

China Construction Bank Corporation – Hong Kong Branch
Financial Information Disclosure Statement
For the year ended 31 December 2017

Section A: Hong Kong Branch Information

Income Statement

	<i>Note</i>	<i>2017</i> HK\$'000	<i>2016</i> HK\$'000
Interest income		12,069,392	8,504,184
Interest expense		(9,899,885)	(6,648,016)
Net interest income		2,169,507	1,856,168
Net fee and commission income	1	351,306	348,224
Net trading gains	2	283,782	375,803
Other operating income	3	32,637	298,963
Operating income		2,837,232	2,879,158
Operating expenses	4	(551,369)	(473,788)
		2,285,863	2,405,370
Impairment allowances charged on loans and advances		(388,837)	(727,892)
Profit on disposal of fixed assets		-	30
Profit before tax		1,897,026	1,677,508
Taxation charge	5	(317,758)	(281,640)
Net profit		1,579,268	1,395,868

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Statement of Financial Position

	Note	<i>As at</i> <i>31 December</i> <i>2017</i> HK\$'000	<i>As at</i> <i>30 June</i> <i>2017</i> HK\$'000
Assets			
Cash and balances with banks		67,579,953	42,540,691
Placements with banks with residual contractual maturity more than one month but not more than twelve months		7,710,377	25,603,494
Loans to banks		3,579,329	1,500,971
Amounts due from overseas offices		139,032,248	142,588,877
Trade bills		5,775,381	9,756,308
Certificates of deposit held		57,184,352	91,845,636
Loans and advances to customers and other accounts	6	176,087,371	232,174,104
Available-for-sale and held-to-maturity securities	11	89,451,707	69,947,777
Unlisted equity investment		1	1
Fixed assets		-	4
Other assets		589,022	329,334
Total assets		546,989,741	616,287,197
Equity and liabilities			
Deposits from banks		65,536,921	129,508,604
Deposits from customers	12	186,619,654	171,157,377
Amounts due to overseas offices		165,707,410	171,732,131
Certificates of deposit issued		114,902,488	126,286,674
Other liabilities		14,069,777	17,133,241
Total liabilities		546,836,250	615,818,027
Reserves	15	153,491	469,170
Total equity and liabilities		546,989,741	616,287,197

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Notes to the financial information

1 Net fee and commission income

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	HK\$'000	HK\$'000
Fee and commission income	361,365	357,249
Fee and commission expense	(10,059)	(9,025)
	<u>351,306</u>	<u>348,224</u>

2 Net trading gains

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	HK\$'000	HK\$'000
Gains less losses arising from trading in foreign currencies	285,803	356,015
Gains less losses from other trading activities	(2,021)	19,788
	<u>283,782</u>	<u>375,803</u>

Net trading gains included a foreign exchange revaluation gain of HKD 66 million (2016: HKD 3 million) on RMB foreign exchange contracts entered into for hedging the position of the CCB Group.

3 Other operating income

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	HK\$'000	HK\$'000
Net gains on disposal of available-for-sale financial assets	11,837	278,348
Others	20,800	20,615
	<u>32,637</u>	<u>298,963</u>

4 Operating expenses

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	HK\$'000	HK\$'000
Premises expenses	10,632	11,365
Management fee paid	516,107	444,746
Others	24,630	17,677
	<u>551,369</u>	<u>473,788</u>

5 Taxation charge

	<i>For the year ended 31 December</i>	
	<i>2017</i>	<i>2016</i>
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
- Provision for the year	377,344	391,598
Current tax – Overseas		
- Withholding tax charged in the Mainland	4,662	10,169
Deferred tax		
- Origination and reversal of temporary differences	(64,248)	(120,127)
	<u>317,758</u>	<u>281,640</u>

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Notes to the financial information (continued)

6 Loans and advances to customers and other accounts

	<i>As at</i> <i>31 December 2017</i> HK\$'000	<i>As at</i> <i>30 June 2017</i> HK\$'000
Loans and advances to customers	165,180,726	214,574,029
Less: Impairment allowances		
- Collectively assessed	<u>(1,615,552)</u>	<u>(1,004,006)</u>
	<u>163,565,174</u>	<u>213,570,023</u>
Other accounts		
- Accrued interest receivables	3,575,716	3,751,899
- Others	<u>8,946,481</u>	<u>14,852,182</u>
	<u>12,522,197</u>	<u>18,604,081</u>
	<u>176,087,371</u>	<u>232,174,104</u>

