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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)

REPORT FOR THE FIRST QUARTER OF 2014

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 2014, prepared under the International Financial Reporting Standards (IFRS). This announcement is made in accordance with 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 report is truthful, accurate and complete and there are no false presentations or misleading statements contained in, or material omissions from, this report, and severally and jointly bear legal liability.

1.2 This quarterly report has been reviewed and approved at the Board meeting of the Bank held on 25 April 2014. Thirteen directors attended the meeting in person. Mr. Wang Hongzhang delegated Mr. Zhu Hongbo to attend the meeting and vote on his behalf. Ms. Zhang Yanling delegated Mr. Dongshi to attend the meeting and vote on her behalf. Ms. Elaine La Roche delegated Mr. Murray Horn to attend the meeting and vote on her behalf.

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

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		
Contact persons and contact information	Secretary to the Board	Representative of securities affairs	
Names	Chen Caihong	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	16,141,448	15,363,210	5.07
Total equity attributable to equity shareholders of the Bank	1,139,141	1,065,951	6.87
Net assets per share (in RMB)	4.59	4.30	6.74
	Three months ended 31 March 2014		Change over the same period last year (%)
Net cash flows from operating activities	256,705		(288.95)
	Three months ended 31 March 2014		Change over the same period last year (%)
Operating income	147,936		17.48
Net profit	65,922		10.40
Net profit attributable to equity shareholders of the Bank	65,780		10.41
Basic and diluted earnings per share (in RMB)	0.26		8.33
Annualised return on average equity (%)	23.89		A decrease of 0.63 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 2014 or total equity as at 31 March 2014 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

2.4 Number of shareholders and particulars of shareholdings as at 31 March 2014

2.4.1 As at 31 March 2014, the Bank had a total of 765,370 shareholders, of which 51,897 were holders of H-shares and 713,473 were holders of A-shares.

2.4.2 Particulars of shareholdings of top ten shareholders

Unit: share

Particulars of shareholdings of top ten shareholders (based on the register of members as at 31 March 2014)					
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
Central Huijin Investment Limited	State-owned	57.03	142,590,494,651 (H-shares)	None	None
		0.23	570,941,976 (A-shares)	None	None
HKSCC Nominees Limited ¹	Foreign legal person	29.04	72,601,660,973 (H-shares)	None	Unknown
Temasek Holdings (Private) Limited (“Temasek”) ¹	Foreign legal person	7.15	17,878,670,050 (H-shares)	None	None
State Grid Corporation of China (“State Grid”) ^{1,2}	State-owned legal person	1.14	2,843,817,730 (H-shares)	None	None
Baosteel Group Corporation	State-owned legal person	0.80	2,000,000,000 (H-shares)	None	None
		0.13	318,860,498 (A-shares)	None	None
China Ping An Life Insurance Company Limited –Traditional – Ordinary insurance products	Domestic non-state-owned legal person	0.86	2,143,438,329 (A-shares)	None	None
China Yangtze Power Co., Limited (“Yangtze Power”) ¹	State-owned legal person	0.41	1,015,613,000 (H-shares)	None	None
Reca Investment Limited	Foreign legal person	0.34	856,000,000 (H-shares)	None	None
China Ping An Life Insurance Company Limited –Traditional – High interest rate insurance products	Domestic non-state-owned legal person	0.24	591,906,825 (A-shares)	None	None
China Securities Finance Corporation Limited	State-owned legal person	0.12	303,607,933 (A-shares)	None	None

1. On 4 May 2012, Temasek declared interests on the website of The Stock Exchange of Hong Kong Limited. It disclosed that it held the interests of 17,878,670,050 H-shares of the Bank. As at 31 March 2014, State Grid and Yangtze Power held 2,843,817,730 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. Besides the H-shares of the Bank held by Temasek, State Grid and Yangtze Power, another 72,601,660,973 H-shares of the Bank were held under the name of HKSCC Nominees Limited.

2. As at 31 March 2014, the holding of H-shares of the Bank by State Grid through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co. Ltd. held 804,035,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 697,500,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 27,000,000 shares.

3. Some of the shareholders mentioned above are subject to management by the same entity. Apart from this, the Bank has not been aware of any connected relation or acting in concert among the shareholders.

3 HIGHLIGHTS OF QUARTERLY RESULTS

As at 31 March 2014, total assets of the Group reached RMB16,141,448 million, an increase of RMB778,238 million or 5.07% over the end of last year.

