

**China Construction Bank (Asia) Announces  
Consolidated Net Profit after Tax of HKD3,089 Million for 2022**

**Hong Kong – April 28, 2023** – China Construction Bank (Asia) Corporation Limited [“CCB (Asia)”] today announced its consolidated net profit after tax to reach HKD3,089 million for the year ended December 31, 2022, a decrease of HKD241 million or 7.2%, as compared with 2021. Set out below are the highlights:

- Total operating income of CCB (Asia) for the year of 2022 amounted to HKD7,883 million, HKD3 million lower than that of 2021. If including the interest income of trading advances to customers and trade bills and foreign currency swap amortization income, net interest income amounted to HKD5,879 million, an increase of 8.9% as compared with that of 2021. Non-interest income after excluding the aforesaid interest income and swap amortization income was HKD2,004 million, representing a decrease of 19.4% as compared with that of 2021, mainly attributable to the decrease in net fees and commission income by HKD472 million or 24.9% and decrease in net gains from disposal of financial assets measured at fair value through other comprehensive income by HKD101 million or 44.5%, but partially offset by the increase in trading income (after exclusion of interest income of trading advances to customers and trade bills and foreign currency swap amortization income) by HKD144 million or 52.6%.
- Total operating expenses decreased by 5.6% to HKD3,077 million and the cost-to-income ratio decreased by 2.3 percentage points to 39.0%. In 2022, the amount of impairment allowance charges increased by 54.5% to HKD1,151 million, mainly due to the advances to certain customers which were downgraded to non-performing loan during the year leading to the increase in net charge of individual impairment, but partly offset by the decrease in net charge of collective impairment driven by the improving virus situation, certain relaxation of social distancing measures and normal traveler clearance between Hong Kong and the Mainland as well as the decrease in the overall loan portfolio size in the year of 2022.
- As at December 31, 2022, total consolidated assets stood at HKD460.5 billion, a decrease of 7.4% from HKD497.2 billion versus that at end of 2021. The gross advances to customers and trade bills decreased by 9.6% to HKD274.1 billion, which was mainly caused by the decreases in bilateral loans, syndicated loans and onshore guarantees for offshore loans. As at December 31, 2022, the impaired loan ratio was 1.0%, increased by 0.4 percentage point.



- The financial assets measured at fair value through other comprehensive income increased by 14.8% to HKD105.4 billion, while the financial assets at amortized costs decreased by 68.0% to HKD3.1 billion. As a whole, the net aggregate balances of these two types of financial assets increased by 6.9%, mainly due to the increase in high quality liquidity debt securities issued by policy bank. On the other hand, the cash and balances with banks and central banks, placement with banks decreased by 13.6% to HK\$68.6 billion, mainly driven by further enhancement of the efficiency on utilization of funds under the premise of manageable liquidity risk. The financial assets measured at fair value through profit or loss decreased by 55.6% to HKD2.4 billion, mainly due to the decrease in commercial loans held for trading purpose.
- The total liabilities decreased by 7.1%, of which deposits from customers decreased by 6.5% to HKD352.6 billion. The deposit structure was further enhanced, with the proportion of CASA deposits to total deposits from customers further increased by 1.6 percentage points to 37.1%. Deposits and balances of banks decreased by 27.1% and the overall wholesales funding continued to account for only a small proportion to total liabilities.
- The Total Capital Ratio, Leverage Ratio and Net Stable Funding Ratio as at December 31, 2022 were 20.9%, 14.3% and 133.3% respectively. The annual Average Liquidity Coverage Ratio for the year of 2022 was 136.6%. 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 platform of China Construction Bank Corporation (“CCB”) in Hong Kong. As the flagship of CCB Group’s overseas business, CCB (Asia) holds a variety of licenses and provides a wide array of banking services including retail banking services, commercial banking services, corporate banking services and treasury business etc., along with its industry-leading advantages in RMB services, FinTech, cross-border services and green finance. Through the extensive network and diversified service channels of CCB Group in Mainland China and Hong Kong, CCB (Asia) provides comprehensive, one-stop and integrated finance solutions to individuals, corporate and institutional clients. Adheres to “market-oriented, customer-centric” business philosophy, with its integrated operational platform as the basis, FinTech as the core drive and innovation as the leading force, CCB (Asia) is committed to providing efficient, safe and novel smart banking services to the general public.

