

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

SECTION A: HONG KONG BRANCH INFORMATION

INCOME STATEMENT

	Note	Six months ended 30 June 2023 HK\$'000	Six months ended 30 June 2022 HK\$'000
Interest income		4,146,444	1,464,365
Interest expense		(3,372,754)	(1,015,610)
Net interest income		773,690	448,755
Fees and commission income		86,721	168,528
Fees and commission expense		(13,657)	(6,142)
Net fees and commission income		73,064	162,386
Net trading gain	1	75,045	71,072
Net gain on disposal arising from investment securities		53,874	41,618
Other operating income, net	2	116,253	119,149
Operating income		1,091,926	842,980
Operating expenses	3	(340,238)	(302,112)
Net operating income before impairment losses		751,688	540,868
Release in expected credit losses		178,236	26,701
Profit before tax		929,924	567,569
Taxation charge	4	(163,239)	(97,622)
Profit for the period		766,685	469,947

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STATEMENT OF FINANCIAL POSITION

		As at 30 June 2023	As at 31 December 2022
	Note	HK\$'000	HK\$'000
Assets			
Deposits with central banks		459,359	1,222,658
Deposits with banks		1,759,160	2,364,319
Placements with banks	5	25,433,635	20,132,230
Financial assets measured at fair value through other comprehensive income	6	61,544,557	52,068,988
Derivative financial instruments	8	11,934,247	9,254,352
Amount due from head office and overseas branches		30,248,476	47,039,163
Loans and advances to overseas branches and related companies		3,652,250	4,337,760
Loans and advances to customers and trade bills	9	93,545,431	90,388,612
Furniture and equipment		223	344
Intangible assets		20	20
Deferred tax assets		106,444	195,007
Other assets		1,772,991	681,110
Total assets		230,456,793	227,684,563
Equity and liabilities			
Borrowings from central banks		1,463,182	-
Deposits from banks		386,038	471,553
Placements from banks and non-bank financial institutions		53,743,515	29,445,286
Deposits from customers	14	83,161,819	100,688,594
Financial assets sold under repurchase agreements		283,729	-
Derivative financial instruments	8	11,451,128	8,747,655
Certificates of deposit and medium-term notes issued		34,661,073	34,885,484
Amount due to related companies		798,466	234,685
Amount due to head office and overseas branches		34,728,973	44,006,128
Lease liabilities		772	5,202
Current tax liabilities		258,542	162,976
Other liabilities		772,703	982,156
Total liabilities		221,709,940	219,629,719
Reserves	15	8,746,853	8,054,844
Total equity and liabilities		230,456,793	227,684,563

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NOTES TO THE FINANCIAL INFORMATION

1 Net trading gain

	For the six months ended	
	2023	2022
	HK\$'000	HK\$'000
Net (losses)/gains from trading in foreign currencies	(73,611)	91,603
Net gains/(losses) from other trading activities	148,656	(20,531)
	<u>75,045</u>	<u>71,072</u>

2 Other operating income, net

	For the six months ended	
	2023	2022
	HK\$'000	HK\$'000
Management fee received	116,212	118,945
Others	41	204
	<u>116,253</u>	<u>119,149</u>

3 Operating expenses

	For the six months ended	
	2023	2022
	HK\$'000	HK\$'000
Management fee paid	237,217	214,588
Staff expenses	76,712	77,357
Premises expenses	1,266	520
Others	25,043	9,647
	<u>340,238</u>	<u>302,112</u>

4. Taxation charge

	For the six months ended	
	2023	2022
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
- Provision for the year	127,402	94,469
Deferred tax		
- Origination and reversal of temporary differences	35,837	3,153
	<u>163,239</u>	<u>97,622</u>

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

5 Placements with banks

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Placements with banks with residual contractual maturity:		
- Less than one month	17,478,593	15,577,002
- More than one month and less than twelve months	6,116,990	2,732,240
- More than twelve months	1,802,027	1,795,472
Less: Expected credit losses allowances	<u>(117)</u>	<u>(415)</u>
	25,397,493	20,104,299
Accrued interest receivables	<u>36,142</u>	<u>27,931</u>
	<u>25,433,635</u>	<u>20,132,230</u>

