



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

Regulatory Disclosure Statement

For the six months ended

30 June 2020

(Unaudited)

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
Regulatory Disclosures Statement (Unaudited)
As at 30 June 2020

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Introduction

The Information contained in this document is for China Construction Bank (Asia) 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 disclosure 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 Disclosure 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 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 of 30 June 2020 were computed on a consolidated basis, including the Bank and its subsidiaries, CCB Hong Kong Property Management Company 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 Nominee Limited (“CCBN”) and CCB (Asia) Trustee Company Limited (“CCBT”) which conduct nonbanking 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 30 June 2020.

As of 30 June 2020			
Name of company	Principal activities	Total assets HK\$ thousands	Total equity HK\$ thousands
CCB Securities Limited	Securities brokerage business	1,040,929	623,029
CCB Nominee Limited	Custodian and nominee services	40,449	39,740
CCB (Asia) Trustee Company Limited	Trustee and custodian business	120,051	61,923

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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)
		30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
	Regulatory Capital (amount)					
1	Common Equity Tier 1 (CET1)	58,556,533	58,460,277	57,152,934	56,496,340	55,430,792
2	Tier 1	74,145,866	74,049,767	68,865,774	64,308,072	63,242,524
3	Total capital	77,240,808	77,478,885	72,003,976	67,275,804	71,952,991
	RWA (amount)					
4	Total RWA	404,494,230	404,456,109	393,410,290	380,713,496	368,331,065
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	14.48%	14.45%	14.53%	14.84%	15.05%
6	Tier 1 ratio (%)	18.33%	18.31%	17.50%	16.89%	17.17%
7	Total capital ratio (%)	19.10%	19.16%	18.30%	17.67%	19.53%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.83%	0.81%	1.62%	2.05%	2.05%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total AI-specific CET1 buffer requirements (%)	3.33%	3.31%	4.12%	4.55%	4.55%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.98%	9.95%	10.03%	9.67%	10.55%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	523,560,595	538,711,165	513,835,939	499,895,825	504,505,990
14	LR (%)	14.16%	13.75%	13.40%	12.86%	12.54%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	56,253,958	62,644,510	56,545,013	57,051,355	51,223,991
16	Total net cash outflows	33,322,547	41,746,929	25,224,795	24,982,553	22,860,574
17	LCR (%)	172.24%	150.83%	231.93%	232.36%	228.56%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	353,494,446	356,343,666	344,929,412	328,853,754	334,802,692
19	Total required stable funding	262,447,756	270,766,415	264,995,159	243,927,277	254,915,939
20	NSFR (%)	134.69%	131.61%	130.16%	134.82%	131.34%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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OV1: Overview of RWA

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2020	As at 31 March 2020	As at 30 June 2020
1	Credit risk for non-securitization exposures	362,504,095	362,390,586	29,000,328
2	Of which STC approach	362,504,095	362,390,586	29,000,328
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	1,038,822	1,126,422	83,106
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	931,400	925,686	74,512
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	107,422	200,736	8,594
10	CVA risk	434,638	399,825	34,771
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	24,079,025	24,152,363	1,926,322
21	Of which STM approach	24,079,025	24,152,363	1,926,322
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	15,162,650	15,111,913	1,213,012
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	404,494,230	404,456,109	32,359,539

During the quarter ended 30 June 2020, total RWAs increased by HK\$38 million mainly due to increase in RWA for non-securitization credit exposures but partly offset by decrease in counterparty default risk.

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CC1: Composition of regulatory capital

The following table sets out the detailed composition of the regulatory capital:

As at 30 June 2020

	(a)	(b)	
	Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to CC2)	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	28,827,843	4
2	Retained earnings	29,021,154	6
3	Disclosed reserves	1,821,740	7+8+9+10+11
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	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 deductions	59,670,737	
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)	578,068	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

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CC1: Composition of regulatory capital (Continued)

As at 30 June 2020		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to CC2)
26	National specific regulatory adjustments applied to CET1 capital	536,136	
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	536,136	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	1,114,204	
29	CET1 capital	58,556,533	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	15,589,333	5
31	of which: classified as equity under applicable accounting standards	15,589,333	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	AT1 capital before regulatory deductions	15,589,333	
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	15,589,333	
45	Tier 1 capital (T1 = CET1 + AT1)	74,145,866	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
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)	-	