7 Analysis of loans and advances to customers

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

(a) Analysis by industry categories

	<i>As at 31 December 2017</i>		<i>As at 30 June 2017</i>	
	HK\$'000	<i>% covered by collateral</i>	HK\$'000	<i>% covered by collateral</i>
<i>Industry categories:</i>				
Industrial, commercial and financial				
- Property development	9,039,709	3.84%	4,921,686	28.80%
- Property investment	2,150,000	0.00%	6,453,873	73.89%
- Financial concerns	10,846,115	17.01%	13,320,228	90.41%
- Wholesale and retail trade	7,690,462	0.00%	9,533,553	5.44%
- Manufacturing	62,515	0.00%	172,589	100.00%
- Transport and transport equipment	4,894,963	10.22%	5,222,607	31.27%
- Information technology	422,676	0.00%	438,000	0.00%
- Others	<u>9,553,600</u>	<u>31.89%</u>	<u>9,783,430</u>	<u>4.64%</u>
Loans and advances for use in				
Hong Kong	44,660,040	12.85%	49,845,966	42.15%
Trade Finance	5,781,925	27.69%	11,230,774	2.73%
Loans and advances for use outside				
Hong Kong	<u>114,738,761</u>	<u>43.33%</u>	<u>153,497,289</u>	<u>52.63%</u>
Total	<u>165,180,726</u>	<u>34.54%</u>	<u>214,574,029</u>	<u>47.58%</u>

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Notes to the financial information (continued)

7 Analysis of loans and advances to customers (continued)

(b) Analysis by geographical areas

	<i>Total loans and advances to customers HK\$'000</i>	<i>Impaired loans and advances to customers HK\$'000</i>	<i>Overdue loans and advances to customers HK\$'000</i>	<i>Individual impairment allowances HK\$'000</i>	<i>Collective impairment allowances HK\$'000</i>
As at 31 December 2017					
Hong Kong	124,183,547	-	-	-	1,427,820
The Mainland	30,374,724	-	-	-	76,315
United Arab Emirates	465,969	-	-	-	6,004
Others	10,156,486	-	-	-	105,413
Total	165,180,726	-	-	-	1,615,552
As at 30 June 2017					
Hong Kong	157,881,269	-	-	-	809,480
The Mainland	44,412,662	-	-	-	82,465
United Arab Emirates	1,022,195	-	-	-	13,270
Others	11,257,903	-	-	-	98,791
Total	214,574,029	-	-	-	1,004,006

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

8 Overdue and rescheduled assets

(a) Overdue loans and advances

There were no overdue loans and advances as at 31 December 2017 and 30 June 2017.

(b) Rescheduled loans and advances

There were no rescheduled loans and advances as at 31 December 2017 and 30 June 2017.

(c) Other overdue assets

	<i>As at 30 December 2017 HK\$'000</i>	<i>As at 30 June 2017 HK\$'000</i>
Over one year	<u>95,383</u>	<u>95,274</u>

There were no other assets overdue for over three months but one year or less as at 31 December 2017 and 30 June 2017.

9 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 31 December 2017 and 30 June 2017.

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Notes to the financial information (continued)

10 Mainland activities exposures

(i) As at 31 December 2017

<i>Types of counterparties</i>	<i>On-balance sheet exposure HK\$'000</i>	<i>Off-balance sheet exposure HK\$'000</i>	<i>Total HK\$'000</i>
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	65,879,372	20,617,909	86,497,281
(b) Local governments, local government-owned entities and their subsidiaries and JVs	9,787,448	795,473	10,582,921
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	55,857,483	17,429,633	73,287,116
(d) Other entities of central government not reported in item (a) above	1,372,389	520,960	1,893,349
(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	4,162,903	397,179	4,560,082
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	3,550,229	-	3,550,229
Total	140,609,824	39,761,154	180,370,978
Total assets after provision	546,989,741		
On-balance sheet exposures as percentage of total assets	25.71%		

