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China Construction Bank (Asia) Announces Consolidated Net Profit after Tax of HKD1,710 Million for 2014

HONG KONG – April 10, 2015 – China Construction Bank (Asia) Corporation Limited ["CCB (Asia)"] today announced that the net profit after tax for the Bank and its subsidiaries ["the Group"] reached HKD1,710 million for the year ended December 31, 2014. Total operating income was HKD5,127 million, of which net interest income was HKD4,740 million and fee and commission income was HKD1,048 million. Total operating expenses amounted to HKD2,670 million for 2014.

CCB (Asia) adopted the Hong Kong Accounting Guideline No. 5 – "Merger Accounting for Common Control Combination" to recognize the effect of its integration of business operations with China Construction Bank Corporation Hong Kong Branch ("HKBR") in 2013. As a result, the comparative figures of the consolidated income statement for 2014 have included the operating results of HKBR in 2013 ("merger accounting effect"). The net profit after tax for the Group increased by 20.1% or HKD287 million when compared to that of 2013 after excluding the merger accounting effect.

Following the integration, operating efficiency further improved as the cost-to-income ratio decreased from 55.8% in 2013 to 52.1% in 2014. Further, the Group continued to adopt prudent controls on asset quality. Impairment losses remained low at HKD288 million and the impaired advances ratio decreased by 2 basis points to 0.08%.

Total consolidated assets of the Group stood at HKD500.2 billion, an increase of 20.8% over the position as at December 31, 2013. Advances to customers and trade bills amounted to HKD245.2 billion. Deposits from customers increased to HKD274.5 billion while certificates of deposit and other debt securities issued stood at HKD67 billion.

On August 20, 2014, CCB (Asia) issued a listed subordinated note with aggregate nominal amount of USD750 million to strengthen the Group's capital adequacy ratio.

As at December 31, 2014, the Group's CET1 Capital Ratio and Tier 1 Capital Ratio were both 14.8%, while the Total Capital Ratio was 18.0%. During the year 2014, the average liquidity ratio was 58.5%.

For the 2014 financial statements, please visit any of CCB (Asia)'s branches or the bank's website at www.asia.ccb.com.

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Continued from Page 1



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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

	2014	2013
Interest income	11,580,535	12,332,369
Interest expense	<u>(6,840,780)</u>	<u>(7,402,442)</u>
Net interest income	4,739,755	4,929,927
Net fees and commission income	1,047,734	879,477
Net trading (losses)/income	(710,100)	1,018,488
Net gains from financial instruments designated at fair value through profit or loss	8,324	20,441
Net gains/(losses) from disposal of available-for-sale financial instruments	-	(15,438)
Other operating income	<u>41,680</u>	<u>47,776</u>
Total operating income	5,127,393	6,880,671
Operating expenses	<u>(2,669,609)</u>	<u>(2,622,766)</u>
Operating profit before impairment losses	2,457,784	4,257,905
Impairment allowances charged on advances to banks	(671)	-
Impairment allowances (charged)/released on loans and advances	(287,446)	271,977
Impairment allowances released/(charged) to repossessed assets	216	(347)
Impairment released on held-to-maturity investments	-	3,247
Operating profit	2,169,883	4,532,782
Loss on disposal of fixed assets	-	(3,578)
(Loss)/Gain on sale of subsidiaries	(53,661)	2,000
Share of profits of an associate	38,047	24,365
Share of profits of a jointly controlled entity	<u>43,168</u>	<u>8,328</u>
Profit before taxation	2,197,437	4,563,897
Taxation	<u>(487,404)</u>	<u>(852,173)</u>
Profit for the year	1,710,033	3,711,724
Other comprehensive income for the year net of tax		
Items that may be reclassified subsequently to profit or loss:		
Net movement in investment revaluation reserve	55,231	(178,995)
Net movement in exchange reserve	<u>121</u>	<u>(91)</u>
Total comprehensive income for the year	<u>1,765,385</u>	<u>3,532,638</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2014**

