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中国建设银行
China Construction Bank

中國建設銀行股份有限公司
CHINA CONSTRUCTION BANK CORPORATION

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 939 (Ordinary H-share)

4606 (Offshore Preference Share)

REPORT FOR THE THIRD QUARTER OF 2017

The board of directors (the “Board”) of China Construction Bank Corporation (the “Bank”) is pleased to announce the unaudited consolidated results of the Bank and its subsidiaries (collectively the “Group”) for the period ended 30 September 2017, prepared under the International Financial Reporting Standards (IFRS). This announcement is made in accordance with Part XIVA of the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1 IMPORTANT NOTICE

1.1 The Board, the board of supervisors and the directors, supervisors and senior management of the Bank warrant that the information contained in this report is truthful, accurate and complete and there are no false records or misleading statements contained in, or material omissions from, this report, and that they assume severally and jointly legal liability.

1.2 This quarterly report has been reviewed and approved at the Board meeting of the Bank held on 26 October 2017. A total of 15 directors of the Bank attended the meeting in person.

1.3 The financial statements in this quarterly report have not been audited.

1.4 Mr. Tian Guoli, legal representative of the Bank, Mr. Xu Yiming, chief financial officer of the Bank, and Mr. Fang Qiuyue, general manager of finance & accounting department of the Bank, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

2 CORPORATE PROFILE

2.1 Corporate information

A-share stock abbreviation	建設銀行	A-share stock code	601939
A-share listing stock exchange	Shanghai Stock Exchange		
H-share stock abbreviation	CCB	H-share stock code	939
H-share listing stock exchange	The Stock Exchange of Hong Kong Limited		
Offshore preference shares abbreviation	CCB 15USDPREF	Offshore preference shares stock code	4606
Offshore preference shares listing stock exchange	The Stock Exchange of Hong Kong Limited		
Contact persons and contact information	Secretary to the Board	Company secretary	Representative of securities affairs
Names	Chen Caihong	Ma Chan Chi	Xu Manxia
Telephone	86-10-66215533		
Facsimile	86-10-66218888		
E-mail address	ir@ccb.com		

2.2 Major consolidated accounting information and financial indicators prepared under IFRS

The financial information set forth in this quarterly report is the consolidated results of the Group prepared under IFRS and expressed in RMB unless otherwise stated.

(In millions of RMB unless otherwise stated)	At the end of the reporting period	At the end of last year		Change (%)
Total assets	22,053,943	20,963,705		5.20
Total equity attributable to equity shareholders of the Bank	1,692,138	1,576,500		7.34
Net assets per share (in RMB)	6.76	6.28		7.64
	Three months ended 30 September 2017	Change over the same period last year (%)	Nine months ended 30 September 2017	Change over the same period last year (%)
Operating income	145,189	9.33	448,322	4.63
Net profit	63,264	4.11	202,273	3.91
Net profit attributable to equity shareholders of the Bank	62,903	4.10	201,242	3.82
Net cash from operating activities	N/A	N/A	135,424	(86.71)
Basic and diluted earnings per share (in RMB)	0.25	4.17	0.80	2.56
Annualised return on average equity (%)	15.34	A decrease of 0.70 percentage points	16.52	A decrease of 0.64 percentage points

2.3 Differences between the financial statements prepared under PRC GAAP and those prepared under IFRS

There is no difference in the net profit for the nine months ended 30 September 2017 or total equity as at 30 September 2017 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

2.4 Number of ordinary shareholders and particulars of ordinary shareholding as at 30 September 2017

2.4.1 As at 30 September 2017, the Bank had a total of 358,034 ordinary shareholders, of whom 46,723 were holders of H-shares and 311,311 were holders of A-shares.

