

FOR IMMEDIATE RELEASE



**China Construction Bank (Asia) Announces
Consolidated Net Profit after Tax of HKD3,712 Million for 2013
Significantly Increased by 88.3% as Compared to 2012**

HONG KONG – April 17, 2014 – China Construction Bank (Asia) Corporation Limited [“the bank”] today announced that the net profit after tax for the bank and its subsidiaries [“CCB (Asia)”] reached HKD3,712 million for the year ended December 31, 2013, an increase of 88.3% as compared to 2012.

Total operating income of CCB (Asia) for 2013 increased by 54% to HKD6,881 million, as compared to 2012. The net interest income for 2013 increased by 37% to HKD4,930 million as compared to 2012. Non interest income increased by 122% to HKD1,951 million in 2013. Total operating expenses amounted to HKD2,623 million for 2013, some 15.8% higher than prior year, mostly due to larger scale of operations and inflation. The overall release of impairment loss for 2013 amounted to HKD275 million, a decrease of HKD52 million when compared with 2012.

In 2013, CCB (Asia) completed the purchase of a majority of corporate banking services of China Construction Bank Corporation Hong Kong Branch. Pursuant to the relevant accounting standards for business transfer, the remaining amount of assets possessed by Hong Kong Branch at the year end of 2013 was only included in the comparative figures for the year ended December 31, 2013.

Total consolidated assets of CCB (Asia) stood at HKD414.2 billion as at December 31, 2013. Advance to customers and trade bills amounted to HKD298.7 billion and deposits from customers amounted to HKD200.9 billion. Deposits from customers to total liabilities increased to 54%.

On August 15, 2013, 440 million ordinary shares at RMB40 each were issued to accommodate the future growth of CCB (Asia). As a result, the total equity significantly increased by HKD22.3 billion to HKD41.5 billion.

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority. As at December 31, 2013, the CCB (Asia)’s CET 1 Capital Ratio and TIER 1 Capital Ratio were 16.6%, while the Total Capital Ratio was 17.8%. The average liquidity ratio was 58% in 2013, which was slightly higher than last year’s 55%.

Mr. Mao Yumin, Chief Executive Officer of CCB (Asia), said, “Following the integration of CCB Hong Kong branch and CCB (Asia) in the middle of 2013, thanks to guidance from our parent Bank and our board of directors, as well as the efforts and cooperation of all the staff, the consolidation of the business progressed very smoothly. Both entities performed to their advantage, leading to highly efficient business departments and effective business performance.”

For the 2013 financial statements, please visit any of the bank’s branches or visit www.asia.ccb.com.

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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

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

	2013	2012 (restated)
Interest income	12,332,369	8,616,771
Interest expense	<u>(7,402,442)</u>	<u>(5,018,852)</u>
Net interest income	4,929,927	3,597,919
Net fees and commission income	879,477	809,055
Net trading income/(losses)	1,018,488	(49,463)
Net gains from financial instruments designated at fair value through profit or loss	20,441	52,753
Net losses from disposal of available-for-sale financial instruments	(15,438)	(4,851)
Other operating income	<u>47,776</u>	<u>69,586</u>
Total operating income	6,880,671	4,474,999
Operating expenses	<u>(2,622,766)</u>	<u>(2,265,721)</u>
Operating profit before impairment losses	4,257,905	2,209,278
Impairment allowances released on loans and advances	271,977	87,658
Impairment allowances charged to repossessed assets	(347)	-
Impairment released on available-for-sale financial instruments	-	242,948
Impairment released on/(charged to) held-to-maturity investments	<u>3,247</u>	<u>(4,074)</u>
Operating profit	4,532,782	2,535,810
Loss on disposal of fixed assets	(3,578)	-
Gain on bargain purchase of a subsidiary	-	22,396
Gain on sale of a subsidiary	2,000	-
Share of profits of an associate	24,365	22,501
Share of gains/(losses) of a jointly controlled entity	<u>8,328</u>	<u>(2,666)</u>
Profit before taxation	4,563,897	2,578,041
Taxation	<u>(852,173)</u>	<u>(606,994)</u>
Profit for the year	3,711,724	1,971,047
Other comprehensive income for the year net of tax		
Items that may be classified subsequently to profit or loss:		
Net movement in investment revaluation reserve	(178,995)	(44,770)
Net movement in exchange reserve	(91)	-
Total comprehensive income for the year	<u>3,532,638</u>	<u>1,926,277</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

