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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 2018

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 2018, 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 26 April 2018. A total of 13 directors of the Bank attended the meeting in person. Mr. Pang Xiusheng and Mr. Zhang Gengsheng appointed Mr. Wang Zuji as their proxy to attend the meeting and vote on their behalf due to work arrangements.

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		
Domestic preference shares abbreviation	建行優 1	Domestic preference shares stock code	360030
Domestic preference shares listing stock exchange	Shanghai Stock Exchange		
Contact persons and contact information	Secretary to the Board	Company secretary	Representative of securities affairs
Names	Huang Zhiling	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	22,848,740	22,124,383	3.27
Total equity attributable to equity shareholders of the Bank	1,837,377	1,779,760	3.24
Net assets per share (in RMB)	7.10	6.86	3.50
	Three months ended 31 March 2018		Change over the same period last year (%)
Operating income		164,918	3.70
Net profit		74,076	5.47
Net profit attributable to equity shareholders of the Bank		73,815	5.43
Net cash from operating activities		348,373	32.30
Basic and diluted earnings per share (in RMB)		0.30	7.14
Annualised return on average equity (%)		17.05	A decrease of 0.58 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 2018 or total equity as at 31 March 2018 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 2018

2.4.1 As at 31 March 2018, the Bank had a total of 356,097 ordinary shareholders, of whom 43,534 were holders of H-shares and 312,563 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 2018 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	36.74	+78,534,597	91,859,119,393(H-shares)	Unknown
China Securities Finance Corporation Limited	State-owned legal person	0.83	-580,371,118	2,085,716,313(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 ⁵	State-owned legal person	0.39	-31,000,000	984,613,000(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 Ltd. ²	Foreign legal person	0.12	+59,048,977	303,851,897(A-shares)	None
Monetary Authority of Macao	Others	0.05	+63,103,891	133,838,957(A-shares)	None

1. All of the shares held by the aforesaid shareholders are without selling restrictions.

2. 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 Ltd. Apart from this, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.

3. As at 31 March 2018, State Grid Corporation of China and China Yangtze Power Co., Limited held 1,611,413,730 H-shares and 984,613,000 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 600,000,000 H-shares were held under the name of HKSCC Nominees Limited. Save for the aforesaid H-shares held by State Grid Corporation of China and China Yangtze Power Co., Limited, as well as 600,000,000 H-shares held by China Baowu Steel Group Corporation Limited, 91,859,119,393 H-shares were held under the name of HKSCC Nominees Limited, which included the H-shares held by Temasek Holdings (Private) Limited.

4. As at 31 March 2018, 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 2018

2.5.1 As at 31 March 2018, the Bank had 18 preference shareholders (or proxies), including one offshore preference shareholder (or proxy) and 17 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

- All of the shares held by the aforesaid shareholder are without selling restrictions.
- Particulars of shareholding of the preference shareholders are based on the information in the Bank's register of preference shareholders.
- As the issuance was an offshore non-public offering, the register of 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 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	29.33	-	176,000,000	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., Ltd.	Others	6.67	-	40,000,000	None
China CITIC Bank Corporation Limited	Others	5.00	+30,000,000	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 Property and Casualty 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

- All of the shares held by the aforesaid shareholders are without selling restrictions.
- Particulars of shareholding of the preference shareholders are 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 preference shares issued by the Bank, nor the dividend distribution of preference shares.

3 HIGHLIGHTS OF QUARTERLY RESULTS

3.1 Analysis of items in the statement of financial position

As at 31 March 2018, the Group's total assets were RMB22,848,740 million, an increase of RMB724,357 million or 3.27% over the end of last year. The Group's total liabilities were RMB20,995,124 million, an increase of RMB666,568 million or 3.28% over the end of last year.

Gross loans and advances to customers were RMB13,152,089 million, an increase of RMB248,648 million or 1.93% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB6,566,621 million, RMB5,333,760 million and RMB89,318 million respectively; loans made by overseas entities and subsidiaries were RMB1,162,390 million.

