

FOR IMMEDIATE RELEASE



**China Construction Bank (Asia) Announces
Consolidated Net Profit after Tax of HKD3,749 Million for 2020**

Hong Kong – April 30, 2021 – China Construction Bank (Asia) Corporation Limited [“CCB (Asia)”] today announced its consolidated net profit after tax to reach HKD3,749 million for the year ended December 31, 2020, an increase of HKD67 million or 1.8%, as compared with 2019. Set out below are the highlights:

Total operating income of CCB (Asia) for the year of 2020 amounted to HKD8,249 million, a decrease of 1.5% as compared with that of 2019. If including the interest income of trading advances to customers and trade bills of HKD188 million and foreign currency swap amortization income of HKD165 million, net interest income amounted to HKD5,744 million, a decrease of 5.9% as compared with that of 2019. Non-interest income after excluding the aforesaid interest income and swap amortization income was HKD2,505 million, representing an increase of 10.5% as compared with that of 2019, mainly attributable to the increase in net fees and commission income and net gains from disposal of financial assets measured at fair value through other comprehensive income by HKD103 million and HKD235 million respectively.

Total operating expenses increased by 2.0% to HKD3,351 million and the cost-to-income ratio increased by 1.37 percentage points to 40.62%. In 2020, the amount of impairment allowance charges decreased by 42.5% to HKD436 million, mainly due to the repayment of certain large size loans in 2020 leading to a write-back of their impairment provisions, but partially offset by the increase in net charge of individual impairment due to adverse economic environment in 2020.

Taxation increased by 12.2% to HKD771 million as compared with that of 2019, mainly driven by the increase in profit before tax in 2020 and more non-taxable income in 2019.

As at December 31, 2020, total consolidated assets stood at HKD474.5 billion, a decrease of 2.8% from HKD488.4 billion versus that at end of 2019. The gross advances to customers and trade bills decreased by 2.9% to HKD284.5 billion as a result of prudent credit risk management controls. As at December 31, 2020, the impaired loan ratio was 1.15%, increased by 0.86 percentage point.

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The financial assets measured at fair value through other comprehensive income and financial assets at amortized costs decreased in aggregate by 15.3% to HKD79.8 billion, which was mainly resulted from the disposal of certain non-HK dollar debt securities during the year. On the other hand, the cash and balances with banks and central banks, placement with banks amounted to HKD84.3 billion in aggregate, increased by 5.0%.

The total liabilities decreased by 5.0% to HKD397.2 billion when compared to that at end of 2019, of which the deposits from customers decreased by 6.5% to HKD369.4 billion versus last year end. The deposits structure was further enhanced, with the demand, current and savings deposits increased significantly by 49.6% to HKD134.5 billion. On the other hand, the wholesales funding continued to account for small proportion to total liabilities, of which deposits and balances of banks increased by 103.8% to HKD16.1 billion, partly offset by the decrease in other debt securities issued by 69.4% to HKD1.9 billion.

The Total Capital Ratio, Leverage Ratio and Net Stable Funding Ratio as at December 31, 2020 were 21.4%, 15.1% and 142.5% respectively. The annual average Liquidity Coverage Ratio for the year of 2020 was 158.6%. All the aforementioned ratios were maintained at sound levels and well above regulatory requirements.

For details of the 2020 financial statements, please visit any of CCB (Asia)'s branches or the Bank's website at www.asia.ccb.com.

About China Construction Bank (Asia) Corporation Limited

China Construction Bank (Asia) Corporation Limited ["CCB (Asia)"] is the comprehensive and integrated commercial banking business platform of China Construction Bank Corporation in Hong Kong. Currently, CCB (Asia) has offered a wide array of banking products and services to customers, including consumer banking services, commercial banking services, corporate banking services, private banking services, treasury business and cross-border financial services, etc.

For more information about CCB (Asia), please visit www.asia.ccb.com.

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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

	2020	2019
Interest income	10,268,385	13,700,540
Interest expense	<u>(4,877,622)</u>	<u>(7,458,540)</u>
Net interest income	5,390,763	6,242,000
Fees and commission income	2,013,935	1,920,654
Fees and commission expense	<u>(113,236)</u>	<u>(122,478)</u>
Net fees and commission income	1,900,699	1,798,176
Net trading income	488,618	90,153
Net gains from financial instruments designated at fair value through profit or loss	22,697	22,070
Net gains from disposal of financial assets measured at fair value through other comprehensive income	380,538	145,397
Other operating income	<u>65,939</u>	<u>74,884</u>
Total operating income	8,249,254	8,372,680
Operating expenses	<u>(3,350,981)</u>	<u>(3,285,994)</u>
Operating profit before impairment losses	4,898,273	5,086,686
Net charge on expected credit losses	(435,492)	(805,366)
Net charge on impairment on other assets	<u>(1,195)</u>	<u>-</u>
Operating profit	4,461,586	4,281,320
Gains on disposal of fixed assets	1,454	2,507
Share of profit of joint venture/associate	56,995	12,094
Gain on disposal of an associate	-	26,189
Impairment reversal on associate	<u>-</u>	<u>47,000</u>
Profit before taxation	4,520,035	4,369,110
Taxation	<u>(770,674)</u>	<u>(687,520)</u>
Profit for the year	<u>3,749,361</u>	<u>3,681,590</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

	2020	2019
Profit for the year	<u>3,749,361</u>	<u>3,681,590</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Debt instruments measured at fair value through other comprehensive income:		
Changes in fair value recognised during the year	10,061	521,884
Reclassification adjustments for amounts transferred to profit or loss	(79,606)	14,172
Expected credit losses recognised in profit or loss	(34,165)	12,733
Tax effect	11,388	(85,477)
Item that may not be reclassified subsequently to profit or loss:		
Equity instruments designated at fair value through other comprehensive income:		
Changes in fair value recognised during the year	<u>119,340</u>	<u>107,221</u>
Other comprehensive income for the year, net of tax	<u>27,018</u>	<u>570,533</u>
Total comprehensive income for the year	<u>3,776,379</u>	<u>4,252,123</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