As at 31 March 2014, gross loans and advances to customers reached RMB8,921,128 million, an increase of RMB331,071 million or 3.85% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB5,619,871 million, RMB2,556,127 million, and RMB85,243 million respectively; overseas entities and subsidiaries loans were RMB659,887 million.

The Group continued to optimise credit structure, built on and further consolidated traditional advantages, and supported the development of the real economy and people's livelihood sectors since the beginning of this year. The balance of loans to industries with huge excess capacity continuously decreased. The Group proactively responded to changes in macroeconomic situation, strengthened unified management and control over credit risk at the group level, reinforced forward-looking risk management, constantly conducted risk warning and examination, and accelerated risk disposal and mitigation over key areas and customers. The overall credit assets quality remained stable.

Compared to the end of last year, the non-performing loans increased by RMB5,544 million to RMB90,808 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.02%, 0.03 percentage points higher than that at the end of last year. The ratio of allowances to non-performing loans was 260.21%, down by 8.01 percentage points over the end of last year.

Total liabilities of the Group stood at RMB14,993,729 million, an increase of RMB704,848 million or 4.93% over the end of last year.

Deposits from customers reached RMB12,858,602 million, an increase of RMB635,565 million or 5.02% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB5,808,134 million and RMB6,742,826 million respectively; deposits from overseas entities and subsidiaries were RMB307,642 million.

Total equity was RMB1,147,719 million, an increase of RMB73,390 million or 6.83% over the end of last year.

Loan-to-deposit ratio was 69.38%, staying at a reasonable level.

For the three months ended 31 March 2014, the Group achieved a profit before tax of RMB85,767 million, up by 10.87% over the same period last year. Net profit increased by 10.40% to RMB65,922 million. Net interest income was RMB103,207 million, up by 11.80% over the same period last year. Annualised return on average assets was 1.67%, and annualised return on average equity was 23.89%. Net interest margin was 2.81%.

Net fee and commission income was RMB32,121 million, up by 11.17% over the same period last year. In this amount, traditional advantageous products such as cost advisory services and entrusted housing finance business continuously maintained fast growth, settlement products grew steadily, and emerging products such as bank cards and underwriting of debt securities also achieved good performance.

Operating expenses stood at RMB50,634 million, up by 26.50% over the same period last year. Cost-to-income ratio decreased by 0.76 percentage points to 23.25% over the same period last year.

Income tax expense was RMB19,845 million, up by 12.46% over the same period last year, and the effective income tax rate was 23.14%.

Capital adequacy ratio

The Group calculates capital adequacy ratios in accordance with *the Measures for Capital Management of Commercial Banks (Trial) (the "Measures")*, promulgated by China Banking Regulatory Commission in June 2012. According to the Measures, credit risk-weighted assets are calculated with the regulatory weight approach, market risk-weighted assets are calculated with the standardised approach, and operational risk-weighted assets are calculated with the basic indicator approach.

As at 31 March 2014, the Group's total capital ratio was 13.50%, Tier 1 ratio was 11.11%, and Common Equity Tier 1 ratio was 11.11%. The Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio rose by 0.16, 0.36 and 0.36 percentage points respectively compared with those of the end of December 2013.

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 2014	As at 31 December 2013	Change (%)	Causes of the change
Deposits with banks and non-bank financial institutions	446,821	321,286	39.07	Deposits with banks and non-bank financial institutions increased due to the limits adjustment of fund use in accordance with the liquidity situation in the market.
Precious metals	48,064	35,637	34.87	The precious metal business developed fast, and the price of precious metals went up from the end of last year.
Placements with banks and non-bank financial institutions	206,443	152,065	35.76	Placements with banks and non-bank financial institutions increased due to the limits adjustment of fund use in accordance with the liquidity situation in the market.
Financial assets held under resale agreements	456,269	281,447	62.12	Transactions of securities and notes held under resale agreements increased.
Other assets	43,936	26,011	68.91	Assets such as other receivables increased.
Borrowings from central banks	32,946	79,157	(58.38)	As a financial institution that complied with macro-prudential requirements, the Bank received liquidity support from the People's Bank of China in 2013. Relevant borrowings from central banks were repaid upon maturity.
Negative fair value of derivatives	13,775	19,872	(30.68)	Negative revaluation of derivatives decreased.
Financial assets sold under repurchase agreements	6,435	61,873	(89.60)	Transactions of securities sold under repurchase agreements decreased.
Investment revaluation reserve	(13,436)	(19,290)	(30.35)	The fair value of available-for-sale debt securities increased due to the rise of prices in debt securities market.

