

FOR IMMEDIATE RELEASE



**China Construction Bank (Asia) Announces
Consolidated Net Profit after Tax of HKD3,043 Million for 2016**

HONG KONG – April 25, 2017 – China Construction Bank (Asia) Corporation Limited ["CCB (Asia)"] today announced its consolidated net profit after tax reached HKD3,043 million for the year ended December 31, 2016, an increase of HKD542 million or 21.7%, as compared with 2015. Set out below are the highlights:

Total operating income of CCB (Asia) for the year 2016 amounted to HKD6,640 million, an increase of 5.1% as compared with that of 2015. Net interest income was HKD4,807 million in 2016, which included an accounting and economic hedging FX and interest rate swaps income of HKD332 million (the amount of FX and interest rate swaps cost was HKD609 million in 2015), a moderate increase of 1.4% when compared with last year. After excluding the aforesaid accounting and economic hedging income, non-interest income was HKD1,833 million, which represented an increase of 16.0% as compared with 2015 and was mainly attributable to a rise in net fee and commission income and net gains from disposal of available-for-sale financial instruments as a result of realization of debt securities.

Total operating expenses increased by 5.5% to HKD2,965 million while the cost-to-income ratio slightly rose by 0.2 percentage point to 44.7%.

In 2016, the amount of loan impairment charges significantly reduced by 69.3% to HKD139 million, which was mainly due to the lower collective impairment rates for unsecured commercial loans and mainland corporate loans. Taxation expenses recorded a year-on-year decrease of 12.6% to HKD551 million, which was mainly attributable to a drop in Mainland withholding tax charges.

Total consolidated assets of CCB (Asia) stood at HKD511.8 billion as at December 31, 2016, a mild increase by 0.8% from HKD507.5 billion at the end of 2015. With more effective liquidity management, cash and balances with banks and central banks as well as placements with banks declined by 6.6% to HKD131.8 billion, when compared with the position as at the end of 2015.

Advances to customers and trade bills slightly decreased by 2.0% to HKD233.3 billion. Asset quality was continuously maintained at a satisfactory level. Impaired advances to customers represented 0.11% of the total advances to customers. Available-for-sale financial assets grew by 12.4% to HKD96.3 billion and held-to-maturity investments surged by 390.9% to HKD27 billion.

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Deposits from customers increased by 5.4% to HKD322.2 billion as compared with that of last year end, which was mainly due to an increase in HKD and USD deposits. Certificates of deposit and other debt securities issued dropped by 39.4% to HKD31.8 billion, which was mainly a result of further containing cost of long-term funding while interbank borrowings grew by 6.6% to HKD86.3 billion.

As at December 31, 2016, CCB (Asia)'s Common Equity Tier 1 Capital Ratio and Tier 1 Capital Ratio were both 14.0%, while the Total Capital Ratio was 16.8%. Average liquidity coverage ratio of 2016 was 122.5%. All these ratios were maintained at sound levels and above the regulatory requirements.

For details of the 2016 financial statements, please visit any of CCB (Asia)'s branches or the bank's website at www.asia.ccb.com.

- END -

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

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

	2016	2015
Interest income	9,459,910	12,865,718
Interest expense	<u>(4,985,144)</u>	<u>(7,516,254)</u>
Net interest income	4,474,766	5,349,464
Net fees and commission income	1,204,956	1,074,586
Net trading income/(losses)	744,668	(139,279)
Net gains/(losses) from financial instruments designated at fair value through profit or loss	12,673	(76,542)
Net gains from disposal of available-for-sale financial instruments	145,288	60,181
Other operating income	<u>57,532</u>	<u>51,450</u>
Total operating income	6,639,883	6,319,860
Operating expenses	<u>(2,964,771)</u>	<u>(2,809,559)</u>
Operating profit before impairment losses	3,675,112	3,510,301
Impairment allowances released on advances to banks	-	671
Impairment allowances charged on loans and advances	(138,822)	(451,809)
Impairment allowances charged to repossessed assets	(3,684)	(170)
Impairment allowances charged to held-to-maturity investments	<u>(8,739)</u>	<u>-</u>
Operating profit	3,523,867	3,058,993
Gain on disposal of fixed assets	10	-
Share of profits of an associate	19,369	28,486
Share of profits of a jointly controlled entity	<u>50,547</u>	<u>43,338</u>
Profit before taxation	3,593,793	3,130,817
Taxation	<u>(550,746)</u>	<u>(630,121)</u>
Profit for the year	3,043,047	2,500,696
Other comprehensive (losses)/income for the year net of tax		
Items that may be reclassified subsequently to profit or loss:		
Net movement in investment revaluation reserve	<u>(377,056)</u>	<u>38,801</u>
Total comprehensive income for the year	2,665,991	2,539,497