2.4.2 Particulars of shareholding of top ten ordinary shareholders

Unit: share

Particulars of shareholding of top ten ordinary shareholders (based on the register of members as at 30 September 2017 and confirmation of shareholders)

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Changes in shareholding during the reporting period	Total number of shares held	Number of shares pledged or frozen
Central Huijin Investment Ltd. ²	State	57.03	-	142,590,494,651 (H-shares)	None
		0.08	-	195,941,976 (A-shares)	None
HKSCC Nominees Limited ^{2,3}	Foreign legal person	36.70	9,350,812	91,762,605,134 (H-shares)	Unknown
China Securities Finance Corporation Limited	State-owned legal person	1.07	44,055,938	2,663,999,923 (A-shares)	None
China Baowu Steel Group Corporation Limited ³	State-owned legal person	0.80	-	2,000,000,000 (H-shares)	None
State Grid Corporation of China ^{3,4}	State-owned legal person	0.64	-	1,611,413,730 (H-shares)	None
China Yangtze Power Co., Limited ³	State-owned legal person	0.41	-	1,015,613,000 (H-shares)	None
Reca Investment Limited	Foreign legal person	0.34	-	856,000,000 (H-shares)	None
Central Huijin Asset Management Co., Ltd. ²	State-owned legal person	0.20	-	496,639,800 (A-shares)	None
Hong Kong Securities Clearing Company Limited ²	Foreign legal person	0.10	(128,005,871)	254,644,896 (A-shares)	None
National Social Security Fund Portfolio 118	State	0.05	96,999,601	136,999,341 (A-shares)	None

- All of the shares held by the aforesaid shareholders are without selling restrictions.
- Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.
- As at 30 September 2017, State Grid Corporation of China and China Yangtze Power Co., Limited held 1,611,413,730 H-shares and 1,015,613,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited; China Baowu Steel Group Corporation Limited held 2,000,000,000 H-shares of the Bank, in which 550,000,000 H-shares were held under the name of HKSCC Nominees Limited. Save for the aforesaid shares held by State Grid Corporation of China and China Yangtze Power Co., Limited, as well as 550,000,000 shares held by China Baowu Steel Group Corporation Limited, 91,762,605,134 H-shares were held under the name of HKSCC Nominees Limited, which also included the H-shares held by Temasek Holdings (Private) Limited.
- As at 30 September 2017, the holding of H-shares of the Bank by State Grid Corporation of China through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co., Ltd. held 54,131,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 230,000,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.

2.5 Number of preference shareholders and particulars of shareholding as at 30 September 2017

2.5.1 As at 30 September 2017, the Bank had one preference shareholder (or proxy). Particulars of its shareholding were as follows:

Unit: share

Name of preference shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Increase/decrease during the reporting period	Total number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
The Bank of New York Depository (Nominees) Limited	Foreign legal person	Offshore preference shares	100.00	-	152,500,000	-	Unknown

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders.
2. As the issuance was an offshore non-public offering, the preference shareholder in register was The Bank of New York Depository (Nominees) Limited as proxy in the clearing systems of Euroclear Bank SA/NV and Clearstream Banking S.A. at the end of the reporting period.

2.5.2 During the reporting period, there was no restoration of voting rights of preference shares issued by the Bank, nor the dividend distribution of preference shares. A proposal on dividend distribution for the offshore preference shares was reviewed and approved at the Board meeting of the Bank held on 26 October 2017, and the dividend would be paid on 18 December 2017. The gross amount for dividend distribution is US\$157,583,333.33 (equivalent to RMB1,045 million approximately). After withholding income tax, US\$141,825,000 would be actually paid to the offshore preference shareholders, with an after-tax dividend rate of 4.65%.

3 HIGHLIGHTS OF QUARTERLY RESULTS

3.1 Analysis of items in the statement of financial position

As at 30 September 2017, total assets of the Group were RMB22,053,943 million, an increase of RMB1,090,238 million or 5.20% over the end of last year. Total liabilities of the Group were RMB20,345,317 million, an increase of RMB971,266 million or 5.01% over the end of last year.

Gross loans and advances to customers were RMB12,757,117 million, an increase of RMB1,000,085 million or 8.51% over the end of last year. In this amount, the Bank's domestic corporate loans, personal loans and discounted bills were RMB6,446,689 million, RMB5,028,518 million and RMB118,412 million respectively; loans made by overseas entities and subsidiaries were RMB1,163,498 million.

Deposits from customers were RMB16,502,595 million, an increase of RMB1,099,680 million or 7.14% over the end of last year. In this amount, the Bank's domestic time deposits and demand deposits were RMB7,105,950 million and RMB8,786,437 million respectively; deposits at overseas entities and subsidiaries were RMB610,208 million.