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CC1: Composition of regulatory capital (Continued)

As at 30 June 2020

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to CC2)
49	<i>Of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	3,094,942	1+8
51	Tier 2 capital before regulatory deductions	3,094,942	
	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)	3,094,942	
59	Total regulatory capital (TC = T1 + T2)	77,240,808	
60	Total RWA	404,494,230	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	14.48%	
62	Tier 1 capital ratio	18.33%	
63	Total capital ratio	19.10%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.33%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.83%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.98%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable

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CC1: Composition of regulatory capital (Continued)

As at 30 June 2020

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to CC2)
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)	3,094,942	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	4,560,224	
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	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

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CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liabilities)	-	-
	<u>Explanation</u> 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)	578,068	-
	<u>Explanation</u> 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)	-	-
	<u>Explanation</u> 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.		

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CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

	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)	-	-
	<u>Explanation</u> 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)	-	-
	<u>Explanation</u> 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)	-	-
	<u>Explanation</u> 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 non-capital 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.			

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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.

	(a) Balance sheet as in published financial statements As at 30 June 2020	(b) Under regulatory scope of consolidation As at 30 June 2020	(c) Cross referenced to the component of regulatory capital in CC1
ASSETS			
Cash and balances with banks and central banks	47,323,713	47,323,713	
Gross cash and balances with banks and central banks	47,324,841	47,324,841	
Collective provision	(1,128)	(1,128)	1
Placements with banks	34,767,777	34,767,777	
Gross placements with banks	34,773,621	34,773,621	
Collective provision	(5,844)	(5,844)	1
Advances to banks	388,084	388,084	
Advances to customers and trade bills	311,602,543	311,602,543	
Gross advances to customers and trade bills	314,846,599	314,846,599	
Collective provision	(2,154,108)	(2,154,108)	1
Specific provision	(1,089,948)	(1,089,948)	
Financial assets measured at fair value through profit or loss	8,852,694	8,694,457	
Financial assets measured at fair value through other comprehensive income	71,213,972	71,213,972	
Gross financial assets measured at fair value through other comprehensive income	71,215,083	71,215,083	
Collective provision	(1,111)	(1,111)	1
Other assets measured at amortized costs	11,131,496	11,131,496	
Gross other assets measured at amortized costs	11,179,570	11,179,570	
Collective provision	(48,074)	(48,074)	1
Derivative financial instruments	1,057,099	1,057,099	
Investment in subsidiaries	-	516,000	
Financial sector entities	-	510,000	2
Commercial entities	-	6,000	
Interest in a joint venture	1,869,268	1,869,268	
Deferred tax assets	578,068	578,068	3
Fixed assets	2,518,518	2,515,271	
Right-of-use assets	2,095,538	2,095,538	
Other assets	2,349,782	2,600,127	
Gross other assets	2,353,926	2,604,271	
Collective provision	-	-	1
Specific provision	(4,144)	(4,144)	
TOTAL ASSETS	495,748,552	496,353,413	

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

	(a) Balance sheet as in published financial statements As at 30 June 2020	(b) Under regulatory scope of consolidation As at 30 June 2020	(c) Cross referenced to the component of regulatory capital in CC1
LIABILITIES			
Deposits and balances of banks	10,189,643	10,189,643	
Deposits from customers	392,475,561	393,070,595	
Financial assets sold under repurchases agreements	1,391,682	1,391,682	
Financial liabilities designated at fair value through profit or loss	242,062	242,062	
Other debt securities issued	1,758,484	1,758,484	
Derivative financial instruments	1,058,933	1,058,933	
Lease Liabilities	1,623,324	1,623,324	
Current tax payable	495,423	493,924	
Deferred tax liabilities	19,982	19,288	
Other liabilities	11,023,899	11,245,408	
Other liabilities	10,675,358	10,896,867	
Collective provision	348,541	348,541	1
TOTAL LIABILITIES	420,278,993	421,093,343	
EQUITY			
Share capital	28,827,843	28,827,843	4
Other equity instruments	15,589,333	15,589,333	5
Reserves	31,052,383	30,842,894	
Retained earnings	29,230,643	29,021,154	6
General reserve	750,956	750,956	7
Regulatory reserve	536,136	536,136	8
Other capital reserve	15,913	15,913	9
Investment revaluation reserve	456,473	456,473	10
Merger reserve	62,262	62,262	11
TOTAL EQUITY	75,469,559	75,260,070	
TOTAL EQUITY & LIABILITIES	495,748,552	496,353,413	

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.

