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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 FIRST QUARTER OF 2019

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 31 March 2019, 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 and the board of supervisors of the Bank and its directors, supervisors and senior management warrant that the information contained in this quarterly 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 29 April 2019. A total of ten directors of the Bank attended the meeting in person. Due to work arrangements, Mr. Zhang Gengsheng appointed Mr. Tian Guoli, Mr. Carl Walter appointed Mr. Murray Horn, and Mr. Chung Shui Ming Timpson appointed Mr. Kenneth Patrick Chung as their respective proxies to attend the meeting and vote on their behalf.

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	Stock code	601939
A-share listing stock exchange	Shanghai Stock Exchange		
H-share stock abbreviation	CCB	Stock code	939
H-share listing stock exchange	The Stock Exchange of Hong Kong Limited		
Domestic preference shares abbreviation	建行優 1	Stock code	360030
Domestic preference shares listing stock exchange	Shanghai Stock Exchange		
Offshore preference shares abbreviation	CCB 15USDPREF	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	
Names	Huang Zhiling	Ma Chan Chi	
Customer service and complaints hotline	95533		
Investor contact information	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)	31 March 2019	31 December 2018	Change (%)
Total assets	24,190,914	23,222,693	4.17
Total equity attributable to equity shareholders of the Bank	2,053,093	1,976,463	3.88
Net assets per share (in RMB)	7.96	7.65	4.05
	Three months ended 31 March 2019		Change over the same period last year (%)
Operating income	178,825		8.43
Net profit	77,925		5.20
Net profit attributable to equity shareholders of the Bank	76,916		4.20
Net cash from operating activities	281,660		(19.15)
Basic and diluted earnings per share (in RMB)	0.31		3.33
Annualised return on average equity (%)	15.90		A decrease of 1.15 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 three months ended 31 March 2019 or total equity as at 31 March 2019 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 31 March 2019

2.4.1 As at 31 March 2019, the Bank had a total of 371,377 ordinary shareholders, of whom 42,926 were holders of H-shares and 328,451 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 31 March 2019 and confirmation of shareholders)

Name of ordinary 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	36.79	-917,772	91,971,170,096(H-shares)	Unknown
China Securities Finance Corporation Limited	State-owned legal person	0.88	-	2,189,259,768(A-shares)	None
China Baowu Steel Group Corporation Limited ³	State-owned legal person	0.80	-	1,999,556,250(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	0.35	-	865,613,000(H-shares)	None
Reca Investment Limited	Foreign legal person	0.34	-	856,000,000(H-shares)	None
Hong Kong Securities Clearing Company Ltd. ²	Foreign legal person	0.21	+41,420,939	530,253,345(A-shares)	None
Central Huijin Asset Management Ltd. ²	State-owned legal person	0.20	-	496,639,800(A-shares)	None
China Life Insurance Company Limited - Dividend - Individual dividend - 005L - FH002 SH	Others	0.09	-112,737,007	212,574,108(A-shares)	None

- All of the shares held by the aforesaid shareholders were not subject to selling restrictions.
- Central Huijin Asset Management 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 of 31 March 2019, State Grid Corporation of China and China Yangtze Power Co., Limited held 1,611,413,730 H-shares and 865,613,000 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 1,999,556,250 H-shares of the Bank, in which 599,556,250 H-shares were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares held by State Grid Corporation of China and China Yangtze Power Co., Limited, as well as 599,556,250 H-shares held by China Baowu Steel Group Corporation Limited, 91,971,170,096 H-shares were held under the name of HKSCC Nominees Limited, which also included the H-shares held by Temasek Holdings (Private) Limited.
- As of 31 March 2019, 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 preference shareholding as at 31 March 2019

2.5.1 As at 31 March 2019, the Bank had 19 preference shareholders (or proxies), including one offshore preference shareholder (or proxy) and 18 domestic preference shareholders.