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

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

	2016	2015
ASSETS		
Cash and balances with banks and central banks	95,598,680	82,020,035
Placements with banks	36,216,806	59,036,367
Advances to banks	-	1,360,748
Advances to customers and trade bills	233,296,079	238,090,313
Financial assets measured at fair value through profit or loss	-	3,807
Available-for-sale financial assets	96,261,129	85,695,259
Held-to-maturity investments	26,998,299	5,473,670
Derivative financial instruments	7,734,551	6,289,264
Interest in a joint venture	1,987,787	1,937,240
Interest in an associate	285,283	265,914
Deferred tax assets	139,680	112,428
Fixed assets	3,467,344	3,563,991
Other assets	9,781,150	23,659,467
Total assets	511,766,788	507,508,503
LIABILITIES		
Deposits and balances of banks	86,320,785	80,965,080
Deposits from customers	322,222,569	305,625,384
Certificates of deposit and other debt securities issued	31,822,975	52,501,887
Derivative financial instruments	7,633,715	6,744,725
Current tax payable	66,744	146,728
Deferred tax liabilities	19,399	18,276
Other liabilities	9,408,265	9,897,287
Subordinated debts	5,773,574	5,776,365
Total liabilities	463,268,026	461,675,732
EQUITY		
Share capital	28,827,843	28,827,843
Reserves	19,670,919	17,004,928
Total equity	48,498,762	45,832,771
Total equity and liabilities	511,766,788	507,508,503

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

1. Basis of preparation

Basis of measurement

These financial statements have been prepared on the historical cost basis except that: (i) financial instruments at fair value through profit or loss are measured at fair value; (ii) derivative financial instruments are measured at fair value; (iii) available-for-sale financial assets are measured at fair value; (iv) financial instruments designated under fair value hedge; (v) certain non-financial assets are measured at designated cost.

Functional and presentation currency

These financial statements are presented in HKD, unless otherwise stated, rounded to the nearest thousand, which is the functional currency of the Group.

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Local regulatory reporting

In preparing the capital adequacy ratios of the Group, they are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries, an associate and a joint venture whereas the latter excludes CCB Securities Limited ("CCBS"), CCB Nominees Limited ("CCBN") and CCB (Asia) Trustee Company Limited ("CCBT") which conduct non-banking related business. Details of the subsidiaries which are not included in consolidation for regulatory purposes are as follows:

Name of company	Principal activities	Total assets		Total equity	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
CCBS	Securities brokerage business	770,317	614,341	604,272	608,024
CCBN	Custodian and nominee services	39,054	39,078	38,998	39,023
CCBT	Trustee and custodian business	28,378	6,849	4,002	(7,140)

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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

	2016	2015
Advances to customers less impairment		
Gross advances to customers	233,320,859	204,507,034
Dealers' commission and deferred fee income	(120,588)	(63,896)
	233,200,271	204,443,138
Less: Impairment allowances		
collectively assessed	(840,574)	(910,638)
individually assessed	(142,928)	(114,226)
Net advances to customers	232,216,769	203,418,274
Trade bills less impairment		
Trade bills	1,154,515	34,732,326
Less: Impairment allowances		
collectively assessed	(1,271)	(11,856)
individually assessed	(73,934)	(48,431)
Net trade bills	1,079,310	34,672,039
Net advances to customers and trade bills	233,296,079	238,090,313

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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:

	2016		2015	
	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	21,386,558	27.71	13,304,723	34.80
Property investment	35,285,941	83.41	29,059,241	88.06
Financial concerns	22,009,514	58.74	8,315,954	57.61
Stockbrokers	576,828	93.07	1,426,825	52.19
Wholesale and retail trade	9,727,231	51.37	14,526,660	67.25
Manufacturing	6,383,453	42.59	8,432,071	53.19
Transport and transport equipment	10,468,148	66.18	11,416,919	71.04
Recreational activities	22,032	67.17	26,845	69.14
Information technology	2,960,092	27.35	1,652,762	2.50
Others	10,830,382	54.43	15,943,675	61.95
	<u>119,650,179</u>		<u>104,105,675</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	5,611	100.00	6,771	100.00
Loans for the purchase of other residential properties	14,835,673	99.52	14,247,201	99.51
Credit card advances	5,546,251	0.00	6,289,380	0.00
Others	21,131,880	28.28	17,673,137	29.45
	<u>41,519,415</u>		<u>38,216,489</u>	
Trade finance	3,602,599	55.68	7,146,314	72.89
Advances for use outside Hong Kong	68,548,666	49.93	55,038,556	51.09
	<u>233,320,859</u>	54.50	<u>204,507,034</u>	59.06
Gross advances to customers				