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, 2022

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

	2022	2021
Interest income	10,961,898	7,371,956
Interest expense	(5,202,015)	(2,154,410)
<b>Net interest income</b>	<b>5,759,883</b>	<b>5,217,546</b>
Fees and commission income	1,560,234	2,067,403
Fees and commission expense	(137,893)	(172,980)
<b>Net fees and commission income</b>	<b>1,422,341</b>	<b>1,894,423</b>
Net trading income	537,006	454,853
Net (losses)/gains from financial instruments designated at fair value through profit or loss	(7,208)	33,040
Net gains from disposal of financial assets measured at fair value through other comprehensive income	125,710	227,087
Other operating income	44,738	59,372
<b>Total operating income</b>	<b>7,882,470</b>	<b>7,886,321</b>
Operating expenses	(3,076,548)	(3,261,312)
<b>Operating profit before impairment losses</b>	<b>4,805,922</b>	<b>4,625,009</b>
Net charge on expected credit losses	(1,146,374)	(745,163)
Net charge on impairment on other assets	(4,889)	-
<b>Operating profit</b>	<b>3,654,659</b>	<b>3,879,846</b>
Losses on disposal of fixed assets	(2,157)	(1,284)
Share of profit of joint venture	29,757	61,306
<b>Profit before taxation</b>	<b>3,682,259</b>	<b>3,939,868</b>
Taxation	(593,627)	(610,139)
<b>Profit for the year</b>	<b>3,088,632</b>	<b>3,329,729</b>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

	2022	2021
<b>Profit for the year</b>	<u>3,088,632</u>	<u>3,329,729</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	(2,194,350)	(80,861)
Reclassification adjustments for amounts transferred to profit or loss	(81,828)	(150,302)
Expected credit losses recognised in profit or loss	4,913	79,240
Tax effect	373,378	39,436
<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>37,897</u>	<u>(145,792)</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(1,859,990)</u>	<u>(258,279)</u>
<b>Total comprehensive income for the year</b>	<u><u>1,228,642</u></u>	<u><u>3,071,450</u></u>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

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

	2022	2021
<b>ASSETS</b>		
Cash and balances with banks and central banks	45,568,464	46,771,963
Placements with banks	23,012,295	32,615,687
Advances to customers and trade bills	270,395,785	300,234,658
Financial assets measured at fair value through profit or loss	2,401,965	5,426,820
Financial assets measured at fair value through other comprehensive income	105,422,569	91,812,256
Other assets measured at amortised cost	3,072,032	9,712,527
Derivative financial instruments	1,947,388	898,617
Interest in a joint venture	1,871,923	1,902,166
Deferred tax assets	826,054	612,011
Fixed assets	2,302,667	2,445,555
Right-of-use assets	1,428,130	1,753,365
Other assets	2,198,735	3,104,592
<b>Total assets</b>	<b>460,448,007</b>	<b>497,290,217</b>
<b>LIABILITIES</b>		
Deposits and balances with banks	14,346,003	24,930,501
Deposits from customers	352,617,154	377,196,845
Other trade date payables	4,489,074	36,547
Financial assets sold under repurchase agreements	8,727,525	6,769,447
Financial liabilities designated at fair value through profit or loss	169,932	515,253
Other debt securities issued	679,244	736,578
Derivative financial instruments	843,945	755,073
Lease liabilities	978,624	1,298,508
Current tax payable	92,947	385,068
Deferred tax liabilities	19,150	18,875
Other liabilities	4,969,413	4,908,440
<b>Total liabilities</b>	<b>387,933,011</b>	<b>417,551,135</b>
<b>EQUITY</b>		
Share capital	28,827,843	28,827,843
Other equity instruments	7,777,601	15,589,333
Reserves	35,909,552	35,321,906
<b>Total equity</b>	<b>72,514,996</b>	<b>79,739,082</b>
Total equity and liabilities	<b>460,448,007</b>	<b>497,290,217</b>

## CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Share capital	Other equity instrument	General reserve	Investment revaluation reserve	Regulatory reserve	Other reserve	Merger reserve	Retained earnings	Total
<b>Balance as at January 1, 2022</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>
<b>Changes in equity for 2022:</b>									
Profit for the year	-	-	-	-	-	-	-	3,088,632	3,088,632
Other comprehensive income, net of tax	-	-	-	(1,859,990)	-	-	-	-	(1,859,990)
Total comprehensive income for the year	-	-	-	(1,859,990)	-	-	-	3,088,632	1,228,642
Redemption of other equity instruments	-	(7,811,732)	-	-	-	-	-	19,530	(7,792,202)
Coupon paid for other equity instruments	-	-	-	-	-	-	-	(660,526)	(660,526)
Regulatory reserve	-	-	-	-	528,748	-	-	(528,748)	-
<b>Balance as at December 31, 2022</b>	<b>28,827,843</b>	<b>7,777,601</b>	<b>750,956</b>	<b>(1,694,648)</b>	<b>909,600</b>	<b>15,913</b>	<b>62,262</b>	<b>35,865,469</b>	<b>72,514,996</b>
Balance as at January 1, 2021	28,827,843	15,589,333	750,956	423,621	656,248	15,913	62,262	30,998,389	77,324,565
Changes in equity for 2021:									
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	-
Balance as at December 31, 2021	28,827,843	15,589,333	750,956	165,342	380,852	15,913	62,262	33,946,581	79,739,082

# 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, 2022 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 28, 2023.

### 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
CCBS	Securities brokerage business	831,379	907,085	618,284	624,889
CCBN	Custodian and nominee services	10,400	40,545	9,726	39,768
CCBT	Trustee and custodian business	126,907	107,226	101,551	92,338

### 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 63 to 110 of the statutory financial statements for the year ended December 31, 2021.

#### (a) Amendments to HKAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

Amendments to HKAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Group has applied the amendment prospectively from January 1, 2022. As there was no proceed before intended use identified, the amendments did not have any impact on the financial position or performance of the Group.

#### (b) Amendments to HKAS 37 “Onerous Contracts – Costs of Fulfilling a Contract”

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.



# 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)

#### (c) Amendments to HKFRS 3 “Reference to the Conceptual Framework”

Amendments to HKFRS 3 are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements. The amendments add an exception to the recognition principle of HKFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities, and clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendment prospectively from January 1, 2022. As there was no business combination during the year, the amendments did not have any impact on the financial position or performance of the Group.

#### (d) Annual Improvements to HKFRSs 2018-2020 Cycle

HKFRS 9 Financial Instruments clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from January 1, 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of 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

	2022	2021
<b>Interest income</b>		
<i>Interest income calculated using the effective interest rate</i>		
Placements and advances to banks	1,194,003	656,004
Advances to customers and trade bills	7,828,493	5,288,687
Financial assets measured at fair value through other comprehensive income	1,844,627	1,308,431
Other assets measured at amortised cost	94,775	118,834
<b>Total interest income</b>	<b>10,961,898</b>	<b>7,371,956</b>
<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	(349,443)	(103,253)
Deposits from customers	(4,808,596)	(1,936,199)
Other debt securities issued	(28,954)	(72,300)
	<b>(5,186,993)</b>	<b>(2,111,752)</b>
<i>Interest expense arising from lease liabilities</i>	<b>(15,022)</b>	<b>(42,658)</b>
<b>Total interest expense</b>	<b>(5,202,015)</b>	<b>(2,154,410)</b>
<b>Net interest income</b>	<b>5,759,883</b>	<b>5,217,546</b>

