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中国建设银行
China Construction Bank

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

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

Stock Code: 939 (Ordinary H-share)

4606 (Offshore Preference Share)

REPORT FOR THE THIRD QUARTER OF 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 30 September 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 30 October 2019. A total of 12 directors of the Bank attended the meeting in person. Mr. Tian Guoli and Mr. Liu Guiping appointed Mr. Zhang Gengsheng as their proxy to attend the meeting and vote on their behalf by reason of other work engagement.

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 15USD_PREF	Stock code	4606
Offshore preference shares listing stock exchange	The Stock Exchange of Hong Kong Limited		
Contact person and contact information	Secretary to the Board	Company secretary	
Name	Hu Changmiao	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 financial information 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)	30 September 2019	31 December 2018	Change (%)	
Total assets	24,517,730	23,222,693	5.58	
Total equity attributable to equity shareholders of the Bank	2,136,034	1,976,463	8.07	
Net assets per share (in RMB)	8.29	7.65	8.37	
	Three months ended 30 September 2019	Change over the same period last year (%)	Nine months ended 30 September 2019	Change over the same period last year (%)
Operating income	167,146	6.91	511,533	6.78
Net profit	71,674	6.36	227,382	5.83
Net profit attributable to equity shareholders of the Bank	71,154	6.07	225,344	5.25
Net cash from operating activities	N/A	N/A	177,939	(76.11)
Basic and diluted earnings per share (in RMB)	0.28	3.70	0.90	4.65
Annualised return on average equity (%)	14.13	A decrease of 0.74 percentage points	15.13	A decrease of 0.95 percentage points

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

There is no difference in the net profit for the nine months ended 30 September 2019 or total equity as at 30 September 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 30 September 2019

2.4.1 As at 30 September 2019, the Bank had 350,336 ordinary shareholders, of whom 42,613 were holders of H-shares and 307,723 were holders of A-shares.

2.4.2 Particulars of shareholding of top ten ordinary shareholders

Unit: share

Particulars of shareholding of top ten ordinary shareholders (based on the register of members as at 30 September 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. ¹	State	57.03	-	142,590,494,651(H-shares)	None
		0.08	-	195,941,976(A-shares)	None
HKSCC Nominees Limited ^{1,2}	Foreign legal person	36.78	-4,676,375	91,961,999,824 (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 ²	State-owned legal person	0.80	-	1,999,556,250(H-shares)	None
State Grid Corporation of China ^{2,3}	State-owned legal person	0.64	-	1,611,413,730(H-shares)	None
China Yangtze Power Co., Limited ²	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
Central Huijin Asset Management Ltd. ¹	State-owned legal person	0.20	-	496,639,800 (A-shares)	None
Hong Kong Securities Clearing Company Ltd. ¹	Foreign legal person	0.17	-81,118,645	430,583,025 (A-shares)	None
National Social Security Fund Portfolio 106	State	0.06	+11,206,058	154,215,106 (A-shares)	None

1. 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 Ltd. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.
2. As of 30 September 2019, State Grid Corporation of China and China Yangtze Power Co., Limited held 1,611,413,730 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 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, 91,961,999,824 H-shares were held under the name of HKSCC Nominees Limited, which also included the H-shares held by Temasek Holdings (Private) Limited.
3. As of 30 September 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.
4. None of the shares held by the aforesaid shareholders were subject to selling restrictions.

2.5 Number of preference shareholders and particulars of preference shareholding as at 30 September 2019

2.5.1 As at 30 September 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 shareholder were based on the information in the Bank's register of preference shareholders.
- The register of non-public 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	13.50	-9,000,000	81,000,000	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 distribution of dividend for preference shares. As reviewed and approved at the Board meeting on 30 October 2019, the Bank would distribute dividend for offshore preference shares on 16 December 2019, and the gross amount for dividend distribution is US\$157,583,333.33 (equivalent to RMB1,112 million approximately). After withholding income tax, US\$141,825,000 would be actually paid to the offshore preference shareholders, with an after-tax dividend rate of 4.65%. The dividend for domestic preference shares would be paid on 26 December 2019, and the gross amount for dividend distribution is RMB2,850 million (including tax), with a nominal dividend rate of 4.75%.

3 HIGHLIGHTS OF QUARTERLY RESULTS

3.1 Analysis of items in the statement of financial position

As at 30 September 2019, the Group's assets were RMB24,517,730 million, an increase of RMB1,295,037 million or 5.58% over the end of last year. The Group's liabilities were RMB22,364,764 million, an increase of RMB1,133,665 million or 5.34% over the end of last year.

