

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

SECTION A: HONG KONG BRANCH INFORMATION

INCOME STATEMENT

	Note	Six months ended 30 June 2021 HK\$'000	Six months ended 30 June 2020 HK\$'000
Interest income		1,617,945	3,335,630
Interest expense		(1,114,997)	(2,647,308)
Net interest income		502,948	688,322
Fees and commission income		90,339	120,612
Fees and commission expense		(5,032)	(5,250)
Net fees and commission income		85,307	115,362
Net trading (loss) / gain	1	(4,461)	32,449
Net gain on disposal arising from investment securities		9,253	197,051
Other operating income, net	2	124,749	33,172
Operating income		717,796	1,066,356
Operating expenses	3	(322,920)	(304,485)
Net operating income before impairment losses		394,876	761,871
Release in expected credit losses		137,479	550,790
Profit before tax		532,355	1,312,661
Taxation charge	4	(107,920)	(236,735)
Profit for the period		424,435	1,075,926

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STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Assets			
Deposits with central banks		12,395,908	22,900,760
Deposits with banks		1,063,422	1,171,771
Placements with banks	5	13,563,638	27,165,542
Financial assets held under resale agreements		746,879	-
Financial assets measured at fair value through profit or loss	6	2,130,041	3,185,544
Financial assets measured at fair value through other comprehensive income	7	38,162,898	45,030,616
Financial assets measured at amortised cost	8	3,331,166	2,326,555
Derivative financial instruments	9	2,841,966	5,849,993
Amount due from head office and overseas branches		73,501,999	72,127,706
Loans and advances to overseas branches and related companies		8,081,120	10,277,738
Loans and advances to customers	10	48,262,646	50,377,558
Furniture and equipment		709	830
Right-of-use assets		44,540	47,612
Intangible assets		20	20
Deferred tax assets		182,980	219,377
Other assets		2,033,087	628,914
Total assets		206,343,019	241,310,536
Equity and liabilities			
Borrowings from central banks		1,670,444	-
Deposits from banks		1,398,534	536,643
Placements from banks and non-bank financial institutions		33,434,380	40,541,845
Deposits from customers	15	63,102,759	73,192,682
Financial assets sold under repurchase agreements		-	411,138
Derivative financial instruments	9	3,132,071	6,174,973
Certificates of deposit and medium-term notes issued		68,628,086	67,478,210
Amount due to related companies		173,112	332,593
Amount due to head office and overseas branches		26,501,422	37,714,435
Lease liabilities		69,188	77,196
Current tax liabilities		69,143	43,995
Other liabilities		1,500,095	8,647,982
Total liabilities		199,679,234	235,151,692
Reserves	16	6,663,785	6,158,844
Total equity and liabilities		206,343,019	241,310,536

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NOTES TO THE FINANCIAL INFORMATION

1. Net trading (loss) / gain

	For the six months ended	
	2021	2020
	HK\$'000	HK\$'000
Net gains less losses from trading in foreign currencies	40,932	(15,661)
Net (losses) / gains from other trading activities	(45,393)	48,110
	(4,461)	32,449

2. Other operating income, net

	For the six months ended	
	2021	2020
	HK\$'000	HK\$'000
Management fee received	119,428	28,895
Others	5,321	4,277
	124,749	33,172

3. Operating expenses

	For the six months ended	
	2021	2020
	HK\$'000	HK\$'000
Management fee paid	228,675	295,032
Staff expenses	80,457	-
Premises expenses	1,724	1,730
Others	12,064	7,723
	322,920	304,485

4. Taxation charge

	For the six months ended	
	2021	2020
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
- Provision for the year	86,628	146,647
Deferred tax		
- Origination of temporary differences	21,292	90,088
	107,920	236,735

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NOTES TO THE FINANCIAL INFORMATION (Continued)

5. Placements with banks

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Placements with banks with residual contractual maturity:		
- Less than one month	9,629,021	24,554,055
- More than one month and less than twelve months	2,142,368	775,180
- More than twelve months	1,785,904	1,782,914
Less: Expected credit losses	(389)	(197)
	13,556,904	27,111,952
Accrued interest receivables	6,734	53,590
	13,563,638	27,165,542