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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

	<u>2016</u>	<u>% on total advances to customers</u>	<u>2015</u>	<u>% on total advances to customers</u>
Six months or less but over three months	33,753	0.01	23,084	0.01
One year or less but over six months	38,072	0.02	2,891	-
Over one year	88,459	0.04	45,531	0.02
Total gross amount of advances overdue for more than three months	<u>160,284</u>	<u>0.07</u>	<u>71,506</u>	<u>0.03</u>
Individually assessed impairment allowances made in respect of the above overdue advances	<u>125,436</u>		<u>54,014</u>	
Net realisable value of collateral held against the overdue advances	<u>23,371</u>		<u>5,320</u>	
Covered portion of overdue advances	12,102		2,891	
Uncovered portion of overdue advances	<u>148,182</u>		<u>68,615</u>	
	<u><u>160,284</u></u>		<u><u>71,506</u></u>	

Collaterals held with respect of overdue advances to customers are automobiles and residential properties.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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

	2016		2015	
		% on total trade bills		% on total trade bills
Six months or less but over three months	-	-	1,697	0.01
One year or less but over six months	-	-	-	-
Over one year	139,053	12.04	135,959	0.39
Total gross amount of trade bills overdue for more than three months	139,053	12.04	137,656	0.40
Individually assessed impairment allowances made in respect of the above overdue trade bills	73,934		46,538	
Net realisable value of collateral held against the overdue trade bills	-		-	
Covered portion of overdue trade bills	-		-	
Uncovered portion of overdue trade bills	139,053		137,656	
	139,053		137,656	

As at December 31, 2016 and 2015, there were no overdue advances to banks.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

2. Advances to customers and trade bills (Continued)

(e) Rescheduled advances to customers

	<u>2016</u>		<u>2015</u>
	% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	<u>70,730</u>	<u>0.03</u>	<u>69,416</u> <u>0.03</u>

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, 2016 and 2015, there were no rescheduled advances to banks and trade bills.

3 Average liquidity coverage ratio (“LCR”)

		2016	2015
		%	%
Average liquidity coverage ratio	– First quarter	125.2	165.7
	– Second quarter	116.2	128.6
	– Third quarter	118.7	146.1
	– Fourth quarter	123.6	119.8

The average LCR for each quarter in 2016 is based on the arithmetic mean of its LCR as at the end of each working day for each quarter for the Bank, the average value LCR is for each quarter in 2015 is based on the arithmetic mean of its LCR as at each month-end in the quarter for the Bank, as required by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes.

Other LCR disclosure requirements under the Banking (Disclosure) (Amendment) Rules 2015 are published on the Bank’s website: <http://www.asia.ccb.com/hongkong>.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

4 Capital adequacy ratio and capital management

(a) Capital adequacy ratio

	Group	
	2016	2015
Common Equity Tier 1 capital ratio	14.0%	13.7%
Tier 1 capital ratio	14.0%	13.7%
Total capital ratio	16.8%	16.6%

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, 2016 and 2015 were in compliance with the amended Capital Rules effective from January 1, 2013 for the implementation of the “Basel III” capital accord.

The capital adequacy ratio (“CAR”) was computed on a consolidated basis, including the Bank and its subsidiaries, CCB Hong Kong Property Management Company Limited and all of its subsidiaries (“CCBP Group”), and CCB (Asia) Insurance Broker Limited.

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.

(b) Leverage ratio

The Group is required under section 45A(6) of the Banking (Disclosure) Rules to disclose its leverage ratio calculated on a consolidated basis effective from March 31, 2015.

	2016	2015
Leverage ratio	8.53%	8.16%

Detailed breakdown of the Group’s leverage exposure measure and a summary of comparison table reconciling the assets of the Group’s accounting balance sheet with the leverage exposure measure using the standard templates as specified by the HKMA can be viewed in the Financial Results section of our website:
<http://www.asia.ccb.com/hongkong>.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

4 Capital adequacy ratio and capital management (Continued)

(c) Capital Buffer Ratio

With effect from January 1, 2016, the following capital buffers are phased-in and the applicable ratios to the Group on a consolidated basis are as follows:

	2016
Capital conservation buffer ratio	0.625%
Countercyclical capital buffer ("CCyB") ratio	0.505%
	<hr/>
	1.130%

The geographical breakdown of risk weighted assets in relation to private sector credit exposures and the applicable CCyB ratio for each jurisdiction using the standard template as specified by the HKMA are published on the Bank's website <http://www.asia.ccb.com/hongkong>.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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 organized 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 institutional banking

This segment mainly represents the provision of a range of financial products and services to corporations and financial institutions. The products and services mainly include commercial loans, syndicated loans, trade financing, foreign exchange and deposit-taking activities.

