

**China Construction Bank (Asia) Announces  
Consolidated Net Profit after Tax of HKD3,330 Million for 2021**

**Hong Kong – April 29, 2022** – China Construction Bank (Asia) Corporation Limited [“CCB (Asia)”] today announced its consolidated net profit after tax to reach HKD3,330 million for the year ended December 31, 2021, a decrease of HKD419 million or 11.2%, as compared with 2020. Set out below are the highlights:

- Total operating income of CCB (Asia) for the year of 2021 amounted to HKD7,886 million, a decrease of 4.4% as compared with that of 2020. If including the interest income of trading advances to customers and trade bills of HKD46 million and foreign currency swap amortization income of HKD135 million, net interest income amounted to HKD5,399 million, a decrease of 6.0% as compared with that of 2020. Non-interest income after excluding the aforesaid interest income and swap amortization income was HKD2,487 million, representing a decrease of 0.7% as compared with that of 2020, mainly attributable to the increase in net trading income (after exclusion of interest income of trading advances to customers and trade bills and foreign currency swap amortization income) by HKD139 million but offset by the decrease in net gains from disposal of financial assets measured at fair value through other comprehensive income by HKD153 million.
- Total operating expenses decreased by 2.7% to HKD3,261 million and the cost-to-income ratio increased by 0.73 percentage point to 41.4%. In 2021, the amount of impairment allowance charges increased by 70.9% to HKD745 million, mainly due to the consideration of the expected upcoming adverse economic situation incurred by the impact of the 5th wave of the COVID19 in Hong Kong and lower impairment charge in 2020 resulting from write-back of impairment allowances, leading to the increase in the overall impairment allowance in the year of 2021.
- Taxation decreased by 20.9% to HKD610 million as compared with that of 2020, mainly driven by the decrease in profit before tax in 2021 and the reversal of tax provision due to the increase in deductible expenses agreed by the tax authority.
- As at December 31, 2021, total consolidated assets stood at HKD497.2 billion, an increase of 4.8% from HKD474.5 billion versus that at end of 2020. The gross advances to customers and trade bills increased by 6.6% to HKD303.3 billion, which was in turn mainly driven by the increase in bilateral loans, residential property loans and personal overdraft. As at December 31, 2021, the impaired loan ratio was 0.64%, decreased by 0.51 percentage point.

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- The financial assets measured at fair value through other comprehensive income increased by 40.2% to HKD91.8 billion, while the financial assets at amortized costs decreased by 32.2% to HKD9.7 billion. As a whole, the net aggregate balances of these two types of financial assets increased by 27.2%, mainly due to the increase in scale of high-quality debt securities issued by corporates and non-bank financial institutions and the increase in high quality liquidity debt securities to meet the liquidity requirements resulted from the business development for the year of 2021. On the other hand, the financial assets measured at fair value through profit or loss decreased by 40.7% to HKD5.4 billion, mainly due to the decrease in commercial loans held for trading purpose. Cash and balances with banks and central banks, placement with banks decreased by 5.8% to HKD79.4 billion, mainly due to better deployment of funds.
- The total liabilities increased by 5.1% to HKD417.6 billion when compared to that at end of 2020, of which the deposits and balances of banks increased by 96.9% to HKD31.7 billion to support asset growth during the year of 2021. Despite the increase, the wholesales funding continued to account for a small proportion to total liabilities. Deposit from customers increased by 2.1% to HKD377.2 billion versus last year end.
- The Total Capital Ratio, Leverage Ratio and Net Stable Funding Ratio as at December 31, 2021 were 21.2%, 14.7% and 130.0% respectively. The annual average Liquidity Coverage Ratio for the year of 2021 was 145.1%. All the aforementioned ratios were maintained at sound levels and well above regulatory requirements.

#### **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](http://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, 2021

