

China Construction Bank Corporation

Third Quarter Capital Management Pillar III Report 2024



1	Introduction	2
1.1	Report Basis	2
1.2	Declaration	2
2	Key Prudential Regulatory Indicators and Risk-weighted Assets	3
2.1	Overview of Key Prudential Regulatory Indicators	3
2.2	Overview of Risk-weighted Assets	4
3	Indicators for the Assessment of Global Systemically Important Banks	6
4	Leverage Ratio	6
5	Liquidity Risk	9
	Table Index	10

1 Introduction

1.1 Report Basis

The 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 standardisation and procedure-based management level of information disclosure.

CCB has established the governance structure of the information disclosure on pillar III of capital management and an effective internal control procedure that is approved by the Board of Directors and implemented by Senior Management to ensure that pillar III information disclosure 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 October 30, 2024.

2 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. 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	b	c
		September 30, 2024	June 30, 2024	March 31, 2024
Available capital				
1	Common Equity Tier 1 capital after regulatory adjustments	3,124,043	3,038,387	3,045,754
2	Tier 1 capital after regulatory adjustments	3,322,954	3,237,254	3,245,824
3	Total capital after regulatory adjustments	4,285,564	4,175,087	4,175,290
Risk-weighted assets (RWA)				
4	Total RWA	22,150,555	21,690,492	21,586,165
4a	Total RWA (before the application of capital floor)	22,150,555	21,690,492	21,586,165
Capital adequacy ratio				
5	Common Equity Tier 1 ratio (%)	14.10	14.01	14.11
5a	Common Equity Tier 1 ratio (%) (before the application of capital floor)	14.10	14.01	14.11
6	Tier 1 ratio (%)	15.00	14.92	15.04
6a	Tier 1 ratio (%) (before the application of capital floor)	15.00	14.92	15.04
7	Capital adequacy ratio (%)	19.35	19.25	19.34
7a	Capital adequacy ratio (%) (before the application of capital floor)	19.35	19.25	19.34
Additional CET1 buffer requirements as a percentage of RWA				
8	Capital conservation buffer requirements (%)	2.50	2.50	2.50
9	Countercyclical buffer requirements (%)	0.00	0.00	0.00
10	Bank G-SIB and/or D-SIB additional requirements (%)	1.50	1.50	1.50
11	Total of bank CET1 specific buffer requirements (%) (8 + 9 + 10)	4.00	4.00	4.00
12	CET 1 available after meeting the bank's minimum capital requirements (%)	9.00	8.92	9.04
Leverage ratio				
13	On and off-balance sheet assets after adjustments	42,815,730	42,314,726	41,837,451

(In millions of RMB, except percentages)		a	b	c
		September 30, 2024	June 30, 2024	March 31, 2024
14	Leverage ratio (%)	7.76	7.65	7.76
14a	Leverage ratio a (%) ¹	7.76	7.65	7.76
14b	Leverage ratio b (%) ²	7.75	7.65	7.73
14c	Leverage ratio c (%) ³	7.75	7.65	7.73
Liquidity coverage ratio (LCR)⁴				
15	Total high-quality liquid assets (HQLA)	6,148,940	6,115,852	6,059,382
16	Total net cash outflows	5,119,129	4,877,791	4,510,003
17	Liquidity coverage ratio (%)	120.29	125.43	134.46
Net stable funding ratio (NSFR)				
18	Total available stable funding	28,350,638	28,236,945	28,350,972
19	Total required stable funding	20,928,125	20,917,739	22,174,688
20	Net stable funding ratio (%)	135.47	134.99	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 each 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 risk-weighted assets and capital requirements.

Table 2 (OVI): Overview of Risk-weighted Assets

(In millions of RMB)		a	b	c
		Risk-weighted assets		Minimum capital requirements
		September 30, 2024	June 30, 2024	September 30, 2024
1	Credit risk	20,185,885	19,684,996	1,614,871
2	Credit risk (exclusive of counterparty credit risk, credit valuation adjustment risk, asset management products in the banking book, and banking book securitisation)	19,818,263	19,261,694	1,585,461
3	of which: Regulatory weighting approach	5,596,995	5,449,600	447,760
4	of which: Risk exposure formed in the clearing process of securities, commodities, and foreign currencies transactions	0	0	0
5	of which: Amounts below the threshold deductions	369,459	359,569	29,557
6	of which: Foundation internal ratings-based (FIRB) approach	11,946,337	11,574,493	955,707
7	of which: Regulatory mapping approach	-	-	-