(ii) Consumer and commercial banking

This segment mainly represents the provision of a range of financial products and services to individual customers and small and medium sized enterprises. The products and services mainly comprise residential and commercial mortgages, personal loans, credit cards, auto-financing, commercial loans, trade financing, deposit-taking activities, foreign exchange, wealth management, insurance and securities agency services.

(iii) Treasury

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.

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.

The primary revenue stream of the Group is derived from net interest income and the executive management relies to a large extent on net interest income in managing its business. Hence, net interest income for all reportable segments are presented under segmental information.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

5 Segmental information (Continued)

(a) Reportable segments (Continued)

	2016					Total
	Corporate and Institutional Banking	Consumer and Commercial Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,361,660	2,639,616	(59,109)	532,599	-	4,474,766
Total operating income						
– External	2,367,770	1,201,678	2,779,162	291,273	-	6,639,883
– Inter-segment	(855,849)	2,283,094	(2,207,289)	780,044	-	-
Total operating income	1,511,921	3,484,772	571,873	1,071,317	-	6,639,883
Depreciation and amortization	(31,409)	(160,325)	(11,526)	(77,636)	-	(280,896)
Total operating expenses	(332,426)	(1,946,057)	(130,874)	(555,414)	-	(2,964,771)
Operating profit before impairment losses	1,179,495	1,538,715	440,999	515,903	-	3,675,112
Release of /(charge on) impairment	80,131	(225,655)	(5,721)	-	-	(151,245)
Non-operating profit	-	-	-	69,926	-	69,926
Profit before taxation	1,259,626	1,313,060	435,278	585,829	-	3,593,793
Total assets	145,169,036	95,891,214	263,177,107	8,258,226	(728,795)	511,766,788
Total liabilities	118,161,195	219,163,861	122,750,164	3,921,601	(728,795)	463,268,026

	2015					Total
	Corporate and Institutional Banking	Consumer and Commercial Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,574,715	2,371,156	663,246	740,347	-	5,349,464
Total operating income						
– External	3,861,932	587,802	1,830,170	39,956	-	6,319,860
– Inter-segment	(2,124,494)	2,638,288	(1,453,434)	939,640	-	-
Total operating income	1,737,438	3,226,090	376,736	979,596	-	6,319,860
Depreciation and amortization	(28,952)	(143,056)	(7,447)	(63,303)	-	(242,758)
Total operating expenses	(347,915)	(1,898,888)	(116,663)	(446,093)	-	(2,809,559)
Operating profit before impairment losses	1,389,523	1,327,202	260,073	533,503	-	3,510,301
Charge on impairment	(158,698)	(292,610)	-	-	-	(451,308)
Non-operating profit	-	-	-	71,824	-	71,824
Profit before taxation	1,230,825	1,034,592	260,073	605,327	-	3,130,817
Total assets	145,758,456	95,216,677	259,692,193	7,514,261	(673,084)	507,508,503
Total liabilities	116,922,269	194,140,352	147,001,953	4,284,242	(673,084)	461,675,732

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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. Segment assets or liabilities are based on the geographical location of the asset or liabilities. 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 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
As at December 31, 2016						
Hong Kong (place of domicile)	<u>6,639,883</u>	<u>3,593,793</u>	<u>511,766,788</u>	<u>463,268,026</u>	<u>5,740,414</u>	<u>79,211,497</u>
	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
As at December 31, 2015						
Hong Kong (place of domicile)	<u>6,319,860</u>	<u>3,130,817</u>	<u>507,508,503</u>	<u>461,675,732</u>	<u>5,767,145</u>	<u>64,244,935</u>

(c) Gross advances to customers by geographical areas

	2016	2015
Hong Kong	195,428,886	166,722,961
China	31,755,765	32,663,974
Macau	142,972	118,999
Others	5,993,236	5,001,100
	<u>233,320,859</u>	<u>204,507,034</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

5 Segmental information (Continued)

(d) Impaired advances by geographical areas

	2016		2015	
	Gross impaired advances	Individually assessed impairment allowances	Gross impaired advances	Individually assessed impairment allowances
Hong Kong	258,682	142,831	218,304	108,826
China	364	97	5,400	5,400
	259,046	142,928	223,704	114,226

More than 90% of the collective impairment allowances were allocated to Hong Kong as at December 31, 2016 and 2015 respectively. The geographical analysis is based on location of the customers and has taken account of transfer of risk.