# 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

	2022	2021
<b>Fees and commission income</b>		
Investment services	163,008	282,445
Securities broking and related services	124,254	180,704
Insurance	193,116	309,682
Remittance, settlement and account management fees	168,123	156,452
Fees received from intermediate holding company	474,924	477,057
Trade finance	27,828	35,776
Cards	110,499	146,726
Credit facilities	296,812	477,217
Others	1,670	1,344
	<u>1,560,234</u>	<u>2,067,403</u>
<b>Total fees and commission income</b>	<u>1,560,234</u>	<u>2,067,403</u>
<b>Fees and commission expense</b>		
Cards	(60,302)	(88,002)
Brokerage	(5,700)	(7,956)
Fees paid to intermediate holding company and fellow subsidiaries	(1,958)	(13,385)
Settlement accounts	(12,477)	(14,245)
Others	(57,456)	(49,392)
	<u>(137,893)</u>	<u>(172,980)</u>
<b>Total fees and commission expense</b>	<u>(137,893)</u>	<u>(172,980)</u>
<b>Net fees and commission income</b>	<u>1,422,341</u>	<u>1,894,423</u>
<b>Of which arise from:</b>		
Financial assets or financial liabilities that are not measured at fair value through profit or loss		
- Fee and commission income	435,139	645,859
- Fee and commission expense	60,302	88,002
Trust and other fiduciary activities		
- Fee and commission income	33,927	39,976
- Fee and commission expense	4,105	4,611

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 6 Net trading income

	2022	2021
<b>Net gains/(losses) from trading activities</b>		
Foreign exchange	376,361	588,171
Interest rate derivatives	59,624	(189,376)
Other debt instruments	102,774	54,952
Other trading	303	(240)
	<u>539,062</u>	<u>453,507</u>
<b>Other trading income</b>		
Hedge ineffectiveness on fair value hedge	(2,056)	1,346
	<u>537,006</u>	<u>454,853</u>

There was no net trading income relating to other assets measured at amortised cost in the current year (2021: a net income of \$0).

“Foreign exchange” under “Net trading income” includes a net gain of \$170,814 (2021: a net gain of \$326,585) 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.

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

	2022	2021
Net (losses)/gains from structured deposits	<u>(7,208)</u>	<u>33,040</u>

### 8 Other operating income

	2022	2021
Dividend income		
Unlisted	1,180	3,250
Listed	467	1,056
	<u>1,647</u>	<u>4,306</u>
Operating leases income	<u>18,836</u>	<u>30,492</u>
Others	<u>24,255</u>	<u>24,574</u>
<b>Total</b>	<u>44,738</u>	<u>59,372</u>

# CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 9 Operating expenses

	2022	2021
Staff costs		
Salaries and other benefits	1,786,678	1,866,739
Pension and provident fund costs	87,355	89,735
	<u>1,874,033</u>	<u>1,956,474</u>
General and administrative expenses		
Rental expenses	93,864	92,754
Other premises and equipment	123,554	136,367
Marketing expenses	170,346	168,760
Auditors' remuneration	6,525	6,440
Professional fees	61,224	74,099
Other operating expenses	238,481	250,530
	<u>693,994</u>	<u>728,950</u>
Depreciation		
Fixed assets	278,720	292,813
Right-of-use assets	229,801	283,075
	<u>508,521</u>	<u>575,888</u>
<b>Total</b>	<u><u>3,076,548</u></u>	<u><u>3,261,312</u></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