Gross loans and advances to customers were RMB14,872,485 million, an increase of RMB1,089,432 million or 7.90% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB6,909,459 million, RMB6,312,746 million and RMB529,811 million respectively; loans made by overseas entities and subsidiaries were RMB1,080,695 million; accrued interest was RMB39,774 million.

Financial investments were RMB6,201,450 million, an increase of RMB486,541 million or 8.51% over the end of last year.

Deposits from customers were RMB18,463,826 million, an increase of RMB1,355,148 million or 7.92% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB7,845,537 million and RMB9,901,523 million respectively; domestic corporate deposits and personal deposits of the Bank were RMB9,074,615 million and RMB8,672,445 million respectively; deposits at overseas entities and subsidiaries were RMB522,178 million; accrued interest was RMB194,588 million.

Compared to the end of last year, the non-performing loans increased by RMB10,518 million to RMB211,399 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.43%, down 0.03 percentage points from the end of last year. The ratio of allowances to non-performing loans was 218.28%, up 9.91 percentage points from the end of last year.

Total equity was RMB2,152,966 million, an increase of RMB161,372 million or 8.10% over the end of last year. In this amount, total equity attributable to equity

shareholders of the Bank was RMB2,136,034 million, an increase of RMB159,571 million or 8.07% over the end of last year.

As at 30 September 2019, considering relevant rules for the transitional period, 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)*, were 17.30%, 14.50% and 13.96%, respectively, all in compliance with the regulatory requirements.

3.2 Analysis of items in the statement of comprehensive income

For the nine months ended 30 September 2019, the Group reaped net profit of RMB227,382 million, of which net profit attributable to equity shareholders of the Bank was RMB225,344 million, up 5.83% and 5.25% respectively over the same period last year. Annualised return on average assets was 1.27%, and annualised return on average equity was 15.13%.

Net interest income was RMB379,522 million, up 3.77% over the same period last year. Net interest spread was 2.12% and net interest margin was 2.27%, down 0.09 and 0.07 percentage points respectively from the same period last year, staying flat with the first half of the year.

Net fee and commission income was RMB108,968 million, up 12.89% over the same period last year. In this amount, bank card fees, electronic banking service fees, agency service fees and commissions on trust and fiduciary activities maintained relatively rapid growth compared to the same period last year as businesses in these areas kept sound development.

Operating expenses were RMB123,378 million, an increase of RMB7,749 million from the same period last year. Cost-to-income ratio increased by 0.04 percentage points to 23.24% over the same period last year.

Income tax expense was RMB50,742 million, an increase of RMB1,764 million from the same period last year, and the effective income tax rate was 18.24%.

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)	30 September 2019	31 December 2018	Change (%)	Causes of the change
Deposits with banks and non-bank financial institutions	333,743	486,949	(31.46)	The Group did not renew its time deposits with domestic banks upon maturity, in order to support the development of the real economy.
Positive fair value of derivatives	76,789	50,601	51.75	The positive fair value of foreign exchange related derivatives at the end of the period rose with increased fluctuations of foreign exchange rates.
Other assets	205,629	129,374	58.94	This was mainly due to the increase in right-of-use assets as a result of the Bank's adoption of <i>IFRS 16 Leases</i> from 1 January 2019, and the increase in continuing involvement assets related to asset securitisation business, etc.
Financial liabilities measured at fair value through profit or loss	301,521	431,334	(30.10)	Mainly because the amount of principal-guaranteed wealth management products dropped from the end of last year as affected by the new regulatory rules on asset management.
Negative fair value of derivatives	68,239	48,525	40.63	The negative fair value of foreign exchange related derivatives at the end of the period rose with increased fluctuations of foreign exchange rates.
Other liabilities	377,629	281,414	34.19	This was mainly due to the increase in lease liabilities as a result of the Bank's adoption of <i>IFRS 16 Leases</i> from 1 January 2019, and the increase in continuing involvement liabilities related to asset securitisation business, etc.
Other comprehensive income	29,181	18,451	58.15	Mainly affected by the increase in the fair value of investment in debt securities.