2.5.2 Particulars of shareholding of top ten offshore preference shareholders (or proxies)

Unit: share

Name of preference shareholder	Nature of shareholder	Shareholding percentage (%)	Changes in shareholding during the reporting period	Total number of shares held	Number of shares pledged or frozen
The Bank of New York Depository (Nominees) Limited	Foreign legal person	100.00	-	152,500,000	Unknown

- Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders.
- The register of non-public issuance of offshore preference shareholders presented the shareholding information of The Bank of New York Depository (Nominees) Limited as proxy of the preference shareholders in the clearing systems of Euroclear Bank S.A./N.V. and Clearstream Banking S.A. at the end of the reporting period
- The Bank is not aware of any connected relation or concerted action between the aforesaid preference shareholder and the top ten ordinary shareholders.
- "Shareholding percentage" refers to the percentage of offshore preference shares held by the preference shareholder in the total number of offshore preference shares.

2.5.3 Particulars of shareholding of top ten (including ties) domestic preference shareholders

Unit: share

Name of preference shareholder	Nature of shareholder	Shareholding percentage (%)	Changes in shareholding during the reporting period	Total number of shares held	Number of shares pledged or frozen
Bosera Asset Management Co., Limited	Others	26.83	-	161,000,000	None
Manulife Teda Fund Management Co., Ltd.	Others	15.00	-	90,000,000	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	8.33	-	50,000,000	None
China Life Insurance Company Limited	Others	8.33	-	50,000,000	None
Truvalue Asset Management Co., Limited	Others	6.67	-	40,000,000	None
China CITIC Bank Corporation Limited	Others	5.00	-	30,000,000	None
GF Securities Asset Management (Guangdong) Co., Ltd.	Others	4.50	-	27,000,000	None
Postal Savings Bank of China Co., Ltd.	Others	4.50	-	27,000,000	None
PICC Asset Management Company Limited	Others	3.33	-	20,000,000	None
AXA SPDB Investment Managers Co., Ltd.	Others	3.33	-	20,000,000	None
E Fund Management Co., Ltd.	Others	3.33	-	20,000,000	None

- Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders.
- The Bank is not aware of any connected relation or concerted action among the aforesaid preference shareholders, or between the aforesaid preference shareholders and the top ten ordinary shareholders.
- "Shareholding percentage" refers to the percentage of domestic preference shares held by the preference shareholder in the total number of domestic preference shares.

2.5.4 During the reporting period, there was no restoration of voting rights of the Bank's preference shares, nor dividend distribution for preference shares.

3 HIGHLIGHTS OF QUARTERLY RESULTS

3.1 Analysis of items in the statement of financial position

As at 31 March 2019, the Group's total assets were RMB24,190,914 million, an increase of RMB968,221 million or 4.17% over the end of last year. The Group's total liabilities were RMB22,121,891 million, an increase of RMB890,792 million or 4.20% over the end of last year.

Gross loans and advances to customers were RMB14,227,115 million, an increase of RMB444,062 million or 3.22% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB6,812,416 million, RMB5,969,464 million and RMB325,361 million respectively; loans made by overseas entities and subsidiaries were RMB1,080,462 million; accrued interest was RMB39,412 million.

Deposits from customers were RMB18,053,818 million, an increase of RMB945,140 million or 5.52% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB8,084,286 million and RMB9,305,883 million respectively; domestic corporate deposits and personal deposits of the Bank were RMB8,922,129 million and RMB8,468,040 million respectively; deposits at overseas entities and subsidiaries were RMB483,380 million; accrued interest was RMB180,269 million.

Compared to the end of last year, the non-performing loans increased by RMB6,582 million to RMB207,463 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.46%, staying flat with the end of last year. The ratio of allowances to non-performing loans was 214.23%, up 5.86 percentage points from the end of last year.

Total equity was RMB2,069,023 million, an increase of RMB77,429 million or 3.89% over the end of last year. In this amount, total equity attributable to equity shareholders of the Bank was RMB2,053,093 million, an increase of RMB76,630 million or 3.88% over the end of last year.

As at 31 March 2019, the Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* and relevant rules for the transitional period, were 17.14%, 14.39% and 13.83%, respectively, all of which were in compliance with the regulatory requirements.

