| 12 | CET1 available after meeting the AI's minimum capital requirements (%) | 11.66% | 11.91% | 11.23% | 11.12% | 11.46% |
| | Basel III leverage ratio | | | | | |
| 13 | Total leverage ratio (LR) exposure measure | 530,992,094 | 534,585,235 | 543,298,340 | 542,536,979 | 503,382,011 |
| 14 | LR (%) | 14.71% | 14.69% | 14.35% | 14.16% | 15.22% |
| | Liquidity Coverage Ratio (LCR) | | | | | |
| 15 | Total high quality liquid assets (HQLA) | 69,942,444 | 72,650,012 | 68,337,945 | 69,264,343 | 65,096,130 |
| 16 | Total net cash outflows | 48,742,578 | 49,692,804 | 45,601,269 | 50,408,462 | 45,803,530 |
| 17 | LCR (%) | 143.87% | 146.80% | 150.74% | 138.27% | 143.75% |
| | Net Stable Funding Ratio (NSFR) | | | | | |
| 18 | Total available stable funding | 324,925,931 | 329,379,452 | 335,407,011 | 340,543,248 | 335,509,000 |
| 19 | Total required stable funding | 254,190,925 | 253,411,393 | 267,870,881 | 262,697,284 | 251,946,838 |
| 20 | NSFR (%) | 127.83% | 129.98% | 125.21% | 129.63% | 133.17% |

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OV1: Overview of RWA

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

| In HK \$thousands | | (a) | (b) | (c) |
|-------------------|--|---------------------|------------------------|------------------------------|
| | | RWA | | Minimum capital requirements |
| | | As at 31 March 2022 | As at 31 December 2021 | As at 31 March 2022 |
| 1 | Credit risk for non-securitization exposures | 343,832,011 | 338,513,055 | 27,506,561 |
| 2 | Of which STC approach | 343,832,011 | 338,513,055 | 27,506,561 |
| 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 | 1,488,145 | 1,790,096 | 119,051 |
| 7 | Of which SA-CCR approach | 1,174,502 | 1,306,935 | 93,960 |
| 7a | Of which CEM | - | - | - |
| 8 | Of which IMM(CCR) approach | - | - | - |
| 9 | Of which others | 313,643 | 483,161 | 25,091 |
| 10 | CVA risk | 1,020,288 | 656,200 | 81,623 |
| 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 | 24,503,525 | 26,284,450 | 1,960,282 |
| 21 | Of which STM approach | 24,503,525 | 26,284,450 | 1,960,282 |
| 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 | 14,824,438 | 14,865,063 | 1,185,955 |
| 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 | 386,943,407 | 383,383,864 | 30,955,472 |

- Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect.
- For the quarter ended 31 March 2022, total RWAs increased by HK\$3.6 billion mainly due to increase in RWA for non-securitization credit exposures.

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LR2: Leverage ratio (“LR”)

| | | (a) | (b) |
|--|--|------------------------|---------------------------|
| | | As at 31 March 2022 | As at 31 December 2021 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) | 495,302,573 | 499,450,002 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (819,123) | (992,863) |
| 3 | Total on-balance sheet exposures (excluding derivative contracts and SFTs) | 494,483,450 | 498,457,139 |
| 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) | 692,853 | 466,021 |
| 5 | Add-on amounts for PFE associated with all derivative contracts | 1,224,924 | 1,850,788 |
| 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 | 1,917,777 | 2,316,809 |
| Exposures arising from SFTs | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 10,975,672 | 7,156,824 |
| 13 | Less: Netted amounts of cash payables and cash receivables of gross SFT assets | - | - |
| 14 | CCR exposure for SFT assets | 429,669 | 451,677 |
| 15 | Agent transaction exposures | - | - |
| 16 | Total exposures arising from SFTs | 11,405,341 | 7,608,501 |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposure at gross notional amount | 101,166,863 | 106,424,095 |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | (74,251,851) | (76,795,868) |
| 19 | Off-balance sheet items | 26,915,012 | 29,628,227 |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 78,131,948 | 78,504,426 |
| 20a | Total exposures before adjustments for specific and collective provisions | 534,721,580 | 538,010,676 |
| 20b | Adjustments for specific and collective provisions | (3,729,486) | (3,425,441) |
| 21 | Total exposures after adjustments for specific and collective provisions | 530,992,094 | 534,585,235 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 14.71% | 14.69% |

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LIQ1: Liquidity coverage ratio - for category 1 institution

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

The average LCR of the Bank was maintained at a healthy level for the first quarter ended 31 March 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 31 March 2022 |
|--------------------------------------|--|
| Level 1 assets | 63,446,334 |
| Level 2A assets | 1,506,283 |
| Level 2B assets | 4,989,827 |
| Total weighted amount of HQLA | 69,942,444 |

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

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

| | | Quarter ended 31 March 2022 (73 data points) | |
|---|---|---|--------------------------------|
| | | (a) | (b) |
| Basis of disclosure: Hong Kong office | | Unweighted value (average) | Weighted value (average) |
| A. HQLA | | | |
| 1 | Total HQLA | | 69,942,444 |
| B. CASH OUTFLOWS | | | |
| 2 | Retail deposits and small business funding, of which: | 205,139,334 | 15,529,954 |
| 3 | Stable retail deposits and stable small business funding | 4,238,397 | 127,152 |
| 4 | Less stable retail deposits and less stable small business funding | 107,155,103 | 10,715,510 |
| 4a | Retail term deposits and small business term funding | 93,745,834 | 4,687,292 |
| 5 | Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which: | 123,903,118 | 74,444,617 |
| 6 | Operational deposits | - | - |
| 7 | Unsecured wholesale funding (other than small business funding) not covered in row 6 | 123,903,118 | 74,444,617 |
| 8 | Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period | - | - |
| 9 | Secured funding transactions (including securities swap transactions) | | 658,624 |
| 10 | Additional requirements, of which: | 41,133,418 | 7,474,951 |
| 11 | Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements | 781,566 | 781,566 |
| 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) | 40,351,852 | 6,693,385 |
| 14 | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows | 4,641,160 | 4,641,160 |
| 15 | Other contingent funding obligations (whether contractual or non-contractual) | 178,475,460 | 503,777 |
| 16 | Total Cash Outflows | | 103,253,083 |
| C. CASH INFLOWS | | | |
| 17 | Secured lending transactions (including securities swap transactions) | 213,832 | - |
| 18 | Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions | 135,255,484 | 48,359,317 |
| 19 | Other cash inflows | 67,898,108 | 6,151,188 |
| 20 | Total Cash Inflows | 203,367,424 | 54,510,505 |
| D. LIQUIDITY COVERAGE RATIO (ADJUSTED VALUE) | | | |
| 21 | Total HQLA | | 69,942,444 |
| 22 | Total Net Cash Outflows | | 48,742,578 |
| 23 | LCR (%) | | 143.87% |