	2020	2019
ASSETS		
Cash and balances with banks and central banks	54,039,149	39,258,940
Placements with banks	30,213,346	38,328,199
Financial assets held under resale agreements	-	783,381
Advances to banks	-	1,919,518
Advances to customers and trade bills	281,464,455	290,249,557
Financial assets measured at fair value through profit or loss	9,108,802	10,852,514
Financial assets measured at fair value through other comprehensive income	65,510,224	76,046,838
Other assets measured at amortised cost	14,317,688	18,136,241
Derivative financial instruments	1,916,804	1,907,768
Interest in a joint venture	1,900,860	1,913,865
Deferred tax assets	424,473	548,379
Fixed assets	2,527,817	2,594,611
Right-of-use assets	2,014,852	2,223,150
Other assets	11,066,968	3,585,693
Total assets	474,505,438	488,348,654
LIABILITIES		
Deposits and balances with banks	16,077,644	7,909,125
Deposits from customers	369,420,713	395,198,137
Financial liabilities designated at fair value through profit or loss	418,299	127,102
Other debt securities issued	1,912,429	6,215,679
Derivative financial instruments	2,222,274	998,406
Lease liabilities	1,552,237	1,736,851
Current tax payable	143,498	1,176,516
Deferred tax liabilities	19,677	19,288
Other liabilities	5,414,102	4,702,906
Total liabilities	397,180,873	418,084,010
EQUITY		
Share capital	28,827,843	28,827,843
Other equity instruments	15,589,333	11,712,840
Reserves	32,907,389	29,723,961
Total equity	77,324,565	70,264,644
Total equity and liabilities	474,505,438	488,348,654

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

	Share capital	Other equity instruments	General reserve	Investment revaluation reserve	Regulatory reserve	Other reserve	Merger reserve	Retained earnings	Total
Balance as at January 1, 2020	28,827,843	11,712,840	750,956	396,603	649,984	15,913	62,262	27,848,243	70,264,644
Changes in equity for 2020:									
Profit for the year	-	-	-	-	-	-	-	3,749,361	3,749,361
Other comprehensive income, net of tax	-	-	-	27,018	-	-	-	-	27,018
Total comprehensive income for the year	-	-	-	27,018	-	-	-	3,749,361	3,776,379
Issuance of other equity instruments	-	3,876,493	-	-	-	-	-	-	3,876,493
Coupon paid for other equity instruments	-	-	-	-	-	-	-	(592,951)	(592,951)
Regulatory reserve	-	-	-	-	6,264	-	-	(6,264)	-
Balance as at December 31, 2020	28,827,843	15,589,333	750,956	423,621	656,248	15,913	62,262	30,998,389	77,324,565
Balance as at January 1, 2019	28,827,843	7,811,732	750,956	(173,930)	576,966	15,913	62,262	24,606,262	62,478,004
Changes in equity for 2019:									
Profit for the year	-	-	-	-	-	-	-	3,681,590	3,681,590
Other comprehensive income, net of tax	-	-	-	570,533	-	-	-	-	570,533
Total comprehensive income for the year	-	-	-	570,533	-	-	-	3,681,590	4,252,123
Issuance of other equity instruments	-	3,901,108	-	-	-	-	-	-	3,901,108
Coupon paid for other equity instruments	-	-	-	-	-	-	-	(366,591)	(366,591)
Regulatory reserve	-	-	-	-	73,018	-	-	(73,018)	-
Balance as at December 31, 2019	28,827,843	11,712,840	750,956	396,603	649,984	15,913	62,262	27,848,243	70,264,644

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1 Statutory financial statements

The information in this announcement does not constitute statutory financial statements. Certain financial information in this announcement is extracted from the statutory financial statements for the year ended December 31, 2020 which will be delivered to the Registrar of Companies and the Hong Kong Monetary Authority (“HKMA”). The auditors expressed an unqualified opinion on those financial statements in their report dated March 19, 2021.

2 Basis of preparation

The Group presents its consolidated statement of financial position in order of liquidity based on the Group’s intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. The Group uses the calendar year as the accounting year, which is from January 1 to December 31.

(a) Going concern

These financial statements are prepared on a going concern basis, as the directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except that: (i) financial instrument measured at fair value through profit or loss (“FVPL”) are measured at fair value; (ii) financial assets measured at fair value through other comprehensive income (“FVOCI”) are measured at fair value; (iii) derivative financial instruments are measured at fair value; (iv) the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged; (v) certain non-financial assets are measured at its cost.

(c) Functional and presentation currency

These financial statements are presented in Hong Kong Dollars, unless otherwise stated, rounded to the nearest thousand, which is the functional currency of the Group.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(e) Offsetting

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when Hong Kong Financial Reporting Standards (“HKFRS”) netting criteria are met.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

2 Basis of preparation (continued)

(f) Local regulatory reporting

In preparing the capital adequacy ratios of the Group, they are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries and a joint venture whereas the latter excludes CCB Securities Limited ("CCBS"), CCB Nominees Limited ("CCBN") and CCB (Asia) Trustee Company Limited ("CCBT") which conduct non-banking related business.

Details of the subsidiaries which are not included in consolidation for regulatory purposes are as follows:

Name of company	Principal activities	Total assets		Total equity	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
CCBS	Securities brokerage business	1,352,694	1,075,418	629,785	620,706
CCBN	Custodian and nominee services	39,952	39,577	39,804	39,474
CCBT	Trustee and custodian business	83,610	115,710	75,780	54,947

3 Significant accounting policies

Except as described below, the accounting policies and methods of computation adopted by the Group for this announcement are consistent with those described on pages 62 to 111 of the statutory financial statements for the year ended December 31, 2019.