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

	2013	2012 (restated)
ASSETS		
Cash and balances with banks and central banks	29,909,896	52,420,780
Placements with banks maturing between one and twelve months	32,414,088	6,349,828
Advances to banks	13,125,556	54,684,821
Advances to customers and trade bills	298,718,328	257,767,463
Financial instruments measured at fair value through profit or loss	1,021,461	1,307,185
Available-for-sale financial assets	22,966,640	52,501,758
Derivative financial instruments	1,585,757	679,888
Held-to-maturity investments	-	599,260
Interest in a joint venture	1,850,734	1,842,406
Interest in an associate	199,381	175,016
Current tax recoverable	-	3,479
Deferred tax assets	104,574	236,604
Fixed assets	3,544,681	3,497,207
Other assets	3,169,259	3,245,519
Assets of disposal group classified as held for sale	5,557,368	-
Total assets	414,167,723	435,311,214
LIABILITIES		
Deposits and balances of banks	112,201,379	95,833,227
Deposits from customers	200,906,092	206,316,562
Certificates of deposit and other debt securities issued	44,384,610	104,481,595
Derivative financial instruments	1,575,047	1,021,894
Current tax payable	214,797	263,723
Deferred tax liabilities	17,984	5,334
Other liabilities	9,475,303	8,165,019
Liabilities of disposal group classified as held for sale	3,864,622	-
Total liabilities	372,639,834	416,087,354
EQUITY		
Share capital	28,827,843	6,511,043
Reserves	12,700,046	12,712,817
Total equity	41,527,889	19,223,860
Total equity and liabilities	414,167,723	435,311,214

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. Application of merger accounting

On August 8, 2013, the Bank signed a business transfer agreement with China Construction Bank Corporation, Hong Kong Branch (“HKBR”) to purchase a majority of the corporate banking business of HKBR (“Acquired Business”). As part of the Acquired Business, a number of assets of HKBR were transferred over to the Bank subsequent to the date of the agreement and the business transfer was completed on December 31, 2013 (“Effective Date”). The consideration for the transaction was approximately HK\$150.4 billion which approximates the net book value of the Acquired Business.

On December 30, 2013, the Group also acquired 100% equity interest at par (i.e. HK\$1) of CCB Properties (Hong Kong) Holdings Limited and all of its subsidiaries (“CCBP Group”) including an investment in a joint venture from a fellow subsidiary.

As the Bank, HKBR and CCBP Group were under the common control of China Construction Bank Corporation (“CCBC”) before and after the above-mentioned acquisitions, the Group applied Accounting Guideline No.5 – “Merger Accounting for Common Control Combinations” issued by the HKICPA (“AG5”) in accounting for the acquisition of the Acquired Business and CCBP Group in the consolidated financial statements. Similarly, the Bank applied AG5 in accounting for the acquisition of the Acquired Business in the Bank’s own financial statements.

AG5 requires retrospective application for all periods presented and has resulted in the following impacts to the consolidated financial statements and the Bank’s own financial statements:

• **Acquisition of a majority of the corporate banking business of HKBR**

Pursuant to the business transfer agreement, the Bank acquired a majority, but not all, of the corporate banking business of HKBR. Accordingly, certain assets and all liabilities of HKBR’s corporate banking business have not been acquired by the Bank (the “Excluded Business”). In accordance with the principles of merger accounting, the Group’s consolidated financial statements and the Bank’s own financial statements have been presented as if the acquisition by the Bank had occurred from the date when the Acquired Business first came under the control of HKBR. Further, the consolidated statement of financial position and the consolidated statement of comprehensive income of the Group and the statement of financial position of the Bank include the net assets and results of the Excluded Business because the results of this business cannot be clearly distinguished from that of the Acquired Business. The assets and liabilities of both the Acquired Business and Excluded Business have been included at their carrying amounts in the records of HKBR. In accordance with merger accounting principles, no adjustments to fair value are made and no goodwill is recognised. The assets and liabilities related to the Excluded Business have been accounted for as a distribution to HKBR upon completion of the business transfer at December 31, 2013. The difference between the value of assets transferred and the consideration paid, arising as a result of the acquisition of Acquired Business, was recognised as a merger reserve in equity.