(e) International claims

International 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 international claims are shown as follows:

As at December 31, 2016

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial Institutions	Non-financial private sector	
Developing Asia and Pacific	209,032,763	5,728,561	8,283,873	66,737,416	289,782,613
- of which China	<u>208,155,056</u>	<u>5,728,561</u>	<u>8,283,873</u>	<u>66,591,599</u>	<u>288,759,089</u>
Offshore centres	<u>572,445</u>	-	<u>6,257,986</u>	<u>55,960,918</u>	<u>62,791,349</u>

As at December 31, 2015

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial Institutions	Non-financial private sector	
Developing Asia and Pacific	245,038,427	4,987,373	2,824,775	83,272,981	336,123,556
- of which China	<u>244,335,694</u>	<u>4,987,373</u>	<u>2,824,775</u>	<u>83,153,468</u>	<u>335,301,310</u>
Offshore centres	<u>5,093,226</u>	-	<u>353,572</u>	<u>26,952,413</u>	<u>32,399,211</u>

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6 Mainland activities exposures

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

As at December 31, 2016

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”)	52,253,738	6,806,255	59,059,993
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,972,944	290,386	17,263,330
(c) Mainland nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	46,946,205	510,646	47,456,851
(d) Other entities of central government not reported in part (a) above	3,859,209	772,221	4,631,430
(e) Other entities of local governments not reported in part (b) above	13,496	-	13,496
(f) Mainland nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	17,181,333	3,806,089	20,987,422
(g) Other counterparties where the exposures are considered by the reporting institution to be Mainland China activities exposures	15,788,140	657,048	16,445,188
Total	153,015,065	12,842,645	165,857,710

Total assets after provision 509,554,842

On-balance sheet exposures as percentage of total assets 30.03%

As at December 31, 2015

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”)	40,864,669	4,846,169	45,710,838
(b) Local governments, local government-owned entities and their subsidiaries and JVs	19,823,937	114,037	19,937,974
(c) Mainland nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	38,546,523	1,001,580	39,548,103
(d) Other entities of central government not reported in part (a) above	3,973,905	1,225,459	5,199,364
(e) Other entities of local governments not reported in part (b) above	536,350	-	536,350
(f) Mainland nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	19,663,329	2,405,380	22,068,709
(g) Other counterparties where the exposures are considered by the reporting institution to be Mainland China activities exposures	7,828,818	527	7,829,345
Total	131,237,531	9,593,152	140,830,683

Total assets after provision 505,215,042

On-balance sheet exposures as percentage of total assets 25.97%

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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, 2016

	RMB	USD	Others	Total
HKD equivalent				
Spot assets	50,962,087	224,904,050	26,060,627	301,926,764
Spot liabilities (Note)	(81,780,865)	(184,959,211)	(23,776,347)	(290,516,423)
Forward purchases	174,436,686	203,962,961	14,895,767	393,295,414
Forward sales	<u>(172,698,531)</u>	<u>(237,523,873)</u>	<u>(17,303,228)</u>	<u>(427,525,632)</u>
Net long/(short) position (Note)	<u>(29,080,623)</u>	<u>6,383,927</u>	<u>(123,181)</u>	<u>(22,819,877)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2015

	RMB	USD	Others	Total
HKD equivalent				
Spot assets	94,181,157	197,173,055	11,784,672	303,138,884
Spot liabilities (Note)	(137,154,260)	(145,482,399)	(13,620,130)	(296,256,789)
Forward purchases	250,783,162	276,397,940	21,408,174	548,589,276
Forward sales	<u>(235,492,862)</u>	<u>(321,724,064)</u>	<u>(19,915,125)</u>	<u>(577,132,051)</u>
Net long/(short) position (Note)	<u>(27,682,803)</u>	<u>6,364,532</u>	<u>(342,409)</u>	<u>(21,660,680)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The net options position is calculated using the Simplified Approach and there was no net options position as at December 31, 2016 and 2015.

Note: The RMB spot liabilities include the RMB17.6 billion share capital (\$22.3 billion). The net short RMB position was mainly stemmed from the conversion of RMB capital related assets into Hong Kong dollars during 2016 and 2015.