3.2 Analysis of items in the statement of comprehensive income

For the three months ended 31 March 2019, the Group recorded a net profit of RMB77,925 million, of which net profit attributable to equity shareholders of the Bank was RMB76,916 million, up 5.20% and 4.20% respectively over the same period last year. Annualised return on average assets was 1.31%, and annualised return on average equity was 15.90%.

Net interest income was RMB125,075 million, up 4.46% over the same period last year. Net interest spread was 2.15% and net interest margin was 2.29%, down 0.07 and 0.06 percentage points respectively from the same period last year.

Net fee and commission income was RMB43,029 million, up 13.44% over the same period last year. This is mainly because the Bank proactively optimised products, expanded customer base, and seized market opportunities to promote the development of key products. Fee income from bank card, electronic banking service and agency service achieved relatively rapid growth.

Operating expenses were RMB39,392 million, an increase of RMB3,159 million from the same period last year. Cost-to-income ratio increased by 0.06 percentage points to 21.18% over the same period last year.

Income tax expense was RMB17,916 million, an increase of RMB1,499 million from the same period last year, and the effective income tax rate was 18.69%.

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)	31 March 2019	31 December 2018	Change (%)	Causes of the change
Placements with banks and non-bank financial institutions	507,070	349,727	44.99	With relatively ample liquidity in the first quarter, the Group increased placements with banks and non-bank financial institutions.
Financial assets held under resale agreements	429,348	201,845	112.71	Considering the relatively ample liquidity in the first quarter, the Group expanded its reverse repo business.
Other assets	169,741	129,374	31.20	This was mainly due to the increase of right-of-use assets as a result of the Bank's adoption of <i>IFRS 16 Leases</i> from 1 January 2019.
Placements from banks and non-bank financial institutions	563,815	420,221	34.17	The financing needs of overseas branches increased in line with the business development.
Other liabilities	379,615	281,414	34.90	It was mainly due to the increase of lease liabilities as a result of the Bank's adoption of <i>IFRS 16 Leases</i> from 1 January 2019 as well as the increase in uncleared and unsettled amounts.

(In millions of RMB unless otherwise stated)	Three months ended 31 March 2019	Three months ended 31 March 2018	Change (%)	Causes of the change
Net trading gain	3,085	4,607	(33.04)	It was mainly due to the decreases in revaluation gains of debt securities from the same period last year and in income from the precious metals leasing business.
Dividend income	131	69	89.86	It was mainly due to increased dividend income of certain subsidiaries over the same period last year.
Net gain arising from investment securities	3,829	1,480	158.72	It was mainly due to the increase in fair value of funds and equity investments.
Net gain/(loss) on derecognition of financial assets measured at amortised cost	388	(2,726)	(114.23)	It was mainly due to the gains on loan derecognition compared to the same period last year as a result of issuance of asset-backed securitisation products.
Other operating income	11,782	20,104	(41.39)	It was mainly because the premium income and insurance cost both decreased as CCB Life adjusted its product mix.
Other operating expense	(8,494)	(16,287)	(47.85)	
Others impairment losses	(77)	5	(1,640.00)	It was mainly due to the reversal of part of the impairment allowances for precious metals leasing business and so on during the same time last year.
Non-controlling interests	1,009	261	286.59	It was mainly due to the increase in net profit of CCB Life over the same period last year.

4.2 Progress of major issues, related impacts and solutions

Applicable Not applicable

In January 2019, China Banking and Insurance Regulatory Commission issued a formal approval for the Bank's capital injection of RMB3,060 million to CCB Life Insurance Company Limited. The Bank and CCB Life Insurance Company Limited will complete procedures related to the capital increase in accordance with regulatory requirements in due course.

On 27 February 2019, the Bank issued an amount of US\$1,850 million offshore Tier 2 capital bonds. For details, please refer to the announcement published by the Bank on the same day.

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 Alerts 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

4.6 Changes in accounting policies

Applicable Not applicable

International Accounting Standards Board issued *International Financial Reporting Standard 16 Leases* in 2016, which is required to be implemented from 1 January 2019. The Group has adopted the standard from 1 January 2019, which had no significant impact on the financial statements of the Group.