• **Acquisition of CCBP Group**

In accordance with the principles of merger accounting, the Group’s consolidated financial statements have been presented as if the acquisition by the Bank had occurred from the date when CCBP Group first came under the control of CCBC and its assets and liabilities have been included at their previous carrying amounts; no adjustments to fair value are made and no goodwill is recognised.

The net assets of HKBR have been recognised using the carrying amounts in the consolidated financial statements of the Group and the financial statements of the Bank. Comparative amounts have been restated so that they are presented as if the HKBR had been combined from January 1, 2012.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. Application of merger accounting (Continued)

Similarly, the net assets of CCBP Group have been recognised using the carrying amounts in the consolidated financial statements of the Group. Comparative amounts have been restated so that they are presented as if CCBP Group had been combined from January 1, 2012.

The effects of all transactions between the Bank and its subsidiaries, the Acquired Business of HKBR and CCBP Group, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements. The transaction costs for the acquisition were recognised as expenses in the consolidated statement of comprehensive income.

The effects of the combination of HKBR and CCBP Group on the result of the Group for the year ended December 31, 2013 and 2012 and the financial position of the Group at December 31, 2013 and 2012 are summarised below:

<u>December 31, 2013</u>			Distribution of				
	The Group (exclude CCBP Group)	HKBR	Subtotal	Excluded Business to HKBR	CCBP Group	Inter- company elimination	Consolidated
Assets							
Cash and balances							
with banks and central							
banks	29,863,831	50,142,611	80,006,442	(50,142,611)	54,506	(8,441)	29,909,896
Placement with banks	32,414,088	68,853,953	101,268,041	(68,853,953)	-	-	32,414,088
Advances to banks	13,125,556	396,784	13,522,340	(396,784)	-	-	13,125,556
Advances to customers							
and trade bills	298,836,705	153,078,212	451,914,917	(153,078,212)	-	(118,377)	298,718,328
Available-for-sale							22,966,640
financial assets	22,966,640	18,119,660	41,086,300	(18,119,660)	-	-	
Other assets	14,314,601	4,379,602	18,694,203	(4,379,602)	2,718,969	(355)	17,033,215
	<u>411,521,421</u>	<u>294,970,822</u>	<u>706,492,243</u>	<u>(294,970,822)</u>	<u>2,773,475</u>	<u>(127,173)</u>	<u>414,167,723</u>
Liabilities							
Deposits and balances							
of banks	112,201,379	73,782,662	185,984,041	(73,782,662)	-	-	112,201,379
Deposits from							200,906,092
customers	200,915,866	90,695,462	291,611,328	(90,695,462)	-	(9,774)	
Certificates of deposit							
and other debt							
securities issued	44,384,610	123,267,905	167,652,515	(123,267,905)	-	-	44,384,610
Other liabilities	12,362,413	4,924,040	17,286,453	(4,924,040)	2,902,729	(117,389)	15,147,753
	<u>369,864,268</u>	<u>292,670,069</u>	<u>662,534,337</u>	<u>(292,670,069)</u>	<u>2,902,729</u>	<u>(127,163)</u>	<u>372,639,834</u>
Equity							
Share Capital	28,827,843	-	28,827,843	-	10	(10)	28,827,843
Reserves	12,829,310	2,300,753	15,130,063	(2,300,753)	(129,264)	-	12,700,046
	<u>41,657,153</u>	<u>2,300,753</u>	<u>43,957,906</u>	<u>(2,300,753)</u>	<u>(129,254)</u>	<u>(10)</u>	<u>41,527,889</u>
Total equity and							
liabilities	<u>411,521,421</u>	<u>294,970,822</u>	<u>706,492,243</u>	<u>(294,970,822)</u>	<u>2,773,475</u>	<u>(127,173)</u>	<u>414,167,723</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. Application of merger accounting (Continued)

