

CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH



# CAPITAL ADEQUACY RATIO DISCLOSURES

For the period ended 30 June 2021

**TABLE OF CONTENTS**

1. GENERAL INFORMATION..... 1

2. CAPITAL ADEQUACY RATIO..... 1

2.1 Scope of application..... 1

2.2 Capital Structure..... 1

2.3 Capital adequacy ratio ..... 2

2.4 Credit risk ..... 3

2.5 Operational risk..... 6

2.6 Market risk ..... 7

# **CHINA CONSTRUCTION BANK CORPORATION- HO CHI MINH CITY BRANCH**

## **1. GENERAL INFORMATION**

China Construction Bank Corporation – Ho Chi Minh City Branch (herein referred to as “the Branch”) is a branch registered in the SR Vietnam of China Construction Bank Corporation incorporated in China (“Head office”). The Banking License No.271/GP-NHNN was granted to the Branch by the State Bank of Vietnam (“the SBV”) on 10 December 2009 for a period of 99 years from the date of the license.

The Branch is located at Room 1105-1106, 11th Floor, Room 1202, 12th Floor, Sailing Tower, 111A Pasteur Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

## **2. CAPITAL ADEQUACY RATIO**

### **2.1 Scope of application**

#### a) Qualitative disclosures

As at 30 June 2021, the Branch did not have any subsidiaries, associates and entities that are excluded from calculation of consolidated capital adequacy ratio (“CAR”)

#### b) Quantitative disclosures

The amounts of investments in subsidiaries which are insurance companies shall not consolidate in capital upon calculating the consolidated CAR: Not applicable

### **2.2 Capital Structure**

#### a) Qualitative disclosures

As at 30 June 2021, the Branch did not issue any capital instruments.

#### b) Quantitative disclosures

## CHINA CONSTRUCTION BANK CORPORATION- HO CHI MINH CITY BRANCH

**Table 1 - Capital Structure**

In millions of VND

	<b>30 June 2021</b>
Tier 1 capital	1,514,265
Tier 2 capital	38,988
Deductions from capital	-
<b>Eligible capital</b>	<b>1,553,253</b>

### 2.3 Capital adequacy ratio

- a) Qualitative disclosures
- i) *Calculation process*

The capital adequacy ratio is calculated in compliance with Circular 41/2016/TT-NHNN dated 30 December 2016 of the Governor of SBV.

There is an inter-department co-ordination in the process of the CAR calculation in order to ensure the information gathering and data controlling, operating system and reporting accurately and promptly.

- ii) *Capital planning*

The Branch has issued the regulation on capital management to maintain appropriate CAR, improve return on equity (ROE), support strategic transformation and promote sustainable development.

On the yearly basis or as necessarily, the Branch formulates capital planning in alignment with target CAR, asset structure and business plan.

- b) Quantitative disclosures

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

**Table 2- Capital adequacy ratio**

In millions of VND, %

	<b>30 June 2021</b>
Capital adequacy ratio	30.79%
Tier 1 capital ratio	30.02%
Credit risk-weighted assets (including credit risk and Counterparty risk)	4,635,105
Capital requirements for operational risk	18,976
Capital requirements for market risk	13,797

**2.4 Credit risk**

- a) Qualitative disclosures  
i) *Credit risk management policy*

Credit risk management includes the following contents: credit risk management strategy and limits, internal credit rating system, credit risk measurement, monitoring and control, credit extension appraisal, approval of credit risk-bearing decisions, management of collateral, internal credit risk reports etc.

- ii) *List of credit rating agencies used for the purpose of calculating the CAR*

<b>External credit rating agencies</b>	
1	Standard & Poor's
2	Moody's
3	Fitch Ratings

- iii) *List of collateral, third party guarantees, on-balance sheet netting and credit derivatives eligible for being recognized as credit risk mitigation.*

<b>Credit risk mitigation</b>	
1	Cash, valuable papers, certificates of Deposit issued by credit institutions, foreign bank branches
2	Guarantee from Government, Central Bank, PSEs, local governments, credit institutions and foreign bank branches
3	Other assets, guarantees, on-balance sheet netting, derivatives as required by the law

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

b) Quantitative disclosures

i) *Credit risk-weighted assets for which credit rating agencies are used*

**Table 3- Credit risk-weighted assets for which credit rating agencies are used**

In millions of VND

	Risk weight (%)	30 June 2021
<b>1. Credit risk-weighted assets</b>		2,778,366
<b>a. Claims on foreign financial institutions and foreign bank branches</b>		
	AAA to AA-	20%
	A+ to BBB-	50%
	BB+ to B-	100%
<b>b. Claims on domestic credit institutions</b>		
<b>Less than 3 months</b>		
	AAA to AA-	10%
	A+ to BBB-	20%
	BB+ to BB-	40%
	B+ to B-	50%
	CCC+ and unrated	70%
<b>3 months or more</b>		
	AAA to AA-	20%
	A+ to BBB-	50%
	BB+ to BB-	80%
	B+ to B-	100%
	CCC+ and unrated	150%
<b>2. Counterparty risk-weighted assets</b>		-
<b>Total</b>		<b>2,778,366</b>

ii) *Credit risk-weighted assets and Counterparty risk-weighted assets, broken down by portfolio*