	2022	2021
New allowances charged, net of allowance releases	1,199,746	779,096
Recoveries of amounts previously written off	(53,372)	(33,933)
<b>Net charge on expected credit losses</b>	<b>1,146,374</b>	<b>745,163</b>
Attributable to:		
Balances with banks and central banks and placements with banks	151	(1,103)
Advances to customers and trade bills	1,312,735	637,549
Financial assets measured at fair value through other comprehensive income	5,112	79,686
Other assets measured at amortised cost	(5,016)	(3,565)
Other assets	576	310
Loan and other credit related commitments	(167,184)	32,286
<b>Net charge on expected credit losses</b>	<b>1,146,374</b>	<b>745,163</b>

### 11 Taxation

Taxation in the consolidated statement of profit or loss represents:

	2022	2021
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	471,991	748,284
Under-provision in respect of prior years	209	49,183
	<b>472,200</b>	<b>797,467</b>
<b>Current tax – Overseas</b>		
Provision for the year	38	49
Withholding tax for the year	3,932	2,913
	<b>3,970</b>	<b>2,962</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	117,457	(190,290)
	<b>593,627</b>	<b>610,139</b>

The provision of Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 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, 2022, the effective income tax rate was 16.12% (2021: 15.49%).

## 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

	2022	2021
Fund investments issued by non-bank financial institutions	15,413	42,468
Certificates of deposit issued by banks	1,328,800	2,170,429
Other debt securities issued by banks and other financial intuitions	779,740	276,142
Other debt securities issued by corporates	46,628	33,867
Trading securities issued by central banks	231,384	-
Trading loans	-	2,903,914
	<u>2,401,965</u>	<u>5,426,820</u>
 <u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Certificates of deposit	1,328,800	2,170,429
Other debt securities	127,956	151,805
	<u>1,456,756</u>	<u>2,322,234</u>
 Listed outside Hong Kong		
Other debt securities	204,541	158,204
	<u>204,541</u>	<u>158,204</u>
 Unlisted		
Fund investments	15,413	42,468
Other debt securities issued by other financial intuitions	493,871	-
Trading securities issued by central banks	231,384	-
Trading loans	-	2,903,914
	<u>740,668</u>	<u>2,946,382</u>
	<u>2,401,965</u>	<u>5,426,820</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

	2022	2021
<b>Advances to customers</b>		
Gross advances to corporate customers	214,307,073	242,837,588
Gross advances to personal customers	59,785,789	60,304,944
	<hr/>	<hr/>
Gross advances to customers	274,092,862	303,142,532
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(790,874)	(1,273,348)
Stage 2: Lifetime ECL but not credit-impaired	(571,418)	(887,923)
Stage 3: Lifetime ECL and credit-impaired	(2,347,285)	(901,400)
	<hr/>	<hr/>
Net advances to customers	270,383,285	300,079,861
	<hr/>	<hr/>
<b>Trade bills</b>		
Gross trade bills	12,534	154,819
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(1)	(16)
Stage 2: Lifetime ECL but not credit-impaired	(33)	(6)
	<hr/>	<hr/>
Net trade bills	12,500	154,797
	<hr/>	<hr/>
<b>Net advances to customers and trade bills</b>	<b>270,395,785</b>	<b>300,234,658</b>
	<hr/> <hr/>	<hr/> <hr/>