<u>December 31, 2012</u>	The Group (exclude CCBP Group)	HKBR	CCBP Group	Inter-company elimination	Consolidated
Assets					
Cash and balances with banks and central banks	24,483,074	30,842,956	70,469	(2,975,719)	52,420,780
Placements with banks	4,403,660	3,668,507	-	(1,722,339)	6,349,828
Advances to banks	10,122,108	44,562,713	-	-	54,684,821
Advances to customers and trade bills	118,956,508	138,810,955	-	-	257,767,463
Available-for-sale financial assets	15,132,816	39,811,000	-	(2,442,058)	52,501,758
Other assets	3,132,326	3,370,982	5,152,631	(69,375)	11,586,564
	<u>176,230,492</u>	<u>261,067,113</u>	<u>5,223,100</u>	<u>(7,209,491)</u>	<u>435,311,214</u>
Liabilities					
Deposits and balances of banks	23,846,223	76,616,681	-	(4,629,677)	95,833,227
Deposits from customers	108,930,155	97,455,287	-	(68,880)	206,316,562
Certificates of deposit and other debt securities issued	23,454,919	83,468,351	-	(2,441,675)	104,481,595
Other liabilities	2,036,317	2,204,419	5,284,493	(69,259)	9,455,970
	<u>158,267,614</u>	<u>259,744,738</u>	<u>5,284,493</u>	<u>(7,209,491)</u>	<u>416,087,354</u>
Equity					
Share Capital	6,511,043	-	-	-	6,511,043
Reserves	11,451,835	1,322,375	(61,393)	-	12,712,817
	<u>17,962,878</u>	<u>1,322,375</u>	<u>(61,393)</u>	<u>-</u>	<u>19,223,860</u>
Total equity and liabilities	<u>176,230,492</u>	<u>261,067,113</u>	<u>5,223,100</u>	<u>(7,209,491)</u>	<u>435,311,214</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. Application of merger accounting (Continued)

The consolidated statement of comprehensive income for the year ended December 31, 2013 is:

	The Group	HKBR	CCBP Group	Inter-company elimination	Consolidated
Net interest income	2,756,669	2,172,282	2,348	(1,372)	4,929,927
Other operating income	1,330,384	830,833	31,390	(241,863)	1,950,744
Total operating income	4,087,053	3,003,115	33,738	(243,235)	6,880,671
Operating expenses	(2,281,437)	(487,490)	(97,074)	243,235	(2,622,766)
Impairment (losses)/reversal	(107,969)	382,846	-	-	274,877
Other gains/share of profits or (losses) of investments	26,467	(3,680)	8,328	-	31,115
Profit/(loss) before taxation	1,724,114	2,894,791	(55,008)	-	4,563,897
Taxation	(300,711)	(538,598)	(12,864)	-	(852,173)
Profit/(loss) for the year	1,423,403	2,356,193	(67,872)	-	3,711,724
Other comprehensive income	(45,928)	(133,158)	-	-	(179,086)
Total comprehensive income	1,377,475	2,223,035	(67,872)	-	3,532,638

The consolidated statement of comprehensive income for the year ended December 31, 2012 is:

	The Group	HKBR	CCBP Group	Inter-company elimination	Consolidated
Net interest income	2,076,062	1,521,795	-	62	3,597,919
Other operating income	705,003	165,888	15,641	(9,452)	877,080
Total operating income	2,781,065	1,687,683	15,641	(9,390)	4,474,999
Operating expenses	(1,792,407)	(394,332)	(88,372)	9,390	(2,265,721)
Impairment (losses)/reversal	(72,948)	399,480	-	-	326,532
Other gains/share of profits of investments	22,501	-	19,730	-	42,231
Profit/(loss) before taxation	938,211	1,692,831	(53,001)	-	2,578,041
Taxation	(164,098)	(448,174)	5,278	-	(606,994)
Profit/(loss) for the year	774,113	1,244,657	(47,723)	-	1,971,047
Other comprehensive income	28,048	(72,818)	-	-	(44,770)
Total comprehensive income	802,161	1,171,839	(47,723)	-	1,926,277

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

2. Advances to customers and trade bills

(a) Advances to customers and trade bills less impairment

	2013	2012 (restated)
Advances to customers less impairment		
Gross advances to customers	155,704,191	173,672,029
Dealers' commission and deferred fee income	(13,577)	(152,142)
	155,690,614	173,519,887
Less: Impairment allowances		
collectively assessed	(506,011)	(1,183,741)
individually assessed	(58,518)	(301,440)
Net advances to customers	155,126,085	172,034,706
Trade bills less impairment		
Trade bills	143,592,529	85,733,039
Less: Impairment allowances		
collectively assessed	(286)	(282)
Net trade bills	143,592,243	85,732,757
Net advances to customers and trade bills	298,718,328	257,767,463