The non-performing loans were RMB190,949 million in accordance with the five-category loan classification standard, an increase of RMB12,259 million over the

end of last year. The non-performing loan ratio was 1.50%, a decrease of 0.02 percentage points from the end of last year. The ratio of allowances to non-performing loans rose by 12.55 percentage points over the end of last year to 162.91%.

Total equity was RMB1,708,626 million, an increase of RMB118,972 million or 7.48% over the end of last year. In this amount, total equity attributable to equity shareholders of the Bank was RMB1,692,138 million, an increase of RMB115,638 million or 7.34% over the end of last year.

As at 30 September 2017, the Group's total capital ratio, tier 1 ratio and common equity tier 1 ratio were 14.67%, 12.99% and 12.84%, respectively, in accordance with the *Capital Rules for Commercial Banks (Provisional)* and relevant rules for the transition period, all of which were in compliance with the regulatory requirements.

3.2 Analysis of items in the statement of comprehensive income

For the nine months ended 30 September 2017, the Group reaped net profit of RMB202,273 million, of which net profit attributable to equity shareholders of the Bank was RMB201,242 million, up by 3.91% and 3.82% respectively over the same period last year. Annualised return on average assets was 1.25%, and annualised return on average equity was 16.52%.

Net interest income was RMB333,324 million, up by 5.55% over the same period last year. Net interest spread was 2.03% and net interest margin was 2.16%, down by 0.06 and 0.10 percentage points respectively from the same period last year.

Net fee and commission income was RMB93,649 million, up by 1.45% over the same period last year. Income from bank cards, electronic banking business and wealth management products grew steadily as a result of sound business development. Due to the exemption and reduction of service fees as well as market influence, income from certain basic settlement products, agency services and advisory services dropped compared to the same period last year.

Operating expenses were RMB111,018 million, down by RMB6,826 million from the same period last year. Cost-to-income ratio decreased by 0.30 percentage points to 23.82% from the same period last year.

Income tax expense was RMB48,262 million, a decrease of RMB3,944 million from the same period last year. The effective income tax rate was 19.26%.

4 MAJOR ISSUES

4.1 Significant changes in major financial statements items, financial indicators and the causes thereof

√Applicable □Not applicable

(In millions of RMB unless otherwise stated)	As at 30 September 2017	As at 31 December 2016	Change (%)	Causes of the change
Deposits with banks and non-bank financial institutions	295,760	494,618	(40.20)	Use of fund was adjusted in accordance with the overall demand of assets and liabilities management.
Financial assets held under resale agreements	207,695	103,174	101.31	Considering the relatively ample liquidity at the end of September, the Group increased its reverse repo business.
Placements from banks and non-bank financial institutions	426,326	322,546	32.18	Placements from banks and non-bank financial institutions made by the Group's overseas entities increased.
Financial assets sold under repurchase agreements	64,587	190,580	(66.11)	The repo business decreased.
Debt securities issued	615,427	451,554	36.29	Mainly due to the increase of newly issued certificates of deposit.
Investment revaluation reserve	(14,524)	(976)	1,388.11	The rise of market yields of bonds led to a decrease in the valuation of available-for-sale debt securities.
Exchange reserve	(2,708)	348	(878.16)	Losses arising from exchange difference on translating foreign operations increased due to the depreciation of foreign exchanges.

(In millions of RMB unless otherwise stated)	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Change (%)	Causes of the change
Fee and commission expense	(9,425)	(5,901)	59.72	In accordance with changes in the rule of bank card acquiring business by the central bank, the Bank changed the accounting treatment from directly recognising net income to separately recognising merchant acquiring income and expenses on transactions of cards issued by other banks and China UnionPay network.
Net trading gain	2,638	1,995	32.23	Gain from precious metals leasing business increased with the expansion of the business volume.
Net (loss)/ gain arising from investment securities	(1,065)	9,625	(111.06)	The sales amount of debt securities dropped compared to the same period last year.
Other operating expense	(26,470)	(46,874)	(43.53)	As CCB Life Insurance Company Limited adjusted its product structure in accordance with the regulatory requirements, premium income declined, and its claim reserve decreased accordingly.
Other operating income, net	18,252	6,752	170.32	The decrease in other operating expense exceeded that in other operating income.
Impairment losses on loans and advances to customers	(85,329)	(62,261)	37.05	The Bank made more provisions for impairment losses on loans from the perspective of prudent operation.