## 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, 2022.

	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, 2022	281,523,946	1,273,364	19,832,681	887,929	1,940,724	901,400	303,297,351	3,062,693
Transfer to stage 1: 12-month ECL	3,622,320	212,718	(3,598,034)	(198,037)	(24,286)	(14,681)	-	-
Transfer to stage 2: lifetime ECL not credit-impaired	(2,534,729)	(23,575)	2,534,907	23,821	(178)	(246)	-	-
Transfer to stage 3: lifetime ECL credit-impaired	(482,943)	(11,738)	(2,027,559)	(121,310)	2,510,502	133,048	-	-
New financial assets originated or purchased*	52,130,189	133,942	2,816,152	149,717	39,105	8,198	54,985,446	291,857
Financial assets that have been derecognised	(74,233,222)	(217,909)	(8,339,574)	(310,008)	(885,413)	(52,205)	(83,458,209)	(580,122)
Write-offs	-	-	-	-	(719,192)	(719,192)	(719,192)	(719,192)
Recoveries of amounts previously written-offs	-	-	-	-	-	53,372	-	53,372
Net remeasurements (Including changes in risk parameters)	-	(572,330)	-	141,191	-	2,036,906	-	1,605,767
Foreign exchange and other movements	-	(3,597)	-	(1,852)	-	685	-	(4,764)
<b>Balance as at December 31, 2022</b>	<b>260,025,561</b>	<b>790,875</b>	<b>11,218,573</b>	<b>571,451</b>	<b>2,861,262</b>	<b>2,347,285</b>	<b>274,105,396</b>	<b>3,709,611</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, 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)
Balance as at December 31, 2021	<u>281,523,946</u>	<u>1,273,364</u>	<u>19,832,681</u>	<u>887,929</u>	<u>1,940,724</u>	<u>901,400</u>	<u>303,297,351</u>	<u>3,062,693</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, 2022, the retail and wholesale portfolios represented \$643,322 and \$3,066,289 or 17% and 83% (2021: \$883,107 and \$2,179,586 or 29% and 71%), respectively, of the total expected credit loss allowances on advances to customers and trade bills as at December 31, 2022. 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.

## 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)

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

	As at December 31, 2022		As at December 31, 2021	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	514,810	0.19	9,766	0.00
One year or less but over six months	135,167	0.05	264,226	0.09
Over one year	16,135	0.00	469,139	0.15
Total gross amount of advances overdue for more than three months	<u>666,112</u>	<u>0.24</u>	<u>743,131</u>	<u>0.24</u>
Expected credit loss allowances made in respect of the above overdue advances	<u>565,104</u>		<u>702,654</u>	
Net realisable value of collateral held against the overdue advances	<u>21,099</u>		<u>118,678</u>	
Covered portion of overdue advances	21,099		118,678	
Uncovered portion of overdue advances	<u>645,013</u>		<u>624,453</u>	
	<u>666,112</u>		<u>743,131</u>	

As at December 31, 2022, collaterals held with respect of overdue advances to customers are mainly commercial properties and residential properties (2021: industrial and commercial properties and residential properties).

As at December 31, 2022 and December 31, 2021, there were no trade bill overdue for more than three months.

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

	2022		2021	
		% on total advances to customers		% on advances to customer
Rescheduled advances to customers	<u>61,795</u>	<u>0.02</u>	<u>60,912</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, 2022 and December 31, 2021, 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

	2022	2021
<i>Financial assets measured at fair value through other comprehensive income</i>		
<b>Debt investments</b>		
Treasury bills/ bonds issued by central banks/governments	45,892,751	40,937,851
Certificates of deposit issued by banks	2,502,159	1,379,398
Other debt securities issued by		
Banks and non-bank financial institutions	41,675,621	32,759,857
Corporates	15,185,503	16,606,512
	105,256,034	91,683,618
<i>Financial assets designated at fair value through other comprehensive income</i>		
<b>Equity investments</b>		
Equity shares issued by corporates	166,535	128,638
	105,422,569	91,812,256
<u>Analysed by place of listing:</u>		
Listed in Hong Kong		
Debt investments	47,130,830	50,060,248
Listed outside Hong Kong		
Debt investments	14,680,401	10,505,848
Equity investments	44,782	46,686
	14,725,183	10,552,534
Unlisted		
Debt investments	43,444,803	31,117,522
Equity investments	121,753	81,952
	43,566,556	31,199,474
	105,422,569	91,812,256

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, 2022.

For the year ended December 31, 2022, 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 (2021: \$0).