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

	2021	2020
Interest income	7,371,956	10,268,385
Interest expense	<u>(2,154,410)</u>	<u>(4,877,622)</u>
<b>Net interest income</b>	<b>5,217,546</b>	<b>5,390,763</b>
Fees and commission income	2,067,403	2,013,935
Fees and commission expense	<u>(172,980)</u>	<u>(113,236)</u>
<b>Net fees and commission income</b>	<b>1,894,423</b>	<b>1,900,699</b>
Net trading income	454,853	488,618
Net gains from financial instruments designated at fair value through profit or loss	33,040	22,697
Net gains from disposal of financial assets measured at fair value through other comprehensive income	227,087	380,538
Other operating income	<u>59,372</u>	<u>65,939</u>
<b>Total operating income</b>	<b>7,886,321</b>	<b>8,249,254</b>
Operating expenses	<u>(3,261,312)</u>	<u>(3,350,981)</u>
<b>Operating profit before impairment losses</b>	<b>4,625,009</b>	<b>4,898,273</b>
Net charge on expected credit losses	(745,163)	(435,492)
Net charge on impairment on other assets	<u>-</u>	<u>(1,195)</u>
<b>Operating profit</b>	<b>3,879,846</b>	<b>4,461,586</b>
(Losses) / Gains on disposal of fixed assets	(1,284)	1,454
Share of profit of joint venture	<u>61,306</u>	<u>56,995</u>
<b>Profit before taxation</b>	<b>3,939,868</b>	<b>4,520,035</b>
Taxation	<u>(610,139)</u>	<u>(770,674)</u>
<b>Profit for the year</b>	<b><u>3,329,729</u></b>	<b><u>3,749,361</u></b>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

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

	2021	2020
<b>Profit for the year</b>	<u>3,329,729</u>	<u>3,749,361</u>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Debt instruments measured at fair value through other comprehensive income:		
Changes in fair value recognised during the year	(80,861)	10,061
Reclassification adjustments for amounts transferred to profit or loss	(150,302)	(79,606)
Expected credit losses recognised in profit or loss	79,240	(34,165)
Tax effect	39,436	11,388
<b>Item that may not be reclassified subsequently to profit or loss:</b>		
Equity instruments designated at fair value through other comprehensive income:		
Changes in fair value recognised during the year	<u>(145,792)</u>	<u>119,340</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(258,279)</u>	<u>27,018</u>
<b>Total comprehensive income for the year</b>	<u><u>3,071,450</u></u>	<u><u>3,776,379</u></u>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

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

	2021	2020
<b>ASSETS</b>		
Cash and balances with banks and central banks	46,771,963	54,039,149
Placements with banks	32,615,687	30,213,346
Advances to customers and trade bills	300,234,658	281,464,455
Financial assets measured at fair value through profit or loss	5,426,820	9,108,802
Financial assets measured at fair value through other comprehensive income	91,812,256	65,510,224
Other assets measured at amortised cost	9,712,527	14,317,688
Derivative financial instruments	898,617	1,916,804
Interest in a joint venture	1,902,166	1,900,860
Deferred tax assets	612,011	424,473
Fixed assets	2,445,555	2,527,817
Right-of-use assets	1,753,365	2,014,852
Other assets	3,104,592	11,066,968
<b>Total assets</b>	<b>497,290,217</b>	<b>474,505,438</b>
<b>LIABILITIES</b>		
Deposits and balances with banks	24,930,501	16,077,644
Deposits from customers	377,196,845	369,420,713
Financial assets sold under repurchase agreements	6,769,447	-
Financial liabilities designated at fair value through profit or loss	515,253	418,299
Other debt securities issued	736,578	1,912,429
Derivative financial instruments	755,073	2,222,274
Lease liabilities	1,298,508	1,552,237
Current tax payable	385,068	143,498
Deferred tax liabilities	18,875	19,677
Other liabilities	4,944,987	5,414,102
<b>Total liabilities</b>	<b>417,551,135</b>	<b>397,180,873</b>
<b>EQUITY</b>		
Share capital	28,827,843	28,827,843
Other equity instruments	15,589,333	15,589,333
Reserves	35,321,906	32,907,389
<b>Total equity</b>	<b>79,739,082</b>	<b>77,324,565</b>
<b>Total equity and liabilities</b>	<b>497,290,217</b>	<b>474,505,438</b>

**CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

(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
<b>Balance as at January 1, 2021</b>	<b>28,827,843</b>	<b>15,589,333</b>	<b>750,956</b>	<b>423,621</b>	<b>656,248</b>	<b>15,913</b>	<b>62,262</b>	<b>30,998,389</b>	<b>77,324,565</b>
<b>Changes in equity for 2021:</b>									
Profit for the year	-	-	-	-	-	-	-	3,329,729	3,329,729
Other comprehensive income, net of tax	-	-	-	(258,279)	-	-	-	-	(258,279)
Total comprehensive income for the year	-	-	-	(258,279)	-	-	-	3,329,729	3,071,450
Coupon paid for other equity instruments	-	-	-	-	-	-	-	(656,933)	(656,933)
Regulatory reserve	-	-	-	-	(275,396)	-	-	275,396	-
<b>Balance as at December 31, 2021</b>	<b>28,827,843</b>	<b>15,589,333</b>	<b>750,956</b>	<b>165,342</b>	<b>380,852</b>	<b>15,913</b>	<b>62,262</b>	<b>33,946,581</b>	<b>79,739,082</b>
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
<b>Changes in equity for 2020:</b>									
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

# 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, 2021 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 25, 2022.