(In millions of RMB)		a	b	c
		Risk-weighted assets		Minimum capital requirements
		September 30, 2024	June 30, 2024	September 30, 2024
8	of which: Advanced internal ratings-based (AIRB) approach	2,274,931	2,237,601	181,994
9	Counterparty credit risk	115,575	149,956	9,246
10	of which: Standardised approach	115,575	149,956	9,246
11	of which: Current exposure method	-	-	-
12	of which: Other approaches	-	-	-
13	Credit valuation adjustment risk	36,447	47,604	2,916
14	Asset management products in the banking book	197,318	203,272	15,785
15	of which: Look-through approach	1,910	4,179	153
16	of which: Mandate-based approach	195,293	199,014	15,623
17	of which: A 1250% risk weight applies	115	79	9
18	Banking book securitisation¹	18,282	22,470	1,463
19	of which: Internal ratings-based approach (IRB) for securitisation	-	-	-
20	of which: External ratings-based approach for securitisation	0	0	0
21	of which: Standardised approach for securitisation	7,813	12,911	625
22	Market risk	194,481	235,307	15,559
23	of which: Standardised approach	194,481	235,307	15,559
24	of which: Internal model-based approach (IMA)	-	-	-
25	of which: Simplistically standardised approach	-	-	-
26	Capital requirements for the conversion of the trading book and the banking book	0	0	0
27	Operational risk	1,770,189	1,770,189	141,615
28	Additional adjustments due to the application of capital floor	0	0	
29	Total	22,150,555	21,690,492	1,772,045

1. As at 30 September 2024, the Group's banking book securitisation risk-weighted assets include items 19, 20, 21, the item "A 1250% risk weight applies" of RMB 65,136 million, and the item "Adjustment for applying the capital charge cap" of RMB -54,667 million.

3 Indicators for the Assessment of Global Systemically Important Banks

The bank first time publicly disclosed Global Systemically Important Banks assessment indicators in 2015 annual report. Please refer to CCB's official website (website link: <https://en.ccb.com/eng/investor/performance-reports/annual-reports/index.shtml>) for the Group's Global Systemically Important Bank Assessment indicators of 2023 and previous periods.

4 Leverage Ratio

As at 30 September 2024, the Group's leverage ratio was 7.76%, meeting regulatory requirements.

The following table shows the difference between the on and off-balance sheet assets after adjustments used for calculating the Group's leverage ratio and the total assets of the Group's balance sheet.

Table 3 (LR1): Difference in Leverage Ratio Regulatory Items and Relevant Accounting Items

(In millions of RMB)		a	b
		September 30, 2024	June 30, 2024
1	Total consolidated assets ¹	40,923,042	40,294,387
2	Adjustment for consolidation ²	(307,812)	(303,109)
3	Adjustment for clients' assets	-	-
4	Adjustment for derivatives	273,079	312,478
5	Adjustment for securities financing transactions	1,982	2,590
6	Adjustment for off-balance sheet items ³	1,933,849	2,017,027
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 provisions	-	-
12	Other adjustments ⁵	(8,410)	(8,647)
13	On and off-balance sheet assets after adjustments	42,815,730	42,314,726

1. Total consolidated assets is 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 off-balance sheet asset after conversion 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 is 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 for Tier 1 capital.

The following table shows the Group's composition of the leverage ratio calculation items, actual leverage ratio, minimum leverage ratio requirement, additional leverage ratio requirement, and other relevant information.