# 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

	2022	2021
Treasury bills issued by central banks	-	5,882,095
Other debt securities issued by		
Banks and non-bank financial institutions	2,755,615	3,480,091
Corporates	320,207	359,147
	<u>3,075,822</u>	<u>9,721,333</u>
Less: Expected credit loss allowances		
Stage 1: 12-month ECL	(3,790)	(8,685)
Stage 2: Lifetime ECL but not credit-impaired	-	(121)
	<u>(3,790)</u>	<u>(8,806)</u>
	<u>3,072,032</u>	<u>9,712,527</u>
<u>Analysed by place of listing:</u>		
Listed in Hong Kong	2,761,933	3,525,747
Listed outside Hong Kong	-	-
Unlisted	313,889	6,195,586
	<u>3,075,822</u>	<u>9,721,333</u>
<u>Market value:</u>		
Listed	2,673,274	3,540,384
Unlisted	309,421	6,194,577
	<u>2,982,695</u>	<u>9,734,961</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:

	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2022</b>				
Other assets measured at amortised cost	<u>2,673,274</u>	<u>309,421</u>	-	<u>2,982,695</u>
<b>As at December 31, 2021</b>				
Other assets measured at amortised cost	<u>6,696,713</u>	<u>3,038,248</u>	-	<u>9,734,961</u>

There were no overdue financial investments as at December 31, 2022 and December 31, 2021 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, 2022 and December 31, 2021, 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, 2022				December 31, 2021			
	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	93,164,689	842,571	669,703	809,835	153,481,644	766,029	518,173	1,016,831
Options purchased	-	1	-	-	-	1	-	-
Options written	146,423	-	604	158	381,411	-	915	234
Interest rate swaps	16,291,072	1,018,047	105,440	846,830	17,908,201	115,086	202,772	188,419
Currency swaps	6,703,474	86,425	68,013	148,919	3,681,411	16,949	15,459	83,449
Equity swaps	26,500	344	185	1,669	161,411	552	17,754	7,417
	<u>116,332,158</u>	<u>1,947,388</u>	<u>843,945</u>	<u>1,807,411</u>	<u>175,624,488</u>	<u>898,617</u>	<u>755,073</u>	<u>1,296,350</u>

# 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, 2022 and December 31, 2021, the amounts relating to items designated as hedging instruments are as follows:

	2022		
	Notional amount	Carrying Amount	
		Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	11,517,328	944,870	59,492
	2021		
	Notional amount	Carrying Amount	
		Assets	Liabilities
Derivative financial instruments			
Interest rate swaps	11,312,254	91,368	179,464

As at December 31, 2022 and December 31, 2021, the amounts relating to hedged items are as follows:

	2022	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	13,881,888	(876,566)
	2021	
	Carrying amount	Accumulated amount of fair value hedge adjustment included in the carrying amount
Assets:		
Financial assets measured at FVOCI	15,139,476	23,983



# 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, 2022 and December 31, 2021, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	2022		
		Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
		Hedged items	Hedging instruments	
<i>Fair value hedge relationship</i>				
<b>Assets</b>				
Financial assets measured at FVOCI	Interest rate swaps	(900,549)	898,493	(2,056)
<b>Net gains/(losses) from hedging activities</b>		<b>(900,549)</b>	<b>898,493</b>	<b>(2,056)</b>
Hedged items	Hedging instruments	2021		
		Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
		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>

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, 2022</b>						
Derivative financial instruments						
Interest rate swaps	-	-	39,032	8,269,866	3,208,430	11,517,328
<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

## 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

	2022	2021
Settlement accounts	219,748	1,272,242
Customer liability under acceptances	304,556	221,736
Accounts receivables	573,947	571,347
Refundable deposits	764,526	744,498
Prepaid expenses	157,715	139,194
Others	178,243	155,575
	<u>2,198,735</u>	<u>3,104,592</u>

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

For the year ended December 31, 2022 and December 31, 2021, 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

	2022	2021
Demand deposits and current accounts	28,109,486	32,945,883
Savings deposits	103,034,238	101,312,218
Time and call deposits	221,034,150	242,420,180
Other deposits	439,280	518,564
	<u>352,617,154</u>	<u>377,196,845</u>

#### 20 Other debt securities issued

	2022	2021
Other debt securities issued at amortised cost	<u>679,244</u>	<u>736,578</u>

As at December 31, 2022, the fair values of other debt securities issued at amortised cost were \$692,962 (2021: \$757,427).