### 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
CCBS	Securities brokerage business	907,085	1,352,694	624,889	629,785
CCBN	Custodian and nominee services	40,545	39,952	39,768	39,804
CCBT	Trustee and custodian business	107,226	83,610	92,338	75,780

### 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 61 to 110 of the statutory financial statements for the year ended December 31, 2020.

#### (a) Amendment to HKFRS 16 COVID-19 related rent concessions beyond 30 June 2021

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. In March 2021, the International Accounting Standards Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). 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, 2022; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment retrospectively applies to annual reporting periods beginning on or after April 1, 2021.

The Group has early adopted the amendment on January 1, 2021 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, 2021.



# 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) Interest Rate Benchmark Reform Phase 2 amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform Phase 2 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 ("the Phase 2 Amendments") was issued in August 2020. The Phase 2 Amendments provide the following changes in respect of financial instruments that are directly required by the Reform:

- A practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted;
- Reliefs from discontinuing hedge relationships;
- Temporary relief from having to meet the separately identifiable requirement when a risk-free rates ("RFR") instrument is designated as a hedge of a risk component; and
- Additional HKFRS 7 disclosures.

#### *IBOR transition*

Despite the wide application of Interbank Offered Rate ("IBOR") in the financial contracts, the current mechanism of determining interbank offered rates has long been criticized as inadequate and inherently subject to subjectivity due to its heavy reliance on "expert judgement" during the submission of the quotes by the panel banks.

Over the past few years, the Financial Stability Board ("FSB") has been working with authorities and standard-setting bodies to develop reform proposals to enhance the robustness of interest rate benchmarks. In July 2017, the UK's Financial Conduct Authority ("FCA") preliminarily announced that it will no longer persuade or require panel banks to submit rates for the London interbank offered rate ("LIBOR") after 2021. In March 2021, FCA decided to postpone the dates that panel bank submissions for some of USD LIBOR settings will cease, and finally announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative as below:

- December 31, 2021 – for all Sterling ("GBP"), Euro ("EUR"), Swiss Franc ("CHF") and Japanese Yen ("JPY") settings, and the 1-week and 2-month US Dollar ("USD") settings; and
- June 30, 2023 – for the remaining USD settings (i.e. USD overnight, 1-month, 3-month, 6-month and 12-month)

To ensure smooth transition from IBORs, the Group has established a working group to oversee and drive the IBOR transition to alternative reference rates ("ARRs"). The working group is led by Deputy Chief Executive and is comprised of representatives from the business divisions, Treasury Division, Finance Division, Risk Management Division and other related divisions. The Group has outlined a transition strategy planning with well specified timeline. By schedule, the Group has completed IBOR transition impact assessment and backbook migration plan, and made a good progress in many areas, including but not limited to system enhancement, client outreach and contract remediation.

# 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) Interest Rate Benchmark Reform Phase 2 amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

##### *Risks arising from IBOR transition*

The transition from IBORs to ARRAs creates uncertainty in terms of changes in fair value of financial instruments. The asymmetric adoption of ARRAs across assets and liabilities also creates basis risk that needs to be managed proactively. In response, the Group has established effective risk control and management frameworks in order to monitor and manage the risks arising out of the IBOR transition.

In addition to the financial risks resulting from the transition to ARRAs, the Group has also been actively managing the legal and conduct risks that arise from the selling activities of new ARR benchmark products and amendments of existing LIBOR contracts that are potentially subject to cessation risks.

The Group has organized an extensive series of trainings covering up-to-date IBOR transition information, new product selling, client communication, backbook exposure and contract remediation management tactics to frontline staff, and has a range of tools and playbooks in place to facilitate the smooth engagement, communication with clients, and to help increase clients' awareness on transition actions and risks. Substantial efforts have also been put into the negotiation and modification of the outstanding LIBOR contracts with the clients to include adequate, effective provisions to protect against the cessation of the LIBOR benchmark rate.

The Group is dedicated to facilitate the orderly transition from IBOR to the new ARRAs and to uphold our clients, market counterparties' interests throughout the transition process. The Group will continue to press ahead on the remediation of in-scope contracts and exposures in the Group's portfolio, proactively manage and mitigate the associated risk of the transition in 2021 and onwards.