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

2. Advances to customers and trade bills (Cont'd)

(b) Gross advances to customers by industry sectors

Analysis of gross advances to customers covered by collateral is as follows:

	2013		2012	
	Outstanding balance	% of advances covered by collateral	Outstanding balance	% of advances covered by collateral
Advances for use in Hong Kong				
Industrial, commercial and financial				
Property development	2,680,284	12.63	662,501	22.73
Property investment	26,872,187	86.67	23,402,062	91.82
Financial concerns	3,389,559	1.89	1,132,018	7.91
Stockbrokers	675,765	75.63	256,000	51.17
Wholesale and retail trade	7,391,652	92.63	3,962,732	69.36
Manufacturing	10,306,572	78.17	2,631,488	51.38
Transport and transport equipment	7,636,570	92.85	7,004,815	90.60
Recreational activities	742,902	99.36	583,774	99.16
Information technology	566,606	7.42	366,751	79.49
Others	20,831,200	84.54	13,236,423	91.62
	<u>81,093,297</u>		<u>53,238,564</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	7,628	100.00	9,239	100.00
Loans for the purchase of other residential properties	11,557,928	99.91	11,160,252	99.89
Credit card advances	5,753,744	0.00	5,582,407	0.00
Others	8,173,638	76.84	4,836,130	72.82
	<u>25,492,938</u>		<u>21,588,028</u>	
Trade finance	<u>40,963,341</u>	54.70	<u>1,542,016</u>	43.91
Advances for use outside Hong Kong	<u>12,997,667</u>	62.81	<u>7,763,804</u>	74.06
Gross advances to customers	<u>160,547,243</u>	70.38	<u>84,132,412</u>	78.93

Remarks:

- The outstanding balances for 2013 include advances to customers of China Construction Bank (Macau) Corporation Limited ("CCBM") which have been presented in the Consolidated Statement of Financial Position as held for sale as management intended to dispose CCBM to China Construction Bank Corporation as Macau Branch in 2014.
- Merger accounting as set out in Note 1 does not apply to the above financial information which are prepared to comply with the Banking (Disclosure) Rules.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

2. Advances to customers and trade bills (Cont'd)

(c) Gross advances to customers overdue for more than three months

	2013		2012	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	9,989	0.01	13,797	0.02
One year or less but over six months	-	-	-	-
Over one year	52,000	0.03	67,747	0.08
Total gross amount of advances overdue for more than three months	61,989	0.04	81,544	0.10
Individually assessed impairment allowances made in respect of the above overdue advances	52,148		67,838	
Net realisable value of collateral held against the overdue advances	123		6,521	
Covered portion of overdue advances	123		2,648	
Uncovered portion of overdue advances	61,866		78,896	
	61,989		81,544	

Collateral held with respect of overdue advances to customers is mainly motor vehicles.

As at December 31, 2013 and 2012, there were no overdue advances to banks and trade bills.

(d) Rescheduled advances to customers

	2013		2012	
		% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	92,162	0.06	97,973	0.12

Rescheduled advances are those advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised payment terms are non-commercial to the Bank. The rescheduled advances are stated net of any advances that have subsequently become overdue for over three months and reported as overdue advances as above.

As at December 31, 2013 and 2012, there were no rescheduled advances to banks and trade bills.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

3 Liquidity ratio

	2013	2012
	%	%
Consolidated average liquidity ratio	<u>58.0</u>	<u>55.0</u>

The consolidated average liquidity ratio for the year is calculated as the simple average of each calendar month's average liquidity ratio including for the Bank and its subsidiary, China Construction Bank (Asia) Finance Limited ("CCBAF"), as required by the Hong Kong Monetary Authority ("HKMA") for its regulatory purposes, in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance. After the disposal of CCBAF in May 2013, the calculation for consolidated average liquidity ratio as at December 31, 2013 included the Bank only.

4 Capital adequacy ratio and capital management

(a) Capital adequacy ratio

	December 31, 2013
CET 1 capital ratio	<u>16.6%</u>
TIER 1 capital ratio	<u>16.6%</u>
Total capital ratio	<u>17.8%</u>
	December 31, 2012
Capital adequacy ratio	<u>17.4%</u>
Core capital adequacy ratio	<u>16.6%</u>

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules ("the Capital Rules") issued by the HKMA. The ratios as of December 31, 2013 were compiled in accordance with the amended Capital Rules effective from January 1, 2013 for the implementation of the "Basel III" capital accord, whereas the ratios as of December 31, 2012 were compiled in accordance with the "pre-amended Capital Rules" as in force before January 1, 2013.

