

China Construction Bank Corporation

**First Quarter Capital Management
Pillar III Report of 2024**



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1 Introduction

1.1 Report Basis

This Report is prepared in accordance with the *Rules on Capital Management of Commercial Banks* issued by the National Financial Regulatory Administration.

1.2 Declaration

CCB strictly observes regulatory regulations related to pillar III information disclosure, enhances the construction of the institutional mechanism for pillar III information disclosure, and formulates management measures for pillar III information disclosure to comprehensively improve the standardization and process-based management level of information disclosure.

CCB has established the governance structure of the information disclosure on pillar III of capital management and put in place an effective internal control procedure that is approved by the Board of Directors and implemented by Senior Management to ensure that the disclosed information on the pillar III is authentic and reliable. The Report has been reviewed by the Senior Management of CCB and was submitted to, reviewed and approved by the Board of Directors on April 29, 2024.

2 Overview of Risk Management, Key Prudential Regulatory Indicators and Risk-weighted Assets

2.1 Overview of Key Prudential Regulatory Indicators

According to the regulatory requirements, CCB shall calculate and disclose capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks*. Based on the approval to implement the advanced capital measurement method in 2014, former China Banking and Insurance Regulatory Commission approved the Group to expand the implementation scope of the advanced capital measurement method in April 2020. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both the advanced approach and other approaches for capital measurement and complies with the relevant requirements for capital floors.

Key prudential regulatory indicators include capital adequacy ratio, leverage ratio, and indicators related to liquidity risk. The overview of the Group's key prudential regulatory indicators is as follows.

Table 1: KMI Regulatory Consolidated Key Prudential Regulatory Indicators

(In millions of RMB, except percentages)		a As at 31 March 2024
Available capital (amount)		
1	Common Equity Tier 1 capital after regulatory adjustments	3,045,754
2	Tier 1 capital after regulatory adjustments	3,245,824
3	Total capital after regulatory adjustments	4,175,290
Risk-weighted assets (amount)		
4	Total RWA	21,586,165
4a	Total RWA (before the application of capital floor)	21,586,165
Capital adequacy ratio		
5	Common Equity Tier 1 ratio (%)	14.11
5a	Common Equity Tier 1 ratio (%) (before the application of capital floor)	14.11
6	Tier 1 ratio (%)	15.04
6a	Tier 1 ratio (%) (before the application of capital floor)	15.04
7	Capital adequacy ratio (%)	19.34
7a	Capital adequacy ratio (%) (before the application of capital floor)	19.34
Other tiers of capital requirements		
8	Capital conservation buffer requirements (%)	2.50
9	Countercyclical buffer requirements (%)	0.00
10	Additional buffer requirements of Global Systemically Important Banks or Domestic Systemically Important Banks (%)	1.50
11	Other tiers of capital requirements (%) (8 + 9 + 10)	4.00
12	Common Equity Tier 1 capital after regulatory adjustments available to meet minimum capital requirements as a percentage of risk-weighted assets(%)	9.04
Leverage ratio		
13	On and off-balance sheet assets after adjustments	41,837,451
14	Leverage ratio (%)	7.76
14a	Leverage ratio a (%) ¹	7.76
14b	Leverage ratio b (%) ²	7.73
14c	Leverage ratio c (%) ³	7.73

(In millions of RMB, except percentages)		a
		As at 31 March 2024
Liquidity coverage ratio (LCR)⁴		
15	Total high-quality liquid assets (HQLA)	6,059,382
16	Total net cash outflows	4,510,003
17	Liquidity coverage ratio (%)	134.46
Net stable funding ratio (NSFR)		
18	Total available stable funding	28,350,972
19	Total required stable funding	22,174,688
20	NSFR (%)	127.85

1. The leverage ratio a refers to the leverage ratio calculated without considering the temporary exemption of deposit reserves and using quarter-end value of securities financing transactions. For more detailed information, please refer to the section "4. Leverage Ratio".

2. The leverage ratio b refers to the leverage ratio calculated by considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter. For more detailed information, please refer to the section "4. Leverage Ratio".

3. The leverage ratio c refers to the leverage ratio calculated without considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter. For more detailed information, please refer to the section "4. Leverage Ratio".

4. The liquidity coverage ratio data above represent simple arithmetic means of the values for 91 calendar days in the latest quarter. For more detailed information, please refer to the section "5. Liquidity Risk".

2.2 Overview of Risk-weighted Assets

The following table shows the Group's pillar I risk-weighted assets and capital requirements.