##### *Financial instruments impacted by IBOR reform*

Amendments to HKFRSs issued in October 2020 (Interest Rate Benchmark Reform Phase 2) represents the second phase of the project on the effects of interest rate benchmark reform, addressing issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of reform.

Under these amendments, changes made to a financial instrument that are economically equivalent and required by interest rate benchmark reform do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

# 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

	2021	2020
<b>Interest income</b>		
<i>Interest income calculated using the effective interest rate</i>		
Placements and advances to banks	656,004	1,250,001
Advances to customers and trade bills	5,288,687	7,311,947
Financial assets measured at fair value through other comprehensive income	1,308,431	1,424,406
Other assets measured at amortised cost	118,834	282,031
<b>Total interest income</b>	<u>7,371,956</u>	<u>10,268,385</u>
<b>Interest expense</b>		
<i>Interest expense arising from financial liabilities that are not measured at fair value through profit or loss</i>		
Deposits and balances with banks	(103,253)	(134,229)
Deposits from customers	(1,936,199)	(4,605,478)
Other debt securities issued	(72,300)	(80,654)
	<u>(2,111,752)</u>	<u>(4,820,361)</u>
<i>Interest expense arising from lease liabilities</i>	<u>(42,658)</u>	<u>(57,261)</u>
<b>Total interest expense</b>	<u>(2,154,410)</u>	<u>(4,877,622)</u>
<b>Net interest income</b>	<u>5,217,546</u>	<u>5,390,763</u>

# 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

	2021	2020
<b>Fees and commission income</b>		
Investment services	282,445	236,144
Securities broking and related services	180,704	157,031
Insurance	309,682	239,801
Remittance, settlement and account management fees	156,452	143,959
Fees received from intermediate holding company	477,057	606,472
Trade finance	35,776	33,593
Cards	146,726	133,622
Credit facilities	477,217	462,045
Others	1,344	1,268
	<u>2,067,403</u>	<u>2,013,935</u>
<b>Total fees and commission income</b>		
<b>Fees and commission expense</b>		
Cards	(88,002)	(46,700)
Brokerage	(7,956)	(7,471)
Fees paid to intermediate holding company and fellow subsidiaries	(13,385)	(12,504)
Settlement accounts	(14,245)	(12,477)
Others	(49,392)	(34,084)
	<u>(172,980)</u>	<u>(113,236)</u>
<b>Total fees and commission expense</b>		
<b>Net fees and commission income</b>	<u>1,894,423</u>	<u>1,900,699</u>

The fees and commission income above includes income of \$645,859 (2020: \$629,369) and expenses of \$165,024 (2020: \$105,765) relating to financial assets and financial liabilities not measured at fair value through profit or loss.

### 6 Net trading income

	2021	2020
<b>Net gains/(losses) from trading activities</b>		
Foreign exchange	588,171	414,088
Interest rate derivatives	(189,376)	(102,330)
Other debt instruments	54,952	171,351
Other trading	(240)	5,929
	<u>453,507</u>	<u>489,038</u>
<b>Other trading income</b>		
Hedge ineffectiveness on fair value hedge	1,346	(420)
	<u>1,346</u>	<u>(420)</u>
<b>Net trading income</b>	<u>454,853</u>	<u>488,618</u>

There was no net trading income relating to other assets measured at amortised cost in the current year (2020: a net income of \$2,855).

"Foreign exchange" under "Net trading income" includes a net gain of \$326,585 (2020: a net gain of \$190,460) 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

	2021	2020
Net gains from structured deposits	<u>33,040</u>	<u>22,697</u>

### 8 Other operating income

	2021	2020
Dividend income		
Unlisted	3,250	4,354
Listed	<u>1,056</u>	<u>1,158</u>
	<u>4,306</u>	<u>5,512</u>
Operating leases income	<u>30,492</u>	<u>31,873</u>
Others	<u>24,574</u>	<u>28,554</u>
<b>Total</b>	<u><b>59,372</b></u>	<u><b>65,939</b></u>

### 9 Operating expenses

	2021	2020
Staff costs		
Salaries and other benefits	1,866,739	1,927,822
Pension and provident fund costs	<u>89,735</u>	<u>95,299</u>
	<u>1,956,474</u>	<u>2,023,121</u>
General and administrative expenses		
Rental expenses	92,754	105,502
Other premises and equipment	136,367	127,076
Marketing expenses	168,760	201,387
Auditors' remuneration	6,440	6,109
Professional fees	74,099	69,493
Other operating expenses	<u>250,530</u>	<u>249,838</u>
	<u>728,950</u>	<u>759,405</u>
Depreciation		
Fixed assets	292,813	283,664
Right-of-use assets	<u>283,075</u>	<u>284,791</u>
	<u>575,888</u>	<u>568,455</u>
<b>Total</b>	<u><b>3,261,312</b></u>	<u><b>3,350,981</b></u>