Deposits from customers were RMB16,899,661 million, an increase of RMB535,907 million or 3.27% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB7,433,355 million and RMB8,919,162 million respectively; deposits at overseas entities and subsidiaries were RMB547,144 million.

Compared to the end of last year, the non-performing loans increased by RMB4,059 million to RMB196,350 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.49%, staying flat with the end of last year. The ratio of allowances to non-performing loans was 189.48%.

Total equity was RMB1,853,616 million, an increase of RMB57,789 million or 3.22% over the end of last year. In this amount, total equity attributable to equity shareholders of the Bank was RMB1,837,377 million, an increase of RMB57,617 million or 3.24% over the end of last year.

As at 31 March 2018, 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 transition period, were 15.63%, 13.71% and 13.12%, 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 2018, the Group reaped net profit of RMB74,076 million, of which net profit attributable to equity shareholders of the Bank was RMB73,815 million, up by 5.47% and 5.43% respectively over the same period last year. Annualised return on average assets was 1.32%, and annualised return on average equity was 17.05%.

Net interest income was RMB122,682 million, up by 14.74% over the same period last year. Net interest spread was 2.22% and net interest margin was 2.35%, up by 0.21 and 0.22 percentage points respectively from the same period last year.

Net fee and commission income was RMB37,931 million, down by 2.16% over the same period last year. This is mainly because the Bank implemented regulatory policies stringently in active response to the state's requirements of supporting the development of real economy, and continued to adopt fee reduction and price concession measures, thus the income from certain products decreased over the same period last year.

Operating expenses were RMB36,233 million, up by 3.24% from the same period last year. Cost-to-income ratio decreased by 0.12 percentage points to 21.12% over the same period last year.

Income tax expense was RMB16,417 million, a decrease of RMB1,125 million from the same period last year, and the effective income tax rate was 18.14%.

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 31 March 2018	As at 31 December 2017	Change (%)	Causes of the change
Deposits with banks and non-bank financial institutions	551,144	175,005	214.93	With relatively ample liquidity in the first quarter, the Group increased deposits with banks and non-bank financial institutions.
Positive fair value of derivatives	132,827	82,980	60.07	The valuation of the existing foreign exchange derivative products increased due to the constant exchange rate fluctuations of RMB against US dollar.
Financial assets held under resale agreements	477,379	208,360	129.11	Considering the relatively ample liquidity in the first quarter, the Group increased its reverse repo business.
Financial assets at fair value through profit or loss	768,145	578,436	32.80	It was mainly due to the increase of principal-guaranteed wealth management products and the reclassification after the implementation of new financial instruments standards.
Negative fair value of derivatives	132,750	79,867	66.21	The valuation of the existing foreign exchange derivative products increased due to the constant exchange rate fluctuations of RMB against US dollar.
Financial assets sold under repurchase agreements	44,083	74,279	(40.65)	Considering the relatively ample liquidity in the first quarter, the Group decreased its repo business.
Taxes payable	74,519	54,106	37.73	The Bank's accrued taxes grew in the first quarter.
Provisions	36,804	10,581	247.83	The scope of provision for off-balance sheet credit businesses was extended, and provisions were made in accordance with expected credit losses under new financial instruments standards.

(In millions of RMB unless otherwise stated)	Three months ended 31 March 2018	Three months ended 31 March 2017	Change (%)	Causes of the change
Net trading gain	2,423	1,073	125.82	The fair value of debt securities held by the Group increased due to the fall of yield in the bond market.
Other operating expense	(19,013)	(12,484)	52.30	As the business volume of CCB Life Insurance Company Limited increased, its claim reserve increased accordingly.
Other net operating income	1,091	11,277	(90.33)	It was mainly due to the decrease in foreign exchange gain as a result of changes in the market exchange rates.
Impairment losses on others	(3,314)	(840)	294.52	The scope of provision for off-balance sheet credit businesses was extended, and provisions were made in accordance with expected credit losses under new financial instruments standards.