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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	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	China Construction Bank (Asia) Corporation Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable	XS1743529767	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)	English Law (subordination governed by Hong Kong Law)
	<i>Regulatory treatment</i>					
4	Transitional Basel III rules [#]	Common Equity Tier 1	Common Equity Tier 1	Not applicable	Not applicable	Not applicable
5	Post-transitional Basel III rules [*]	Common Equity Tier 1	Common Equity Tier 1	Additional 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	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	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD6,511 million	HKD22,317 million	HKD7,812 million	HKD3,901 million	HKD3,876 million
9	Par value of instrument	HKD40 each	RMB40 each	USD1 billion	USD500 million	USD500 million
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	Since incorporation	15-Aug-2013	29-Dec-2017	13-Dec-2019	26-Mar-2020
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	29-Dec-2022. Redemption in whole at 100%	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	Any distribution payment date after first call date

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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	AT1 Perpetual capital instruments
	<i>Coupons / dividends</i>					
17	Fixed or floating dividend/coupon	Not applicable	Not applicable	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not applicable	Not applicable	Year 1-5: 4.70% 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: 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	Yes
20	Fully discretionary, partially discretionary or mandatory	Not applicable	Not applicable	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	Not applicable	Not applicable	No	No	No
22	Noncumulative or cumulative	Not applicable	Not applicable	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not applicable	Not applicable	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	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	Not applicable

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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	AT1 Perpetual capital instruments
30	Write-down feature	Not applicable	Not applicable	Yes	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	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not applicable	Not applicable	Partial	Partial	Partial
33	If write-down, permanent or temporary	Not applicable	Not applicable	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	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.	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	No
37	If yes, specify non-compliant features	Not applicable	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

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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 30 June 2020 was 0.827% as the majority of its private sector credit exposures are attributed to Hong Kong whose applicable JCCyB has been updated to 1.00% 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 30 June 2020			
		(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	1.00	258,086,048		
2	Sum		258,086,048		
3	Total		312,037,958	0.827	3,345,167

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.

2. Effective from 16 March 2020, the applicable JCCyB ratio in effect in Hong Kong decreased from 2.00% to 1.00%. The private sector credit exposures increased comparing with 31 December 2019, mainly driven by the loan increase.

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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.

	Item	Value under the LR framework As at 30 June 2020
1	Total consolidated assets as per published financial statements	495,748,552
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
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	1,811,079
5	Adjustment for SFTs (i.e. repos and similar secured lending)	1,604,647
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	25,294,758
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(348,541)
7	Other adjustments	(1,065,900)
8	Leverage ratio exposure measure	523,560,595

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LR2: Leverage ratio

		(a)	(b)
		As at 30 June 2020	As at 31 March 2020
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	497,725,722	513,215,409
2	Less: Asset amounts deducted in determining Tier 1 capital	(578,068)	(354,046)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	497,147,654	512,861,363
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)	655,866	944,253
5	Add-on amounts for PFE associated with all derivative contracts	2,244,398	1,938,021
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(32,086)	(105,211)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	2,868,178	2,777,063
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,688,063	2,187,477
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	214,840	401,473
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	1,902,903	2,588,950
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	97,559,140	94,266,907
18	Less: Adjustments for conversion to credit equivalent amounts	(72,264,382)	(70,249,822)
19	Off-balance sheet items	25,294,758	24,017,085
Capital and total exposures			
20	Tier 1 capital	74,145,866	74,049,767
20a	Total exposures before adjustments for specific and collective provisions	527,213,493	542,244,461
20b	Adjustments for specific and collective provisions	(3,652,898)	(3,533,296)
21	Total exposures after adjustments for specific and collective provisions	523,560,595	538,711,165
Leverage ratio			
22	Leverage ratio	14.16%	13.75%

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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.

The average LCR of the Bank was maintained at a healthy level in the first half of 2020.

