

CHINA CONSTRUCTION BANK CORPORATION-
HO CHI MINH CITY BRANCH



CAPITAL ADEQUACY RATIO DISCLOSURES

For the period ended 31 December 2023

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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 31 December 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 31 December 2023, the Branch did not issue any capital instruments.

b) Quantitative disclosures

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Table 1 - Capital Structure

In millions of VND

	31 December 2023
Tier 1 capital	1,769,448
Tier 2 capital	54,814
Deductions from capital	-
Eligible capital	1,824,262

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

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Table 2- Capital adequacy ratio

In millions of VND, %

	31 December 2023
Capital adequacy ratio	27.42%
Tier 1 capital ratio	26.59%
Credit risk-weighted assets (including credit risk and Counterparty risk)	6,181,574
Capital requirements for operational risk	28,889
Capital requirements for market risk	8,896

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

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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 (%)	31 December 2023
1. Credit risk-weighted assets		4,746,022
a. Claims on foreign financial institutions and foreign bank branches		
AAA to AA-	20%	5,029
A+ to BBB-	50%	2,063,270
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%	507,225
B+ to B-	50%	225,164
CCC+ and unrated	70%	-
3 months or more		
AAA to AA-	20%	-
A+ to BBB-	50%	-
BB+ to BB-	80%	1,559,484
B+ to B-	100%	385,850
CCC+ and unrated	150%	-
2. Counterparty risk-weighted assets		-
Total		4,746,022

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

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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	4,746,022	-	4,746,022
3	Claims on Corporate	1,320,922	-	1,320,922
4	Claims secured by real estates	94,472	-	94,472
5	Claims secured by residential property	-	-	-
6	Claims for retail business	-	-	-
7	Past due loans	-	-	-
8	Other assets	20,158	-	20,158
Total		6,181,574	-	6,181,574

iii) Risk-weighted assets for credit risk by industry

Table 5- Credit risk weighted assets by industry

In millions of VND

Industry		31 December 2023
I	Claims on financial institutions	4,746,022
II	Claims on Corporate	1,415,394
1	Manufacturing and processing	412,557
2	Electricity	744,342
3	Construction	70,689
4	Others	187,806
III	Other assets	20,158
Total		6,181,574

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

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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	118,319	28,595
	Of which:	-	-
	Collateral	81,798	28,595
	On-balance sheet netting	-	-
	Third party guarantee	36,521	0
2	Credit risk-weighted assets in which CRM techniques are not used	6,152,979	6,152,979
	Total	6,271,298	6,181,574

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

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Table 7- Business indicator and capital requirements for operational risk

In millions of VND

	Business indicator		
	01/01/2021- 31/12/2021	01/01/2022- 31/12/2022	01/01/2023- 31/12/2023
IC	92,589	141,488	254,131
SC	12,516	13,150	17,033
FC	8,822	18,543	19,510
BI	113,927	173,181	290,674
Capital requirements for operational risk	28,889		

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 31 December 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

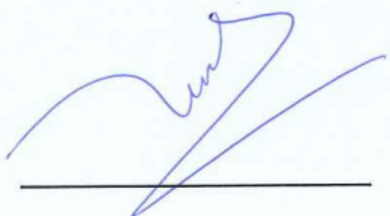
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Table 8- Capital requirements for market risk

In millions of VND

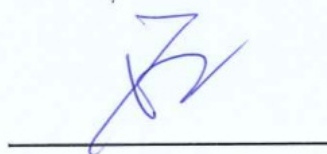
Capital requirements for	31 December 2023
Interest rate risk	-
Equity risk	-
Commodities risk	-
Foreign exchange risk	8,896
Options	-
Total	8,896

Ho Chi Minh City, 03 May 2024



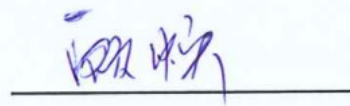
Ms. Nguyen Thi Ngoc Trinh

Chief Accountant



Ms. Shi Lei

Head of Operation Department



Mr. Gu Huan

Head of Risk Management Department



Mr. Huang GuoYong
General Manager