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Notes to the financial information (continued)

10 Mainland activities exposures (continued)

(ii) As at 30 June 2017

<i>Types of counterparties</i>	<i>On-balance sheet exposure HK\$'000</i>	<i>Off-balance sheet exposure HK\$'000</i>	<i>Total HK\$'000</i>
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	100,046,300	23,903,460	123,949,760
(b) Local governments, local government-owned entities and their subsidiaries and JVs	11,107,351	2,011,238	13,118,589
(c) PRC nationals residing in the Mainland or other entities incorporated in the Mainland and their subsidiaries and JVs	70,315,330	4,545,201	74,860,531
(d) Other entities of central government not reported in item (a) above	2,790,258	648,961	3,439,219
(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	6,686,421	4,279,923	10,966,344
(g) Other counterparties where the exposure is considered by the reporting institution to be non-bank Mainland exposures	572,738	-	572,738
Total	<u>191,518,398</u>	<u>35,388,783</u>	<u>226,907,181</u>
Total assets after provision	<u>616,287,197</u>		
On-balance sheet exposures as percentage of total assets	<u>31.08%</u>		

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Notes to the financial information (continued)

11	<i>Available-for-sale and held-to-maturity securities</i>	<i>As at</i> 31 December 2017 HK\$'000	<i>As at</i> 30 June 2017 HK\$'000
	Available-for-sale securities	89,451,707	69,947,777
	Held-to-maturity securities	95,383	95,274
		<u>89,547,090</u>	<u>70,043,051</u>
	Less: Impairment allowances		
	- Individually assessed	(95,383)	(95,274)
	Total	<u>89,451,707</u>	<u>69,947,777</u>
12	<i>Deposits from customers</i>	<i>As at</i> 31 December 2017 HK\$'000	<i>As at</i> 30 June 2017 HK\$'000
	Demand deposits and current accounts	1,233,624	765,537
	Savings deposits	13,889,733	6,991,462
	Time, call and notice deposits	171,496,297	163,400,378
		<u>186,619,654</u>	<u>171,157,377</u>

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Notes to the financial information (continued)

13 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.

	<i>Banks</i> HK\$'000	<i>Official sector</i> HK\$'000	<i>Non-bank private sector</i>		<i>Total</i> HK\$'000
			<i>Non-bank financial institutions</i> HK\$'000	<i>Non-financial private sector</i> HK\$'000	
As at 31 December 2017					
Offshore centres	65,179,350	-	5,039,935	38,492,913	108,712,198
- of which					
Hong Kong	<u>65,175,236</u>	<u>-</u>	<u>4,970,804</u>	<u>37,314,894</u>	<u>107,460,934</u>
Developing Asia and Pacific	275,668,012	-	7,545,594	67,712,287	350,925,893
- of which the					
Mainland	<u>274,727,005</u>	<u>-</u>	<u>7,545,594</u>	<u>67,353,086</u>	<u>349,625,685</u>
	<i>Banks</i> HK\$'000	<i>Official sector</i> HK\$'000	<i>Non-bank private sector</i>		<i>Total</i> HK\$'000
			<i>Non-bank financial institutions</i> HK\$'000	<i>Non-financial private sector</i> HK\$'000	
As at 30 June 2017					
Offshore centres	24,803,749	-	4,322,353	50,589,419	79,715,521
- of which					
Hong Kong	<u>23,869,756</u>	<u>-</u>	<u>4,245,566</u>	<u>49,005,336</u>	<u>77,120,658</u>
Developing Asia and Pacific	316,990,866	-	34,050,564	75,673,350	426,714,780
- of which the					
Mainland	<u>316,990,844</u>	<u>-</u>	<u>34,050,564</u>	<u>75,199,980</u>	<u>426,241,388</u>

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Notes to the financial information (continued)

14 Foreign currency exposures

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

As at 31 December 2017	<i>USD</i> HK\$'000 equiv	<i>CNY</i> HK\$'000 equiv
Spot assets	261,549,372	147,097,690
Spot liabilities	(302,910,461)	(148,200,076)
Forward purchases	170,123,180	106,057,958
Forward sales	(128,798,619)	(106,813,431)
Net short position	<u>(36,528)</u>	<u>(1,857,859)</u>
As at 30 June 2017	<i>USD</i> HK\$'000 equiv	<i>CNY</i> HK\$'000 equiv
Spot assets	288,962,111	154,574,814
Spot liabilities	(286,522,701)	(150,728,591)
Forward purchases	214,380,322	187,367,794
Forward sales	(216,682,112)	(192,284,693)
Net long / (short) position	<u>137,620</u>	<u>(1,070,676)</u>

There was no structural and option position as at 31 December 2017 and 30 June 2017.