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
Tian Guoli
Chairman and executive director

29 April 2019

As of the date of this announcement, the executive directors of the Bank are Mr. Tian Guoli and Mr. Zhang Gengsheng; the non-executive directors of the Bank are Ms. Feng Bing, Mr. Zhu Hailin, Mr. Li Jun, Mr. Wu Min and Mr. Zhang Qi; 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, Mr. Kenneth Patrick Chung and Mr. Murray Horn.

APPENDIX 1 FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

China Construction Bank Corporation
Consolidated statement of comprehensive income
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited) (Restated)
Interest income	215,918	196,199
Interest expense	(90,843)	(76,459)
Net interest income	<u>125,075</u>	<u>119,740</u>
Fee and commission income	46,394	40,872
Fee and commission expense	(3,365)	(2,941)
Net fee and commission income	<u>43,029</u>	<u>37,931</u>
Net trading gain	3,085	4,607
Dividend income	131	69
Net gain arising from investment securities	3,829	1,480
Net gain/(loss) on derecognition of financial assets measured at amortised cost	388	(2,726)
Other operating income, net:		
- Other operating income	11,782	20,104
- Other operating expense	(8,494)	(16,287)
Other operating income, net	<u>3,288</u>	<u>3,817</u>
Operating income	178,825	164,918
Operating expenses	<u>(39,392)</u>	<u>(36,233)</u>
	<u>139,433</u>	<u>128,685</u>
Credit impairment losses	(43,518)	(38,245)
Others impairment losses	(77)	5
Impairment losses	<u>(43,595)</u>	<u>(38,240)</u>
Share of profit of associates and joint ventures	<u>3</u>	<u>48</u>
Profit before tax	95,841	90,493
Income tax expense	(17,916)	(16,417)
Net profit	<u>77,925</u>	<u>74,076</u>

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited) (Restated)
Other comprehensive income:		
(1) Other comprehensive income that will not be reclassified to profit or loss		
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	(189)	(67)
Subtotal	(189)	(67)
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		
Fair value changes of debt instruments measured at fair value through other comprehensive income	3,042	7,463
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	(93)	(4)
Reclassification adjustments included in profit or loss due to disposals	(79)	(81)
Cash flow hedge reserves	(22)	(246)
Exchange difference on translating foreign operations	(3,127)	(2,660)
Subtotal	(279)	4,472
Other comprehensive income for the period, net of tax	(468)	4,405

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited) (Restated)
Total comprehensive income for the period	77,457	78,481
Net profit attributable to:		
Equity shareholders of the Bank	76,916	73,815
Non-controlling interests	1,009	261
	77,925	74,076
Total comprehensive income attributable to:		
Equity shareholders of the Bank	76,630	78,309
Non-controlling interests	827	172
	77,457	78,481
Basic and diluted earnings per share (in RMB Yuan)	0.31	0.30

China Construction Bank Corporation
Consolidated statement of financial position
As at 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	31 March 2019	31 December 2018
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,397,744	2,632,863
Deposits with banks and non-bank financial institutions	586,112	486,949
Precious metals	34,211	33,928
Placements with banks and non-bank financial institutions	507,070	349,727
Positive fair value of derivatives	46,889	50,601
Financial assets held under resale agreements	429,348	201,845
Loans and advances to customers	13,783,611	13,365,430
Financial investments		
Financial assets measured at fair value through profit or loss	737,413	731,217
Financial assets measured at amortised cost	3,434,187	3,272,514
Financial assets measured at fair value through other comprehensive income	1,808,031	1,711,178
Long-term equity investments	7,959	8,002
Fixed assets	166,880	169,574
Land use rights	13,771	14,373
Intangible assets	3,670	3,622
Goodwill	2,703	2,766
Deferred tax assets	61,574	58,730
Other assets	169,741	129,374
	24,190,914	23,222,693
Total assets	24,190,914	23,222,693