6 Financial assets measured at fair value through other comprehensive income

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Investment securities	39,595,877	37,688,438
Certificates of deposit held	<u>21,577,389</u>	<u>14,109,322</u>
	61,173,266	51,797,760
Accrued interest receivables	371,582	271,438
Less: Expected credit losses allowances	<u>(291)</u>	<u>(210)</u>
	<u>61,544,557</u>	<u>52,068,988</u>

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

7 Financial assets measured at amortised cost

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Investment securities	94,175	93,833
Less: Expected credit losses allowances	(94,175)	(93,833)
	-	-
Accrued interest receivables	-	-
	-	-

8 Derivative financial instruments

<u>As at 30 June 2023</u>	Notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
Exchange rate contracts	612,180,666	9,115,946	9,061,965
Interest rate contracts	135,519,532	2,818,301	2,389,163
	747,700,198	11,934,247	11,451,128
<u>As at 31 December 2022</u>	Notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
Exchange rate contracts	590,944,658	7,671,308	7,619,279
Interest rate contracts	80,155,505	1,583,044	1,128,376
	671,100,163	9,254,352	8,747,655

There is no effect of bilateral netting agreement on the fair value of derivatives.

The notional amounts of these instruments indicate the volume of transactions outstanding as of the balance sheet date. They do not represent the amounts at risk.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

9 Loans and advances to customers and trade bills

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Loans and advances to customers	93,666,668	90,659,383
Trade bills	21,523	139,934
Less: Unamortised portion of upfront fees	(164,844)	(168,167)
Expected credit losses allowances		
- Stage 1: 12 months ECL	(300,160)	(208,704)
- Stage 2: Lifetime ECL but not credit impaired	(64,600)	(296,016)
- Stage 3: Lifetime ECL and credit impaired	-	-
	93,158,587	90,126,430
Accrued interest receivables	387,774	264,967
Less: Expected credit losses allowances	(930)	(2,785)
	386,844	262,182
	93,545,431	90,388,612

10 Analysis of loans and advances to customers

(a) Analysis by industry categories

The following analysis is based on the categories and definitions used by the Hong Kong Monetary Authority.

	<u>As at 30 June 2023</u>		<u>As at 31 December 2022</u>	
	HK\$'000	% covered by collateral	HK\$'000	% covered by collateral
<i>Industry categories:</i>				
Industrial, commercial and financial				
- Property development	12,475,595	26.19%	11,584,063	35.12%
- Property investment	1,860,000	38.17%	1,860,000	38.17%
- Financial concern	13,772,805	17.99%	16,238,478	0.00%
- Wholesale and retail trade	891,745	0.00%	1,140,320	0.00%
- Manufacturing	4,902,217	0.00%	4,849,201	0.00%
- Transport and transport equipment	792,075	100.00%	3,036,194	28.18%
- Information technology	2,290,031	0.00%	1,264,124	0.00%
- Others	8,015,613	0.26%	6,396,664	15.33%
Loans and advances for use in Hong Kong	45,000,081	16.15%	46,369,044	14.26%
Trade finance	1,756,234	75.44%	-	0.00%
Loans and advances for use outside Hong Kong	46,910,353	8.05%	44,290,339	10.20%
Total	93,666,668	13.21%	90,659,383	12.28%

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

10 Analysis of loans and advances to customers (Continued)

(b) Analysis by geographical areas

<u>As at 30 June 2023</u>	Total loans and advances to customers HK\$'000	Impaired loans and advances to customers HK\$'000	Overdue loans and advances to customers HK\$'000
Hong Kong	86,854,502	-	-
Others	6,812,166	-	-
Total	<u>93,666,668</u>	<u>-</u>	<u>-</u>
	Total loans and advances to customers HK\$'000	Impaired loans and advances to customers HK\$'000	Overdue loans and advances to customers HK\$'000
<u>As at 31 December 2022</u>			
Hong Kong	83,203,509	-	-
Others	7,455,874	-	-
Total	<u>90,659,383</u>	<u>-</u>	<u>-</u>

Loans and advances to customers by geographical areas are classified according to the location of the counterparties.