6. Financial assets measured at fair value through profit or loss

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trading loans	2,129,548	3,185,101
Accrued interest receivables	493	443
	2,130,041	3,185,544

7. Financial assets measured at fair value through other comprehensive income

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Investment securities	31,984,595	37,557,093
Certificates of deposit held	5,890,037	7,094,454
Less: Expected credit losses	(211)	(315)
	37,874,421	44,651,232
Accrued interest receivables	288,477	379,384
	38,162,898	45,030,616

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NOTES TO THE FINANCIAL INFORMATION (Continued)

8. Financial assets measured at amortised cost

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Investment securities	1,093,237	93,176
Certificates of deposit held	2,326,127	2,321,129
Less: Expected credit losses	(93,439)	(93,176)
	3,325,925	2,321,129
Accrued interest receivables	5,241	5,426
	3,331,166	2,326,555

9. Derivative financial instruments

<u>As at 30 June 2021</u>	Notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
Exchange rate contracts	443,554,031	2,760,252	2,731,758
Interest rate contracts	17,171,212	81,714	400,313
	460,725,243	2,841,966	3,132,071
<u>As at 31 December 2020</u>	Notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
Exchange rate contracts	237,986,274	5,737,345	5,606,754
Interest rate contracts	19,884,977	112,648	568,219
	257,871,251	5,849,993	6,174,973

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)

10. Loans and advances to customers

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Loans and advances to customers	49,135,216	51,346,235
Less: Unamortised portion of upfront fees	(107,057)	(153,699)
Expected credit losses		
- 12 months ECL	(78,227)	(106,235)
- Lifetime ECL but not credit impaired	(786,408)	(828,249)
- Lifetime ECL and credit impaired	-	(8,441)
	48,163,524	50,249,611
Accrued interest receivables	102,334	131,216
Less: Expected credit losses	(3,212)	(3,269)
	99,122	127,947
	48,262,646	50,377,558

11. 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.

	As at 30 June 2021		As at 31 December 2020	
	HK\$'000	% covered by collateral	HK\$'000	% covered by collateral
<i>Industry categories:</i>				
Industrial, commercial and financial				
- Property development	8,149,489	33.15%	7,511,482	35.67%
- Property investment	1,250,000	0.00%	750,000	0.00%
- Financial concern	4,999,091	0.00%	8,460,847	0.00%
- Wholesale and retail trade	500,000	0.00%	4,567,847	0.00%
- Transport and transport equipment	2,150,000	0.00%	1,800,000	0.00%
- Others	3,270,000	0.00%	3,470,000	0.00%
Loans and advances for use in Hong Kong	20,318,580	13.30%	26,560,176	10.09%
Trade finance	828,317	72.47%	-	0.00%
Loans and advances for use outside Hong Kong	27,988,319	10.39%	24,786,059	10.59%
Total	49,135,216	12.64%	51,346,235	10.33%

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NOTES TO THE FINANCIAL INFORMATION (Continued)

11. Analysis of loans and advances to customers (Continued)

(b) Analysis by geographical areas

<u>As at 30 June 2021</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	42,777,801	-	-
Others	6,357,415	-	-
Total	<u>49,135,216</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 2020</u>			
Hong Kong	44,647,418	-	-
Others	6,698,817	28,169	28,169
Total	<u>51,346,235</u>	<u>28,169</u>	<u>28,169</u>

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

12. Impaired loans and advances

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Impaired loans and advances to customers	-	28,169
As a percentage to total loans and advances to customers	0.00%	0.05%
Expected credit loss on impaired loans and advances to customers	-	8,441
Value of collateral held against the impaired loans and advances to customers	-	28,169

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 to banks and repossessed assets as at 30 June 2021 and 31 December 2020.