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	31 March 2019	31 December 2018
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	441,344	554,392
Deposits from banks and non-bank financial institutions	1,304,942	1,427,476
Placements from banks and non-bank financial institutions	563,815	420,221
Financial liabilities measured at fair value through profit or loss	365,341	431,334
Negative fair value of derivatives	45,458	48,525
Financial assets sold under repurchase agreements	33,626	30,765
Deposits from customers	18,053,818	17,108,678
Accrued staff costs	31,965	36,213
Taxes payable	82,549	77,883
Provisions	38,997	37,928
Debt securities issued	779,977	775,785
Deferred tax liabilities	444	485
Other liabilities	379,615	281,414
Total liabilities	22,121,891	21,231,099

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	<u>31 March 2019</u>	<u>31 December 2018</u>
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Other equity instruments		
Preference shares	79,636	79,636
Capital reserve	134,537	134,537
Other comprehensive income	18,165	18,451
Surplus reserve	223,231	223,231
General reserve	279,884	279,725
Retained earnings	<u>1,067,629</u>	<u>990,872</u>
Total equity attributable to equity shareholders of the Bank	2,053,093	1,976,463
Non-controlling interests	<u>15,930</u>	<u>15,131</u>
Total equity	<u><u>2,069,023</u></u>	<u><u>1,991,594</u></u>
Total liabilities and equity	<u><u>24,190,914</u></u>	<u><u>23,222,693</u></u>

Approved and authorised for issue by the Board of Directors on 29 April 2019.

Tian Guoli
Chairman
(Authorised representative)

Chung Shui Ming Timpson
Independent non-executive
director

Zhu Hailin
Non-executive
director

China Construction Bank Corporation
Consolidated statement of cash flows
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	95,841	90,493
<i>Adjustments for:</i>		
– Impairment losses	43,595	38,240
– Depreciation and amortisation	4,354	4,175
– Interest income from impaired financial assets	(713)	(749)
– Revaluation gain on financial instruments at fair value through profit or loss	(2,550)	(1,115)
– Share of profit of associates and joint ventures	(3)	(48)
– Dividend income	(131)	(69)
– Unrealised foreign exchange (gain)/loss	(384)	1,202
– Interest expense on bonds issued	5,801	3,987
– Interest income from investment securities and net income from disposal	(46,739)	(722)
– Net gain on disposal of fixed assets and other long-term assets	(22)	(64)
	99,049	135,330

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from operating activities (continued)		
<i>Changes in operating assets:</i>		
Net decrease in deposits with central banks and with banks and non-bank financial institutions	58,816	169,204
Net (increase)/decrease in placements with banks and non-bank financial institutions	(26,398)	6,550
Net increase in financial assets held for trading purposes	(29,008)	(4,971)
Net increase in financial assets held under resale agreements	(227,717)	(269,062)
Net increase in loans and advances to customers	(482,712)	(307,113)
Net increase in other operating assets	(51,671)	(13,774)
	(758,690)	(419,166)
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in borrowings from central banks	(110,259)	6,730
Net increase in placements from banks and non-bank financial institutions	153,321	120,991
Net increase in deposits from customers and from banks and non-bank financial institutions	840,214	416,791
Net increase/(decrease) in financial assets sold under repurchase agreements	3,531	(29,603)
Net increase in certificates of deposit issued	29,711	25,129
Income tax paid	(15,840)	(6,139)
Net (decrease)/increase in financial liabilities at fair value through profit or loss	(64,980)	68,925
Net increase in other operating liabilities	105,603	29,385
	941,301	632,209
Net cash from operating activities	281,660	348,373

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Proceeds from investments	334,727	429,298
Dividends received	42	69
Proceeds from disposal of fixed assets and other long-term assets	1,106	1,976
Purchase of investment securities	(528,713)	(435,872)
Purchase of fixed assets and other long-term assets	(4,198)	(2,523)
Acquisition of subsidiaries, associates and joint ventures	(13)	(652)
	(197,049)	(7,704)
Cash flows from financing activities		
Issue of bonds	12,358	1,251
Dividends paid	(28)	(2)
Repayments of borrowings	(28,000)	(163)
Interest paid on bonds issued	(2,747)	(2,505)
	(18,417)	(1,419)