11 Impaired loans and advances

Impaired loans and advances to customers are those loans and advances where full repayment of principal and / or interest is considered unlikely and are so classified as soon as such a situation becomes apparent.

There were no impaired loans and advances and repossessed assets as at 30 June 2023 and 31 December 2022.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

12 Overdue and rescheduled assets

(a) Overdue loans and advances

There were no overdue loans and advances as at 30 June 2023 and 31 December 2022.

(b) Rescheduled loans and advances

There were no rescheduled loans and advances as at 30 June 2023 and 31 December 2022.

(c) Other overdue assets

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Over one year	<u>94,175</u>	<u>93,833</u>

There were no other assets overdue for more than three months but not more than one year as at 30 June 2023 and 31 December 2022.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

13 Non-bank mainland exposures

<u>As at 30 June 2023</u>	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
Types of counterparties			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	46,239,871	4,939,946	51,179,817
(b) Local governments, local government-owned entities and their subsidiaries and JVs	4,654,880	139,802	4,794,682
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	8,963,866	200,867	9,164,733
(d) Other entities of central government not reported in item (a) above	1,482,539	-	1,482,539
(e) Other entities of local governments not reported in item (b) above	-	-	-
(f) PRC nationals residing outside the Mainland or entities incorporated outside the Mainland where the credit is granted for use in the Mainland	4,922,693	641,565	5,564,258
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	-	-	-
Total	66,263,849	5,922,180	72,186,029
Total assets after provision	<u>231,031,565</u>		
On-balance sheet exposures as percentage of total assets	<u>28.68%</u>		
 <u>As at 31 December 2022</u>			
Types of counterparties			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	42,128,886	17,304,477	59,433,363
(b) Local governments, local government-owned entities and their subsidiaries and JVs	4,322,141	35,256	4,357,397
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	9,767,007	720,266	10,487,273
(d) Other entities of central government not reported in item (a) above	700,415	-	700,415
(e) Other entities of local governments not reported in item (b) above	-	-	-
(f) PRC nationals residing outside the Mainland or entities incorporated outside the Mainland where the credit is granted for use in the Mainland	4,610,317	1,500,149	6,110,466
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	-	-	-
Total	61,528,766	19,560,148	81,088,914
Total assets after provision	<u>227,600,704</u>		
On-balance sheet exposures as percentage of total assets	<u>27.03 %</u>		

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

14 Deposits from customers

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Demand deposits and current accounts	1,840,310	1,639,212
Savings deposits	25,073,044	22,835,147
Time, call and notice deposits	55,942,455	75,878,831
	82,855,809	100,353,190
Accrued interest payables	306,010	335,404
	83,161,819	100,688,594

15 Reserves

The components of reserves are as follows:

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Investment revaluation reserve, net of deferred tax	(507,473)	(494,997)
Reserve for cash flow hedge, net of deferred tax	(8,608)	53,592
Regulatory reserve	194,824	194,824
Retained earnings	9,068,110	8,301,425
Total reserves	8,746,853	8,054,844

The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained earnings and in consultation with the Hong Kong Monetary Authority. There was no movement of regulatory reserve during six months ended 30 June 2023 and year ended 31 December 2022.

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16 International claims

The international claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. International claims include loans and advances to customers, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country and geographical area. A country or geographical area is reported when it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfer. Risk is transferred only when the Branch effectively transfers the risk from a particular country or geographical area to other country or geographical area by applying credit risk mitigants. The credit risk can be mitigated through guarantees, collateral and credit derivatives.

<u>As at 30 June 2023</u>	Banks HK\$'000	Official sector HK\$'000	Non-bank private sector		Total HK\$'000
			Non-bank financial institutions HK\$'000	Non-financial private sector HK\$'000	
Developed countries	12,454,856	16,083,851	1,916,601	2,400,668	32,855,976
- Of which United States	1,014,772	16,083,851	426,227	106,749	17,631,599
Offshore centres	2,953,924	275,504	12,932,656	27,230,378	43,392,462
- Of which Hong Kong	1,276,451	275,504	11,950,872	26,493,150	39,995,977
Developing Asia and Pacific	78,605,128	3,284,503	1,602,705	7,289,522	90,781,858
- Of which the Mainland	72,800,774	3,284,503	1,602,705	6,764,487	84,452,469