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

	2014	2013
ASSETS		
Cash and balances with banks and central banks	56,747,605	29,909,896
Placements with banks maturing between one and twelve months	107,302,864	32,414,088
Advances to banks	19,707,016	13,125,556
Advances to customers and trade bills	245,169,462	298,718,328
Financial instruments measured at fair value through profit or loss	51,036	1,021,461
Available-for-sale financial assets	59,649,364	22,966,640
Derivative financial instruments	1,060,654	1,585,757
Interest in a joint venture	1,893,902	1,850,734
Interest in an associate	237,428	199,381
Deferred tax assets	116,732	104,574
Fixed assets	3,627,061	3,544,681
Other assets	4,670,744	3,169,259
Assets of disposal group classified as held for sale	-	5,557,368
Total assets	500,233,868	414,167,723
LIABILITIES		
Deposits and balances of banks	101,946,271	112,201,379
Deposits from customers	274,504,268	200,906,092
Certificates of deposit and other debt securities issued	67,018,583	44,384,610
Derivative financial instruments	1,053,151	1,575,047
Current tax payable	168,676	214,797
Deferred tax liabilities	20,042	17,984
Other liabilities	6,463,486	9,475,303
Subordinated debts measured at amortised cost	5,766,117	-
Liabilities of disposal group classified as held for sale	-	3,864,622
Total liabilities	456,940,594	372,639,834
EQUITY		
Share capital	28,827,843	28,827,843
Reserves	14,465,431	12,700,046
Total equity	43,293,274	41,527,889
Total equity and liabilities	500,233,868	414,167,723

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

1. Basis of preparation

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.

The profit or loss generated by the Excluded Business will no longer be included in the Group’s consolidated financial statements subsequent to the year ended December 31, 2013.

• **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.

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

1. Basis of preparation (Continued)

Application of merger accounting (Continued)

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.

Similarly, the net assets of CCBP Group have been recognised using the carrying amounts in the consolidated financial statements of the Group.

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 the financial position of the Group at December 31, 2013 are summarised below:

	<u>December 31, 2013</u>						
	The Group (exclude CCBP Group)	HKBR	Subtotal	Distribution of 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 financial assets	22,966,640	18,119,660	41,086,300	(18,119,660)	-	-	22,966,640
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 customers	200,915,866	90,695,462	291,611,328	(90,695,462)	-	(9,774)	200,906,092
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. Basis of preparation (Continued)

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

2. Advances to customers and trade bills

(a) Advances to customers and trade bills less impairment

	2014	2013
Advances to customers less impairment		
Gross advances to customers	178,537,255	155,704,191
Dealers' commission and deferred fee income	(29,209)	(13,577)
	178,508,046	155,690,614
Less: Impairment allowances		
collectively assessed	(684,849)	(506,011)
individually assessed	(55,144)	(58,518)
Net advances to customers	177,768,053	155,126,085
Trade bills less impairment		
Trade bills	67,410,549	143,592,529
Less: Impairment allowances		
collectively assessed	(3,346)	(286)
individually assessed	(5,794)	-
Net trade bills	67,401,409	143,592,243
Net advances to customers and trade bills	245,169,462	298,718,328

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

2. Advances to customers and trade bills (Continued)

(b) Gross advances to customers by industry sectors

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

	2014		2013	
	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	6,806,508	19.75	2,680,284	12.63
Property investment	27,941,571	82.14	26,872,187	86.67
Financial concerns	5,400,081	45.46	3,389,559	1.89
Stockbrokers	1,819,941	35.69	675,765	75.63
Wholesale and retail trade	19,902,498	88.30	7,391,652	92.63
Manufacturing	7,728,248	65.47	10,306,572	78.17
Transport and transport equipment	9,363,740	85.96	7,636,570	92.85
Recreational activities	737,173	99.40	742,902	99.36
Information technology	1,417,155	1.80	566,606	7.42
Others	26,729,171	83.51	20,831,200	84.54
	<u>107,846,086</u>		<u>81,093,297</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	7,776	100.00	7,628	100.00
Loans for the purchase of other residential properties	13,813,682	99.57	11,557,928	99.91
Credit card advances	5,794,173	0.00	5,753,744	0.00
Others	9,057,401	53.26	8,173,638	76.84
	<u>28,673,032</u>		<u>25,492,938</u>	
Trade finance	15,739,594	89.47	40,963,341	54.70
Advances for use outside Hong Kong	26,278,543	50.54	12,997,667	62.81
Gross advances to customers	<u>178,537,255</u>	71.20	<u>160,547,243</u>	70.38

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 disposed 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 (Continued)

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

	2014		2013	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	13,966	0.01	9,989	0.01
One year or less but over six months	-	-	-	-
Over one year	46,391	0.03	52,000	0.03
Total gross amount of advances overdue for more than three months	60,357	0.04	61,989	0.04
Individually assessed impairment allowances made in respect of the above overdue advances	49,463		52,148	
Net realisable value of collateral held against the overdue advances	18,240		123	
Covered portion of overdue advances	1,065		123	
Uncovered portion of overdue advances	59,292		61,866	
	60,357		61,989	