15 Reserves

The components of reserves are as follows

	<i>As at</i> 31 December 2017 HK\$'000	<i>As at</i> 30 June 2017 HK\$'000
Investment revaluation reserve, net of deferred tax	(1,620,601)	(816,274)
Regulatory reserve	194,824	194,824
Retained earnings	1,579,268	1,090,620
Total reserves	<u>153,491</u>	<u>469,170</u>

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 year end 31 December 2017 and six months ended 30 June 2017.

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Notes to the financial information (continued)

16 Off-balance sheet exposures

(a) The contractual or notional amounts	<i>As at 31 December 2017 HK\$'000</i>	<i>As at 30 June 2017 HK\$'000</i>
Contingent liabilities and commitments		
- Direct credit substitutes	27,472,319	29,575,417
- Trade-related contingencies	1,290,219	682,386
- Other commitments	<u>41,020,985</u>	<u>38,575,580</u>
	<u>69,783,523</u>	<u>68,833,383</u>

	<i>As at 31 December 2017</i>		<i>As at 30 June 2017</i>	
	<i>Trading HK\$'000</i>	<i>Hedging HK\$'000</i>	<i>Trading HK\$'000</i>	<i>Hedging HK\$'000</i>
Derivatives				
- Exchange rate contracts	319,158,463	179,970	444,452,148	172,589
- Interest rate contracts	<u>1,814,019</u>	<u>10,112,361</u>	<u>892,316</u>	<u>14,487,707</u>
	<u>320,972,482</u>	<u>10,292,331</u>	<u>445,344,464</u>	<u>14,660,296</u>

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

(b) Fair value of derivatives

<i>As at 31 December 2017</i>	<i>Trading</i>		<i>Hedging</i>	
	<i>Positive fair value HK\$'000</i>	<i>Negative fair value HK\$'000</i>	<i>Positive fair value HK\$'000</i>	<i>Negative fair value HK\$'000</i>
- Exchange rate contracts	5,244,997	(5,324,868)	4,250	-
- Interest rate contracts	<u>2,450</u>	<u>(2,450)</u>	<u>154,363</u>	<u>(25,451)</u>
	<u>5,247,447</u>	<u>(5,327,318)</u>	<u>158,613</u>	<u>(25,451)</u>
 <i>As at 30 June 2017</i>				
	<i>Trading</i>	<i>Hedging</i>	<i>Trading</i>	<i>Hedging</i>
	<i>Positive fair value HK\$'000</i>	<i>Negative fair value HK\$'000</i>	<i>Positive fair value HK\$'000</i>	<i>Negative fair value HK\$'000</i>
- Exchange rate contracts	4,103,938	(4,433,770)	-	(13,764)
- Interest rate contracts	<u>637</u>	<u>(1,048)</u>	<u>122,770</u>	<u>(67,563)</u>
	<u>4,104,575</u>	<u>(4,434,818)</u>	<u>122,770</u>	<u>(81,327)</u>

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

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Notes to the financial information (continued)

17 Liquidity

(a) Average liquidity coverage ratio ("LCR")

	<i>2017</i>	<i>2016</i>
First quarter	120.60%	120.34%
Second quarter	120.95%	136.23%
Third quarter	190.64%	142.27%
Fourth quarter	539.60%	140.39%

The average LCR for each quarter in 2017 is based on the arithmetic mean of its LCR as at the end of each working day in the quarter. The average LCR for each quarter in 2016 is based on the arithmetic mean of its LCR as at each month-end in the quarter as required by the Hong Kong Monetary Authority for its regulatory purposes.

The composition of the Branch's high quality liquid assets ("HQLA") as defined under Schedule 2 of the Banking (Liquidity) Rules is shown as below.