<u>As at 31 December 2022</u>	Banks HK\$'000	Official sector HK\$'000	Non-bank private sector		Total HK\$'000
			Non-bank financial institutions HK\$'000	Non-financial private sector HK\$'000	
Developed countries	5,585,633	13,557,736	446,555	1,528,353	21,118,277
- Of which United States	788,990	13,557,736	-	104,307	14,451,033
Offshore centres	11,041,703	175,362	6,476,357	21,165,917	38,859,339
- Of which Hong Kong	9,450,160	175,362	5,986,929	20,434,935	36,047,386
Developing Asia and Pacific	82,671,386	4,656,595	-	11,507,044	98,835,025
- Of which the Mainland	75,378,103	4,656,595	-	10,983,730	91,018,428

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17 Foreign currency exposures

Net foreign currency positions amounting to 10% or more of the net position in all foreign currencies are disclosed as follows:

<u>As at 30 June 2023</u>	USD HK\$'000 equiv	CNY HK\$'000 equiv
Spot assets	110,581,593	33,908,374
Spot liabilities	(119,458,069)	(36,452,516)
Forward purchases	304,958,335	157,713,070
Forward sales	<u>(296,040,173)</u>	<u>(155,177,341)</u>
Net long/ (short) position	<u>41,686</u>	<u>(8,413)</u>

<u>As at 31 December 2022</u>	USD HK\$'000 equiv	CNY HK\$'000 equiv
Spot assets	111,920,788	30,553,992
Spot liabilities	(102,810,938)	(36,901,751)
Forward purchases	280,881,673	208,830,605
Forward sales	<u>(289,996,748)</u>	<u>(202,478,899)</u>
Net (short)/ long position	<u>(5,225)</u>	<u>3,947</u>

There was no structural and option position as at 30 June 2023 and 31 December 2022.

18 Contingent liabilities and commitments

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Direct credit substitutes	27,903,904	30,372,116
Transaction-related contingencies	81,541	67,135
Trade-related contingencies	312,012	391,000
Other commitments	<u>10,242,303</u>	<u>22,522,350</u>
	<u>38,539,760</u>	<u>53,352,601</u>

The contractual amounts of the above contingent liabilities and commitments indicate the volume of transactions outstanding as of the balance sheet date. They do not represent amounts at risk.

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19 Liquidity

The Hong Kong Branch of China Construction Bank Corporation (“the Branch”) was designated by the HKMA as a category 2A institution and required to comply with the requirements related to the liquidity maintenance ratio (“LMR”) and the core funding ratio (“CFR”).

(a) Average Liquidity Maintenance Ratio (“LMR”)

	For the quarter ended 30 June 2023	For the quarter ended 31 March 2023
Average Liquidity Maintenance Ratio	<u>49.75%</u>	<u>49.39%</u>

The average LMR for each quarter in 2023 is based on the arithmetic mean of the average value of its LMR for each calendar month as reported in the liquidity position return submitted for the reporting period.

The Branch maintained its LMR at healthy levels.

(b) Average Core Funding Ratio (“CFR”)

	For the quarter ended 30 June 2023	As at quarter ended 31 March 2023
Average Core Funding Ratio	<u>144.85%</u>	<u>173.57%</u>

The average CFR for each quarter in 2023 is based on the arithmetic mean of the average value of its CFR for each calendar month as reported in the liquidity position return submitted for the reporting period.

The Branch maintained its CFR at healthy levels.

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19 Liquidity (Continued)

(c) Liquidity Risk Management

Liquidity Risk Management Strategy

Liquidity risk is the risk that the Branch may not be able to fund the increase in assets or meet obligations as they fall due without incurring unacceptable losses. This may be caused by market disruption or liquidity squeeze whereby the Branch may only unwind specific exposures at significantly discounted values.

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. This includes the Branch's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratios, and to make new loans and investments as opportunities arise.

To achieve this purpose, the Branch adopts a prudent risk appetite in setting liquidity risk tolerance. Risk appetite is set in the form of liquidity risk limits and metric framework.