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2019
(Expressed in millions of RMB, unless otherwise stated)

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Effect of exchange rate changes on cash and cash equivalents	(8,886)	(11,467)
Net increase in cash and cash equivalents	57,308	327,783
Cash and cash equivalents as at 1 January	860,702	571,339
Cash and cash equivalents as at 31 March	918,010	899,122
Cash flows from operating activities include:		
Interest received	201,759	183,760
Interest paid, excluding interest expense on bonds issued	(84,434)	(86,709)

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

1. Capital adequacy ratio

According to the regulatory requirements, commercial banks have to calculate and disclose capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)*. The Group commenced to implement the advanced measurement approach for capital management from 2 April 2014. In this approach, the Group has adopted the foundation internal ratings-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, and complies with the relevant requirements for capital floors.

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

(In millions of RMB, except percentages)	As at 31 March 2019		As at 31 December 2018	
	Group	Bank	Group	Bank
Common Equity Tier 1 capital	1,962,916	1,839,085	1,889,390	1,766,840
Tier 1 capital	2,042,655	1,911,459	1,969,110	1,838,956
Total capital	2,433,004	2,302,467	2,348,646	2,215,308
Risk-weighted assets	14,193,564	13,412,058	13,659,497	12,863,070
Common Equity Tier 1 ratio	13.83%	13.71%	13.83%	13.74%
Tier 1 ratio	14.39%	14.25%	14.42%	14.30%
Total capital ratio	17.14%	17.17%	17.19%	17.22%

2. Leverage ratio

As at 31 March 2019, in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*, the Group's leverage ratio was 8.05%, meeting 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 31 March 2019	As at 31 December 2018	As at 30 September 2018	As at 30 June 2018
Leverage ratio¹	8.05%	8.05%	7.78%	7.61%
Tier 1 capital after regulatory adjustments	2,042,655	1,969,110	1,914,471	1,840,291
On and off-balance sheet assets after adjustments ²	25,383,975	24,460,149	24,610,588	24,176,438

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. The Tier 1 capital after regulatory adjustments is consistent with that used in the calculation of capital adequacy ratio by the Group.
2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet items after adjustments – Regulatory adjustments to 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 90 days in the first quarter of 2019 was 147.12%, meeting the regulatory requirements. The liquidity coverage ratio increased by 6.34 percentage points over the fourth quarter of 2018, mainly due to the increase in qualified and high-quality liquid assets.

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		4,317,948
Cash outflow			
2	Deposits from retail and deposits from small enterprise customers, including:	8,539,347	728,226
3	Stable deposits	2,513,473	125,639
4	Deposits with a low degree of stability	6,025,874	602,587
5	Unsecured (unpledged) wholesale financing, including:	9,023,507	3,077,076
6	Business relations deposits (excluding agent bank business)	5,996,818	1,489,294
7	Non-business relations deposits (all counterparties)	2,896,706	1,457,799
8	Unsecured (unpledged) debts	129,983	129,983
9	Secured (pledged) financing		133
10	Other items, including:	1,663,872	208,123
11	Cash outflows related to the requirement of derivatives and other collaterals (pledges)	52,600	52,600
12	Cash outflows related to financing loss of mortgage (pledged) debt instruments	11,222	11,222
13	Credit facilities and liquidity facilities	1,600,050	144,301
14	Other contractual financing obligations	21	-
15	Contingent financing obligations	3,033,153	352,260
16	Total amount of expected cash outflows		4,365,818
Cash inflow			
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	399,312	391,671
18	Cash inflow from normal full settlement	1,457,816	984,908
19	Other cash inflows	51,417	50,752
20	Total amount of expected cash inflows	1,908,544	1,427,331
			Value after adjustment
21	Qualified and high-quality liquid assets		4,317,948
22	Net cash outflows		2,938,487
23	Liquidity coverage ratio (%)		147.12%