4.2 Progress of major issues, related impacts and solutions

√Applicable □Not applicable

Upon approval of China Banking Regulatory Commission, CCB Financial Asset Investment Co., Ltd., the Bank's wholly-owned subsidiary, opened for business on 2 August 2017.

The issuance of domestic preference shares of the Bank was approved by China Banking Regulatory Commission, but still subject to administrative permission by China Securities Regulatory Commission. Please refer to the relevant announcements published on 5 September and 25 September 2017 on the website of the Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited and the website of the Bank for detailed information.

4.3 Unfulfilled undertakings overdue in the reporting period

Applicable Not-applicable

4.4 Implementation of cash dividend policy during the reporting period

Applicable Not applicable

4.5 Warnings and explanations of any forecasted loss or significant changes compared to the same period last year in accumulated net profit for the period from the beginning of the year to the end of the next reporting period

Applicable Not applicable

5 RELEASE OF QUARTERLY REPORT

This quarterly report will be published on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.ccb.com) at the same time. The quarterly report prepared under PRC GAAP will also be published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.ccb.com) at the same time.

By order of the Board

China Construction Bank Corporation

Wang Zuji

Vice chairman, executive director and president

26 October 2017

As at the date of this announcement, the executive directors of the Bank are Mr. Tian Guoli, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; the non-executive directors of the Bank are Ms. Feng Bing, Mr. Zhu Hailin, Mr. Li Jun, Mr. Wu Min, Mr. Zhang Qi and Ms. Hao Aiqun; and the independent non-executive directors of the Bank are Ms. Anita Fung Yuen Mei, Sir Malcolm Christopher McCarthy, Mr. Carl Walter, Mr. Chung Shui Ming Timpson and Mr. Murray Horn.

APPENDIX 1 FINANCIAL STATEMENTS PREPARED UNDER IFRS

China Construction Bank Corporation
 Consolidated statement of comprehensive income
 For the nine months ended 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	555,566	523,246	192,077	176,835
Interest expense	(222,242)	(207,444)	(76,607)	(72,023)
Net interest income	<u>333,324</u>	<u>315,802</u>	<u>115,470</u>	<u>104,812</u>
Fee and commission income	103,074	98,215	28,908	27,308
Fee and commission expense	(9,425)	(5,901)	(3,339)	(2,184)
Net fee and commission income	<u>93,649</u>	<u>92,314</u>	<u>25,569</u>	<u>25,124</u>
Net trading gain/(loss)	2,638	1,995	(204)	299
Dividend income	1,524	1,994	544	589
Net (loss)/gain arising from investment securities	(1,065)	9,625	567	2,288
Other operating income, net:				
– Other operating income	44,722	53,626	10,579	7,440
– Other operating expense	(26,470)	(46,874)	(7,336)	(7,749)
Other operating income, net	<u>18,252</u>	<u>6,752</u>	<u>3,243</u>	<u>(309)</u>
Operating income	448,322	428,482	145,189	132,803
Operating expenses	<u>(111,018)</u>	<u>(117,844)</u>	<u>(40,471)</u>	<u>(38,728)</u>
	337,304	310,638	104,718	94,075
Impairment losses on:				
– Loans and advances to customers	(85,329)	(62,261)	(25,600)	(15,463)
– Others	(1,635)	(1,443)	(854)	(1,631)
Impairment losses	<u>(86,964)</u>	<u>(63,704)</u>	<u>(26,454)</u>	<u>(17,094)</u>
Share of profit/(loss) of associates and joint ventures	<u>195</u>	<u>(58)</u>	<u>178</u>	<u>17</u>
Profit before tax	250,535	246,876	78,442	76,998
Income tax expense	(48,262)	(52,206)	(15,178)	(16,231)
Net profit	<u>202,273</u>	<u>194,670</u>	<u>63,264</u>	<u>60,767</u>