4.2 Progress of major issues, related impacts and solutions

Applicable Not applicable

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

In 2014, International Accounting Standards Board issued IFRS 9 *Financial Instruments* which becomes effective on 1 January 2018. The Bank has adopted the new Financial Instruments Standards since 1 January 2018. For the main impact of the new Financial Instruments Standards on the Bank, please refer to Note 70 “Possible impact of amendments, new standards and interpretations issued but not yet effective” to the “Financial Statements” in the 2017 annual report of the Bank.

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 April 2018

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; 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 three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Interest income	199,141	179,561
Interest expense	(76,459)	(72,638)
Net interest income	122,682	106,923
Fee and commission income	40,872	41,542
Fee and commission expense	(2,941)	(2,775)
Net fee and commission income	37,931	38,767
Net trading gain	2,423	1,073
Dividend income	69	440
Net gain arising from investment securities	722	558
Other operating income, net:		
- Other operating income	20,104	23,761
- Other operating expense	(19,013)	(12,484)
Other operating income, net	1,091	11,277
Operating income	164,918	159,038
Operating expenses	(36,233)	(35,095)
	128,685	123,943
Impairment losses on:		
- Loans and advances to customers	(34,926)	(35,322)
- Others	(3,314)	(840)
Impairment losses	(38,240)	(36,162)
Share of profit/(loss) of associates and joint ventures	48	(8)
Profit before tax	90,493	87,773
Income tax expense	(16,417)	(17,542)
Net profit	74,076	70,231

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Fair value changes of equity instrument designated as at fair value in other comprehensive income	(67)	N/A
Subtotal	(67)	-
Items that may be reclassified subsequently to profit or loss		
Gains of financial assets measured at fair value in other comprehensive income	10,026	N/A
Income tax impact relating to financial assets measured at fair value in other comprehensive income	(2,563)	N/A
Losses of available-for-sale financial assets arising during the period	N/A	(12,425)
Income tax impact relating to available-for-sale financial assets	N/A	3,010
Reclassification adjustments included in profit or loss	(85)	234
Net loss on cash flow hedges	(246)	(115)
Exchange difference on translating foreign operations	(2,660)	60
Subtotal	4,472	(9,236)
Other comprehensive income for the period, net of tax	4,405	(9,236)
Total comprehensive income for the period	78,481	60,995
Net profit attributable to:		
Equity shareholders of the Bank	73,815	70,012
Non-controlling interests	261	219
	<u>74,076</u>	<u>70,231</u>
Total comprehensive income attributable to:		
Equity shareholders of the Bank	78,309	60,908
Non-controlling interests	172	87
	<u>78,481</u>	<u>60,995</u>
Basic and diluted earnings per share (in RMB Yuan)	0.30	0.28

China Construction Bank Corporation
Consolidated statement of financial position
As at 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2018	31 December 2017
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,782,774	2,988,256
Deposits with banks and non-bank financial institutions	551,144	175,005
Precious metals	141,246	157,036
Placements with banks and non-bank financial institutions	301,908	325,233
Positive fair value of derivatives	132,827	82,980
Financial assets held under resale agreements	477,379	208,360
Interest receivable	131,624	116,993
Loans and advances to customers	12,780,050	12,574,473
Financial investments	5,202,278	5,181,648
Financial assets at fair value through profit or loss	768,145	578,436
Financial assets measured at amortised cost	3,193,250	N/A
Financial assets measured at fair value in other comprehensive income	1,240,883	N/A
Available-for-sale financial assets	N/A	1,550,680
Held-to-maturity investments	N/A	2,586,722
Investment classified as receivables	N/A	465,810
Interests in associates and joint ventures	7,321	7,067
Fixed assets	167,514	169,679
Land use rights	14,273	14,545
Intangible assets	2,626	2,752
Goodwill	2,646	2,751
Deferred tax assets	57,702	46,189
Other assets	95,428	71,416
Total assets	22,848,740	22,124,383

