



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

Regulatory Disclosures

For the quarter ended

30 September 2019

(Unaudited)

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

Regulatory Disclosures

As at 30 September 2019

(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 were calculated in accordance with the Banking (Capital) Rules and Banking (Liquidity) Rules, issued by the HKMA.

		(a)	(b)	(c)	(d)	(e)
		30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	56,496,340	55,430,792	54,758,877	53,465,029	52,227,241
2	Tier 1	64,308,072	63,242,524	62,570,609	61,276,761	60,038,973
3	Total capital	67,275,804	71,952,991	71,126,508	69,796,041	68,946,141
RWA (amount)						
4	Total RWA	380,713,496	368,331,065	354,070,162	353,506,502	348,069,340
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	14.84%	15.05%	15.47%	15.12%	15.00%
6	Tier 1 ratio (%)	16.89%	17.17%	17.67%	17.33%	17.25%
7	Total capital ratio (%)	17.67%	19.53%	20.09%	19.74%	19.81%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	1.88%	1.88%
9	Countercyclical capital buffer requirement (%)	2.05%	2.05%	2.01%	1.48%	1.45%
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 (%)	4.55%	4.55%	4.51%	3.35%	3.33%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.67%	10.55%	10.97%	10.62%	10.50%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	499,895,825	504,505,990	487,183,239	508,292,231	482,973,669
14	LR (%)	12.86%	12.54%	12.84%	12.06%	12.43%
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	57,051,355	51,223,991	57,458,273	56,073,903	58,108,720
16	Total net cash outflows	24,982,553	22,860,574	19,913,020	20,764,442	25,649,355
17	LCR (%)	232.36%	228.56%	289.62%	276.50%	231.83%
	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	328,853,754	334,802,692	325,064,763	328,991,557	327,223,092
19	Total required stable funding	243,927,277	254,915,939	232,013,984	235,626,132	239,241,739
20	NSFR (%)	134.82%	131.34%	140.11%	139.62%	136.78%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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OV1: Overview of RWA

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2019	As at 30 June 2019	As at 30 September 2019
1	Credit risk for non-securitization exposures	337,719,770	324,825,395	27,017,582
2	Of which STC approach	337,719,770	324,825,395	27,017,582
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	1,625,498	1,526,641	130,039
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	1,621,893	1,523,376	129,751
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	3,605	3,265	288
10	CVA risk	698,475	615,563	55,878
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	N/A	N/A	N/A
13	CIS exposures – MBA	N/A	N/A	N/A
14	CIS exposures – FBA	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	25,074,150	26,095,163	2,005,932
21	Of which STM approach	25,074,150	26,095,163	2,005,932
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	14,294,575	13,967,275	1,143,566
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,301,028	1,301,028	104,082
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	380,713,496	368,331,065	30,457,079

During the quarter ended 30 September 2019, total RWAs increased by HK\$12,382 million was mainly due to increase in RWAs for non-securitization credit exposures attributed by increase in corporate exposures.

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As at 30 September 2019

(Expressed in thousands of Hong Kong Dollars)

LR2: Leverage ratio ("LR")

		(a)	(b)
		As at 30 September 2019	As at 30 June 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	470,040,535	477,513,326
2	Less: Asset amounts deducted in determining Tier 1 capital	(331,537)	(329,569)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	469,708,998	477,183,757
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)	2,595,388	2,119,157
5	Add-on amounts for PFE associated with all derivative contracts	2,632,825	2,657,350
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	(204,798)	(266,314)
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	5,023,415	4,510,193
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,025,960	1,929,140
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	3,631	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	4,029,591	1,929,140
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	93,242,980	90,519,732
18	Less: Adjustments for conversion to credit equivalent amounts	(69,700,380)	(67,241,443)
19	Off-balance sheet items	23,542,600	23,278,289
Capital and total exposures			
20	Tier 1 capital	64,308,072	63,242,524
20a	Total exposures before adjustments for specific and collective provisions	502,304,604	506,901,379
20b	Adjustments for specific and collective provisions	(2,408,779)	(2,395,389)
21	Total exposures after adjustments for specific and collective provisions	499,895,825	504,505,990
Leverage ratio			
22	Leverage ratio	12.86%	12.54%

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LIQ1: Liquidity coverage ratio - for category 1 institution

The average LCR of China Construction Bank (Asia) Limited (“the Bank”) was maintained at a healthy level in the third quarter of 2019.

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 composition of the Bank’s HQLA was:

	Weighted amount (average value) at quarter ended September 30, 2019
Level 1 assets	51,828,171
Level 2A assets	89,499
Level 2B assets	5,133,685
Total weighted amount of HQLA	57,051,355

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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.

Number of data points used in calculating the average value of the LCR and related components set out in this template: 77		For the quarter ended 30 September 2019	
		(a)	(b)
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		57,051,355
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	231,203,964	15,807,640
3	Stable retail deposits and stable small business funding	3,382,702	101,482
4	Less stable retail deposits and less stable small business funding	86,301,935	8,630,192
4a	Retail term deposits and small business term funding	141,519,327	7,075,966
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	93,581,936	56,659,136
6	Operational deposits	-	-
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	89,298,972	52,376,172
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	4,282,964	4,282,964
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	34,133,134	7,647,781
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	2,405,208	2,405,209
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)	31,727,926	5,242,572
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,439,105	3,439,105
15	Other contingent funding obligations (whether contractual or non-contractual)	149,448,798	662,106
16	Total Cash Outflows		84,215,768
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	879,282	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	110,212,167	52,666,417
19	Other cash inflows	70,501,996	7,943,607
20	Total Cash Inflows	181,593,445	60,610,024
D. LIQUIDITY COVERAGE RATIO (ADJUSTED VALUE)			
21	Total HQLA		57,051,355
22	Total Net Cash Outflows		24,982,553
23	LCR (%)		232.36%