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

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

2. Advances to customers and trade bills (Continued)

(d) Gross trade bills overdue for more than three months

	2014		2013	
		% on total trade bills		% on total trade bills
Six months or less but over three months	-	-	-	-
One year or less but over six months	136,048	0.20	-	-
Over one year	-	-	-	-
Total gross amount of trade bills overdue for more than three months	136,048	0.20	-	-
Individually assessed impairment allowances made in respect of the above overdue trade bills	5,794		-	
Net realisable value of collateral held against the overdue trade bills	-		-	
Covered portion of overdue trade bills	-		-	
Uncovered portion of overdue trade bills	136,048		-	
	136,048		-	

As at December 31, 2014 and 2013, there were no overdue advances to banks.

(e) Rescheduled advances to customers

	2014		2013	
		% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	78,844	0.04	92,162	0.06

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, 2014 and 2013, 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

	2014	2013
	%	%
Consolidated average liquidity ratio	<u>58.5</u>	<u>58.0</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, CCBM, 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 CCBM on June 7, 2014, the calculation for consolidated average liquidity ratio as at December 31, 2014 includes the Bank only.

4 Capital adequacy ratio and capital management

Capital adequacy ratio

	Group	
	2014	2013
CET 1 capital ratio	<u>14.8%</u>	<u>16.6%</u>
TIER 1 capital ratio	<u>14.8%</u>	<u>16.6%</u>
Total capital ratio	<u>18.0%</u>	<u>17.8%</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, 2014 and 2013 were compiled in accordance with the amended Capital Rules effective from January 1, 2013 for the implementation of the "Basel III" capital accord.

As at December 31, 2013, the capital adequacy ratio ("CAR") was computed on a consolidated basis, including the Bank and its subsidiaries, CCBM and CCBP Group. CCBM was subsequently disposed on June 7, 2014 and only the Bank and CCBP Group were included in the calculation of consolidated CAR as at December 31, 2014.

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.

Other capital disclosure requirements under the Banking (Disclosure) (Amendment) Rules 2013 are published on the Bank's website: <http://www.asia.ccb.com/hongkong>.

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

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 executive management 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 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) Consumer banking

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 assets and liabilities are mainly 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.

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

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.

	2014					Total
	Corporate and Commercial Banking	Retail Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,770,960	1,208,304	1,131,505	628,986	-	4,739,755
Total operating income						
– External	5,374,317	(242,544)	175,593	(179,973)	-	5,127,393
– Inter-segment	(3,120,229)	1,974,758	521,046	624,425	-	-
Total operating income	2,254,088	1,732,214	696,639	444,452	-	5,127,393
Depreciation and amortisation	(35,098)	(101,452)	(6,743)	(61,310)	-	(204,603)
Total operating expenses	(590,035)	(1,522,450)	(103,943)	(453,181)	-	(2,669,609)
Operating profit before impairment losses	1,664,053	209,764	592,696	(8,729)	-	2,457,784
Charge on impairment	(180,717)	(107,184)	-	-	-	(287,901)
Non-operating profit	-	-	-	27,554	-	27,554
Profit before taxation	1,483,336	102,580	592,696	18,825	-	2,197,437
Total assets	230,628,022	35,755,836	226,550,978	7,465,414	(166,382)	500,233,868
Total liabilities	137,549,187	141,958,634	173,650,035	3,949,120	(166,382)	456,940,594

	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	-	-	-	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

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

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. Specified non-current assets comprise fixed assets, interests in leasehold land, interest in a joint venture and interest in an associate and the geographical location is based on the physical location of the asset for fixed assets, and the location of the operation to which they are allocated for intangible assets, interest in a joint venture and interest in an associate.