(In millions of RMB unless otherwise stated)	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Change (%)	Causes of the change
Net gain arising from investment securities	7,685	4,217	82.24	Mainly due to the increase in valuation gains on funds and equity investments with the fluctuations of the stock market.
Net gain/(loss) on derecognition of financial assets measured at amortised cost	2,216	(2,497)	N/A	Mainly due to the increase in gains on loan derecognition in the issuance of asset-backed securities compared to the same period last year.
Others impairment losses	(253)	840	N/A	It was mainly due to the increase in the impairment allowances for precious metals leasing with the growth of business size.
Non-controlling interests	2,038	748	172.46	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

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

The Bank distributed the 2018 cash dividend of RMB0.306 per share (including tax), totalling RMB2,936 million approximately, on 10 July 2019 to its A-share holders; it distributed the 2018 cash dividend of RMB0.306 per share (including tax), totalling RMB73,568 million approximately, on 30 July 2019 to its H-share holders.

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

From 1 January 2019, the Group has adopted *International Financial Reporting Standard No. 16 – Leases* issued by International Accounting Standards Board in 2016. This constitutes changes in accounting policies. Please refer to the Half-Year Report 2019 of the Bank for relevant information.

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
Liu Guiping
Vice chairman, executive director and president

30 October 2019

As of the date of this announcement, the executive directors of the Bank are Mr. Tian Guoli, Mr. Liu Guiping and Mr. Zhang Gengsheng; the non-executive directors of the Bank are Ms. Feng Bing, Mr. Zhu Hailin, Mr. Wu Min, Mr. Zhang Qi, Mr. Tian Bo and Mr. Xia Yang; and the independent non-executive directors of the Bank are Ms. Anita Fung Yuen Mei, Sir Malcolm Christopher McCarthy, Mr. Carl Walter, Mr. Kenneth Patrick Chung and Mr. Graeme Wheeler.

APPENDIX 1 FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

China Construction Bank Corporation
Consolidated statement of comprehensive income
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Interest income	657,416	604,759	224,970	209,439
Interest expense	(277,894)	(239,034)	(95,884)	(83,200)
Net interest income	<u>379,522</u>	<u>365,725</u>	<u>129,086</u>	<u>126,239</u>
Fee and commission income	120,127	106,204	35,960	30,833
Fee and commission expense	(11,159)	(9,676)	(3,687)	(3,309)
Net fee and commission income	<u>108,968</u>	<u>96,528</u>	<u>32,273</u>	<u>27,524</u>
Net trading gain	7,230	8,660	2,372	748
Dividend income	655	671	241	259
Net gain arising from investment securities	7,685	4,217	1,144	1,098
Net gain/(loss) on derecognition of financial assets measured at amortised cost	2,216	(2,497)	781	(132)
Other operating income, net:				
- Other operating income	33,977	28,395	12,472	4,892
- Other operating expense	(28,720)	(22,634)	(11,223)	(4,292)
Other operating income, net	<u>5,257</u>	<u>5,761</u>	<u>1,249</u>	<u>600</u>
Operating income	511,533	479,065	167,146	156,336
Operating expenses	<u>(123,378)</u>	<u>(115,629)</u>	<u>(44,829)</u>	<u>(40,948)</u>
	<u>388,155</u>	<u>363,436</u>	<u>122,317</u>	<u>115,388</u>
Credit impairment losses	(109,943)	(100,611)	(35,305)	(33,582)
Other impairment losses	(253)	840	(105)	591
Share of profits of associates and joint ventures	<u>165</u>	<u>169</u>	<u>37</u>	<u>17</u>
Profit before tax	278,124	263,834	86,944	82,414
Income tax expense	(50,742)	(48,978)	(15,270)	(15,023)
Net profit	<u>227,382</u>	<u>214,856</u>	<u>71,674</u>	<u>67,391</u>

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2019 <u>(Unaudited)</u>	2018 <u>(Unaudited)</u>	2019 <u>(Unaudited)</u>	2018 <u>(Unaudited)</u>
Other comprehensive income:				
(1) Other comprehensive income that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	110	(178)	-	-
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	580	(53)	262	(20)
Others	<u>(3)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>687</u>	<u>(236)</u>	<u>262</u>	<u>(20)</u>
(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	5,363	19,087	5,531	4,113
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	1,835	(644)	476	(483)
Reclassification adjustments included in profit or loss due to disposals	(167)	(186)	(74)	(84)
Net loss on cash flow hedges	(189)	(239)	(15)	103
Exchange difference on translating foreign operations	<u>2,992</u>	<u>2,775</u>	<u>3,068</u>	<u>3,325</u>
Subtotal	<u>9,834</u>	<u>20,793</u>	<u>8,986</u>	<u>6,974</u>
Other comprehensive income for the period, net of tax	<u>10,521</u>	<u>20,557</u>	<u>9,248</u>	<u>6,954</u>