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2018	31 December 2017
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	552,760	547,287
Deposits from banks and non-bank financial institutions	1,173,475	1,336,995
Placements from banks and non-bank financial institutions	491,628	383,639
Financial liabilities at fair value through profit or loss	482,298	414,148
Negative fair value of derivatives	132,750	79,867
Financial assets sold under repurchase agreements	44,083	74,279
Deposits from customers	16,899,661	16,363,754
Accrued staff costs	28,310	32,632
Taxes payable	74,519	54,106
Interest payable	187,245	199,588
Provisions	36,804	10,581
Debt securities issued	610,693	596,526
Deferred tax liabilities	462	389
Other liabilities	280,436	234,765
Total liabilities	20,995,124	20,328,556

China Construction Bank Corporation
 Consolidated statement of financial position (continued)
 As at 31 March 2018
 (Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2018	31 December 2017
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Other equity instruments		
Preference shares	79,636	79,636
Capital reserve	134,537	135,225
Investment revaluation reserve	-	(26,004)
Other comprehensive income	(15,479)	-
Surplus reserve	198,613	198,613
General reserve	259,784	259,680
Retained earnings	930,275	886,921
Exchange reserve	-	(4,322)
Total equity attributable to equity shareholders of the Bank	1,837,377	1,779,760
Non-controlling interests	16,239	16,067
Total equity	1,853,616	1,795,827
Total liabilities and equity	22,848,740	22,124,383

Approved and authorised for issue by the Board of Directors on 26 April 2018.

Wang Zuji
*Vice chairman, executive
 director and president*

Chung Shui Ming Timpson
*Independent non-executive
 director*

Hao Aiqun
*Non-executive
 director*

China Construction Bank Corporation
Consolidated statement of cash flows
For the three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	90,493	87,773
<i>Adjustments for:</i>		
– Impairment losses	38,240	36,162
– Depreciation and amortisation	4,175	3,985
– Interest income from impaired financial assets	(749)	(752)
– Revaluation gain on financial instruments at fair value through profit or loss	(1,115)	(81)
– Share of (profit)/loss of associates and joint ventures	(48)	8
– Dividend income	(69)	(440)
– Unrealised foreign exchange loss/(gain)	1,202	(10,442)
– Interest expense on bonds issued	3,987	2,842
– Net gain on disposal of investment securities	(722)	(558)
– Net gain on disposal of fixed assets and other long-term assets	(64)	(12)
	135,330	118,485

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(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	169,204	107,348
Net decrease in placements with banks and non-bank financial institutions	6,550	46,367
Net increase in financial assets at fair value through profit or loss	(4,971)	(93,541)
Net increase in financial assets held under resale agreements	(269,062)	(144,496)
Net increase in loans and advances to customers	(307,113)	(426,878)
Net increase in other operating assets	(13,774)	(38,680)
	(419,166)	(549,880)
<i>Changes in operating liabilities:</i>		
Net increase in borrowings from central banks	6,730	53,657
Net increase in deposits from customers and from banks and non-bank financial institutions	416,791	638,268
Net increase in placements from banks and non- bank financial institutions	120,991	112,182
Net increase in financial liabilities at fair value through profit or loss	68,925	990
Net decrease in financial assets sold under repurchase agreements	(29,603)	(134,299)
Net increase in certificates of deposit issued	25,129	14,515
Income tax paid	(6,139)	(10,596)
Net increase in other operating liabilities	29,385	19,991
	632,209	694,708
Net cash from operating activities	348,373	263,313

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Proceeds from sale and redemption of investments	429,298	333,172
Dividends received	69	464
Proceeds from disposal of fixed assets and other long-term assets	1,976	2,060
Purchase of investment securities	(435,872)	(339,310)
Purchase of fixed assets and other long-term assets	(2,523)	(2,783)
Acquisition of associates and joint ventures	(652)	(801)
Net cash used in investing activities	(7,704)	(7,198)
Cash flows from financing activities		
Issue of bonds	1,251	-
Capital contribution by non-controlling interests	-	93
Consideration paid for acquisition of non-controlling interests	-	(100)
Dividends paid	(2)	(60)
Repayments of borrowings	(163)	-
Interest paid on bonds issued	(2,505)	(1,565)
Net cash used in financing activities	(1,419)	(1,632)