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

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

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

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

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

The composition of the Bank's HQLA was:

	Weighted amount (average value) at quarter ended 30 June 2020
Level 1 assets	47,450,622
Level 2A assets	3,191,709
Level 2B assets	5,611,627
Total weighted amount of HQLA	56,253,958

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

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

		Quarter ended 30 June 2020 (71 data points)	
		(a)	(b)
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		56,253,958
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	238,201,257	16,887,903
3	Stable retail deposits and stable small business funding	3,389,930	101,698
4	Less stable retail deposits and less stable small business funding	100,912,773	10,091,277
4a	Retail term deposits and small business term funding	133,898,554	6,694,928
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	104,170,045	57,433,782
6	Operational deposits	-	-
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	104,150,112	57,413,849
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	19,933	19,933
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	36,174,810	7,717,292
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	2,238,089	2,238,089
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)	33,936,721	5,479,203
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,304,426	2,304,426
15	Other contingent funding obligations (whether contractual or non-contractual)	155,769,560	503,854
16	Total Cash Outflows		84,847,257
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	113,412,350	48,395,515
19	Other cash inflows	63,134,715	3,129,195
20	Total Cash Inflows	176,547,065	51,524,710
D. LIQUIDITY COVERAGE RATIO (ADJUSTED VALUE)			
21	Total HQLA		56,253,958
22	Total Net Cash Outflows		33,322,547
23	LCR (%)		172.24%

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LIQ2: Net stable funding ratio – for category 1 institution

For the quarter ended 30 June 2020:

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	77,694,783	-	-	-	77,694,783
2	Regulatory capital	77,694,783	-	-	-	77,694,783
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	231,457,758	6,309,235	73,336	214,237,503
5	Stable deposits		3,477,461	-	-	3,303,588
6	Less stable deposits		227,980,297	6,309,235	73,336	210,933,915
7	Wholesale funding:	-	162,816,871	3,848,993	-	59,812,124
8	Operational deposits		-	-	-	-
9	Other wholesale funding	-	162,816,871	3,848,993	-	59,812,124
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	131,784	11,126,144	-	1,750,036	1,750,036
12	Net derivative liabilities	131,784				
13	All other funding and liabilities not included in the above categories	-	11,126,144	-	1,750,036	1,750,036
14	Total ASF					353,494,446
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes				65,101,848	7,546,219
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	4,381,311	204,555,212	27,344,638	184,513,888	246,652,155
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	-	85,608,753	2,406,757	27,567,294	41,611,985
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:	4,381,311	113,543,106	20,693,004	116,367,711	169,754,724
21	With a risk-weight of less than or equal to 35% under the STC approach	-	500,090	-	-	250,045
22	Performing residential mortgages, of which:	-	1,872,051	702,855	24,647,136	17,607,676

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

For the quarter ended 30 June 2020 (Continued):

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	1,140,292	655,380	23,149,215	15,944,826
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	3,531,302	3,542,022	15,931,747	17,677,770
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	6,618,487	1,864,058	-	-	6,506,717
27	<i>Physical traded commodities, including gold</i>	-				-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	239,086				203,223
29	<i>Net derivative assets</i>	-				-
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	1,059,430				52,972
31	<i>All other assets not included in the above categories</i>	5,319,971	1,864,058	-	-	6,250,522
32	Off-balance sheet items				191,927,387	1,742,665
33	Total RSF					262,447,756
34	Net Stable Funding Ratio (%)					134.69%

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

For the quarter ended 31 March 2020:

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	77,734,031	-	-	-	77,734,031
2	Regulatory capital	77,734,031	-	-	-	77,734,031
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	229,414,296	5,545,062	30,117	211,658,331
5	Stable deposits		3,295,813	-	-	3,131,023
6	Less stable deposits		226,118,483	5,545,062	30,117	208,527,308
7	Wholesale funding:	-	184,187,653	5,543,739	-	65,207,214
8	Operational deposits		-	-	-	-
9	Other wholesale funding	-	184,187,653	5,543,739	-	65,207,214
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	172,277	6,357,649	1,000	1,743,590	1,744,090
12	Net derivative liabilities	172,277				
13	All other funding and liabilities not included in the above categories	-	6,357,649	1,000	1,743,590	1,744,090
14	Total ASF					356,343,666
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes				68,968,723	8,623,392
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	4,227,604	202,809,932	30,819,316	189,438,683	253,552,758
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	-	80,411,218	5,715,699	31,137,333	46,056,865
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:	4,227,604	116,999,515	21,674,056	117,444,694	172,758,239
21	With a risk-weight of less than or equal to 35% under the STC approach	-	500,190	-	-	250,095
22	Performing residential mortgages, of which:	-	957,294	662,753	24,011,909	16,815,263