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the nine months ended 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	374	49	-	-
Others	-	(3)	-	(10)
Subtotal	<u>374</u>	<u>46</u>	<u>-</u>	<u>(10)</u>
Items that may be reclassified subsequently to profit or loss				
(Losses)/Gains of available-for-sale financial assets	(22,283)	507	1,761	5,197
Income tax impact relating to available-for-sale financial assets	5,570	(127)	(379)	(1,381)
Reclassification adjustments included in profit or loss	3,269	(3,703)	813	109
Net gains/(losses) on cash flow hedges	129	9	(44)	9
Exchange difference on translating foreign operations	(3,149)	3,286	(1,416)	310
Subtotal	<u>(16,464)</u>	<u>(28)</u>	<u>735</u>	<u>4,244</u>
Other comprehensive income for the period, net of tax	<u>(16,090)</u>	<u>18</u>	<u>735</u>	<u>4,234</u>
Total comprehensive income for the period	<u>186,183</u>	<u>194,688</u>	<u>63,999</u>	<u>65,001</u>
Net profit attributable to:				
Equity shareholders of the Bank	201,242	193,835	62,903	60,425
Non-controlling interests	1,031	835	361	342
	<u>202,273</u>	<u>194,670</u>	<u>63,264</u>	<u>60,767</u>
Total comprehensive income attributable to:				
Equity shareholders of the Bank	185,141	194,254	63,693	64,609
Non-controlling interests	1,042	434	306	392
	<u>186,183</u>	<u>194,688</u>	<u>63,999</u>	<u>65,001</u>
Basic and diluted earnings per share (in RMB Yuan)	<u>0.80</u>	<u>0.78</u>	<u>0.25</u>	<u>0.24</u>

China Construction Bank Corporation
Consolidated statement of financial position
As at 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September 2017	31 December 2016
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,961,632	2,849,261
Deposits with banks and non-bank financial institutions	295,760	494,618
Precious metals	166,356	202,851
Placements with banks and non-bank financial institutions	274,214	260,670
Financial assets at fair value through profit or loss	613,874	488,370
Positive fair value of derivatives	96,888	89,786
Financial assets held under resale agreements	207,695	103,174
Interest receivable	112,213	101,645
Loans and advances to customers	12,446,044	11,488,355
Available-for-sale financial assets	1,565,115	1,633,834
Held-to-maturity investments	2,531,295	2,438,417
Investment classified as receivables	476,137	507,963
Interests in associates and joint ventures	7,129	7,318
Fixed assets	165,743	170,095
Land use rights	14,213	14,742
Intangible assets	2,221	2,599
Goodwill	2,834	2,947
Deferred tax assets	38,821	31,062
Other assets	75,759	75,998
Total assets	22,053,943	20,963,705

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September 2017	31 December 2016
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	543,500	439,339
Deposits from banks and non-bank financial institutions	1,179,488	1,612,995
Placements from banks and non-bank financial institutions	426,326	322,546
Financial liabilities at fair value through profit or loss	425,525	396,591
Negative fair value of derivatives	96,519	90,333
Financial assets sold under repurchase agreements	64,587	190,580
Deposits from customers	16,502,595	15,402,915
Accrued staff costs	29,858	33,870
Taxes payable	43,872	44,900
Interest payable	205,714	211,330
Provisions	9,421	9,276
Debt securities issued	615,427	451,554
Deferred tax liabilities	518	570
Other liabilities	201,967	167,252
Total liabilities	20,345,317	19,374,051

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September 2017	31 December 2016
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Other equity instruments		
Preference Shares	19,659	19,659
Capital reserve	134,463	133,960
Investment revaluation reserve	(14,524)	(976)
Surplus reserve	175,445	175,445
General reserve	245,506	211,193
Retained earnings	884,286	786,860
Exchange reserve	(2,708)	348
Total equity attributable to equity shareholders of the Bank	1,692,138	1,576,500
Non-controlling interests	16,488	13,154
Total equity	1,708,626	1,589,654
Total liabilities and equity	22,053,943	20,963,705

Approved and authorised for issue by the Board of Directors on 26 October 2017.