Table 2: OVI Overview of Risk-weighted Assets

(In millions of RMB)		a	c
		Risk-weighted assets	Minimum capital requirements
		As at 31 March 2024	As at 31 March 2024
1	Credit risk	19,549,106	1,563,928
2	Credit risk (exclusive of counterparty credit risk, credit valuation adjustment risk, asset management products in the banking book, and banking book securitisation)	19,129,971	1,530,397
3	of which: Regulatory weighting approach	5,493,003	439,440
4	of which: Risk exposure formed in the clearing process of securities, commodities, and foreign currencies transactions	-	-
5	of which: Amounts below the threshold deductions	346,560	27,725
6	of which: Foundation internal ratings-based (FIRB) approach	11,335,987	906,879
7	of which: Regulatory mapping approach	-	-
8	of which: Advanced internal ratings-based (AIRB) approach	2,300,981	184,078
9	Counterparty credit risk	138,871	11,110
10	of which: Standardised approach	138,871	11,110
11	of which: Current exposure method	-	-

(In millions of RMB)		a	c
		Risk-weighted assets	Minimum capital requirements
		As at 31 March 2024	As at 31 March 2024
12	of which: Other approaches	-	-
13	Credit valuation adjustment risk	45,656	3,652
14	Asset management products in the banking book	198,046	15,844
15	of which: Look-through approach	3,440	275
16	of which: Mandate-based approach	194,563	15,566
17	of which: A 1250% risk weight applies	43	3
18	Banking book securitisation¹	36,562	2,925
19	of which: Internal ratings-based approach (IRB) for securitisation	-	-
20	of which: External ratings-based approach for securitisation	115	9
21	of which: Standardised approach for securitisation	66,591	5,327
22	Market risk	266,870	21,350
23	of which: Standardised approach	266,870	21,350
24	of which: Internal model-based approach (IMA)	-	-
25	of which: Simplistically standardized approach	-	-
26	Capital requirements for the conversion of the trading book and the banking book	-	-
27	Operational risk	1,770,189	141,615
28	Additional adjustments due to the application of capital floor	-	-
29	Total	21,586,165	1,726,893

1. The balance of banking book securitisation risk-weighted assets includes items 19, 20, 21, the balance of item "A 1250% risk weight applies" of RMB 87.285 billion, and the balance of "Adjustment for applying the capital charge cap" of RMB -117.429 billion.

3 Indicators for the Assessment of Global Systemically Important Banks

From the end of 2015, the Group publicly disclosed Global Systemically Important Banks assessment indicators on the bank's official website. Please refer to CCB's official website (website link: <http://en.ccb.com/eng/investor/performance-reports/annual-reports/index.shtml>) for the results of the Group's Global Systemically Important Bank Assessment indicators for the previous year and previous periods.

4 Leverage Ratio

As at 31 March 2024, the Group's leverage ratio was 7.76%, meeting regulatory requirements.

The following table shows the contrasting relation between the total assets of the Group's balance sheet and the balance of on and off-balance sheet assets after the adjustment as the denominator of the leverage ratio.

Table 3: LRI Difference in Leverage Ratio Regulatory Items and Relevant Accounting Items

(In millions of RMB)		a
		As at 31 March 2024
1	Total consolidated assets ¹	39,729,281
2	Adjustment for consolidation ²	(290,113)
3	Adjustment for clients' assets	-
4	Adjustment for derivatives	246,630
5	Adjustment for securities financing transactions	2,161
6	Adjustment for off-balance sheet items ³	2,157,153
7	Adjustment for securitisation transactions	-
8	Adjustment for unsettled financial assets	-
9	Adjustment for cash pool	-
10	Adjustment for deposit reserves (if applicable) ⁴	-
11	Adjustment for prudent valuation and impairment loss allowances	-
12	Other adjustments ⁵	(7,661)
13	On and off-balance sheet assets after adjustments	41,837,451

1. Total consolidated assets refer to the one calculated in accordance with financial and accounting standards.
2. Adjustment for consolidation refers to the difference between regulatory consolidated total assets and accounting consolidated total assets.
3. Adjustment for off-balance sheet items refers to the balance of off-balance sheet items after being multiplied by credit conversion factors in accordance with the *Rules on Capital Management of Commercial Banks*.
4. Adjustment for deposit reserves refers to the balance of reserves that the bank has deposited to the People's Bank of China, which may be temporarily exempted from on-balance asset by the National Financial Regulatory Administration, in accordance with the *Rules on Capital Management of Commercial Banks*.
5. Other adjustments mainly comprise regulatory adjustments to Tier 1 capital.

The following table shows the composition detail of the denominator of the leverage ratio of the Group, actual leverage ratio, minimum leverage ratio requirements, additional leverage ratio requirement, and other relevant information.