	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
At December 31, 2014						
Hong Kong (place of domicile)	5,078,172	2,192,415	500,233,868	456,940,594	5,758,391	54,502,440
Macau	49,221	5,022	-	-	-	-
	5,127,393	2,197,437	500,233,868	456,940,594	5,758,391	54,502,440
	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
At December 31, 2013						
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)	-	-
	6,880,671	4,563,897	414,167,723	372,639,834	5,607,826	47,132,034

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

5 Segmental information (Continued)

(c) Gross advances to customers by geographical areas

	2014	2013
Hong Kong	137,315,253	107,460,307
China	31,798,412	43,929,957
Macau	109,400	3,414,002
Others	9,314,190	5,742,977
	<u>178,537,255</u>	<u>160,547,243</u>

(d) Impaired advances by geographical areas

	2014		2013	
	Gross impaired advances	Individually assessed impairment allowances	Gross impaired advances	Individually assessed impairment allowances
Hong Kong	144,953	55,144	161,933	58,518
	<u>144,953</u>	<u>55,144</u>	<u>161,933</u>	<u>58,518</u>

More than 90% of the collective impairment allowances were allocated to Hong Kong at December 31, 2014 and 2013 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 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, 2014

	Banks	Public sector entities	Others	Total
Asia Pacific excluding				
Hong Kong	290,009,999	2,891,212	73,792,284	366,693,495
- of which China	289,797,874	2,881,233	73,642,224	366,321,331
	<u>290,009,999</u>	<u>2,891,212</u>	<u>73,792,284</u>	<u>366,693,495</u>

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	228,501,533	4,911,447	74,186,646	307,599,626
	<u>228,540,803</u>	<u>4,918,904</u>	<u>77,323,107</u>	<u>310,782,814</u>

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

6 Non-bank Mainland exposures

The table below summarises the non-bank Mainland China exposure of the Bank, categorised by types of counterparties:

As at December 31, 2014

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	34,271,681	3,477,344	37,749,025
(b) Local governments, local government-owned entities and their subsidiaries and JVs	15,678,755	635,560	16,314,315
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	25,310,603	190,018	25,500,621
(d) Other entities of central government not reported in part (a) above	748,325	-	748,325
(e) Other entities of local governments not reported in part (b) above	660,886	-	660,886
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	19,790,579	2,559,653	22,350,232
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,593,194	572	3,593,766
Total	100,054,023	6,863,147	106,917,170

Total assets after provision **497,773,847**

On-balance sheet exposures as percentage of total assets **20.10%**

As at December 31, 2013

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	10,897,165	18,288	10,915,453
(b) Local governments, local government-owned entities and their subsidiaries and JVs	8,874,304	28,781	8,903,085
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	31,330,304	56,783	31,387,087
(d) Other entities of central government not reported in part (a) above	93,045	-	93,045
(e) Other entities of local governments not reported in part (b) above	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,361,032	469,814	8,830,846
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,218,686	30,575	2,249,261
Total	61,774,536	604,241	62,378,777

Total assets after provision **408,546,642**

On-balance sheet exposures as percentage of total assets **15.12%**

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

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, 2014

	RMB	USD	AUD	JPY	CHF	Others	Total
HKD equivalent							
Spot assets	210,562,526	117,301,148	595,424	496,227	39,668	1,688,790	330,683,783
Spot liabilities	(171,403,976)	(142,930,600)	(2,183,195)	(182,669)	(2,677,013)	(2,813,211)	(322,190,664)
Forward purchases	59,879,287	121,581,492	4,032,425	718,044	2,824,067	4,052,719	193,088,034
Forward sales	(99,452,898)	(94,913,588)	(2,613,027)	(1,057,509)	(475,253)	(2,934,438)	(201,446,713)
Net long/(short) position	<u>(415,061)</u>	<u>1,038,452</u>	<u>(168,373)</u>	<u>(25,907)</u>	<u>(288,531)</u>	<u>(6,140)</u>	<u>134,440</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2013

	RMB	USD	AUD	JPY	CHF	Others	Total
HKD equivalent							
Spot assets	159,309,019	136,126,611	557,368	423,485	24,708	2,014,636	298,455,827
Spot liabilities	(176,513,228)	(77,818,733)	(2,530,574)	(135,338)	(19,409)	(2,618,863)	(259,636,145)
Forward purchases	88,537,869	82,321,673	5,095,146	891,075	216,862	3,633,465	180,696,090
Forward sales	(69,733,950)	(141,707,082)	(3,260,159)	(1,195,211)	(220,560)	(2,514,792)	(218,631,754)
Net long/(short) position	<u>1,599,710</u>	<u>(1,077,531)</u>	<u>(138,219)</u>	<u>(15,989)</u>	<u>1,601</u>	<u>514,446</u>	<u>884,018</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,447</u>	<u>423,447</u>

The structural assets of the Group include investment in a subsidiary in Macau as at December 31, 2013.

The net options position is calculated using the Simplified Approach and there was no net options position as at December 31, 2014 and 2013.