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2018
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Effect of exchange rate changes on cash and cash equivalents	(11,467)	(3,027)
Net increase in cash and cash equivalents	327,783	251,456
Cash and cash equivalents as at 1 January	571,339	599,124
Cash and cash equivalents as at 31 March	899,122	850,580
Cash flows from operating activities include:		
Interest received	183,760	167,140
Interest paid, excluding interest expense on bonds issued	(86,709)	(73,708)

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, and complies with the relevant requirements for capital floors.

According to the regulatory requirements, commercial banks have to 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 31 March 2018		As at 31 December 2017	
	Group	Bank	Group	Bank
Capital after deductions:				
Common equity tier 1 capital	1,746,934	1,635,607	1,691,332	1,579,469
Tier 1 capital	1,826,713	1,708,454	1,771,120	1,652,142
Total capital	2,082,248	1,959,204	2,003,072	1,881,181
Capital adequacy ratios:				
Common equity tier 1 ratio	13.12%	12.98%	13.09%	12.87%
Tier 1 ratio	13.71%	13.55%	13.71%	13.47%
Total capital ratio	15.63%	15.54%	15.50%	15.33%

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

	As at 31 March 2018		As at 31 December 2017	
	Group	Bank	Group	Bank
Core capital adequacy ratio	12.26%	12.23%	12.38%	12.31%
Capital adequacy ratio	15.19%	14.95%	15.40%	15.11%

2. Leverage ratio

As at 31 March 2018, in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*, the Group's leverage ratio was 7.53%, 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 31 March 2018	As at 31 December 2017	As at 30 September 2017	As at 30 June 2017
Leverage ratio ¹	7.53%	7.52%	7.12%	6.95%
Tier 1 capital after deduction	1,826,713	1,771,120	1,683,765	1,620,211
On and off-balance sheet assets after adjustments ²	24,252,119	23,555,968	23,643,720	23,312,727

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 90 days in the first quarter of 2018 was 135.83%, meeting the regulatory requirements. The average daily liquidity coverage ratio of the Group in the first quarter increased by 13.84 percentage points over the fourth quarter of 2017, mainly due to the increase of qualified and high-quality liquid assets and the increase in the cash inflow from mortgage (pledged) lending (including reverse repurchase and borrowed securities).

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		3,994,923
Cash outflow			
2	Deposits from retail and deposits from small enterprise customers, including:	7,792,010	673,650
3	Stable deposits	2,109,172	105,366
4	Deposits with a low degree of stability	5,682,838	568,284
5	Unsecured (unpledged) wholesale financing, including:	8,860,034	2,985,924
6	Business relations deposits (excluding agent bank business)	5,836,277	1,448,890
7	Non-business relations deposits (all counterparties)	2,909,608	1,422,885
8	Unsecured (unpledged) debts	114,149	114,149
9	Secured (pledged) financing		-
10	Other items, including:	1,789,448	263,848
11	Cash outflows related to the requirement of derivatives and other collateral (pledges)	100,524	100,524
12	Cash outflows related to financing loss of mortgage (pledges) debt instruments	5,312	5,312
13	Credit facilities and liquidity facilities	1,683,612	158,012
14	Other contractual financing obligations	77	-
15	Contingent financing obligations	2,216,427	309,995
16	Total amount of expected cash outflows		4,233,417
Cash inflow			
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	307,549	306,856
18	Cash inflow from normal full settlement	1,328,098	878,874
19	Other cash inflows	102,734	102,617
20	Total amount of expected cash inflows	1,738,381	1,288,347
			Value after adjustment
21	Qualified and high-quality liquid assets		3,994,923
22	Net cash outflows		2,945,070
23	Liquidity coverage ratio (%)		135.83%