The Branch has established a set of liquidity risk management policies which set out the liquidity risk management framework of the Branch according to the requirements of the HKMA's Supervisory Policy Manuals "Regulatory Framework for Supervision of Liquidity Risk (LM-1)" and "Sound Systems and Controls for Liquidity Risk Management (LM-2)".

Liquidity Risk Management Responsibilities

The Executive Committee ("EC") is ultimately responsible for having an effective liquidity risk management framework in place. Risk Management Committee ("RMC") is set up to oversee the Branch's overall asset quality as well as resolving all important risk-related or governance issues including those on liquidity risk. The RMC is responsible for providing guidance and overseeing the Branch's liquidity risk management strategy; review or approve liquidity risk management policies and review the Branch's liquidity risk position.

The Asset and Liability Committee ("ALCO") is a functional committee formed under the Executive Committee to oversee the Branch's assets and liabilities. Its main responsibility is to develop strategies on the asset and liability structure and capital allocation according to the annual business plan and financial budget assigned by CCB Head Office.

Regular meetings of various committees are held to review the compliance status of liquidity measurements and the needs for change in strategy and policy. Daily liquidity management is performed by the Treasury. Risk Management Division ("RMD") is responsible for the daily monitoring of liquidity limits and measurements, and submits regular reports of the Branch's liquidity profile to ALCO and RMC. RMD timely reports potential liquidity risk issues to EC, RMC and ALCO. Internal Audit periodically performs independent reviews on the Branch's liquidity management framework to ensure the validity and effectiveness of the Branch's liquidity risk management functions.

The Branch has established liquidity risk management indicators and limits for daily measurement and management of liquidity risk. These indicators and limits include, but are not limited to statutory liquidity ratios. The Branch developed management information systems to provide liquidity exposures for computing these indicators on a daily basis.

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19 Liquidity (Continued)

(c) Liquidity Risk Management (Continued)

Funding Strategy

The Branch sets its liquidity funding strategy according to the size and sophistication of its business, as well as the nature and complexity of its activities. It also ensures that the Branch complies with applicable statutory liquidity requirements.

The objective of the Branch's funding strategy is to strive for a balance between business growth opportunities and funding stability. The Branch seeks to maintain diversified and stable funding sources with an appropriate mix of liabilities including customer deposits, interbank borrowings, issuance of negotiable certificates of deposit and debt instruments.

To manage currency mismatch and avoid over-reliance on the currency swap market, the Branch sets limits on swapped fund ratios of major currency positions which are subject to daily monitoring. The swapped fund ratios limit the extent of one currency's assets being funded by other currencies through the swap market. The extent of diversification in tenors of funding is governed by liquidity metrics such as CFR and medium-term funding ratio. A medium-term funding ratio highlights the extent to which medium-term assets are being financed by the roll-over of short-term liabilities. To mitigate the risk of contagion from other CCB group entities when they are under liquidity stress, the Branch sets intragroup liquidity limits.

The funding support provided by CCB Head Office is one of the Branch's key sources of liquidity backstop during times of liquidity stress.

Liquidity Cushion

Under LMR, the liquidity cushion held by the Branch consists of cash, withdrawable reserves maintained with central banks and marketable debt securities eligible for inclusion in liquefiable assets for the purposes of determining LMR. These securities include those issued or guaranteed by sovereigns, central banks, multilateral development banks, mainland policy banks, corporates and financial institutions.

The extent of the Branch's maturity mismatch and the sufficiency of liquidity cushion are governed by various liquidity metrics and measurement tools such as maturity mismatch limits and liquidity stress tests.

The marketability of the Branch's liquidity cushion is periodically reviewed in keeping update with market conditions. The size of the liquidity cushion being maintained must be sufficient to meet intraday payments and settlement obligations on a timely basis under both normal and stressed conditions.