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NOTES TO THE FINANCIAL INFORMATION (Continued)

13. Overdue and rescheduled assets

(a) Overdue loans and advances

	As at 30 June 2021		As at 31 December 2020	
	HK\$'000	% of total loans and advances to customers	HK\$'000	% of total loans and advances to customers
More than 3 months but not more than 6 months	-	0.00%	14,859	0.03%
More than 6 months but not more than one year	-	0.00%	13,310	0.02%
More than one year	-	0.00%	-	0.00%
Total overdue loans and advances to customers	-	0.00%	28,169	0.05%
Expected credit loss allowances made	-		8,441	
Fair value of collateral held against the secured overdue loans and advances to customers	-		28,169	0.00%
Covered portion of overdue advances	-		28,169	
Uncovered portion of overdue advances	-		-	
	-		28,169	

Collateral held against such loans and advances was represented by pledge of vessel as at 31 December 2020.

There were no loans and advances to banks overdue for more than three months as at 30 June 2021 and 31 December 2020.

(b) Rescheduled loans and advances

There were no rescheduled loans and advances as at 30 June 2021 and 31 December 2020.

(c) Other overdue assets

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Over one year	93,333	93,176

There were no other assets overdue for over three months but one year or less as at 30 June 2021 and 31 December 2020.

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NOTES TO THE FINANCIAL INFORMATION (Continued)

14. Non-bank mainland exposures

<u>As at 30 June 2021</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")	27,157,444	12,890,331	40,047,775
(b) Local governments, local government-owned entities and their subsidiaries and JVs	1,018,586	22,801	1,041,387
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	7,385,111	1,164,720	8,549,831
(d) Other entities of central government not reported in item (a) above	476,681	-	476,681
(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	570,450	33,047	603,497
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	2,002,442	-	2,002,442
Total	<u>38,610,714</u>	<u>14,110,899</u>	<u>52,721,613</u>
Total assets after provision	<u>206,343,019</u>		
On-balance sheet exposures as percentage of total assets	<u>18.71%</u>		
 <u>As at 31 December 2020</u>			
Types of counterparties			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	27,220,543	14,248,806	41,469,349
(b) Local governments, local government-owned entities and their subsidiaries and JVs	810,467	374,661	1,185,128
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	6,808,685	1,162,770	7,971,455
(d) Other entities of central government not reported in item (a) above	463,773	38,750	502,523
(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	941,733	140,167	1,081,900
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	2,003,171	-	2,003,171
Total	<u>38,248,372</u>	<u>15,965,154</u>	<u>54,213,526</u>
Total assets after provision	<u>241,310,536</u>		
On-balance sheet exposures as percentage of total assets	<u>15.85%</u>		

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NOTES TO THE FINANCIAL INFORMATION (Continued)

15. Deposits from customers

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Demand deposits and current accounts	2,895,133	4,721,841
Savings deposits	29,263,859	21,603,945
Time, call and notice deposits	30,857,521	46,583,023
	63,016,513	72,908,809
Accrued interest payables	86,246	283,873
	63,102,759	73,192,682

16. Reserves

The components of reserves are as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Investment revaluation reserve, net of deferred tax	(33,182)	(96,922)
Reserve for cash flow hedge, net of deferred tax	2,577	(14,189)
Regulatory reserve	194,824	194,824
Retained earnings	6,499,566	6,075,131
Total reserves	6,663,785	6,158,844

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 2021 and year ended 31 December 2020.

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NOTES TO THE FINANCIAL INFORMATION (Continued)

17. 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 2021</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	
Offshore centres	7,852,553	191,316	2,615,979	20,639,020	31,298,868
- Of which Hong Kong	<u>7,791,786</u>	<u>191,316</u>	<u>2,615,979</u>	<u>20,369,486</u>	<u>30,968,567</u>
Developing Asia and Pacific	112,737,587	2,089,547	81,888	3,735,902	118,644,924
- Of which the Mainland	<u>99,863,239</u>	<u>2,089,547</u>	<u>81,888</u>	<u>3,735,639</u>	<u>105,770,313</u>