#### 21 Other liabilities

	2022	2021
Settlement accounts	230,656	293,641
Accounts payables	332,134	468,153
Acceptances outstanding	304,556	221,736
Accrued salaries and welfare	849,690	673,925
Amounts due to intermediate holding companies	2,635,336	2,652,794
Accrued expenses	47,151	30,289
Cash collateral received	172,365	82,175
Expected credit loss allowances on loan and other credit related commitments	184,542	351,726
Others	212,983	134,001
	<u>4,969,413</u>	<u>4,908,440</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:

	2022	2021
Direct credit substitutes	102,700	101,818
Transaction-related contingencies	2,963,201	4,531,319
Trade-related contingencies	1,132,808	1,251,725
Other commitments		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	54,900,558	56,675,692
with an original maturity under one year	4,514,432	1,741,383
with an original maturity over one year	33,260,246	41,900,422
	<u>96,873,945</u>	<u>106,202,359</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 2 years (2021: 1 and 3 years). Rental income recognised by the Group for the year ended December 31, 2022 was \$45,042 (2021: \$46,970).

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

	2022	2021
Within one year	26,436	26,839
After one year but within two years, inclusive	4,865	15,924
After two years but within three years, inclusive	-	4,865
	<u>31,301</u>	<u>47,628</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)

	2022					Total
	Corporate, institutional and commercial banking	Consumer banking	Treasury & management pool	Others	Inter-segment elimination	
Net interest income	3,008,527	1,880,455	863,226	7,675	-	5,759,883
Net fees and commission income	461,015	473,553	(31,523)	519,296	-	1,422,341
Total operating income						
– External	5,066,519	(212,728)	2,458,528	570,151	-	7,882,470
– Inter-segment	(1,396,964)	2,645,095	(1,243,851)	(4,280)	-	-
Total operating income	3,669,555	2,432,367	1,214,677	565,871	-	7,882,470
Depreciation	(109,856)	(312,884)	(22,783)	(62,998)	-	(508,521)
Total operating expenses	(840,689)	(1,569,161)	(176,929)	(489,769)	-	(3,076,548)
Operating profit before impairment losses	2,828,866	863,206	1,037,748	76,102	-	4,805,922
(Charge on)/release of expected credit losses and other impairment	(1,370,499)	229,971	(5,140)	(5,595)	-	(1,151,263)
Non-operating income/(losses)	-	(2,190)	-	29,790	-	27,600
Profit before taxation	1,458,367	1,090,987	1,032,608	100,297	-	3,682,259
<u>As at December 31, 2022</u>						
Total assets	242,187,314	58,549,203	152,484,752	8,118,419	(891,681)	460,448,007
Total liabilities	195,187,910	166,360,684	22,787,262	4,488,836	(891,681)	387,933,011

## 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)

##### (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
<b>As at December 31, 2022</b>						
Hong Kong (place of domicile)	<u>7,882,470</u>	<u>3,682,259</u>	<u>460,448,007</u>	<u>387,933,011</u>	<u>5,602,720</u>	<u>96,873,945</u>
	Total operating income	Profit before taxation	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>

# 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, 2022 and December 31, 2021, 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, 2022.

### 2 Announcement and statutory financial statements

This announcement is published on the Group's website (<http://www.asia.ccb.com/hongkong>) by April 28, 2023. The statutory financial statements for the year ended December 31, 2022 will be published on the aforesaid website by the end of June 2023.

### 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.