(a) Amendment to HKFRS 16 COVID-19 related Rent Concessions (early adopted)

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after June 1, 2020 with earlier application permitted.

For the year ended December 31, 2020, certain monthly lease payments for the leases premises have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic for the year ended December 31, 2020. A reduction in the lease payments arising from the rent concessions of \$47 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended December 31, 2020.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

3 Significant accounting policies (continued)

(b) HKFRS 3 “Definition of Business ”

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered as a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. There is no significant impact to the Group.

(c) Interest Rate Benchmark reform Phase 1 Amendments to HKFRS 9, Hong Kong Accounting Standard (“HKAS”) 39 and HKFRS 7

Interest Rate Benchmark reform is a global initiative to replace or reform interbank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as advance to customers, debt securities and derivatives. The objective of the reform is to replace IBORs with alternative nearly risk-free rates (RFRs) that are based on actual market transactions. Consequently, financial contracts referencing these benchmarks may need to be amended to reference the alternative RFR in the applicable currency.

The amendments modify certain specific hedge accounting requirements to provide temporary relief allowing the continuous use of hedge accounting under the uncertainties caused by interest rate benchmark reform (“IBOR reform”) on the cash flows of the hedge relationships. Pursuant to the amendments, the relief would deem to be ended at the earlier of (i) when there is no longer uncertainty arising from IBOR reform over the cash flows of the hedging relationships, and (ii) when the hedging relationship to which the relief applied is discontinued, or in case of cash flow hedges, when the entire amount accumulated in the cash flow hedge reserve with respect to the discontinued hedging relationship has been reclassified to profit or loss. The amendments have been applied retrospectively.

As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

(d) Amendments to HKAS 1 and HKAS 8 “Definition of Material”

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. There is no significant impact to the Group.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

4 Net interest income

	2020	2019
Interest income		
<i>Interest income calculated using the effective interest rate</i>		
Placements and advances to banks	1,250,001	2,193,693
Advances to customers and trade bills	7,311,947	9,045,591
Financial assets measured at fair value through other comprehensive income	1,424,406	1,995,445
Other assets measured at amortised cost	282,031	465,811
Total interest income	10,268,385	13,700,540
Interest expense		
<i>Interest expense arising from financial liabilities that are not measured at fair value through profit or loss</i>		
Deposits and balances with banks	(134,229)	(273,123)
Deposits from customers	(4,605,478)	(6,644,451)
Other debt securities issued	(80,654)	(234,973)
	(4,820,361)	(7,152,547)
<i>Interest expense arising from financial liabilities that are measured at fair value through profit or loss</i>		
Other debt securities issued	-	(12,303)
	-	(12,303)
<i>Interest expense arising from financial liabilities under fair value hedge</i>		
Other debt securities issued	-	(38,446)
Subordinated debt	-	(191,438)
	-	(229,884)
<i>Interest expense arising from lease liabilities</i>	(57,261)	(63,806)
Total interest expense	(4,877,622)	(7,458,540)
Net interest income	5,390,763	6,242,000

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

5 Net fees and commission income

	2020	2019
Fees and commission income		
Investment services	236,144	182,145
Securities broking and related services	157,031	111,266
Insurance	239,801	200,506
Remittance, settlement and account management fees	143,959	130,860
Fees received from intermediate holding company	606,472	749,357
Trade finance	33,593	45,659
Cards	133,622	149,608
Credit facilities	462,045	348,225
Others	1,268	3,028
Total fees and commission income	<u>2,013,935</u>	<u>1,920,654</u>
Fees and commission expense		
Cards	(46,700)	(51,489)
Brokerage	(7,471)	(10,103)
Fees paid to intermediate holding company and fellow subsidiaries	(12,504)	(14,549)
Settlement accounts	(12,477)	(10,931)
Others	(34,084)	(35,406)
Total fees and commission expense	<u>(113,236)</u>	<u>(122,478)</u>
Net fees and commission income	<u>1,900,699</u>	<u>1,798,176</u>

The fees and commission income above includes income of \$629,369 (2019: \$543,492) and expenses of \$105,765 (2019: \$112,375) relating to financial assets and financial liabilities not measured at fair value through profit or loss.

6 Net trading income

	2020	2019
Gains/(losses) from trading activities		
Foreign exchange	414,088	(136,050)
Interest rate derivatives	(102,330)	51,897
Other debt instruments	171,351	145,081
Other trading	5,929	15,371
	<u>489,038</u>	<u>76,299</u>
Other trading income		
Hedge ineffectiveness on fair value hedge	(420)	13,854
Net trading income	<u>488,618</u>	<u>90,153</u>

The net trading income above includes a net income of \$2,855 (2019: a net loss of \$109) relating to the other assets measured at amortised cost.

"Foreign exchange" under "Net trading income" includes a net gain of \$190,460 (2019: a net loss of \$306,087) arising from gains and losses from spot and forward contracts, options, and the income and costs from foreign exchange swaps contracts which were used for economically hedging the assets and liabilities of the Group and net translation gains and losses on foreign currency denominated assets and liabilities.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

7 Net gains from financial instruments designated at fair value through profit or loss

	2020	2019
Net gains from structured deposits	22,697	1,767
Net gains from other securities issued	-	20,303
Total	22,697	22,070

8 Other operating income

	2020	2019
Dividend income		
Unlisted	4,354	5,314
Listed	1,158	1,130
	<u>5,512</u>	<u>6,444</u>
Operating lease income	<u>31,873</u>	<u>27,232</u>
Others	<u>28,554</u>	<u>41,208</u>
Total	65,939	74,884