	<i>Weighted amount (Average value)</i>			
	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Quarter ended</i>
	<i>31 December</i>	<i>30 September</i>	<i>30 June</i>	<i>31 March</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Level 1 assets	132,739,279	125,643,354	112,107,708	112,430,863
Level 2A assets	-	5,712,636	3,862,606	-
Level 2B assets	52,145	121,910	137,919	118,591
Total weighted amount of HQLA	<u>132,791,424</u>	<u>131,477,900</u>	<u>116,108,233</u>	<u>112,549,454</u>
	<i>Weighted amount (Average value)</i>			
	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Quarter ended</i>
	<i>31 December</i>	<i>30 September</i>	<i>30 June</i>	<i>31 March</i>
	<i>2016</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Level 1 assets	106,524,884	75,608,017	57,719,338	33,910,108
Level 2B assets	120,334	121,903	122,484	508,631
Total weighted amount of HQLA	<u>106,645,218</u>	<u>75,729,920</u>	<u>57,841,822</u>	<u>34,418,739</u>

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

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Notes to the financial information (continued)

17 Liquidity (continued)

(b) Liquidity risk management

Liquidity risk management strategy

Liquidity risk is the risk that the Hong Kong Branch of China Construction Bank Corporation (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 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 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 and prudential liquidity coverage ratios and requirements.

The objective of the Branch’s funding strategy is to strive for a balance between business growth opportunities and funding stability. In setting the Branch’s annual budget, the diversity and stability of various funding sources is considered so that the appropriate mix of liabilities is maintained.

The Branch’s liquidity cushion consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, mainland policy banks and non-financial corporate debt securities. The definition of liquidity cushion being held by the Branch is consistent with that of High Quality Liquid Assets for purposes of determining the Branch’s Liquidity Coverage Ratio.

The marketability of the Branch’s liquidity cushion is periodically reviewed in keeping 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.

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 test.

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

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Notes to the financial information (continued)

17 Liquidity (continued)

(b) Liquidity risk management (continued)

Liquidity risk management responsibilities

The Executive Committee 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 resolve 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 and development; 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 set up under the Executive Committee to oversee the Branch’s liquidity risk management in light of the business strategy.

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 is responsible for the daily monitoring of the liquidity limits and measurements, and submits regular reports of the Branch’s liquidity profile to ALCO and RMC. Internal Audit periodically performs independent reviews on the Branch’s liquidity management framework to ensure effectiveness of the Branch’s liquidity risk management framework and implementation of the established policies.

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For the year ended 31 December 2017

Notes to the financial information (continued)

17 Liquidity (continued)

(b) Liquidity risk management (continued)

Liquidity risk management monitoring framework

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

- Cash Flow Projection is to collect the next 30-day cash flow data arising from loan and deposit business 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 play 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 for evaluation of 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 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. The definition of liquidity cushion being held by the Branch is consistent with the definition of High Quality Liquid Assets for purposes of determining the Branch's Liquidity Coverage Ratio. 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 which are grouped 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. The Branch monitors gap limits for each time bucket on a daily basis.
- Swapped Fund Ratio is designed to measure the reliance of the Branch on FX Swap market to fund the currency mismatch. The Branch sets limits on swapped fund ratios of major currency positions which are subject to daily monitoring.
- Liquidity Coverage Ratio (LCR) is a ratio, expressed as a percentage, of the total weighted amount of the Branch's "high quality liquid assets" (HQLA) to the total weighted amount of its "total net cash outflows" over the next 30 calendar days. LCR must be maintained at above the regulatory requirement.

Contingency funding plan ("CFP")

The Branch has a CFP that sets out the Branch's strategies for identifying the occurrence of a liquidity event and the operational procedures for addressing such an emergency situation if it really takes place. The CFP contains a set of early warning indicators that helps to identify any emerging liquidity risks at an early stage. The CFP also includes detailed action steps and properly assigned responsibilities within the liquidity risk management framework. The list of potential funding sources, with due consideration of their reliability, priority and the expected available time during liquidity crisis, is included.