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

For the quarter ended 31 March 2020 (Continued):

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	614,308	600,223	22,024,415	14,923,135
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	4,441,905	2,766,808	16,844,747	17,922,391
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	7,373,521	6,463,308	15,719	-	6,949,282
27	<i>Physical traded commodities, including gold</i>	-				-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	239,679				203,727
29	<i>Net derivative assets</i>	-				-
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	2,003,403				100,170
31	<i>All other assets not included in the above categories</i>	5,130,439	6,463,308	15,719	-	6,645,385
32	Off-balance sheet items				181,677,795	1,640,983
33	Total RSF					270,766,415
34	Net Stable Funding Ratio (%)					131.61%

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CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30 June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	2,851,783	404,363,709	(3,255,172)	1,094,092	2,161,080	-	403,960,320
2	Debt securities	-	82,238,109	(49,185)	-	49,185	-	82,188,924
3	Off-balance sheet exposures	-	42,169,025	(348,541)	-	348,541	-	41,820,484
4	Total	2,851,783	528,770,843	(3,652,898)	1,094,092	2,558,806	-	527,969,728

Defaulted exposures comprise exposures which are past due for more than 90 days or credit impaired.

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 30 June 2020 and 31 December 2019 respectively:

		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31 December 2019) (Restated)	862,597
2	Loans and debt securities that have defaulted since the last reporting period	2,574,443
3	Returned to non-defaulted status	(569,374)
4	Amounts written off	(15,883)
5	Other changes	-
6	Defaulted loans and debt securities at end of the current reporting period (30 June 2020)	2,851,783

The increase in default exposures in the current reporting period was due to default of corporate loan.

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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 30 June 2020:

		(a)	(b1)	(b)	(d)	(f)
		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	367,932,492	36,027,828	2,037,797	33,990,031	-
2	Debt securities	81,469,457	719,467	-	719,467	-
3	Total	449,401,949	36,747,295	2,037,797	34,709,498	-
4	Of which defaulted	30,035	1,727,656	146,683	1,580,973	-

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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 30 June 2020:

	Exposure classes	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	33,653,820	-	33,679,380	-	1,276,087	4%
2	PSE exposures	500,090	-	1,109,541	-	221,908	20%
2a	Of which: domestic PSEs	500,090	-	1,109,541	-	221,908	20%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	585,543	-	585,543	-	-	0%
4	Bank exposures	102,749,951	12,658	123,596,628	6,329	50,400,198	41%
5	Securities firm exposures	3,983,554	-	4,705,021	58,126	2,381,574	50%
6	Corporate exposures	297,652,896	45,023,977	274,504,981	19,606,085	272,306,426	93%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	284,237	-	284,237	-	-	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	12,658,545	51,261,130	12,591,329	2,023	9,445,014	75%
11	Residential mortgage loans	27,127,393	-	26,530,393	-	10,657,636	40%
12	Other exposures which are not past due exposures	15,971,623	1,261,375	15,689,487	-	15,689,487	100%
13	Past due exposures	118,712	-	118,712	-	125,765	106%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	Total	495,286,364	97,559,140	493,395,252	19,672,563	362,504,095	71%

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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 30 June 2020:

	Exposure class	Risk Weight										Total credit risk exposures amount (post CCF and post CRM)
		(a) 0%	(b) 10%	(c) 20%	(d) 35%	(e) 50%	(f) 75%	(g) 100%	(h) 150%	(ha) 250%	(i) Others	
1	Sovereign exposures	27,298,944	-	6,380,436	-	-	-	-	-	-	-	33,679,380
2	PSE exposures	-	-	1,109,541	-	-	-	-	-	-	-	1,109,541
2a	Of which: domestic PSEs	-	-	1,109,541	-	-	-	-	-	-	-	1,109,541
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	585,543	-	-	-	-	-	-	-	-	-	585,543
4	Bank exposures	4,250	-	38,126,875	-	85,394,019	-	77,813	-	-	-	123,602,957
5	Securities firm exposures	-	-	-	-	4,763,147	-	-	-	-	-	4,763,147
6	Corporate exposures	-	-	-	-	43,848,876	-	250,022,596	239,594	-	-	294,111,066
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	284,237	-	-	-	-	-	-	-	-	-	284,237
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	-	-	-	-	-	12,593,352	-	-	-	-	12,593,352
11	Residential mortgage loans	-	-	-	24,349,456	-	182,445	1,998,492	-	-	-	26,530,393
12	Other exposures which are not past due exposures	-	-	-	-	-	-	15,689,487	-	-	-	15,689,487
13	Past due exposures	-	-	8,703	-	-	-	81,980	28,029	-	-	118,712
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	28,172,974	-	45,625,555	24,349,456	134,006,042	12,775,797	267,870,368	267,623	-	-	513,067,815

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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 30 June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)
		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)	-	-		1.4	-	-
1a	CEM	819,550	2,244,398		N/A	2,656,109	931,400
2	IMM(CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					214,841	107,422
5	VaR (for SFTs)					-	-
6	Total						1,038,822

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 30 June 2020:

		(a)	(b)
		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	2,640,053	434,638
4	Total	2,640,053	434,638

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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 30 June 2020, 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:

	Exposure class	Risk Weight										
		(a) 0%	(b) 10%	(c) 20%	(ca) 35%	(d) 50%	(e) 75%	(f) 100%	(g) 150%	(ga) 250%	(h) Others	(i) Total default risk exposure 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	-	-	1,535,778	-	1,145,729	-	-	-	-	-	2,681,507
5	Securities firm exposures	-	-	-	-	59,458	-	-	-	-	-	59,458
6	Corporate exposures	-	-	-	-	-	-	124,596	-	-	-	124,596
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	3,649	-	-	-	-	3,649
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	1,740	-	-	-	1,740
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	1,535,778	-	1,205,187	3,649	126,336	-	-	-	2,870,950

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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 30 June 2020 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

	(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
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	298,256
Cash - other currencies	-	163,684	523,369	32,086	1,389,807	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Other Debt Securities	-	-	-	-	-	1,604,647
Equity securities	-	-	-	-	298,253	-
Total	-	163,684	523,369	32,086	1,688,060	1,902,903

MR1: Market risk under STM approach

The table below provides the components of the market risk capital requirements calculated using the STM approach as at 30 June 2020:

	(a)
	RWA
Outright product exposures	
1 Interest rate exposures (general and specific risk)	1,758,200
2 Equity exposures (general and specific risk)	-
3 Foreign exchange (including gold) exposures	22,320,825
4 Commodity exposures	-
Option exposures	
5 Simplified approach	-
6 Delta-plus approach	-
7 Other approach	-
8 Securitization exposures	-
9 Total	24,079,025

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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:

	As at 30 June 2020	As at 31 December 2019
Direct credit substitutes	230,183	361,765
Transaction-related contingencies	4,345,553	3,985,512
Trade-related contingencies	2,739,988	1,762,424
Other commitments:		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	55,390,115	52,942,232
with an original maturity up to one year	2,072,872	3,245,985
with an original maturity over one year	32,780,429	30,399,463
Total	97,559,140	92,697,381
Total RWAs for credit risk of its off-balance sheet exposures	18,072,164	16,958,439

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.

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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 30 June 2020					
	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developing Asia and Pacific	83,784,380	4,934,145	4,813,667	60,277,908	153,810,100
- of which China	81,563,838	4,934,145	4,813,667	55,449,495	146,761,145
Offshore centres	5,822,640	81,887	27,699,043	87,921,824	121,525,394
Developed countries	13,062,122	6,840,144	989,524	11,171,477	32,063,267

As at 31 December 2019					
	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developing Asia and Pacific	80,102,999	5,917,604	6,880,297	67,308,258	160,209,158
- of which China	78,708,781	5,917,604	6,880,297	62,983,634	154,490,316
Offshore centres	10,943,436	79,431	22,065,313	78,738,675	111,826,855
Developed countries	11,763,994	10,906,415	57,598	10,567,696	33,295,703

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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 30 June 2020. The geographical analysis is based on location of the customers and has taken into account of transfer of risk.