(In millions of RMB unless otherwise stated)	Three months ended 31 March 2014	Three months ended 31 March 2013	Change (%)	Causes of the change
Dividend income	36	5	620.00	Dividend from funds invested by CCB Life Insurance Company Limited increased.
Net gain arising from investment securities	489	344	42.15	Gain arising from held-to-maturity debt securities investments increased.
Other net operating income	11,226	3,656	207.06	The insurance business of CCB Life Insurance Company Limited grew.
Impairment losses	(11,557)	(8,543)	35.28	Considering the impact of current macroeconomic situation and policy changes on the credit assets quality, the Bank made more provisions for impairment losses on loans. Provisions for impairment losses on other assets such as available-for-sale debt securities increased as well.
Share of profits less losses of associates and jointly controlled entities	22	6	266.67	The insurance business of CCB Life Insurance Company Limited grew.

4.2 Progress of major issues, related impacts and solutions

Applicable Not applicable

4.3 Fulfilment of undertakings by the company and shareholders holding 5% or more of the shares

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

The quarterly report prepared under PRC GAAP and that prepared under IFRS are both available on the “HKExnews” website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and our website (www.ccb.com).

By order of the Board
China Construction Bank Corporation
Zhang Jianguo

Vice chairman, executive director and president

25 April 2014

As of the date of this announcement, the Bank’s executive directors are Mr. Wang Hongzhang, Mr. Zhang Jianguo, Mr. Zhu Hongbo and Mr. Hu Zheyi; non-executive directors are Mr. Qi Shouyin, Ms. Zhang Yanling, Ms. Chen Yuanling, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and independent non-executive directors are Mr. Zhang Long, Ms. Elaine La Roche, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.

APPENDIX 1 FINANCIAL STATEMENTS PREPARED UNDER IFRS

China Construction Bank Corporation
 Consolidated statement of comprehensive income
 For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
Interest income	172,356	154,938
Interest expense	(69,149)	(62,627)
Net interest income	103,207	92,311
Fee and commission income	32,921	29,599
Fee and commission expense	(800)	(705)
Net fee and commission income	32,121	28,894
Net trading gain	857	715
Dividend income	36	5
Net gain arising from investment securities	489	344
Other operating income, net	11,226	3,656
Operating income	147,936	125,925
Operating expenses	(50,634)	(40,028)
	97,302	85,897
Impairment losses on:		
- Loans and advances to customers	(10,690)	(8,440)
- Others	(867)	(103)
Impairment losses	(11,557)	(8,543)
Share of profits less losses of associates and jointly controlled entities	22	6
Profit before tax	85,767	77,360
Income tax expense	(19,845)	(17,647)
Net profit	65,922	59,713

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Gain of available-for-sale financial assets	7,438	2,812
Less: income tax relating to available-for-sale financial assets	(1,853)	(690)
Reclassification adjustments for gain/(loss) included in profit or loss	230	(270)
Net gain on cash flow hedges	96	-
Exchange difference on translating foreign operations	1,458	(289)
Sub-total	7,369	1,563
Other comprehensive income for the period, net of tax	7,369	1,563
Total comprehensive income for the period	73,291	61,276
Net profit attributable to:		
Equity shareholders of the Bank	65,780	59,580
Non-controlling interests	142	133
	65,922	59,713
Total comprehensive income attributable to:		
Equity shareholders of the Bank	73,190	61,144
Non-controlling interests	101	132
	73,291	61,276
Basic and diluted earnings per share (in RMB Yuan)	0.26	0.24