# 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

	2021	2020
New allowances charged, net of allowance releases	779,096	461,695
Recoveries of amounts previously written off	<u>(33,933)</u>	<u>(26,203)</u>
<b>Net charge on expected credit losses</b>	<b><u>745,163</u></b>	<b><u>435,492</u></b>
Attributable to:		
Balances with banks and central banks and placements with banks	(1,103)	(3,811)
Advances to customers and trade bills	637,549	418,498
Financial assets measured at fair value through other comprehensive income	79,686	(34,363)
Other assets measured at amortised cost	(3,565)	(12,686)
Other assets	310	(413)
Loan and other credit related commitments	<u>32,286</u>	<u>68,267</u>
<b>Net charge on expected credit losses</b>	<b><u>745,163</u></b>	<b><u>435,492</u></b>

### 11 Taxation

Taxation in the consolidated statement of profit or loss represents:

	2021	2020
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	748,284	693,431
Under-provision in respect of prior years	<u>49,183</u>	<u>194</u>
	<u>797,467</u>	<u>693,625</u>
<b>Current tax – Overseas</b>		
Provision for the year	49	104
Withholding tax for the year	<u>2,913</u>	<u>2,737</u>
	<u>2,962</u>	<u>2,841</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(190,290)</u>	<u>74,208</u>
	<b><u>610,139</u></b>	<b><u>770,674</u></b>

The provision of Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 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, 2021, the effective income tax rate was 15.49% (2020: 17.05%).

# 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

	2021	2020
Fund investments issued by non-bank financial institutions	42,468	92,633
Certificates of deposit issued by banks	2,170,429	471,417
Other debt securities issued by banks and other financial intuitions	276,142	-
Other debt securities issued by corporates	33,867	-
Trading loans	2,903,914	8,544,752
	<u>5,426,820</u>	<u>9,108,802</u>
 <u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Certificates of deposit	2,170,429	471,417
Other debt securities	151,805	-
	<u>2,322,234</u>	<u>471,417</u>
 Listed outside Hong Kong		
Fund investments	-	27,572
Other debt securities	158,204	-
	<u>158,204</u>	<u>27,572</u>
 Unlisted		
Fund investments	42,468	65,061
Trading loans	2,903,914	8,544,752
	<u>2,946,382</u>	<u>8,609,813</u>
	<u>5,426,820</u>	<u>9,108,802</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

	2021	2020
<b>Advances to customers</b>		
Gross advances to corporate customers	<b>242,837,588</b>	232,888,557
Gross advances to personal customers	<b>60,304,944</b>	51,492,817
Gross advances to customers	<b>303,142,532</b>	284,381,374
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	<b>(1,273,348)</b>	(1,063,287)
Stage 2: Lifetime ECL but not credit-impaired	<b>(887,923)</b>	(713,775)
Stage 3: Lifetime ECL and credit-impaired	<b>(901,400)</b>	(1,171,579)
Net advances to customers	<b>300,079,861</b>	281,432,733
<b>Trade bills</b>		
Gross trade bills	<b>154,819</b>	31,723
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	<b>(16)</b>	(1)
Stage 2: Lifetime ECL but not credit-impaired	<b>(6)</b>	-
Net trade bills	<b>154,797</b>	31,722
<b>Net advances to customers and trade bills</b>	<b>300,234,658</b>	281,464,455



## 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, 2021.

	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, 2021	259,271,091	1,063,288	21,859,008	713,775	3,282,998	1,171,579	284,413,097	2,948,642
Transfer to stage 1: 12-month ECL	4,777,242	176,392	(4,777,122)	(176,302)	(120)	(90)	-	-
Transfer to stage 2: lifetime ECL not credit-impaired	(2,129,128)	(23,917)	2,796,864	72,161	(667,736)	(48,244)	-	-
Transfer to stage 3: lifetime ECL credit-impaired	(139,348)	(7,095)	(14,307)	(9,387)	153,655	16,482	-	-
New financial assets originated or purchased*	92,208,697	362,106	7,818,598	355,764	123,378	10,880	100,150,673	728,750
Financial assets that have been derecognised	(72,464,608)	(269,475)	(7,850,360)	(212,478)	(394,015)	(58,602)	(80,708,983)	(540,555)
Write-offs	-	-	-	-	(557,436)	(557,436)	(557,436)	(557,436)
Recoveries of amounts previously written-offs	-	-	-	-	-	33,933	-	33,933
Net remeasurements (Including changes in risk parameters)	-	(24,789)	-	144,414	-	332,883	-	452,508
Foreign exchange and other movements	-	(3,146)	-	(18)	-	15	-	(3,149)
<b>Balance as at December 31, 2021</b>	<b>281,523,946</b>	<b>1,273,364</b>	<b>19,832,681</b>	<b>887,929</b>	<b>1,940,724</b>	<b>901,400</b>	<b>303,297,351</b>	<b>3,062,693</b>

\* 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.