Wang Zuji
*Vice chairman, executive
director and president*

Chung Shui Ming Timpson
*Independent non-executive
director*

Carl Walter
*Independent non-executive
director*

China Construction Bank Corporation
Consolidated statement of cash flows
For the nine months ended 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities</i>		
Profit before tax	250,535	246,876
<i>Adjustments for:</i>		
– Impairment losses	86,964	63,704
– Depreciation and amortisation	12,071	11,222
– Interest income from impaired financial assets	(2,382)	(2,846)
– Revaluation (gain)/loss on financial instruments at fair value through profit or loss	(699)	356
– Share of (profit)/loss of associates and joint ventures	(195)	58
– Dividend income	(1,524)	(1,994)
– Unrealised foreign exchange gain	(13,076)	(2,796)
– Interest expense on bonds issued	8,748	8,484
– Net loss/(gain) on disposal of investment securities	1,065	(9,625)
– Net gain on disposal of fixed assets and other long-term assets	(146)	(150)
	341,361	313,289

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the nine months ended 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities (continued)</i>		
<i>Changes in operating assets:</i>		
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions	28,766	(134,383)
Net decrease in placements with banks and non-bank financial institutions	72,660	26,087
Net increase in loans and advances to customers	(1,105,899)	(1,065,577)
Net (increase)/decrease in financial assets held under resale agreements	(104,688)	230,088
Net increase in financial assets at fair value through profit or loss	(126,288)	(96,024)
Net decrease/(increase) in other operating assets	45,953	(201,941)
	(1,189,496)	(1,241,750)
<i>Changes in operating liabilities:</i>		
Net increase in borrowings from central banks	105,908	253,184
Net increase in placements from banks and non-bank financial institutions	117,865	54,094
Net increase in deposits from customers and from banks and non-bank financial institutions	721,917	1,683,170
Net decrease in financial assets sold under repurchase agreements	(125,211)	(134,961)
Net increase in certificates of deposit issued	164,554	27,882
Income tax paid	(53,883)	(62,067)
Net increase in financial liabilities at fair value through profit or loss	29,545	40,569
Net increase in other operating liabilities	22,864	85,881
	983,559	1,947,752
Net cash from operating activities	135,424	1,019,291

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the nine months ended 30 September 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	921,569	646,729
Dividend received	1,577	2,001
Proceeds from disposal of fixed assets and other long-term assets	6,481	2,641
Purchase of investment securities	(942,563)	(1,373,633)
Purchase of fixed assets and other long-term assets	(13,112)	(13,473)
Acquisition of subsidiaries, associates and joint ventures	(1,829)	(1,783)
Net cash used in investing activities	(27,877)	(737,518)
<i>Cash flows from financing activities</i>		
Issue of bonds	16,949	9,549
Issue of other equity instruments	3,421	-
Capital contribution by non-controlling interests	150	106
Consideration paid for acquisition of non-controlling interests	(1,243)	(19)
Dividend paid	(69,564)	(68,532)
Repayment of borrowings	(4,135)	(8,894)
Interest paid on bonds issued	(4,249)	(3,128)
Net cash used in financing activities	(58,671)	(70,918)
Effect of exchange rate changes on cash and cash equivalents	(14,762)	6,026
Net increase in cash and cash equivalents	34,114	216,881
Cash and cash equivalents as at 1 January	599,124	387,921
Cash and cash equivalents as at 30 September	633,238	604,802
Cash flows from operating activities include:		
Interest received	542,840	510,917
Interest paid, excluding interest expense on bonds issued	(224,040)	(196,959)

APPENDIX 2 CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY COVERAGE RATIO

1. Capital adequacy ratios

The Group calculated capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)*, promulgated by China Banking Regulatory Commission in June 2012, and commenced to implement the advanced measurement approach for capital management from 2 April 2014. In this approach, the Group has elected to use foundation internal rating based (“IRB”) approach for corporate risk exposure that meets regulatory requirements, IRB approach for retail risk exposure, internal models approach for market risk, and standardised approach for operational risk exposure in the calculation of the relevant capital charges. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both advanced capital measurement approaches and other methods simultaneously, and complies with the relevant requirements for capital floors.