Table 4 (LR2): Leverage Ratio

(In millions of RMB, except percentages)		a	b
		September 30, 2024	June 30, 2024
On-balance sheet items			
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	40,669,383	39,882,284
2	Less: Provisions	(850,539)	(844,360)
3	Less: Regulatory adjustments for Tier 1 capital	(8,410)	(8,647)
4	Adjusted on-balance sheet assets (exclusive of derivatives and securities financing transactions)	39,810,434	39,029,277
Derivative items			
5	Replacement costs associated with derivative transactions (deducting eligible margin and considering the impact of the bilateral netting agreement)	67,468	109,864
6	Potential future exposure associated with derivative transactions	251,881	268,424
7	Gross-up for derivatives collateral deducted from the balance sheet	-	-
8	Less: Assets receivable due to the provision of eligible margin	-	-
9	Less: Derivative assets with CCPs from client-cleared service	-	-
10	The notional principal of written credit derivatives	-	-
11	Less: Deductions for written credit derivatives	-	-
12	Balance of derivatives	319,349	378,288
Balance of securities financing transactions			
13	Securities financing transactions accounting assets	750,116	887,544
14	Less: Deductible securities financing transactions	-	-
15	Counterparty credit risk exposure for securities financing transactions	1,982	2,590
16	Agent securities financing transactions assets	-	-
17	Balance of securities financing transactions assets	752,098	890,134
Off-balance sheet items			
18	Notional amount of off-balance sheet items	7,499,760	7,516,547
19	Less: adjustments for conversion to credit equivalent amounts	(5,535,401)	(5,468,322)
20	Less: Provisions	(30,510)	(31,198)
21	Off-balance sheet assets after adjustments	1,933,849	2,017,027
Tier 1 capital after regulatory adjustments and on and off-balance sheet assets after adjustments			
22	Tier 1 capital after regulatory adjustments	3,322,954	3,237,254
23	On and off-balance sheet assets after adjustments	42,815,730	42,314,726
Leverage ratio			
24	Leverage ratio (%)	7.76	7.65
24a	Leverage ratio a (%) ¹	7.76	7.65
25	Minimum leverage ratio requirement (%)	4.00	4.00
26	Additional leverage ratio requirement (%)	0.75	0.75

(In millions of RMB, except percentages)		a	b
		September 30, 2024	June 30, 2024
Disclosure of mean values			
27	Quarter mean value of securities financing transactions	808,929	903,956
27a	Quarter-end value of securities financing transactions	750,116	887,544
28	On and off-balance sheet assets after adjustments a ²	42,874,543	42,331,138
28a	On and off-balance sheet assets after adjustments b ³	42,874,543	42,331,138
29	Leverage ratio b (%) ⁴	7.75	7.65
29a	Leverage ratio c (%) ⁵	7.75	7.65

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
		The Third Quarter of 2024	
		The value before conversion	The value after conversion
High-quality liquid assets (HQLA)			
1	Total high-quality liquid assets (HQLA)		6,148,940
Cash outflows			
2	Retail deposits and deposits from small business customers	15,009,249	1,350,014
3	of which: Stable deposits	3,017,205	150,809
4	of which: Less stable deposits	11,992,044	1,199,205
5	Unsecured wholesale funding	13,058,203	4,983,413
6	of which: Operational deposits (excluding those generated from correspondent banking activates)	7,354,195	1,825,703
7	of which: Non-operational deposits (all counterparties)	5,556,270	3,009,972
8	of which: Unsecured debt	147,738	147,738
9	Secured funding		1,300
10	Additional requirements	2,162,172	258,096
11	of which: Outflows related to derivative exposures and other collateral requirements	55,270	55,270
12	of which: Outflows related to loss of funding on secured debt products	8,619	8,619
13	of which: Credit and liquidity facilities	2,098,283	194,207
14	Other contractual funding obligations	3,088	3,055
15	Other contingent funding obligations	5,811,281	693,477
16	Total cash outflows		7,289,355
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	806,726	806,726
18	Inflow from fully performing exposures	2,189,793	1,309,655
19	Other cash inflows	57,803	53,845
20	Total cash inflows	3,054,322	2,170,226
			The value after adjustment
21	Total high-quality liquid assets (HQLA)		6,148,940
22	Total net cash outflows		5,119,129
23	Liquidity coverage ratio (%)¹		120.29

1. All the data above represent simple arithmetic means of the values for 92 calendar days in the latest quarter, calculated in accordance with the current applicable regulatory requirements, definitions and accounting standards.

Table Index

<i>Table 1 (KM1): Regulatory Consolidated Key Prudential Regulatory Indicators</i>	3
<i>Table 2 (OV1): Overview of Risk-weighted Assets</i>	4
<i>Table 3 (LR1): Difference in Leverage Ratio Regulatory Items and Relevant Accounting Items</i>	6
<i>Table 4 (LR2): Leverage Ratio</i>	7
<i>Table 5 (LIQ1): Liquidity Coverage Ratio</i>	9