9 Operating expenses

	2020	2019
Staff costs		
Salaries and other benefits	1,927,822	1,814,254
Pension and provident fund costs	95,299	98,272
	<u>2,023,121</u>	<u>1,912,526</u>
General and administrative expenses		
Rental expenses	105,502	142,463
Other premises and equipment	127,076	126,012
Marketing expenses	201,387	203,416
Auditors' remuneration	6,109	5,960
Professional fees	69,493	62,133
Other operating expenses	249,838	268,177
	<u>759,405</u>	<u>808,161</u>
Depreciation		
Fixed assets	283,664	294,151
Right-of-use assets	284,791	271,156
	<u>568,455</u>	<u>565,307</u>
Total	3,350,981	3,285,994

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

10 Net charge on expected credit losses

	2020	2019
New allowances charged, net of allowance releases	461,695	828,939
Recoveries of amounts previously written off	(26,203)	(23,573)
Net charge on expected credit losses (“ECL”)	435,492	805,366
Attributable to:		
Balances with banks and central banks and placements with banks	(3,811)	358
Advances to customers and trade bills	418,498	742,434
Financial assets measured at fair value through other comprehensive income	(34,363)	12,720
Other assets measured at amortised cost	(12,686)	164
Other assets	(413)	413
Loan and other credit related commitments	68,267	49,277
Net charge on expected credit losses	435,492	805,366

11 Taxation

Taxation in the consolidated statement of profit or loss represents:

	2020	2019
Current tax – Hong Kong Profits Tax		
Provision for the year	693,431	762,273
Under/(over)-provision in respect of prior years	194	(17,097)
	693,625	745,176
Current tax – Overseas		
Provision for the year	104	153
Withholding tax for the year	2,737	2,859
	2,841	3,012
Deferred tax		
Origination and reversal of temporary differences	74,208	(60,668)
	770,674	687,520

The provision of Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year. Taxation for overseas transactions are charged at the appropriate current rates of taxation ruling in the countries in which the transactions took place.

For the year ended December 31, 2020, the effective income tax rate was 17.05% (2019: 15.74%).

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

12 Financial assets measured at fair value through profit or loss

	2020	2019
Fund investments issued by non-bank financial institutions	92,633	122,761
Certificates of deposit issued by banks	471,417	-
Trading securities issued by central banks	-	495,550
Other debt securities issued by corporates	-	158,742
Trading loans	8,544,752	10,075,461
	<u>9,108,802</u>	<u>10,852,514</u>
<u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Certificates of deposit	471,417	-
Listed outside Hong Kong		
Fund investments	27,572	28,385
Unlisted		
Fund investments	65,061	94,376
Trading securities	-	495,550
Other debt securities	-	158,742
Trading loans	8,544,752	10,075,461
	<u>8,609,813</u>	<u>10,824,129</u>
	<u>9,108,802</u>	<u>10,852,514</u>

13 Advances to customers and trade bills

	2020	2019
Advances to customers		
Gross advances to corporate customers	232,888,557	247,429,931
Gross advances to personal customers	51,492,817	45,510,953
Gross advances to customers	284,381,374	292,940,884
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(1,063,287)	(1,299,588)
Stage 2: Lifetime ECL but not credit-impaired	(713,775)	(905,420)
Stage 3: Lifetime ECL and credit-impaired	(1,171,579)	(502,175)
Net advances to customers	<u>281,432,733</u>	<u>290,233,701</u>
Trade bills		
Gross trade bills	31,723	15,856
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(1)	-
Net trade bills	<u>31,722</u>	<u>15,856</u>
Net advances to customers and trade bills	<u>281,464,455</u>	<u>290,249,557</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

13 Advances to customers and trade bills (continued)

(a) Movement in gross carrying amount and expected credit loss allowances on advances to customers and trade bills

Reconciliation of changes in gross carrying amount and expected credit loss allowances on advances to customers and trade bills for the year ended December 31, 2020.

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount	ECL allowance
	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance
Balance as at January 1, 2020	284,757,413	1,299,588	7,343,338	905,420	855,989	502,175	292,956,740	2,707,183
Transfer to stage 1: 12-month ECL	61,087	22,828	(56,728)	(18,401)	(4,359)	(4,427)	-	-
Transfer to stage 2: lifetime ECL not credit-impaired	(8,746,853)	(58,106)	8,746,932	58,321	(79)	(215)	-	-
Transfer to stage 3: lifetime ECL credit-impaired	(2,813,367)	(136,308)	(75,019)	(34,094)	2,888,386	170,402	-	-
New financial assets originated or purchased*	138,129,003	279,684	11,806,672	217,033	29,818	8,876	149,965,493	505,593
Financial assets that have been derecognised	(152,116,192)	(386,602)	(5,906,187)	(842,385)	(283,515)	(76,674)	(158,305,894)	(1,305,661)
Write-offs	-	-	-	-	(203,242)	(203,242)	(203,242)	(203,242)
Recoveries of amounts previously written-offs	-	-	-	-	-	26,203	-	26,203
Net remeasurements (Including changes in risk parameters)	-	36,617	-	427,964	-	748,532	-	1,213,113
Foreign exchange and other movements	-	5,587	-	(83)	-	(51)	-	5,453
Balance as at December 31, 2020	259,271,091	1,063,288	21,859,008	713,775	3,282,998	1,171,579	284,413,097	2,948,642

* During the period, all advances to customers and trade bills were initially classified in Stage 1 and were not considered as credit-impaired at the time of origination or purchase. Some were subsequently transferred into Stage 2 or Stage 3 based on the result of credit assessments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

13 Advances to customers and trade bills (continued)

(a) Movement in gross carrying amount and expected credit loss allowances on advances to customers and trade bills (continued)

Reconciliation of changes in gross carrying amount and expected credit loss allowances on advances to customers and trade bills for the year ended December 31, 2019.