According to the regulatory requirements, commercial banks have to simultaneously calculate and disclose capital adequacy ratios in accordance with both the *Capital Rules for Commercial Banks (Provisional)* (CBRC Order [2012] No. 1) and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks* (CBRC Order [2004] No. 2).

Capital adequacy ratios calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*

(In millions of RMB, except percentages)	As at 30 September 2017		As at 31 December 2016	
	Group	Bank	Group	Bank
Capital after deductions:				
Common equity tier 1 capital	1,663,962	1,551,481	1,549,834	1,456,011
Tier 1 capital	1,683,765	1,570,565	1,569,575	1,475,184
Total capital	1,901,322	1,784,898	1,783,915	1,686,768
Capital adequacy ratios:				
Common equity tier 1 ratio	12.84%	12.62%	12.98%	12.89%
Tier 1 ratio	12.99%	12.78%	13.15%	13.06%
Total capital ratio	14.67%	14.52%	14.94%	14.93%

Capital adequacy ratios calculated in accordance with the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*

	As at 30 September 2017		As at 31 December 2016	
	Group	Bank	Group	Bank
Core capital adequacy ratio	12.28%	12.22%	12.55%	12.57%
Capital adequacy ratio	14.84%	14.56%	15.31%	15.16%

2. Leverage ratio

As at 30 September 2017, in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*, the Group's leverage ratio was 7.12%, in compliance with the regulatory requirements.

The Group's leverage ratio calculated in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*

(In millions of RMB, except percentages)	As at 30 September 2017	As at 30 June 2017	As at 31 March 2017	As at 31 December 2016
Leverage ratio ¹	7.12%	6.95%	7.01%	7.03%
Tier 1 capital after deductions	1,683,765	1,620,211	1,629,829	1,569,575
On and off-balance sheet assets after adjustments ²	23,643,720	23,312,727	23,251,597	22,321,581

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. The tier 1 capital after deduction is consistent with that used in the calculation of capital adequacy ratios by the Group.

2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet items after adjustments – Deductions from tier 1 capital.

3. Liquidity Coverage Ratio

According to the requirements of the *Measures on Information Disclosure of Liquidity Coverage Ratio of Commercial Banks*, commercial banks shall disclose the average daily liquidity coverage ratio by quarter from 2017 onwards. In accordance with the current applicable regulatory requirements, definitions and accounting standards, the average daily liquidity coverage ratio of the Group for the 92 days in the third quarter of 2017 was 117.44%, meeting the regulatory requirements. The average daily liquidity coverage ratio of the Group in the third quarter increased by 4.09 percentage points over the second quarter, mainly due to a decrease of RMB121,566 million in net cash outflows in the third quarter over the second quarter.

No.	(In millions of RMB, except percentages)	Value before translation	Value after translation
Qualified and high-quality liquid assets			
1	Qualified and high-quality liquid assets		3,826,587
Cash outflow			
2	Deposits from retail small enterprise customers, including:	7,570,660	659,968
3	Stable deposits	1,941,437	97,046
4	Deposits with a low degree of stability	5,629,223	562,922
5	Unsecured (unpledged) wholesale financing, including:	8,923,957	3,066,528
6	Business relations deposits (excluding agent bank business)	5,855,045	1,454,078
7	Non-business relations deposits (all counterparties)	2,956,259	1,499,798
8	Unsecured (unpledged) debts	112,653	112,652
9	Secured (pledged) financing		-
10	Other items, including:	1,872,767	241,082
11	Cash outflows related to the requirement of derivatives and other collateral (pledges)	69,181	69,179
12	Cash outflows related to financing loss of mortgage (pledges) debt instruments	7,924	7,924
13	Credit facilities and liquidity facilities	1,795,662	163,979
14	Other contractual financing obligations	-	-
15	Contingent financing obligations	2,106,361	299,452
16	Total amount of expected cash outflows		4,267,030
Cash inflow			
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	139,317	139,088
18	Cash inflow from normal full settlement	1,215,722	795,494
19	Other cash inflows	72,142	71,982
20	Total amount of expected cash inflows	1,427,181	1,006,564
			Value after adjustment
21	Qualified and high-quality liquid assets		3,826,587
22	Net cash outflows		3,260,466
23	Liquidity coverage ratio (%)		117.44