<u>As at 31 December 2020</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	
Offshore centres	1,621,483	81,801	1,157,490	23,186,871	26,047,645
- Of which Hong Kong	<u>1,562,105</u>	<u>81,801</u>	<u>1,143,820</u>	<u>22,980,700</u>	<u>25,768,426</u>
Developing Asia and Pacific	124,018,887	5,819,313	233,810	4,114,563	134,186,573
- Of which the Mainland	<u>119,206,398</u>	<u>5,819,313</u>	<u>180,651</u>	<u>4,097,754</u>	<u>129,304,116</u>

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NOTES TO THE FINANCIAL INFORMATION (Continued)

18. 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 2021</u>	USD HK\$'000 equiv	CNY HK\$'000 equiv
Spot assets	104,876,393	36,944,894
Spot liabilities	(111,598,767)	(38,192,222)
Forward purchases	216,280,686	116,776,674
Forward sales	(209,484,330)	(115,523,332)
Net long position	<u>73,982</u>	<u>6,014</u>
<u>As at 31 December 2020</u>	USD HK\$'000 equiv	CNY HK\$'000 equiv
Spot assets	105,472,365	40,449,806
Spot liabilities	(119,342,737)	(40,508,488)
Forward purchases	111,973,111	76,272,136
Forward sales	(98,060,908)	(76,202,017)
Net long position	<u>41,831</u>	<u>11,437</u>

There was no structural and option position as at 30 June 2021 and 31 December 2020.

19. Contingent liabilities and commitments

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Direct credit substitutes	26,145,986	30,377,299
Transaction-related contingencies	66,777	66,665
Trade-related contingencies	637,388	732,480
Other commitments	<u>23,029,647</u>	<u>26,667,659</u>
	<u>49,879,798</u>	<u>57,844,103</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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NOTES TO THE FINANCIAL INFORMATION (Continued)

20. Liquidity

(a) Average Liquidity Coverage Ratio (“LCR”)

	For the quarter ended 30 June 2021	For the quarter ended 31 March 2021
Average Liquidity Coverage Ratio	<u>154.82%</u>	<u>139.10%</u>

The average LCR for each quarter in 2021 is based on the arithmetic mean of its LCR as at the end of each working day in the quarter as required by the Hong Kong Monetary Authority for its regulatory purposes.

The average LCR of the Hong Kong Branch of China Construction Bank Corporation (“the Branch”) was maintained at a healthy level. The Branch managed its high quality liquid assets and improved concentration of asset types. The Branch optimized its LCR to achieve higher efficiency.

The Branch’s High Quality Liquid Assets (“HQLA”) consist of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, multilateral development banks, and Mainland policy banks.

The currency mismatch between the HQLA and the net cash outflow in the calculation of LCR is controlled and monitored via individual currency LCR limits. The HQLA mix is further governed by concentration caps and limits in accordance with statutory requirements and internal policy requirements for risk management purposes.

The Branch’s primary sources of funds are corporate customer deposits, certificates of deposit issued and interbank money market borrowings.

The composition of the Branch’s HQLA as defined under Schedule 2 of the Banking (Liquidity) Rules is shown as below.

	Quarter ended 30 June 2021 HK\$’000	Quarter ended 31 March 2021 HK\$’000
Level 1 assets	46,758,854	48,548,117
Level 2A assets	<u>1,128,266</u>	<u>1,404,810</u>
Total weighted amount of HQLA	<u>47,887,120</u>	<u>49,952,927</u>

To comply with the Banking (Disclosure) Rules, the Liquidity Coverage Ratio Standard Disclosure Template is shown in the appendix

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20. Liquidity (Continued)

(b) Net Stable Funding Ratio (“NSFR”)

	As at quarter ended 30 June 2021	As at quarter ended 31 March 2021
Net Stable Funding Ratio	<u>118.98%</u>	<u>114.34%</u>

The NSFR of the Branch was maintained at a healthy level.

Net stable funding ratio means the ratio of the amount of the Branch’s available stable funding (“ASF”) to the amount of the Branch’s required stable funding (“RSF”).

ASF is the sum of weighted amounts of the Branch’s capital and on-balance sheet liabilities. The Branch’s liabilities include customer deposits, certificates of deposit issued and interbank money market borrowing.