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount	ECL allowance
	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance		
Balance as at January 1, 2019	241,376,373	1,093,402	15,029,908	781,810	797,989	200,271	257,204,270	2,075,483
Transfer to stage 1: 12-month ECL	4,411,873	70,601	(4,411,873)	(70,601)	-	-	-	-
Transfer to stage 2: lifetime ECL not credit-impaired	(145,139)	(1,463)	503,827	1,463	(358,688)	-	-	-
Transfer to stage 3: lifetime ECL credit-impaired	(216,434)	(121,409)	(2,806)	(2,065)	219,240	123,474	-	-
New financial assets originated or purchased*	168,936,911	483,868	1,737,593	28,734	623,127	251,582	171,297,631	764,184
Financial assets that have been derecognised	(129,606,171)	(265,876)	(5,513,311)	(98,523)	(291,372)	(747)	(135,410,854)	(365,146)
Write-offs	-	-	-	-	(134,307)	(134,307)	(134,307)	(134,307)
Recoveries of amounts previously written-offs	-	-	-	-	-	23,573	-	23,573
Net remeasurements (Including changes in risk parameters)	-	43,200	-	273,055	-	38,341	-	354,596
Foreign exchange and other movements	-	(2,735)	-	(8,453)	-	(12)	-	(11,200)
Balance as at December 31, 2019	<u>284,757,413</u>	<u>1,299,588</u>	<u>7,343,338</u>	<u>905,420</u>	<u>855,989</u>	<u>502,175</u>	<u>292,956,740</u>	<u>2,707,183</u>

* During the period, all advances to customers and trade bills were initially classified in Stage 1 and were not considered as credit-impaired at the time of origination or purchase. Some were subsequently transferred into Stage 2 or Stage 3 based on the result of credit assessments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

13 Advances to customers and trade bills (continued)

(a) Movement in gross carrying amount and expected credit loss allowances on advances to customers and trade bills (continued)

As at December 31, 2020, the retail and wholesale portfolios represented \$980,229 and \$1,968,413 or 33% and 67% (2019: \$554,589 and \$2,152,594 or 20% and 80%), respectively, of the total expected credit loss allowances on advances to customers and trade bills as at December 31, 2020. The measurement of expected credit loss allowances for retail and wholesale portfolios is under the same modelling framework by applying different risk parameters.

During the year, the movement of the retail portfolio is mainly driven by the consideration of countercyclical measures in the economic environment. The movement of the wholesale portfolio is driven by the change in risk parameters from considering the countercyclical measures in the economic environment, the newly originated assets and the assets that have been derecognised during the year.

(b) Gross advances to customers by industry sectors (unaudited)

	As as December 31, 2020		As as December 31, 2019	
	Outstanding balance	% of advances covered by collateral	Outstanding balance	% of advances covered by collateral
Advances for use in Hong Kong				
Industrial, commercial and financial				
Property development	16,637,039	89.37	16,553,186	87.43
Property investment	26,025,290	89.38	28,821,097	89.95
Financial concerns	38,265,535	29.22	34,450,580	35.67
Stockbrokers	1,695,339	29.49	855,085	0.00
Wholesale and retail trade	4,633,315	86.85	5,451,472	88.59
Manufacturing	7,785,393	77.76	8,026,832	71.00
Transport and transport equipment	6,906,945	74.92	9,989,160	68.30
Recreational activities	14,021	100.00	29,178	100.00
Information technology	5,196,353	56.22	6,022,776	48.74
Others	17,907,185	76.42	22,076,968	68.58
	<u>125,066,415</u>		<u>132,276,334</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	2,230	100.00	2,997	100.00
Loans for the purchase of other residential properties	26,697,270	99.98	18,622,754	99.96
Credit card advances	3,880,087	0.00	4,342,059	0.00
Others	14,959,019	26.39	15,586,331	15.83
	<u>45,538,606</u>		<u>38,554,141</u>	
Trade finance	<u>3,069,805</u>	77.31	<u>4,344,271</u>	83.34
Advances for use outside Hong Kong	<u>110,364,506</u>	58.84	<u>117,139,236</u>	56.33
Accrued interest receivables	<u>373,765</u>		<u>642,758</u>	
Gross advances to customers	<u>284,413,097</u>		<u>292,956,740</u>	

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

13 Advances to customers and trade bills (continued)

(c) Gross advances to customers, advances to banks and trade bill overdue for more than three months (unaudited)

	As as December 31, 2020		As as December 31, 2019	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	532,808	0.19	83,244	0.03
One year or less but over six months	41,692	0.01	10,539	0.00
Over one year	118,176	0.04	150,210	0.05
Total gross amount of advances overdue for more than three months	<u>692,676</u>	<u>0.24</u>	<u>243,993</u>	<u>0.08</u>
Expected credit loss allowances made in respect of the above overdue advances	<u>412,890</u>		<u>203,325</u>	
Net realisable value of collateral held against the overdue advances	<u>161,187</u>		<u>48,703</u>	
Covered portion of overdue advances	161,187		48,703	
Uncovered portion of overdue advances	<u>531,489</u>		<u>195,290</u>	
	<u>692,676</u>		<u>243,993</u>	

As at December 31, 2020, collaterals held with respect of overdue advances to customers are mainly industrial and commercial properties and residential properties (2019: residential properties).

As at December 31, 2020 and December 31, 2019, there were no trade bill overdue for more than three months.

As at December 31, 2020 and December 31, 2019, there were no advances to banks overdue for more than three months.

(d) Rescheduled advances to customers, advances to banks and trade bill (unaudited)

	As as December 31, 2020		As as December 31, 2019	
		% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	<u>69,290</u>	<u>0.02</u>	<u>58,537</u>	<u>0.02</u>

Rescheduled advances are those advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised payment terms are non-commercial to the Bank. The rescheduled advances are stated net of any advances that have subsequently become overdue for over three months and reported as overdue advances as above.