Table 4: LR2 Leverage Ratio

(In millions of RMB, except percentages)		a
		As at 31 March 2024
On-balance sheet assets		
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	39,380,152
2	Less: Impairment loss allowances	(835,266)
3	Less: Regulatory adjustments to Tier 1 capital	(7,661)
4	Adjusted on-balance sheet assets (exclusive of derivatives and securities financing transactions)	38,537,225
Derivative assets		
5	Replacement costs associated with derivative transactions (deducting eligible margin and considering the impact of the bilateral netting agreement)	86,318
6	Potential risk exposure associated with derivative transactions	211,180
7	Gross-up of collaterals deducted from the balance sheet	-
8	Less: Assets receivable due to the provision of eligible margin	-
9	Less: Balance of derivative assets formed with central counterparty when providing clearing services for customers	-
10	Sale of the notional principal of credit derivatives	-
11	Less: Deductible balance of sale of credit derivative assets	-
12	Balance of derivative assets	297,498
Balance of assets in securities financing transactions		
13	Securities financing transactions accounting assets	843,414
14	Less: Deductible balance of assets in securities financing transactions	-
15	Counterparty credit risk exposure of securities financing transactions	2,161
16	Balance of assets in securities financing transactions from agency securities financing transactions	-
17	Balance of assets in securities financing transactions	845,575
Balance of off-balance sheet items		
18	Balance of off-balance sheet items	7,524,168
19	Less: Adjusted balance of off-balance sheet items due to credit conversion	(5,336,521)
20	Less: Impairment loss allowances	(30,494)
21	Balance of adjusted off-balance sheet items	2,157,153
Tier 1 capital after regulatory adjustments and on and off-balance sheet assets after adjustments		
22	Tier 1 capital after regulatory adjustments	3,245,824
23	On and off-balance sheet assets after adjustments	41,837,451
Leverage ratio		
24	Leverage ratio (%)	7.76

(In millions of RMB, except percentages)		a
		As at 31 March 2024
24a	Leverage ratio a (%) ¹	7.76
25	Minimum leverage ratio requirement (%)	4.00
26	Additional leverage ratio requirement (%)	0.75
Disclosure of mean values		
27	Quarter mean value of securities financing transactions	968,826
27a	Quarter-end value of securities financing transactions	843,414
28	On and off-balance sheet assets after adjustments a ²	41,962,863
28a	On and off-balance sheet assets after adjustments b ³	41,962,863
29	Leverage ratio b (%) ⁴	7.73
29a	Leverage ratio c (%) ⁵	7.73

1. The leverage ratio a refers to the leverage ratio calculated without considering the temporary exemption of deposit reserves and using quarter-end value of securities financing transactions.

2. On and off-balance sheet assets after adjustments a refers to the on and off-balance sheet assets after adjustments calculated by considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter.

3. On and off-balance sheet assets after adjustments b refers to the on and off-balance sheet assets after adjustments calculated without considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter.

4. Leverage ratio b refers to the leverage ratio calculated by considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter.

5. Leverage ratio c refers to the leverage ratio calculated without considering the temporary exemption of deposit reserves and using the simple arithmetic mean of the daily balance of securities financing transactions within the latest quarter.

5 Liquidity Risk

The following table shows the composition of the Group's cash outflows and cash inflows as well as high-quality liquid assets.

Table 5: LIQ1 Liquidity Coverage Ratio

(In millions of RMB, except percentages)		a	b
		First quarter of 2024	
		The value before conversion	The value after conversion
High-quality liquid assets (HQLA)			
1	Total high-quality liquid assets (HQLA)		6,059,382
Cash outflows			
2	Retail deposits and deposits from small business customers	15,059,892	1,350,527
3	of which: Stable deposits	3,108,276	155,365
4	of which: Less stable deposits	11,951,616	1,195,162
5	Unsecured wholesale funding	13,054,772	4,695,019
6	of which: Operational deposits (excluding those generated from correspondent banking activates)	7,490,560	1,859,478
7	of which: Non-operational deposits (all counterparties)	5,445,389	2,716,718
8	of which: Unsecured debt	118,823	118,823
9	Secured funding		1,432
10	Additional requirements	2,233,897	265,384
11	of which: Outflows related to derivative exposures and other collateral requirements	47,378	47,378
12	of which: Outflows related to loss of funding on debt products	9,282	9,282
13	of which: Credit and liquidity facilities	2,177,237	208,724
14	Other contractual funding obligations	14	-
15	Other contingent funding obligations	5,215,315	649,482
16	Total cash outflows		6,961,844
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	970,638	969,640
18	Inflow from fully performing exposures	2,312,903	1,425,501
19	Other cash inflows	62,293	56,700
20	Total cash inflows	3,345,834	2,451,841
			The value after adjustment
21	Total high-quality liquid assets (HQLA)		6,059,382
22	Total net cash outflows		4,510,003
23	Liquidity coverage ratio (%)¹		134.46

1. All the data above represent simple arithmetic means of the values for 91 calendar days in the latest quarter, calculated in accordance with the current applicable regulatory requirements, definitions and accounting standards.

The liquidity coverage ratio of the Group for the first quarter of 2024 was 134.46%, meeting the regulatory requirements. The liquidity coverage ratio increased by 1.29 percentage points compared to the fourth quarter of 2023, mainly due to the increase in high-quality liquid assets.

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