As at December 31, 2012, the capital adequacy ratio ("CAR") was computed on a consolidated basis, including the Bank and its subsidiaries, China Construction Bank (Macau) Corporation Limited ("CCBM") and CCBAF. CCBAF was subsequently disposed on May 30, 2013 and only the Bank, CCBM and CCB Hong Kong Property Management Company Limited and all of its subsidiaries ("CCBP Group") were included in the calculation of consolidated CAR as at December 31, 2013.

In accordance with the thresholds as determined in Part 3 of the Capital Rules, the Bank's shareholdings in CCB Securities Limited, CCB Nominees Limited and CCB (Asia) Trustee Company Limited were included in the total risk weighted assets of the Group.

In calculating the risk weighted assets, the Group adopted the Standardised (Credit Risk) Approach and the Standardised (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

4 Capital adequacy ratio and capital management (Continued)

(b) Capital base after deductions

Capital adequacy disclosures related to dates prior to January 1, 2013 were calculated in accordance with the then prevailing capital adequacy requirements and are not directly comparable to those pertaining to dates from January 1, 2013. Hence, only capital base after deductions for 2012 is disclosed as follows. Other capital disclosure requirements under the Banking (Disclosure) (Amendment) Rules 2013 are published on the Bank's website: <http://www.asia.ccb.com/hongkong>.

	2012
Core capital:	
Paid-up ordinary share capital	6,511,043
Published reserves	9,568,219
Profit and loss account	745,500
Deduct: Deferred tax assets	<u>(91,373)</u>
Total core capital before deductions	16,733,389
Less: Deductions from core capital	<u>(459,934)</u>
Total core capital after deductions	<u>16,273,455</u>
Supplementary capital:	
Reserves attributable to fair value gains on revaluation of holding of available-for-sale equities and debt securities	14,503
Fair value gains arising from holdings of equities and debt securities designated at fair value through profit or loss	808
Regulatory reserve for general banking risks	801,240
Collectively assessed impairment allowances	<u>426,647</u>
Total supplementary capital before deductions	1,243,198
Less: Deductions from supplementary capital	<u>(459,935)</u>
Total supplementary capital after deductions	<u>783,263</u>
Total capital base before deductions	17,976,587
Total deductions from total capital base	<u>(919,869)</u>
Total capital base after deductions	<u>17,056,718</u>

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5 Segmental information

(a) Reportable segments

The Group manages its businesses by divisions, which are organised by products services and customer types. In a manner consistent with the way in which information is reported internally to the Group's Chief Executive Officer, President & Executive Director, and Deputy Chief Executives for the purposes of resource allocation and performance assessment, the Group has presented the following 4 reportable segments.

(i) Corporate and commercial banking

This segment previously categorised as Commercial banking, re-categorised as Corporate and commercial banking after the acquisition of Acquired Business from HKBR. This segment mainly represents the provision of a range of financial products and services to corporations, including securities firms and small and medium sized enterprises. The products and services include commercial loans, syndicated loans, residential and commercial mortgages, trade financing, machinery and equipment leasing, stockbroker financing and deposit-taking activities.

(ii) Retail banking

This segment, previously categorised as Consumer banking, re-categorised as Retail banking after the acquisition of Acquired Business from HKBR. This segment mainly represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, credit cards, residential mortgages, auto-financing, deposit-taking activities, wealth management, insurance and securities agency services.

(iii) Treasury business

This segment covers the Bank's treasury operations. The Treasury Division enters into inter-bank money market transactions and invests in debt instruments. It also trades in debt instruments, derivatives and foreign currency for its own account. The Treasury carries out customer driven derivatives, such as foreign currency transactions. Its function also includes the management of the Group's overall liquidity position, including the issuance of certificates of deposit.

(iv) Others

This segment mainly represents management of shareholders' funds and investments in premises and other unallocated units.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's Senior Management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets and liabilities are composed of placement with banks, advances to banks and customers, investment securities, derivatives financial instruments, deposits and certificates of deposit and other debt securities issued.