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B. Bank Information (consolidated basis)

I. Capital and capital adequacy

	<i>As at</i> <i>31 December 2017</i> RMB million	<i>As at</i> <i>30 June 2017</i> RMB million
Total capital ratio	15.5%	14.50%
Total equity	1,795,827	1,644,602

The capital adequacy ratio is calculated in accordance with the guidelines issued by the China Banking 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

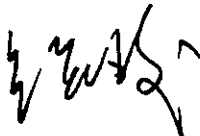
	<i>As at</i> <i>31 December 2017</i> RMB million	<i>As at</i> <i>30 June 2017</i> RMB million
Total assets	22,124,383	21,692,067
Total liabilities	20,328,556	20,047,465
Total loans and advances to customers	12,574,473	12,204,730
Total customer deposits	16,363,754	16,274,393

	<i>For the year ended 31 December</i> <i>2017</i> RMB million	<i>2016</i> RMB million
Profit before tax	299,787	295,210

**China Construction Bank Corporation – Hong Kong Branch
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Statement of compliance

To the best of my knowledge, the information disclosed complies fully with disclosure provisions of the Banking (Disclosure) Rules.



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

China Construction Bank Corporation - Hong Kong Branch
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 Appendix: Liquidity Coverage Ratio Standard Disclosure Template

	Quarter ended 31 December 2017 (Number of data points: 61)		Quarter ended 30 September 2017 (Number of data points: 64)		Quarter ended 30 June 2017 (Number of data points: 59)		Quarter ended 31 March 2017 (Number of data points: 62)	
	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	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 31 March 2017, 30 September 2017 and 31 December 2017								
Basis of disclosure: Hong Kong office Currency: HK\$'000								
A. HIGH QUALITY LIQUID ASSETS								
1	Total high quality liquid assets (HQLA)	132,791,424	131,477,900	116,108,233	112,549,454			
B. CASH OUTFLOWS								
2	Retail deposits and small business funding, of which	0	0	0	0			
3	Stable retail deposits and stable small business funding	-	-	-	-			
4	Less stable retail deposits and less stable small business funding	-	-	-	-			
5	Retail term deposits and small business term funding	-	-	-	-			
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	128,186,700	78,585,084	162,717,234	164,275,588	134,171,077	149,378,165	122,823,547
7	Operational deposits	-	-	-	-	-	-	-
8	Unsecured wholesale funding (other than small business funding) not covered in Row 7	115,843,083	66,241,467	146,785,665	149,512,657	119,408,146	138,672,356	111,917,738
9	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	12,343,617	12,343,617	15,931,569	14,762,931	14,762,931	10,705,809	10,705,809
10	Secured funding transactions (including securities swap transactions)							
11	Additional requirements, of which	30,177,001	5,411,712	39,447,085	30,143,768	4,704,399	23,321,093	3,405,377
12	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	1,437,912	1,437,912	1,121,016	489,045	489,045	423,703	423,703
13	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	-	-	-	-	-	-	-
14	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	28,739,088	3,973,800	38,326,069	29,654,723	4,215,354	22,897,390	2,961,674
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,760,984	2,760,984	1,193,001	4,619,134	4,619,134	2,776,099	2,776,099
16	Other contingent funding obligations (whether contractual or non-contractual)	118,968,012	2,837,907	118,893,034	103,884,021	3,000,112	93,148,341	3,205,573
17	TOTAL CASH OUTFLOWS		89,595,687	133,628,923	146,494,722	132,012,596		
C. CASH INFLOWS								
18	Secured lending transactions (including securities swap transactions)	581,380	-	1,409,052	2,691,550	-	96,404	-
19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	70,341,684	58,160,024	63,590,567	60,121,238	37,467,294	59,707,884	27,599,276
20	Other cash inflows	20,777,794	7,207,333	19,010,074	13,052,519	13,027,493	11,178,127	11,089,623
21	TOTAL CASH INFLOWS	91,700,858	65,367,357	84,009,693	75,865,307	50,494,787	70,984,415	38,688,901
D. LIQUIDITY COVERAGE RATIO								
22	TOTAL HQLA		132,791,424	131,477,900	116,108,233			
23	TOTAL NET CASH OUTFLOWS		26,470,151	70,425,653	95,995,935			
24	LCR (%)		539.60%	190.64%	120.95%			120.90%