As at December 31, 2020 and December 31, 2019, there were no rescheduled advances to banks and trade bills.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

14 Financial assets measured at fair value through other comprehensive income

	2020	2019
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt investments		
Treasury bills/ bonds issued by central banks/governments	28,313,493	38,654,596
Certificates of deposit issued by banks	4,017,378	3,163,467
Other debt securities issued by		
Banks	25,368,010	17,209,442
Corporates	7,536,913	16,864,243
	65,235,794	75,891,748
<i>Financial assets designated at fair value through other comprehensive income</i>		
Equity investments		
Equity shares issued by corporates	274,430	155,090
	65,510,224	76,046,838
<u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Debt investments	28,500,556	36,277,628
Listed outside Hong Kong		
Debt investments	8,613,694	13,373,355
Equity investments	46,809	40,412
	8,660,503	13,413,767
Unlisted		
Debt investments	28,121,544	26,240,765
Equity investments	227,621	114,678
	28,349,165	26,355,443
	65,510,224	76,046,838

Under the Group's business strategy, the equity investments are made for being members of the electronic payment system in Hong Kong and are held for long term purpose. These investments are designated at FVOCI. Management had no intention to dispose of these investments as at December 31, 2020.

For the year ended December 31, 2020, there was a gross balances of financial assets measured at FVOCI amounted \$1,582,616 transfer from Level 1 to Level 2 that resulted in significant changes to the ECL allowances (2019: Nil).

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

15 Other assets measured at amortised cost

	2020	2019
Treasury bills issued by central banks	6,199,472	3,892,924
Certificates of deposit issued by banks	-	2,327,793
Other debt securities issued by		
Banks and non-bank financial institutions	6,145,073	7,632,436
Corporates	1,985,514	4,308,145
	<u>14,330,059</u>	18,161,298
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(11,884)	(25,057)
Stage 2: Lifetime ECL but not credit-impaired	(487)	-
	<u>14,317,688</u>	<u>18,136,241</u>
<u>Analysed by place of listing:</u>		
Listed in Hong Kong	3,857,639	3,519,045
Listed outside Hong Kong	473,823	934,835
Unlisted	9,998,597	13,707,418
	<u>14,330,059</u>	<u>18,161,298</u>
<u>Market value:</u>		
Listed	4,380,154	4,480,323
Unlisted	10,012,088	13,713,820
	<u>14,392,242</u>	<u>18,194,143</u>

The fair value of other assets measured at amortised cost is based on quoted market bid prices. The following tables show the fair value hierarchy for other assets measured at amortised cost with fair values, which measured using fair value hierarchy method:

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Other assets measured at amortised cost	<u>4,140,124</u>	<u>10,252,118</u>	-	<u>14,392,242</u>
 As at December 31, 2019				
Other assets measured at amortised cost	<u>7,916,739</u>	<u>10,277,404</u>	-	<u>18,194,143</u>

There were no overdue financial investments as at December 31, 2020 and December 31, 2019 for the Group. The Group did not hold any asset-backed securities, mortgage-backed securities and collateralised debt obligations.

For the year ended December 31, 2020 and December 31, 2019, there were no significant movements in the gross balances of other assets measured at amortised cost that resulted in significant changes to the expected credit loss allowances.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

16 Derivative financial instruments

Derivatives include forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The Group uses derivatives for trading activities and sale to customers as risk management products. These positions are actively managed through entering into offsetting deals with external parties to ensure the Group's net exposures are within acceptable risk levels. No significant proprietary positions were maintained by the Group as at the reporting date. The Group also uses these derivatives in the management of its own asset and liability portfolios and structural positions.

The following table provides an analysis of the notional amounts, carrying amounts and credit risk weighted amounts of derivatives of the Group as at the reporting date.

	December 31, 2020				December 31, 2019			
	Notional amount	Fair value assets	Fair value liabilities	Credit risk weighted amount	Notional amount	Fair value assets	Fair value liabilities	Credit risk weighted amount
Exchange rate contracts								
Forwards	118,818,571	1,780,639	1,693,429	587,027	238,000,446	1,275,424	781,645	1,121,474
Options purchased	90,085	10,514	-	1,314	342,064	14,086	-	15,979
Options written	305,644	-	11,182	792	441,625	-	14,820	-
Interest rate swaps	17,659,707	51,517	441,029	60,433	24,622,041	82,634	180,347	62,445
Currency swaps	3,174,794	72,921	66,305	98,275	4,682,914	535,326	21,316	189,661
Equity swaps	217,973	1,213	10,329	1,621	26,230	298	278	791
	140,266,774	1,916,804	2,222,274	749,462	268,115,320	1,907,768	998,406	1,390,350

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 Hedge accounting

Fair value hedge

The Group uses interest rate swaps to hedge against change in fair value of financial assets and financial liabilities arising from movements in market interest rates.

As at December 31, 2020 and December 31, 2019, the amounts relating to items designated as hedging instruments are as follows:

	2020		
	Notional amount	Carrying Amount	
		Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	10,902,287	1,464	386,098
	2019		
	Notional amount	Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	17,910,516	43,126	158,393

As at December 31, 2020 and December 31, 2019, the amounts relating to hedged items are as follows:

	2020	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	11,288,322	334,646
	2019	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	18,241,877	121,592

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17 Hedge accounting (continued)

Fair value hedge (continued)

The below table sets out the changes in the fair value of the hedged items and hedging instruments for the year ended December 31, 2020 and December 31, 2019, used as the basis for recognising ineffectiveness:

		2020		
		Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
<i>Fair value hedge relationship</i>				
Assets				
Financial assets measured at FVOCI	Interest rate swaps	213,943	(214,363)	(420)
Net gains/(losses) from hedging activities		213,943	(214,363)	(420)
		2019		
		Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
<i>Fair value hedge relationship</i>				
Assets				
Financial assets measured at FVOCI	Interest rate swaps	430,802	(456,795)	(25,993)
Liabilities				
Other debt securities issued	Interest rate swaps	(14,931)	15,835	904
Subordinated debt	Interest rate swaps	(5,794)	44,737	38,943
		(20,725)	60,572	39,847
Net gains/(losses) from hedging activities		410,077	(396,223)	13,854

The table below summarises the notional amounts of the hedging instruments by remaining contractual maturity:

	1 month or less	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Total
As at December 31, 2020						
Derivative financial instruments						
Interest rate swaps	-	116,277	4,027,060	5,185,334	1,573,616	10,902,287
As at December 31, 2019						
Derivative financial instruments						
Interest rate swaps	311,468	739,737	5,654,133	10,091,680	1,113,498	17,910,516

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

18 Other assets

	2020	2019
Settlement accounts	1,099,401	1,797,787
Customer liability under acceptances	242,648	345,238
Money market trade date receivables	8,000,000	-
Accounts receivables	605,935	560,562
Repossessed assets	1,801	7,711
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	-	(16)
Stage 2: Lifetime ECL but not credit impaired	-	(92)
Stage 3: Lifetime ECL and credit impaired	-	(305)
Refundable deposits	842,504	621,815
Prepaid expenses	85,133	69,055
Others	189,546	183,938
	<u>11,066,968</u>	<u>3,585,693</u>

The fair value of other assets approximately equals their carrying amounts.

For the year ended December 31, 2020 and December 31, 2019, there were no significant movements in the gross balances of other assets that resulted in significant changes to the expected credit loss allowances.

19 Deposits from customers

	2020	2019
Demand deposits and current accounts	29,256,487	21,853,514
Savings deposits	105,643,877	68,048,165
Time and call deposits	233,381,001	304,431,731
Other deposits	1,139,348	864,727
	<u>369,420,713</u>	<u>395,198,137</u>

20 Other debt securities issued

	2020	2019
Other debt securities issued at amortised cost	<u>1,912,429</u>	<u>6,215,679</u>

As at December 31, 2020, the fair values of other debt securities issued at amortised cost were \$1,957,513 (2019: \$6,234,204). The fair values were measured using Level 2 hierarchy method.

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21 Other liabilities

	2020	2019
Settlement accounts	737,952	504,588
Accounts payables	410,568	144,593
Acceptances outstanding	242,648	345,238
Accrued salaries and welfare	560,861	397,850
Amounts due to intermediate holding companies	2,746,069	2,667,002
Accrued expenses	15,926	26,630
Cash collateral received	255,267	135,333
Expected credit loss allowances on loan and other credit related commitments	319,440	251,173
Others	125,371	230,499
	<u>5,414,102</u>	<u>4,702,906</u>

The fair value of other liabilities, except for expected credit loss allowances on loan commitments, approximately equals to their carrying amount.

22 Contingent liabilities, commitments and leasing arrangement

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments to extend credit:

	2020	2019
Direct credit substitutes	371,050	361,765
Transaction-related contingencies	5,097,298	3,985,512
Trade-related contingencies	1,614,033	1,417,186
Other commitments		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	55,023,274	52,942,232
with an original maturity under one year	2,306,442	3,245,985
with an original maturity over one year	41,398,215	30,399,463
	<u>105,810,312</u>	<u>92,352,143</u>

Contingent liabilities and commitments are credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for the loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

Operating leases – Group as lessor

The Group has entered into operating leases, as a lessor, on the usage of the Group's office premises rental. These leases have terms of between 1 and 6 years. Rental income recognised by the Group for the year ended December 31, 2020 was \$31,873 (2019: \$27,232).

Future minimum lease payments under non-cancellable operating leases as at December 31 were, as follows:

	2020	2019
Within one year	18,445	26,640
In the first to second year, inclusive	-	14,071
	<u>18,445</u>	<u>40,711</u>

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23 Segmental information

(a) Reportable segments

The Group manages its businesses by divisions, which are organised by products services and customer types. In a manner consistent with the way in which information is reported internally to the executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments.

(i) Corporate, institutional and commercial banking

This segment mainly represents the provision of a range of financial products and services to corporations, financial institutions and small and medium sized enterprises. The products and services mainly include commercial loans, syndicated loans, commercial mortgages, trade financing, foreign exchange and deposit-taking activities.

(ii) Consumer banking

This segment mainly represents the provision of a range of financial products and services to individual customers. The products and services mainly comprise residential mortgages, personal loans, credit cards, auto-financing, deposit-taking activities, foreign exchange, wealth management, insurance and securities agency services.

(iii) Treasury & management pool

This segment covers the Bank's treasury operations and management of shareholders' funds. The Treasury Division enters into inter-bank money market transactions and invests in debt instruments. It also trades in debt instruments, derivatives and foreign currency for its own account and carries out customer driven derivatives such as foreign currency transactions. Its function also includes the management of the Group's overall liquidity position, including the issuance of certificates of deposit.

(iv) Others

This segment mainly represents investments in premises, subsidiaries and others.

Segment assets and liabilities are mainly composed of placement with banks, advances to banks and customers, investment securities, derivatives financial instruments, deposits and balances with banks, deposits from customers and other debt securities issued.

Revenue and expenses are allocated to the reportable segments with reference to interest income and fee and commission income generated by these segments and the expenses incurred by these segments or which otherwise arise from the depreciation or amortisation of assets attributable to these segments.

