

CHINA CONSTRUCTION BANK CORPORATION-
HO CHI MINH CITY BRANCH



CAPITAL ADEQUACY RATIO DISCLOSURES

For the period ended 30 June 2023

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

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 11th 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 2023, 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 2023, 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

	30 June 2023
Tier 1 capital	1,663,230
Tier 2 capital	40,361
Deductions from capital	-
Eligible capital	1,703,591

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

Table 2- Capital adequacy ratio

In millions of VND, %

	30 June 2023
Capital adequacy ratio	30.91%
Tier 1 capital ratio	30.17%
Credit risk-weighted assets (including credit risk and Counterparty risk)	5,074,092
Capital requirements for operational risk	24,923
Capital requirements for market risk	10,079

CHINA CONSTRUCTION BANK CORPORATION- HO CHI MINH CITY BRANCH

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 calculation of CAR*

	External credit rating agencies
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.*

	Credit risk mitigation
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

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

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

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

In millions of VND

	Risk weight (%)	30 June 2023	
1. Credit risk-weighted assets		3,283,147	
a. Claims on foreign financial institutions and foreign bank branches			
	AAA to AA-	20%	-
	A+ to BBB-	50%	2,129,989
	BB+ to B-	100%	-
b. Claims on domestic credit institutions			
Less than 3 months			
	AAA to AA-	10%	-
	A+ to BBB-	20%	-
	BB+ to BB-	40%	323,663
	B+ to B-	50%	-
	CCC+ and unrated	70%	-
3 months or more			
	AAA to AA-	20%	-
	A+ to BBB-	50%	-
	BB+ to BB-	80%	764,560
	B+ to B-	100%	64,935
	CCC+ and unrated	150%	-
2. Counterparty risk-weighted assets			
			-
Total			3,283,147

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	3,283,147	-	3,283,147
3	Claims on Corporate	1,655,326	-	1,655,326
4	Claims secured by real estates	113,826	-	113,826
5	Claims secured by residential property	-	-	-
6	Claims for retail business	-	-	-
7	Past due loans	-	-	-
8	Other assets	21,793	-	21,793
Total		5,074,092	-	5,074,092

iii) Risk-weighted assets for credit risk by industry

Table 5- Credit risk weighted assets by industry

In millions of VND

Industry		30 June 2023
I	Claims on financial institutions	3,283,147
II	Claims on Corporate	1,769,152
1	Manufacturing and processing	848,231
2	Electricity	664,747
3	Construction	70,289
4	Others	185,885
III	Other assets	21,793
Total		5,074,092

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
1	Credit risk-weighted assets in the use of CRM techniques	108,009	-
	Of which:	-	-
	Collateral	-	0
	On-balance sheet netting	-	-
	Third party guarantee	108,009	0
2	Credit risk-weighted assets in which CRM techniques are not used	5,074,092	5,074,092
	Total	5,182,101	5,074,092

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		
	01/07/2020- 30/06/2021	01/07/2021- 30/06/2022	01/07/2022- 30/06/2023
IC	215,864	91,067	104,795
SC	20,229	12,591	11,727
FC	21,316	7,619	13,255
BI	257,409	111,277	129,777
Capital requirements for operational risk	24,923		

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 2023, the Branch did not engage in proprietary trading.

- iii) *Exposures in the trading book*

Exposures in the trading book consist of foreign exchange trading.

- 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 2023
Interest rate risk	-
Equity risk	-
Commodities risk	-
Foreign exchange risk	10,079
Options	-
Total	10,079

Ho Chi Minh City, 21 July 2023



Ms. Nguyen Thi Ngoc Trinh
Preparer




Ms. Yang Yuan Yuan
Chief Accountant



Mr. Tong YouTang
Head of Risk Management Department




Mr. Huang GuoYong
General Manager