## 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 (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, 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	<u>259,271,091</u>	<u>1,063,288</u>	<u>21,859,008</u>	<u>713,775</u>	<u>3,282,998</u>	<u>1,171,579</u>	<u>284,413,097</u>	<u>2,948,642</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.

# 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 (continued)

As at December 31, 2021, the retail and wholesale portfolios represented \$883,107 and \$2,179,586 or 29% and 71% (2020: \$980,229 and \$1,968,413 or 33% and 67%), respectively, of the total expected credit loss allowances on advances to customers and trade bills as at December 31, 2021. 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)

	2021		2020	
	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	19,366,960	90.06	16,637,039	89.37
Property investment	27,023,353	92.24	26,025,290	89.38
Financial concerns	36,069,234	22.22	38,265,535	29.22
Stockbrokers	1,620,000	37.04	1,695,339	29.49
Wholesale and retail trade	5,506,145	86.52	4,633,315	86.85
Manufacturing	6,583,844	77.10	7,785,393	77.76
Transport and transport equipment	10,542,598	64.16	6,906,945	74.92
Recreational activities	1,836,934	0.63	14,021	100.00
Information technology	3,961,728	72.45	5,196,353	56.22
Others	17,737,014	75.14	17,907,185	76.42
	<b>130,247,810</b>		<b>125,066,415</b>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,457	100.00	2,230	100.00
Loans for the purchase of other residential properties	35,334,745	100.00	26,697,270	99.98
Credit card advances	3,599,555	0.00	3,880,087	0.00
Others	15,423,053	27.00	14,959,019	26.39
	<b>54,358,810</b>		<b>45,538,606</b>	
Trade finance	3,116,180	78.10	3,069,805	77.31
Advances for use outside Hong Kong	115,235,121	53.82	110,364,506	58.84
Accrued interest receivables	339,430		373,765	
Gross advances to customers	<b>303,297,351</b>		<b>284,413,097</b>	

# 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 at December 31, 2021		As at December 31, 2020	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	9,766	0.00	532,808	0.19
One year or less but over six months	264,226	0.09	41,692	0.01
Over one year	469,139	0.15	118,176	0.04
Total gross amount of advances overdue for more than three months	<u>743,131</u>	<u>0.24</u>	<u>692,676</u>	<u>0.24</u>
Expected credit loss allowances made in respect of the above overdue advances	<u>702,654</u>		<u>412,890</u>	
Net realisable value of collateral held against the overdue advances	<u>118,678</u>		<u>161,187</u>	
Covered portion of overdue advances	118,678		161,187	
Uncovered portion of overdue advances	<u>624,453</u>		<u>531,489</u>	
	<u>743,131</u>		<u>692,676</u>	

As at December 31, 2021, collaterals held with respect of overdue advances to customers are mainly commercial properties and residential properties (2020: industrial and commercial properties and residential properties).

As at December 31, 2021 and December 31, 2020, there were no trade bill overdue for more than three months.

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

	2021		2020	
		% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	<u>60,912</u>	<u>0.02</u>	<u>69,290</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, 2021 and December 31, 2020, 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

	2021	2020
<i>Financial assets measured at fair value through other comprehensive income</i>		
<b>Debt investments</b>		
Treasury bills/ bonds issued by central banks/governments	40,937,851	28,313,493
Certificates of deposit issued by banks	1,379,398	4,017,378
Other debt securities issued by		
Banks and non-bank financial institutions	32,759,857	25,368,010
Corporates	16,606,512	7,536,913
	91,683,618	65,235,794
<i>Financial assets designated at fair value through other comprehensive income</i>		
<b>Equity investments</b>		
Equity shares issued by corporates	128,638	274,430
	91,812,256	65,510,224
<u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Debt investments	50,060,248	28,500,556
Listed outside Hong Kong		
Debt investments	10,505,848	8,613,694
Equity investments	46,686	46,809
	10,552,534	8,660,503
Unlisted		
Debt investments	31,117,522	28,121,544
Equity investments	81,952	227,621
	31,199,474	28,349,165
	91,812,256	65,510,224

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, 2021.