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5 Segmental information (Continued)

(a) Reportable segments (Continued)

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by these segments or which otherwise arise from the depreciation or amortisation of assets attributable to these segments.

	2013					Total
	Corporate and Commercial Banking	Retail Banking	Treasury	Others	Inter-segment elimination	
Net interest income	3,251,887	1,104,143	330,134	243,763	-	4,929,927
Total operating income						
– External	6,368,081	603,250	(136,735)	46,075	-	6,880,671
– Inter-segment	(3,070,491)	1,012,797	1,828,158	229,536	-	-
Total operating income	3,297,590	1,616,047	1,691,423	275,611	-	6,880,671
Depreciation and amortisation	(7,456)	(33,277)	(3,569)	(136,386)	-	(180,688)
Total operating expenses	(661,754)	(1,441,422)	(147,949)	(371,641)	-	(2,622,766)
Operating profit before impairment losses	2,635,836	174,625	1,543,474	(96,030)	-	4,257,905
Release of/(charge on) impairment	403,038	(128,338)	-	177	-	274,877
Non-operating profit/loss	-	-	-	31,115	-	31,115
Profit before taxation	3,038,874	46,287	1,543,474	(64,738)	-	4,563,897
Total assets	281,419,233	32,798,497	90,705,151	10,018,565	(773,723)	414,167,723
Total liabilities	96,534,738	107,100,656	160,855,662	8,922,501	(773,723)	372,639,834

	2012					Total
	Corporate and Commercial Banking	Retail Banking	Treasury	Others	Inter-segment elimination	
Net interest income	2,532,931	987,653	36,074	41,261	-	3,597,919
Total operating income						
– External	4,045,896	633,648	(264,252)	59,707	-	4,474,999
– Inter-segment	(1,229,747)	773,336	419,464	36,947	-	-
Total operating income	2,816,149	1,406,984	155,212	96,654	-	4,474,999
Depreciation and amortisation	(7,495)	(35,117)	(3,744)	(91,284)	-	(137,640)
Total operating expenses	(614,099)	(1,239,859)	(99,400)	(312,363)	-	(2,265,721)
Operating profit before impairment losses	2,202,050	167,125	55,812	(215,709)	-	2,209,278
Release of/(charge on) impairment	295,040	(131,000)	162,492	-	-	326,532
Non-operating profit	-	-	-	42,231	-	42,231
Profit before taxation	2,497,090	36,125	218,304	(173,478)	-	2,578,041
Total assets	286,642,306	29,996,992	109,837,735	9,926,917	(1,092,736)	435,311,214
Total liabilities	130,784,214	76,910,565	199,286,150	10,199,161	(1,092,736)	416,087,354

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5 Segmental information (Continued)

(b) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, profit before taxation, total assets, total liabilities, specified non-current assets, contingent liabilities and commitments. The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets which comprise fixed assets, interests in leasehold land, interest in a joint venture and interest in an associate is based on the physical location of the asset, in case of fixed assets, and the location of the operation to which they are allocated, in the case of intangible assets and interests in associate.

	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
<u>At December 31, 2013</u>						
Hong Kong (place of domicile)	6,780,197	4,544,344	410,947,424	370,330,110	5,594,796	46,620,876
Macau	100,474	19,553	7,057,850	6,147,275	13,030	511,158
Less: Intra-group items	-	-	(3,837,551)	(3,837,551)	-	-
	<u>6,880,671</u>	<u>4,563,897</u>	<u>414,167,723</u>	<u>372,639,834</u>	<u>5,607,826</u>	<u>47,132,034</u>

	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
<u>At December 31, 2012</u> (restated)						
Hong Kong (place of domicile)	4,381,321	2,556,540	432,493,117	414,162,906	5,498,384	52,279,902
Macau	93,678	21,501	5,450,174	4,556,525	16,245	400,633
Less: Intra-group items	-	-	(2,632,077)	(2,632,077)	-	-
	<u>4,474,999</u>	<u>2,578,041</u>	<u>435,311,214</u>	<u>416,087,354</u>	<u>5,514,629</u>	<u>52,680,535</u>

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5 Segmental information (Continued)

(c) Gross advances to customers by geographical areas

	2013	2012
Hong Kong	107,460,307	76,285,257
China	43,929,957	2,811,389
Macau	3,414,002	3,124,916
Others	5,742,977	1,910,850
	<u>160,547,243</u>	<u>84,132,412</u>