RSF is the sum of weighted amounts of the Branch’s on-balance sheet assets and off-balance sheet obligations. The Branch’s assets include loans to customers, interbank money market lending and debt securities held. The Branch’s off-balance sheet obligations mainly involve potential drawdown of undrawn committed facilities.

To comply with the Banking (Disclosure) Rules, the Net Stable Funding Ratio Standard Disclosure Template is shown in the appendix.

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20. 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 LCR and NSFR. The Branch developed management information systems to provide liquidity exposures for computing these indicators on a daily basis.

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

SECTION A: HONG KONG BRANCH INFORMATION

NOTES TO THE FINANCIAL INFORMATION (Continued)

20. 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 NSFR 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

The Branch's liquidity cushion consists of cash, balances at central banks, high quality and other marketable securities issued or guaranteed by sovereigns, central banks, and mainland policy banks. Liquidity cushion being held by the Branch consists of High Quality Liquid Assets for purposes of determining the Branch's LCR and other marketable debt securities.

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 2021**

SECTION A: HONG KONG BRANCH INFORMATION

NOTES TO THE FINANCIAL INFORMATION (Continued)

20. Liquidity (Continued)

(c) Liquidity Risk Management (Continued)

Liquidity Risk Management Monitoring Framework

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

- LCR measures the extent of liquid assets covering total net cash outflow due within 30 days arising from on-balance sheet and off-balance sheet exposures including contingent funding obligations.
- NSFR measures long term funding risk by assessing the degree of the Branch's stable 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. Liquidity cushion being held by the Branch consists of High Quality Liquid Assets for purposes of determining the Branch's Liquidity Coverage Ratio and other marketable debt securities. 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.

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

SECTION A: HONG KONG BRANCH INFORMATION

NOTES TO THE FINANCIAL INFORMATION (Continued)

20. 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.

21. Comparative amounts

Certain comparative figures have been adjusted to conform with the current period's presentation and disclosures.

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

SECTION B: BANK INFORMATION (CONSOLIDATED BASIS)

I. Capital and capital adequacy

	As at 30 June 2021 RMB million	As at 31 December 2020 RMB million
Total capital ratio	16.58%	17.06%
Total equity	2,462,341	2,389,353

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 in paragraph (a) Section 105 Chapter 155M of Banking (Disclosure) Rules.

II. Other financial information

	As at 30 June 2021 RMB million	As at 31 December 2020 RMB million
Total assets	29,833,188	28,132,254
Total liabilities	27,370,847	25,742,901
Total loans and advances to customers	17,493,902	16,231,369
Total customer deposits	22,317,969	20,614,976
	For the six months ended 30 June 2021 RMB million	30 June 2020 RMB million
Profit before tax	184,463	168,773

**CHINA CONSTRUCTION BANK CORPORATION – HONG KONG BRANCH
FINANCIAL INFORMATION DISCLOSURE STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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 2021 has been provided.



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

China Construction Bank Corporation - Hong Kong Branch
Financial Information Disclosure Statement (Unaudited)
For the six months ended 30 June 2021
Appendix: Liquidity Coverage Ratio Standard Disclosure Template