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

**Table 4- Credit risk-weighted assets by asset classes**

In millions of VND

		Risk-weighted assets		Total
		Credit risk	Counterparty credit risk	
1	Claims on Government	-	-	-
2	Claims on Financial Institutions	2,778,366	-	<b>2,778,366</b>
3	Claims on Corporate	1,607,818	-	<b>1,607,818</b>
4	Claims secured by real estates	232,605	-	<b>232,605</b>
5	Claims secured by residential property	-	-	-
6	Claims for retail business	-	-	-
7	Past due loans	-	-	-
8	Other assets	16,316	-	<b>16,316</b>
<b>Total</b>		<b>4,635,105</b>	-	<b>4,635,105</b>

*iii) Risk-weighted assets for credit risk by industry*

**Table 5- Credit risk weighted assets by industry**

In millions of VND

Industry		30 June 2021
<b>I</b>	<b>Claims on financial institutions</b>	<b>2,778,366</b>
<b>II</b>	<b>Claims on Corporate</b>	<b>1,840,423</b>
1	Manufacturing and processing	1,226,090
2	Electricity	270,976
3	Construction	-
4	Others	343,357
<b>III</b>	<b>Other assets</b>	<b>16,316</b>
<b>Total</b>		<b>4,635,105</b>

*iv) Risk-weighted assets for credit risk exposure (including on-balance and off-balance sheet) before and after the effect of the credit risk mitigation*

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

**Table 6- Credit risk-weighted assets before and post risk mitigation**

In millions of VND

		Exposure pre-CRM	Exposure post-CRM
<b>1</b>	<b>Credit risk-weighted assets in the use of CRM techniques</b>	<b>507,638</b>	<b>121,652</b>
	Of which:	-	-
	Collateral	68,589	54486
	On-balance sheet netting	-	-
	Third party guarantee	439,049	67166.04804
<b>2</b>	<b>Credit risk-weighted assets in which CRM techniques are not used</b>	<b>4,513,453</b>	<b>4,513,453</b>
	<b>Total</b>	<b>5,021,091</b>	<b>4,635,105</b>

**Note:** Exposure pre-CRM\* is credit risk-weighted assets before having applied CRM techniques but after the application of the relevant risk weights

**2.5 Operational risk**

- a) Qualitative disclosures
  - i) *Operational risk management policy*

Operational risk management is fully carried out in compliance with the SBV's regulations and other applicable laws and regulations including, but not limited to, the operational risk management strategy and limits, operational risk identification, measurement, monitoring and control, outsourcing management, business continuity plan.

- ii) *Business continuity plan*

The Branch has in place business continuity plan in order to actively maintain or restore the operation and limit losses in the event of any business disruptions such as disaster, disease outbreak.

- b) Quantitative disclosures

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

**Table 7- Business indicator and capital requirements for operational risk**

In millions of VND

	Business indicator		
	01 July 2018- 30 June 2019	01 July 2019- 30 June 2020	01 July 2020- 30 June 2021
IC	104,132	109,833	104,795
SC	5,517	12,555	11,727
FC	8,098	9,606	13,255
BI	117,747	131,994	129,777
<b>Capital requirements for operational risk</b>	<b>18,976</b>		

**2.6 Market risk**

- a) Qualitative disclosures  
i) *Market risk management policy*

Market risk management is fully carried out in accordance with regulation of the State Bank of Vietnam. Market risk management includes the following contents: market risk management strategy and limits, market risk identification, measurement, monitoring and control etc.

- ii) *Proprietary trading strategy*

As at 30 June 2021, the Branch did not engage in proprietary trading.

- iii) *Exposures in the trading book*

Exposures in the trading book consist of foreign exchange trading and interbank lending.

- b) Quantitative disclosures

**CHINA CONSTRUCTION BANK CORPORATION-  
HO CHI MINH CITY BRANCH**

**Table 8- Capital requirements for market risk**

In millions of VND

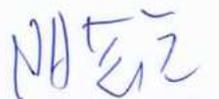
Capital requirements for	30 June 2021
Interest rate risk	-
Equity risk	-
Commodities risk	-
Foreign exchange risk	13,797
Options	-
<b>Total</b>	<b>13,797</b>

The capital adequacy ratio disclosures have been approved by the Board of Management on 28 July 2021.



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