(d) Impaired advances by geographical areas

	2013		2012	
	Gross impaired advances	Individually assessed impairment allowances	Gross impaired advances	Individually assessed impairment allowances
Hong Kong	<u>161,933</u>	<u>58,518</u>	<u>184,332</u>	<u>72,653</u>
	<u>161,933</u>	<u>58,518</u>	<u>184,332</u>	<u>72,653</u>

More than 90% of the collective impairment allowances were allocated to Hong Kong as at December 31, 2013 and 2012 respectively. The geographical analysis is based on location of the customers and has taken account of transfer of risk.

(e) Cross-border claims

Cross-border claims are exposures recorded on the statement of financial position of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate cross-border claims are shown as follows:

As at December 31, 2013

	Banks	Public sector entities	Others	Total
Asia Pacific excluding				
Hong Kong	228,540,803	4,918,904	77,323,107	310,782,814
- of which China	<u>228,501,533</u>	<u>4,911,447</u>	<u>74,186,646</u>	<u>307,599,626</u>

As at December 31, 2012

	Banks	Public sector entities	Others	Total
Asia Pacific excluding				
Hong Kong	68,034,624	49,207	23,392,436	91,476,267
- of which China	<u>67,988,005</u>	<u>49,207</u>	<u>20,752,903</u>	<u>88,790,115</u>

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6 Non-bank Mainland exposures

Non-bank Mainland exposures are the Mainland exposures to non-bank counterparties. The categories follow the non-bank Mainland exposures submitted by the Bank to the HKMA pursuant to Section 63 of the Hong Kong Banking Ordinance.

As at December 31, 2013

	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
Mainland entities	71,443,801	175,711	71,619,512	-
Companies and individuals outside Mainland where the credit is granted for use in the Mainland	6,018,922	300,202	6,319,124	52,000
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	10,248,970	26,662	10,275,632	-
	<u>87,711,693</u>	<u>502,575</u>	<u>88,214,268</u>	<u>52,000</u>

As at December 31, 2012

	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
Mainland entities	15,798,668	311,785	16,110,453	-
Companies and individuals outside Mainland where the credit is granted for use in the Mainland	2,940,946	250,369	3,191,315	58,546
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	4,729,653	11,205	4,740,858	-
	<u>23,469,267</u>	<u>573,359</u>	<u>24,042,626</u>	<u>58,546</u>

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7 Currency concentrations

The Group had the following net foreign currency exposures which exceeded 10% of the net foreign currency exposure in all currencies:

As at December 31, 2013

	CNY	MOP	USD	Others	Total
HKD equivalent					
Spot assets	159,309,019	1,119,244	136,126,611	1,900,953	298,455,827
Spot liabilities	(176,513,228)	(623,118)	(77,818,733)	(4,681,066)	(259,636,145)
Forward purchases	88,537,869	-	82,321,673	9,836,548	180,696,090
Forward sales	(69,733,950)	(512)	(141,707,082)	(7,190,210)	(218,631,754)
Net long/(short) position	<u>1,599,710</u>	<u>495,614</u>	<u>(1,077,531)</u>	<u>(133,775)</u>	<u>884,018</u>
Net structural position	<u>-</u>	<u>423,447</u>	<u>-</u>	<u>-</u>	<u>423,447</u>

As at December 31, 2012

	CNY	MOP	USD	Others	Total
HKD equivalent					
Spot assets	42,043,685	900,161	39,885,695	1,248,020	84,077,561
Spot liabilities	(38,225,741)	(429,564)	(40,354,453)	(3,396,876)	(82,406,634)
Forward purchases	28,583,043	-	39,187,950	9,502,668	77,273,661
Forward sales	(31,996,102)	-	(39,039,493)	(7,407,418)	(78,443,013)
Net long/(short) position	<u>404,885</u>	<u>470,597</u>	<u>(320,301)</u>	<u>(53,606)</u>	<u>501,575</u>
Net structural position	<u>-</u>	<u>423,447</u>	<u>-</u>	<u>-</u>	<u>423,447</u>

The structural assets of the Group in MOP include investment in a subsidiary in Macau.

The net options position is calculated using the Simplified Approach and there was no net options position as at December 31, 2013 and 2012.