As of 30 June 2020

	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Hong Kong	266,534,827	2,836,198	665,328	1,093,212	1,850,636
China	33,164,445	1,372	52,485	595	148,399
Macau	278,654	-	-	-	187
Others	14,152,602	231	19	108	29,625
	314,130,528	2,837,801	717,832	1,093,915	2,028,847

As of 31 December 2019

	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Hong Kong	244,009,911	770,554	572,596	422,752	1,507,672
China	29,850,516	79,607	74,110	79,499	264,800
Macau	228,341	-	-	-	1,113
Others	18,597,189	-	-	-	423,899
	292,685,957	850,161	646,706	502,251	2,197,484

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Gross loans and advances to customers by industry sectors

	As at 30 June 2020		As at 31 December 2019	
	Outstanding balance	% of gross advances covered by collateral	Outstanding balance	% of gross advances covered by collateral
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
Property development	17,176,329	92.32	16,553,186	87.43
Property investment	28,681,775	85.21	28,821,097	89.95
Financial concerns	38,764,844	28.40	34,450,580	35.67
Stockbrokers	1,305,932	0.00	855,085	0.00
Wholesale and retail trade	5,119,821	85.97	5,451,472	88.59
Manufacturing	8,506,270	78.17	8,026,832	71.00
Transport and transport equipment	8,490,788	32.55	9,989,160	68.30
Recreational activities	20,761	28.19	29,178	100.00
Information technology	5,146,507	55.77	6,022,776	48.74
Others	24,381,100	69.42	22,448,943	68.58
	<u>137,594,127</u>		<u>132,648,309</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	2,650	99.96	2,997	100.00
Loans for the purchase of other residential properties	21,924,947	100.00	18,622,754	99.96
Credit card advances	3,753,030	0.00	4,342,059	0.00
Others	15,395,553	2.39	15,586,331	15.83
	<u>41,076,180</u>		<u>38,554,141</u>	
Trade finance	<u>4,036,477</u>	80.51	<u>4,344,271</u>	83.34
Loans and advances for use outside Hong Kong	<u>131,423,743</u>	53.03	<u>117,139,236</u>	56.33
Gross loans and advances to customers	<u>314,130,527</u>	57.35	<u>292,685,957</u>	61.19

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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 30 June 2020

	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Property investment	28,681,775	61,460	306,916	5,089	135,104
Financial concerns	38,764,844	-	-	-	45,920

As of 31 December 2019

	Gross advances	Impaired advances	Overdue advances	Specific provisions	Collective provisions
Property investment	28,821,097	27,432	236,630	3,603	131,848
Financial concerns	34,450,580	-	-	-	49,228

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Overdue and rescheduled assets

Gross loans and advances to customers overdue for more than three months:

	As at 30 June 2020		As at 31 December 2019	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	59,120	0.02	83,244	0.03
One year or less but over six months	40,162	0.01	10,539	0.00
Over one year	82,297	0.03	150,210	0.05
Total gross amount of loans and advances to customers overdue for more than three months	181,579	0.06	243,993	0.08
Expected credit losses made in respect of the above overdue loans and advances to customers	105,817		203,325	
Net realisable value of collateral held against the overdue loans and advances to customers	149,822		48,703	
Covered portion of overdue loans and advances to customers	149,822		48,703	
Uncovered portion of overdue loans and advances to customers	31,757		195,290	
	181,579		243,993	

As at June 30, 2020, collaterals held with respect of overdue advances to customers was mainly residential properties (December 31, 2019: residential properties).

As at June 30, 2020 and December 31, 2019, there were no trade bills overdue for more than three months.

As at June 30, 2020 and December 31, 2019, there were no overdue advances to banks.

As at June 30, 2020, repossessed assets of the Bank amounted to HK\$19 million (31 December 2019: HK\$8 million).