For the year ended December 31, 2021, there was no gross balance of financial assets measured at FVOCI transfer from Level 1 to Level 2 that resulted in significant changes to the ECL allowances (2020: \$1,582,616).

# 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

	2021	2020
Treasury bills issued by central banks	5,882,095	6,199,472
Other debt securities issued by		
Banks and non-bank financial institutions	3,480,091	6,145,073
Corporates	359,147	1,985,514
	<u>9,721,333</u>	<u>14,330,059</u>
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(8,685)	(11,884)
Stage 2: Lifetime ECL but not credit-impaired	(121)	(487)
	<u>9,712,527</u>	<u>14,317,688</u>
<u>Analysed by place of listing:</u>		
Listed in Hong Kong	3,525,747	3,857,639
Listed outside Hong Kong	-	473,823
Unlisted	6,195,586	9,998,597
	<u>9,721,333</u>	<u>14,330,059</u>
<u>Market value:</u>		
Listed	3,540,384	4,380,154
Unlisted	6,194,577	10,012,088
	<u>9,734,961</u>	<u>14,392,242</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, 2021	Level 1	Level 2	Level 3	Total
Other assets measured at amortised cost	<u>6,696,713</u>	<u>3,038,248</u>	-	<u>9,734,961</u>
As at December 31, 2020				
Other assets measured at amortised cost	<u>4,140,124</u>	<u>10,252,118</u>	-	<u>14,392,242</u>

There were no overdue financial investments as at December 31, 2021 and December 31, 2020 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, 2021 and December 31, 2020, 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, 2021				December 31, 2020			
	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	153,481,644	766,029	518,173	1,016,831	118,818,571	1,780,639	1,693,429	587,027
Options purchased	1,176	1	-	-	9	10,514	-	1,314
Options written	385,771	-	915	234	305	-	11,182	792
Interest rate swaps	17,908,209	115,086	202,772	188,419	17,659,70	51,517	441,029	60,433
Currency swaps	3,681,483	16,949	15,459	83,449	3,174,7	72,921	66,305	98,275
Equity swaps	166,200	552	17,754	7,417	217	1,213	10,329	1,621
	<b>175,624,483</b>	<b>898,617</b>	<b>755,073</b>	<b>1,296,350</b>	<b>140,266,774</b>	<b>1,916,804</b>	<b>2,222,274</b>	<b>749,462</b>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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, 2021 and December 31, 2020, the amounts relating to items designated as hedging instruments are as follows:

	2021		
	Notional amount	Carrying Amount	
		Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	<b>11,312,254</b>	<b>91,368</b>	<b>179,464</b>
	2020		
	Notional amount	Carrying Amount	
		Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	<b>10,902,287</b>	<b>1,464</b>	<b>386,098</b>

As at December 31, 2021 and December 31, 2020, the amounts relating to hedged items are as follows:

	2021	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	<b>15,139,476</b>	
	2020	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	<b>11,288,322</b>	<b>334,646</b>



# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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, 2021 and December 31, 2020, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	2021		Hedge ineffectiveness
		Gains/(losses) attributable to the hedged risk		
		Hedged items	Hedging instruments	
<i>Fair value hedge relationship</i>				
<b>Assets</b>				
Financial assets measured at FVOCI	Interest rate swaps	(310,633)	311,979	1,346
<b>Net gains/(losses) from hedging activities</b>		<b>(310,633)</b>	<b>311,979</b>	<b>1,346</b>
Hedged items	Hedging instruments	2020		Hedge ineffectiveness
		Gains/(losses) attributable to the hedged risk		
		Hedged items	Hedging instruments	
<i>Fair value hedge relationship</i>				
<b>Assets</b>				
Financial assets measured at FVOCI	Interest rate swaps	213,943	(214,363)	(420)
<b>Net gains/(losses) from hedging activities</b>		<b>213,943</b>	<b>(214,363)</b>	<b>(420)</b>

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
<b>As at December 31, 2021</b>						
Derivative financial instruments						
Interest rate swaps	389,826	4,038,587	441,048	3,819,271	2,623,522	11,312,254
<b>As at December 31, 2020</b>						
Derivative financial instruments						
Interest rate swaps	-	116,277	4,027,060	5,185,334	1,573,616	10,902,287

## CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### 18 Other assets

	2021	2020
Settlement accounts	1,272,242	1,099,401
Customer liability under acceptances	221,736	242,648
Money market trade date receivables	-	8,000,000
Accounts receivables	571,347	605,935
Reposessed assets	-	1,801
Refundable deposits	744,498	842,504
Prepaid expenses	139,194	85,133
Others	155,575	189,546
	<u>3,104,592</u>	<u>11,066,968</u>

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

For the year ended December 31, 2021 and December 31, 2020, 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

	2021	2020
Demand deposits and current accounts	32,945,883	29,256,487
Savings deposits	101,312,218	105,643,877
Time and call deposits	242,420,180	233,381,001
Other deposits	518,564	1,139,348
	<u>377,196,845</u>	<u>369,420,713</u>

#### 20 Other debt securities issued

	2021	2020
Other debt securities issued at amortised cost	<u>736,578</u>	<u>1,912,429</u>

As at December 31, 2021, the fair values of other debt securities issued at amortised cost were \$757,427 (2020: \$1,957,513).

#### 21 Other liabilities

	2021	2020
Settlement accounts	293,641	737,952
Accounts payables	468,153	410,568
Acceptances outstanding	221,736	242,648
Accrued salaries and welfare	673,925	560,861
Amounts due to intermediate holding companies	2,652,794	2,746,069
Debt securities trade date payables	36,547	-
Accrued expenses	30,289	15,926
Cash collateral received	82,175	255,267
Expected credit loss allowances on loan and other credit related commitments	351,726	319,440
Others	134,001	125,371
	<u>4,944,987</u>	<u>5,414,102</u>

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

## CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### 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:

	2021	2020
Direct credit substitutes	101,818	371,050
Transaction-related contingencies	4,531,319	5,097,298
Trade-related contingencies	1,251,725	1,614,033
Other commitments		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	56,675,692	55,023,274
with an original maturity under one year	1,741,383	2,306,442
with an original maturity over one year	41,900,422	41,398,215
	<u>106,202,359</u>	<u>105,810,312</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 3 years. Rental income recognised by the Group for the year ended December 31, 2021 was \$46,970 (2020: \$31,873).

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

	2021	2020
Within one year	26,839	18,445
After one year but within two years, inclusive	15,924	-
After two years but within three years, inclusive	4,865	-
	<u>47,628</u>	<u>18,445</u>

# 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

#### (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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### 23 Segmental information (continued)

##### (a) Reportable segments (continued)

	2021					Total
	Corporate, institutional and commercial banking	Consumer banking	Treasury & management pool	Others	Inter-segment elimination	
Net interest income	2,575,741	1,492,360	1,152,934	(3,489)	-	5,217,546
Net fees and commission income	681,681	694,852	(16,288)	534,178	-	1,894,423
Total operating income						
– External	4,978,296	517,232	1,799,899	590,894	-	7,886,321
– Inter-segment	(1,484,183)	1,763,224	(279,024)	(17)	-	-
Total operating income	3,494,113	2,280,456	1,520,875	590,877	-	7,886,321
Depreciation	(108,127)	(352,729)	(22,439)	(92,593)	-	(575,888)
Total operating expenses	(894,084)	(1,648,943)	(232,025)	(486,260)	-	(3,261,312)
Operating profit before impairment losses	2,600,029	631,513	1,288,850	104,617	-	4,625,009
(Charge on)/release of expected credit losses and other impairment	(690,256)	(53,422)	(1,185)	(300)	-	(745,163)
Non-operating income/(losses)	-	(411)	-	60,433	-	60,022
Profit before taxation	1,909,773	577,680	1,287,665	164,750	-	3,939,868
<u>As at December 31, 2021</u>						
Total assets	275,485,726	58,825,099	154,748,345	9,122,483	(891,436)	497,290,217
Total liabilities	176,540,895	208,883,414	29,186,961	3,831,301	(891,436)	417,551,135

## 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)

	2020					
	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)

##### (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	Profit before	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
<b>As at December 31, 2021</b>						
Hong Kong (place of domicile)	<u>7,886,321</u>	<u>3,939,868</u>	<u>497,290,217</u>	<u>417,551,135</u>	<u>6,101,086</u>	<u>106,202,359</u>
	Total operating income	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
<b>As at December 31, 2020</b>						
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>

## **CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **24 Immediate parent and ultimate controlling party**

At December 31, 2021 and December 31, 2020, 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, 2021.

### 2 Announcement and statutory financial statements

This announcement is published on the Group's website (<http://www.asia.ccb.com/hongkong>) by April 29, 2022. The statutory financial statements for the year ended December 31, 2021 will be published on the aforesaid website by the end of June 2022.

### 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.