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

SECTION A: HONG KONG BRANCH INFORMATION

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

19 Liquidity (Continued)

(c) Liquidity Risk Management (Continued)

Liquidity Risk Management Monitoring Framework

The Liquidity risk management monitoring framework is formed by the following measures:

- LMR measures the extent of liquefiable assets covering qualifying liabilities due within one month arising from on-balance sheet and off-balance sheet exposures including contingent funding obligations.
- CFR measures long term funding risk by assessing the degree of the Branch's core funding sources supporting the need in funding its business activities.
- Cash Flow Projection is to collect the next 30-day cash flow information arising from loan and deposit businesses entered into by various front line divisions. By consolidating this projection with the cash flow from Treasury's transactions, the Branch's overall cash flow can be projected and such information will take an important part in the Branch's liquidity funding management.
- Liquidity Stress Testing is regularly conducted to project the Branch's cash flows under stress scenarios and evaluate the sufficiency of liquidity cushion. The stress scenarios cover institution-specific crisis scenario, general market crisis scenario and combined crisis scenario. The cash flows under each stress scenario are determined by applying a standard set of prescribed stress assumptions to the Branch's cash flow projection. The potential cash flow arising from off-balance sheet items is included. The stress test results are regularly reported to the RMC and ALCO.
- Under LMR, liquidity cushion held by the Branch consists of cash, withdrawable reserves maintained with central banks and marketable debt securities eligible for inclusion in liquefiable assets for the purposes of determining LMR. It is the Branch's policy that the liquidity cushion should be able to cover projected cash outflows under various prescribed stress scenarios.
- Maturity Profile Analysis analyzes the assets and liabilities by their remaining maturities into different time buckets. The potential cash flow arising from off-balance sheet items is included. The gap amount for each time bucket represents the liquidity exposure after netting the assets and liabilities maturing in the same bucket.
- Swapped Fund Ratio is designed to measure the reliance of the Branch on FX Swap market to fund the currency mismatch. Branch sets limits on swapped fund ratios of major currency positions which are subject to daily monitoring.

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SECTION A: HONG KONG BRANCH INFORMATION

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

19 Liquidity (Continued)

(c) Liquidity Risk Management (Continued)

Contingency Funding Plan (“CFP”)

The Branch has a CFP which clearly defines a set of triggering events that will activate the plan as well as the mechanisms for identification, monitoring and reporting of such events. The mechanisms incorporate:

- A set of early warning indicators that helps to identify any emerging liquidity risks at an early stage;
- A list of potential funding sources, with due consideration of their reliability, priority and the expected available time during liquidity crisis; and
- Detailed action steps and properly assigned responsibilities to implement the CFP in case of need.

The extent of liquidity shortfalls estimated from stress testing under various scenarios beyond the level of liquidity cushion is a factor in determining severity levels and strategies to be adopted under the CFP. The Branch developed Business Continuity Plan (“BCP”) to handle branch-wide disaster and major crisis including bank run situations. The CFP constitutes an integral part of the BCP as bank run event may lead to liquidity drain.

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SECTION B: BANK INFORMATION (CONSOLIDATED BASIS)

I. Capital and capital adequacy

	As at 30 June 2023 RMB million	As at 31 December 2022 RMB million (Restated)
Total capital ratio	17.40%	18.42%
Total equity	2,956,228	2,876,244

The capital adequacy ratio is calculated in accordance with the guidelines issued by the China Banking and Insurance Regulatory Commission. These guidelines are different from the document or Directive referred to Section 105(a) of Banking (Disclosure) Rules.

II. Other financial information

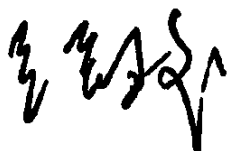
	As at 30 June 2023 RMB million	As at 31 December 2022 RMB million (Restated)
Total assets	38,254,706	34,600,711
Total liabilities	35,298,478	31,724,467
Total loans and advances to customers	22,360,543	20,493,042
Total customer deposits	27,628,473	25,020,807

	<u>For the six months ended</u>	
	30 June 2023 RMB million	30 June 2022 RMB million (Restated)
Profit before tax	197,264	192,884

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
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FOR THE SIX MONTHS ENDED 30 JUNE 2023**

STATEMENT OF COMPLIANCE

In compliance with the Banking (Disclosure) Rules Part 8 “Disclosures to be made by Authorized Institutions incorporated outside Hong Kong”, the enclosed unaudited financial information disclosure statement for the six months ended 30 June 2023 has been provided.



Zhang Jun
Chief Executive
China Construction Bank Corporation, Hong Kong Branch