China Construction Bank Corporation
Consolidated statement of financial position
As at 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,560,922	2,475,001
Deposits with banks and non-bank financial institutions	446,821	321,286
Precious metals	48,064	35,637
Placements with banks and non-bank financial institutions	206,443	152,065
Financial assets at fair value through profit or loss	312,805	364,050
Positive fair value of derivatives	14,518	18,910
Financial assets held under resale agreements	456,269	281,447
Interest receivable	90,381	80,731
Loans and advances to customers	8,684,839	8,361,361
Available-for-sale financial assets	767,553	760,292
Held-to-maturity investments	2,124,931	2,100,538
Debt securities classified as receivables	191,983	189,737
Interests in associates and jointly controlled entities	2,791	2,624
Fixed assets	134,175	135,678
Land use rights	15,535	15,731
Intangible assets	1,968	2,053
Goodwill	1,646	1,610
Deferred tax assets	35,868	38,448
Other assets	43,936	26,011
	<hr/>	<hr/>
Total assets	16,141,448	15,363,210
	<hr/>	<hr/>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	32,946	79,157
Deposits from banks and non-bank financial institutions	809,678	692,095
Placements from banks and non-bank financial institutions	198,507	155,917
Financial liabilities at fair value through profit or loss	344,723	380,380
Negative fair value of derivatives	13,775	19,872
Financial assets sold under repurchase agreements	6,435	61,873
Deposits from customers	12,858,602	12,223,037
Accrued staff costs	32,179	34,080
Taxes payable	73,712	60,209
Interest payable	161,463	153,627
Provisions	5,098	5,014
Debt securities issued	389,320	357,540
Deferred tax liabilities	135	138
Other liabilities	67,156	65,942
Total liabilities	14,993,729	14,288,881

China Construction Bank Corporation
 Consolidated statement of financial position (continued)
 As at 31 March 2014
 (Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Capital reserve	135,619	135,523
Investment revaluation reserve	(13,436)	(19,290)
Surplus reserve	107,970	107,970
General reserve	153,898	153,835
Retained earnings	509,801	444,084
Exchange reserve	(4,722)	(6,182)
Total equity attributable to equity shareholders of the Bank	1,139,141	1,065,951
Non-controlling interests	8,578	8,378
Total equity	1,147,719	1,074,329
Total liabilities and equity	16,141,448	15,363,210

Approved and authorised for issue by the Board of Directors on 25 April 2014.

Zhang Jianguo <i>Vice chairman, executive director and president</i>	Chung Shui Ming Timpson <i>Independent non-executive director</i>	Xu Tie <i>Non-executive director</i>
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China Construction Bank Corporation
Statement of financial position
As at 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,556,897	2,469,497
Deposits with banks and non-bank financial institutions	460,505	328,640
Precious metals	48,064	35,637
Placements with banks and non-bank financial institutions	237,253	233,574
Financial assets at fair value through profit or loss	304,715	356,854
Positive fair value of derivatives	12,062	16,503
Financial assets held under resale agreements	455,903	280,959
Interest receivable	88,749	79,025
Loans and advances to customers	8,370,489	8,025,415
Available-for-sale financial assets	719,129	714,745
Held-to-maturity investments	2,120,920	2,095,741
Debt securities classified as receivables	177,656	182,252
Investments in subsidiaries	22,004	22,004
Fixed assets	126,240	127,810
Land use rights	15,486	15,682
Intangible assets	1,466	1,549
Deferred tax assets	36,668	39,093
Other assets	72,066	58,417
	<u>15,826,272</u>	<u>15,083,397</u>
Total assets	<u><u>15,826,272</u></u>	<u><u>15,083,397</u></u>

China Construction Bank Corporation
Statement of financial position (continued)
As at 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	32,606	78,733
Deposits from banks and non-bank financial institutions	800,389	704,487
Placements from banks and non-bank financial institutions	174,918	122,479
Financial liabilities at fair value through profit or loss	342,332	377,731
Negative fair value of derivatives	11,831	16,796
Financial assets sold under repurchase agreements	375	55,457
Deposits from customers	12,676,611	12,055,777
Accrued staff costs	31,124	32,938
Taxes payable	73,015	59,693
Interest payable	160,255	152,946
Provisions	5,095	5,014
Debt securities issued	351,032	322,406
Other liabilities	35,872	40,339
Total liabilities	14,695,455	14,024,796

China Construction Bank Corporation
Statement of financial position (continued)
As at 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2014	31 December 2013
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Capital reserve	135,605	135,508
Investment revaluation reserve	(13,136)	(19,275)
Surplus reserve	107,970	107,970
General reserve	150,729	150,675
Retained earnings	500,572	434,877
Exchange reserve	(934)	(1,165)
Total equity	1,130,817	1,058,601
Total liabilities and equity	15,826,272	15,083,397

Approved and authorised for issue by the Board of Directors on 25 April 2014.