		Quarter ended 30 Jun 2021 (Number of data points: 60)		Quarter ended 31 Mar 2021 (Number of data points: 61)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 30 Jun 2021 and 31 Mar 2021.					
Basis of disclosure: Hong Kong office Currency: HK\$'000					
A. HIGH QUALITY LIQUID ASSETS					
1	Total high quality liquid assets (HQLA)		47,887,120		49,952,927
B. CASH OUTFLOWS					
2	Retail deposits and small business funding, of which		-		-
3	Stable retail deposits and stable small business funding		-		-
4	Less stable retail deposits and less stable small business funding		-		-
4a	Retail term deposits and small business term funding		-		-
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	76,974,259	51,639,550	64,262,798	47,722,439
6	Operational deposits		-		-
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	73,112,676	47,777,967	61,541,827	45,001,468
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	3,861,583	3,861,583	2,720,971	2,720,971
9	Secured funding transactions (including securities swap transactions)		144,242		-
10	Additional requirements, of which	24,372,840	6,253,433	27,714,465	6,853,567
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	624,194	624,194	1,167,653	1,167,653
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions		-		-
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	23,748,646	5,629,239	26,546,812	5,685,914
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	657,578	657,578	1,686,942	1,686,942
15	Other contingent funding obligations (whether contractual or non-contractual)	68,763,376	2,660,456	73,841,304	2,877,937
16	TOTAL CASH OUTFLOWS		61,355,259		59,140,885
C. CASH INFLOWS					
17	Secured lending transactions (including securities swap transactions)		-		-
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	45,758,290	28,237,092	33,578,518	20,743,286
19	Other cash inflows	19,310,660	1,503,645	20,742,749	2,272,693
20	TOTAL CASH INFLOWS	65,068,950	29,740,737	54,321,267	23,015,979
D. LIQUIDITY COVERAGE RATIO					
21	TOTAL HQLA		47,887,120		49,952,927
22	TOTAL NET CASH OUTFLOWS		31,614,522		36,124,906
23	LCR (%)		154.82%		139.10%

China Construction Bank Corporation - Hong Kong Branch
Financial Information Disclosure Statement (Unaudited)

For the six months ended 30 June 2021

Appendix: Net Stable Funding Ratio Standard Disclosure Template

		For the quarter ended 30 June 2021				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office (Currency: HKD'000)		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	-	-
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding:	-	95,066,204	893,985	30,145,445	57,412,226
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	95,066,204	893,985	30,145,445	57,412,226
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	290,105	23,834,429	9,282,973	44,963,831	49,605,318
12	Net derivative liabilities	290,105	-	-	-	-
13	All other funding and liabilities not included in the above categories	-	23,834,429	9,282,973	44,963,831	49,605,318
14	Total ASF					107,017,544
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				51,229,777	2,250,251
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	76,672,509	15,736,354	59,305,661	85,337,674
18	Performing loans to financial institutions secured by Level 1 HQLA	-	746,879	-	-	74,688
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	48,941,230	11,274,685	41,010,748	53,989,275
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	-	26,969,121	4,461,669	14,865,060	28,350,696
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	15,279	-	3,429,853	2,923,015
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	3,675,348	1,769,441	2,482	2,088	1,172,954
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	179,770	-	-	-	152,805
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before deduction of variation margin posted	3,132,071	-	-	-	156,604
31	All other assets not included in the above categories	363,507	1,769,441	2,482	2,088	863,545
32	Off-balance sheet items				90,904,504	1,186,540
33	Total RSF					89,947,419
34	Net Stable Funding Ratio (%)					118.98%

China Construction Bank Corporation - Hong Kong Branch
Financial Information Disclosure Statement (Unaudited)

For the six months ended 30 June 2021

Appendix: Net Stable Funding Ratio Standard Disclosure Template

		For the quarter ended 31 March 2021				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: Hong Kong office (Currency: HKD'000)		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	-	-
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding:	-	88,738,522	3,307,270	30,223,853	56,600,852
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	88,738,522	3,307,270	30,223,853	56,600,852
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	341,213	26,408,552	16,885,758	35,793,531	44,236,410
12	Net derivative liabilities	341,213	-	-	-	-
13	All other funding and liabilities not included in the above categories	-	26,408,552	16,885,758	35,793,531	44,236,410
14	Total ASF					100,837,262
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				44,065,917	1,762,154
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	78,025,438	26,388,343	52,480,548	84,319,093
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	50,167,156	19,922,457	33,748,281	51,234,583
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	-	27,833,036	6,465,886	15,275,351	30,133,509
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	25,246	-	3,456,916	2,951,001
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	4,169,418	227,650	1,862	1,856	777,853
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	193,076	-	-	-	164,115
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before deduction of variation margin posted	3,662,333	-	-	-	183,117
31	All other assets not included in the above categories	314,009	227,650	1,862	1,856	430,621
32	Off-balance sheet items				96,356,514	1,333,868
33	Total RSF					88,192,968
34	Net Stable Funding Ratio (%)					114.34%