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Overdue and rescheduled assets (Continued)

Rescheduled loans and advances to customers:

	As at 30 June 2020		As at 31 December 2019	
		% on total advances to customers		% on total advances to customers
Rescheduled loans and advances to customers	<u>62,854</u>	<u>0.02</u>	<u>58,537</u>	<u>0.02</u>

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised payment terms are non-commercial to the Bank. The rescheduled advances are stated net of any advances that have subsequently become overdue for over three months and reported as overdue advances as above.

As at June 30, 2020 and December 31, 2019, there were no rescheduled advances to banks and trade bills.

As at June 30, 2020 and December 31, 2019, there were no other overdue and rescheduled assets.

Mainland activities exposures

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

As at 30 June 2020

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")	108,837,474	8,121,631	116,959,105
(b) Local governments, local government-owned entities and their subsidiaries and JVs	17,327,816	1,641,564	18,969,380
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	63,169,770	4,904,968	68,074,738
(d) Other entities of central government not reported in part (a) above	7,558,486	1,106,509	8,664,995
(e) Other entities of local governments not reported in part (b) above	439,533	-	439,533
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,613,070	2,682,773	14,295,843
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,068,217	1,245,624	3,313,841
Total	<u>211,014,366</u>	<u>19,703,069</u>	<u>230,717,435</u>
Total assets after provision	<u>493,741,465</u>		
On-balance sheet exposures as percentage of total assets	<u>42.74%</u>		

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Mainland activities exposures (Continued)

As at 31 December 2019

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”)	94,823,734	8,323,503	103,147,237
(b) Local governments, local government-owned entities and their subsidiaries and JVs	14,835,505	1,432,905	16,268,410
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	65,660,562	3,229,638	68,890,200
(d) Other entities of central government not reported in part (a) above	6,851,053	913,817	7,764,870
(e) Other entities of local governments not reported in part (b) above	519,250	-	519,250
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,622,462	2,284,000	13,906,462
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,900,955	1,245,600	3,146,555
Total	196,213,521	17,429,463	213,642,984
Total assets after provision	<u>485,879,968</u>		
On-balance sheet exposures as percentage of total assets	<u>40.38%</u>		

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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 30 June 2020

HKD equivalent	RMB	USD	Others	Total
Spot assets	46,039,475	183,891,686	34,558,035	264,489,196
Spot liabilities	(69,158,305)	(155,637,078)	(24,529,984)	(249,325,367)
Forward purchases (note 1)	46,025,321	102,599,620	11,803,976	160,428,917
Forward sales (note 1)	(45,148,014)	(130,270,481)	(21,833,399)	(197,251,894)
Net (short) / long position (note 2)	<u>(22,241,523)</u>	<u>583,747</u>	<u>(1,372)</u>	<u>(21,659,148)</u>

As at 31 December 2019

HKD equivalent	RMB	USD	Others	Total
Spot assets	36,540,046	198,845,893	31,218,184	266,604,123
Spot liabilities	(62,967,092)	(154,156,811)	(35,420,684)	(252,544,587)
Forward purchases (note 1)	44,309,416	96,307,799	18,797,681	159,414,896
Forward sales (note 1)	(40,061,113)	(140,748,761)	(14,586,229)	(195,396,103)
Net (short) / long position (note 2)	<u>(22,178,743)</u>	<u>248,120</u>	<u>8,952</u>	<u>(21,921,671)</u>

The net option position was calculated using the Simplified Approach and there was no net option position as at 30 June 2020.

The Group did not have any structural positions as at 30 June 2020 and 31 December 2019.

Note 1: The fair value of derivative financial instruments are booked under Spot assets or Spot liabilities, while the notional balances of derivative financial instruments are recorded under Forward purchases or Forward sales.

Note 2: The RMB spot liabilities include the RMB17.6 billion share capital (HKD22.3 billion). The net short RMB position was mainly stemmed from the conversion of RMB capital related assets into Hong Kong dollars in 2015.

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Glossary

<u>Abbreviations</u>	<u>Descriptions</u>	<u>Abbreviations</u>	<u>Descriptions</u>
ASF	Available stable funding	SEC-SA	securitization standardized approach
AT1	Additional Tier 1	SFT	Securities financing transaction
BSC	Basic approach	STC	Standardized (credit risk) approach
CCF	Credit conversion factor	STM	Standardized (market risk) approach
CCP	Central counterparty	VaR	Value at risk
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		