The primary revenue stream of the Group is derived from net interest income and net fees and commission income. The executive management relies to a large extent on net interest income and net fees and commission income in managing its business. Hence, net interest income and net fees and commission income for all reportable segments are presented under segmental information.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

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(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

23 Segmental information (continued)

(a) Reportable segments (continued)

	2020					Total
	Corporate, institutional and commercial banking	Consumer banking	Treasury & management pool	Others	Inter-segment elimination	
Net interest income	2,561,418	1,649,351	1,184,678	(4,684)	-	5,390,763
Net fees and commission income	627,250	624,491	(10,047)	659,005	-	1,900,699
Total operating income						
— External	6,123,821	(1,301,981)	2,705,385	722,029	-	8,249,254
— Inter-segment	(2,499,729)	3,681,502	(1,177,680)	(4,093)	-	-
Total operating income	3,624,092	2,379,521	1,527,705	717,936	-	8,249,254
Depreciation	(100,216)	(338,101)	(17,084)	(113,054)	-	(568,455)
Total operating expenses	(861,482)	(1,718,520)	(164,571)	(606,408)	-	(3,350,981)
Operating profit before impairment losses	2,762,610	661,001	1,363,134	111,528	-	4,898,273
(Charge on)/release of expected credit losses and other impairment	71,434	(546,358)	38,937	(700)	-	(436,687)
Non-operating income/(losses)	(330)	(853)	-	59,632	-	58,449
Profit before taxation	2,833,714	113,790	1,402,071	170,460	-	4,520,035
<u>As at December 31, 2020</u>						
Total assets	254,616,898	50,515,763	161,806,511	8,365,027	(798,761)	474,505,438
Total liabilities	152,399,368	222,385,383	18,333,997	4,860,886	(798,761)	397,180,873

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

23 Segmental information (continued)

(a) Reportable segments (continued)

	2019					Total
	Corporate, institutional and commercial banking	Consumer banking	Treasury & management pool	Others	Inter-segment elimination	
Net interest income	2,294,535	1,975,877	1,973,356	(1,768)	-	6,242,000
Net fees and commission income	470,129	530,988	1,257	795,802	-	1,798,176
Total operating income						
– External	6,297,162	(2,583,420)	4,116,200	542,738	-	8,372,680
– Inter-segment	(3,286,041)	5,176,950	(2,212,509)	321,600	-	-
Total operating income	3,011,121	2,593,530	1,903,691	864,338	-	8,372,680
Depreciation	(91,924)	(322,650)	(13,322)	(137,411)	-	(565,307)
Total operating expenses	(693,463)	(1,696,215)	(137,404)	(758,912)	-	(3,285,994)
Operating profit before impairment losses	2,317,658	897,315	1,766,287	105,426	-	5,086,686
(Charge on)/release of expected credit losses	(661,270)	(138,717)	(5,572)	193	-	(805,366)
Impairment reversal on associate	-	-	-	47,000	-	47,000
Non-operating income/(losses)	(46)	(7)	-	40,843	-	40,790
Profit before taxation	1,656,342	758,591	1,760,715	193,462	-	4,369,110
<u>As at December 31, 2019</u>						
Total assets	271,103,376	43,803,012	164,075,398	9,972,463	(605,595)	488,348,654
Total liabilities	161,317,932	239,940,444	11,561,213	5,870,016	(605,595)	418,084,010

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

23 Segmental information (continued)

(b) Geographical information

The following table sets out information about the geographical location of the Group's total operating income, profit before taxation, total assets, total liabilities, specified non-current assets, contingent liabilities and commitments. The geographical location of customers is based on the location at which the services were provided. Segment assets or liabilities are based on the geographical location of the asset or liabilities. Specified non-current assets comprise fixed assets, right-of-use assets and interest in a joint venture and the geographical location is based on the physical location of the asset for fixed assets, and the location of the operation to which they are allocated for intangible assets, interest in a joint venture.

	Total operating income	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
As at December 31, 2020						
Hong Kong (place of domicile)	<u>8,249,254</u>	<u>4,520,035</u>	<u>474,505,438</u>	<u>397,180,873</u>	<u>6,443,529</u>	<u>105,810,312</u>
	Total operating income	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
As at December 31, 2019						
Hong Kong (place of domicile)	<u>8,372,680</u>	<u>4,369,110</u>	<u>488,348,654</u>	<u>418,084,010</u>	<u>6,731,626</u>	<u>92,352,143</u>

24 Immediate parent and ultimate controlling party

At December 31, 2020 and December 31, 2019, the Bank's immediate parent is CCB Overseas Holdings Limited ("CCBOHL"), a company incorporated in Hong Kong. CCBOHL is controlled by CCBC. Central Huijin Investment Ltd. is the controlling party of CCBC, and is a wholly-owned subsidiary of China Investment Corporation which is a wholly state-owned investment and management company. The Group's intermediate parent, CCBC, which is a listed bank incorporated in the Mainland China, produces financial statements available for public use.

25 Events after the reporting period

There are no significant events after the reporting period.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1 Corporate governance principles and practices

The Group is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of shareholders, customers, employees and other stakeholders. The Group has followed the module on "Corporate Governance of Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the HKMA. The Group constantly reviews and enhances its corporate governance framework, by making reference to market trend as well as guidelines and requirements issued by regulatory authorities, to ensure that it is in line with international and local corporate governance best practices. The Audit Committee of the Group has reviewed the results of the Group for the year ended December 31, 2020.

2 Announcement and statutory financial statements

This announcement is published on the Group's website (<http://www.asia.ccb.com/hongkong>) by April 30, 2021. The statutory financial statements for the year ended December 31, 2020 will be published on the aforesaid website by the end of June 2021.

3 Other financial information

To comply with the Banking (Disclosure) Rules, the Group has set up a "Regulatory Disclosures" section on its website (<http://www.asia.ccb.com/hongkong>) to house the information related to the disclosure requirements in a document "Regulatory Disclosure Statement" required by the Banking (Disclosure) Rules. The Regulatory Disclosure Statement, together with the disclosures in the Group's statutory financial statements, contained all the disclosures required by the Banking (Disclosure) Rules issued by the HKMA.