Zhang Jianguo
*Vice chairman, executive
director and president*

Chung Shui Ming Timpson
*Independent non-executive
director*

Xu Tie
*Non-executive
director*

China Construction Bank Corporation
Consolidated statement of cash flows
For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities</i>		
Profit before tax	85,767	77,360
<i>Adjustments for:</i>		
– Impairment losses	11,557	8,543
– Depreciation and amortisation	4,185	3,683
– Unwinding of discount	(419)	(361)
– Revaluation (gain)/loss on financial instruments at fair value through profit or loss	(560)	722
– Share of profit less losses of associates and jointly controlled entities	(22)	(6)
– Dividend income	(36)	(5)
– Unrealised foreign exchange gain	(1,049)	(866)
– Interest expense on bonds issued	1,856	1,891
– Net gain on disposal of investment securities	(489)	(344)
– Net gain on disposal of fixed assets and other long-term assets	(4)	(30)
	100,786	90,587

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities (continued)</i>		
<i>Changes in operating assets:</i>		
Net increase in deposits with central banks and with banks and non-bank financial institutions	(17,942)	(290,868)
Net increase in placements with banks and non-bank financial institutions	(25,600)	(17,949)
Net increase in loans and advances to customers	(309,473)	(350,540)
Net increase in financial assets held under resale agreements	(174,822)	(160,194)
Decrease/(increase) in other operating assets	11,369	(34,057)
	(516,468)	(853,608)
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in borrowings from central banks	(46,729)	14,775
Net increase in placements from banks and non-bank financial institutions	38,506	22,954
Net increase in deposits from customers and from banks and non-bank financial institutions	733,969	538,761
Net decrease in financial assets sold under repurchase agreements	(55,590)	(976)
Net increase in certificates of deposit issued	37,859	28,104
Income tax paid	(19,197)	(4,547)
(Decrease)/increase in other operating liabilities	(16,431)	28,093
	672,387	627,164
Net cash from/(used in) operating activities	256,705	(135,857)

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	129,690	141,858
Dividends received	16	6
Proceeds from disposal of fixed assets and other long-term assets	238	388
Purchase of investment securities	(153,050)	(162,930)
Purchase of fixed assets and other long-term assets	(2,717)	(3,165)
Acquisition of associates and jointly controlled entities	(100)	(6)
	<u>(25,923)</u>	<u>(23,849)</u>
Net cash used in investing activities		
<i>Cash flows from financing activities</i>		
Proceeds from the increase in interest in subsidiaries by the minority interest	111	-
Dividends paid	(2)	(18)
Repayments of borrowings	(12,000)	-
Interest paid on bonds issued	(1,505)	(1,505)
Cash paid relating to other financing activities	-	-
	<u>(13,396)</u>	<u>(1,523)</u>
Net cash used in financing activities		

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2014
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
Effect of exchange rate changes on cash and cash equivalents	3,062	(326)
Net increase/(decrease) in cash and cash equivalents	220,448	(161,555)
Cash and cash equivalents as at 1 January	440,773	748,920
Cash and cash equivalents as at 31 March	661,221	587,365
Cash flows from operating activities include:		
Interest received	162,023	147,321
Interest paid, excluding interest expense on bonds issued	(59,753)	(52,809)

APPENDIX 2 CAPITAL ADEQUACY RATIO

According to the regulatory requirements, commercial banks have to simultaneously calculate and disclose capital adequacy ratios in accordance with the *Measures for Capital Management of Commercial Banks (Trial)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*.

Capital adequacy ratios calculated in accordance with *the Measures for Capital Management of Commercial Banks (Trial)*

(In millions of RMB, except percentages)	As at 31 March 2014		As at 31 December 2013	
	Group	Bank	Group	Bank
Capital after deductions:				
Common Equity Tier 1 capital	1,134,264	1,070,582	1,061,684	998,380
Tier 1 capital	1,134,297	1,070,582	1,061,700	998,380
Total capital	1,377,560	1,310,435	1,316,724	1,249,850
Capital adequacy ratios:				
Common Equity Tier 1 ratio	11.11%	10.79%	10.75%	10.44%
Tier 1 ratio	11.11%	10.79%	10.75%	10.44%
Total capital ratio	13.50%	13.21%	13.34%	13.06%

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

	As at 31 March 2014		As at 31 December 2013	
	Group	Bank	Group	Bank
Core capital adequacy ratio	11.29%	11.17%	11.14%	11.05%
Capital adequacy ratio	13.84%	13.46%	13.88%	13.53%