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Total comprehensive income for the period	<u>237,903</u>	<u>235,413</u>	<u>80,922</u>	<u>74,345</u>
Net profit attributable to:				
Equity shareholders of the				
Bank	225,344	214,108	71,154	67,081
Non-controlling interests	<u>2,038</u>	<u>748</u>	<u>520</u>	<u>310</u>
	<u>227,382</u>	<u>214,856</u>	<u>71,674</u>	<u>67,391</u>
Total comprehensive income attributable to:				
Equity shareholders of the				
Bank	236,074	234,429	80,278	73,857
Non-controlling interests	<u>1,829</u>	<u>984</u>	<u>644</u>	<u>488</u>
	<u>237,903</u>	<u>235,413</u>	<u>80,922</u>	<u>74,345</u>
Basic and diluted earnings per share (in RMB Yuan)	<u>0.90</u>	<u>0.86</u>	<u>0.28</u>	<u>0.27</u>

China Construction Bank Corporation
Consolidated statement of financial position
As at 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	30 September 2019 <u>(Unaudited)</u>	31 December 2018 <u>(Audited)</u>
Assets:		
Cash and deposits with central banks	2,378,819	2,632,863
Deposits with banks and non-bank financial institutions	333,743	486,949
Precious metals	43,176	33,928
Placements with banks and non-bank financial institutions	407,211	349,727
Positive fair value of derivatives	76,789	50,601
Financial assets held under resale agreements	198,220	201,845
Loans and advances to customers	14,412,293	13,365,430
Financial investments		
Financial assets measured at fair value through profit or loss	683,673	731,217
Financial assets measured at amortised cost	3,742,147	3,272,514
Financial assets measured at fair value through other comprehensive income	1,775,630	1,711,178
Long-term equity investments	10,360	8,002
Fixed assets	165,727	169,574
Land use rights	13,744	14,373
Intangible assets	3,542	3,622
Goodwill	2,837	2,766
Deferred tax assets	64,190	58,730
Other assets	<u>205,629</u>	<u>129,374</u>
Total assets	<u><u>24,517,730</u></u>	<u><u>23,222,693</u></u>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	30 September 2019 <u>(Unaudited)</u>	31 December 2018 <u>(Audited)</u>
Liabilities:		
Borrowings from central banks	437,034	554,392
Deposits from banks and non-bank financial institutions	1,186,073	1,427,476
Placements from banks and non-bank financial institutions	454,950	420,221
Financial liabilities measured at fair value through profit or loss	301,521	431,334
Negative fair value of derivatives	68,239	48,525
Financial assets sold under repurchase agreements	34,446	30,765
Deposits from customers	18,463,826	17,108,678
Accrued staff costs	32,480	36,213
Taxes payable	72,056	77,883
Provisions	39,221	37,928
Debt securities issued	896,897	775,785
Deferred tax liabilities	392	485
Other liabilities	<u>377,629</u>	<u>281,414</u>
Total liabilities	<u><u>22,364,764</u></u>	<u><u>21,231,099</u></u>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	<u>30 September 2019 (Unaudited)</u>	<u>31 December 2018 (Audited)</u>
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	29,181	18,451
Surplus reserve	223,231	223,231
General reserve	280,058	279,725
Retained earnings	<u>1,139,380</u>	<u>990,872</u>
Total equity attributable to equity shareholders of the Bank	2,136,034	1,976,463
Non-controlling interests	<u>16,932</u>	<u>15,131</u>
Total equity	<u><u>2,152,966</u></u>	<u><u>1,991,594</u></u>
Total liabilities and equity	<u><u>24,517,730</u></u>	<u><u>23,222,693</u></u>

Approved and authorised for issue by the Board of Directors on 30 October 2019.

Liu Guiping
*Vice Chairman, executive
director and president*

Kenneth Patrick Chung
*Independent non-executive
director*

Carl Walter
*Independent non-executive
director*

China Construction Bank Corporation
 Consolidated statement of cash flows
 For the nine months ended 30 September 2019
 (Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Cash flows from operating activities		
Profit before tax	278,124	263,834
<i>Adjustments for:</i>		
– Credit impairment losses	109,943	100,611
– Other impairment losses	253	(840)
– Depreciation and amortisation	17,140	12,502
– Interest income from impaired financial assets	(2,183)	(2,271)
– Revaluation gain on financial instruments at fair value through profit or loss	(2,944)	(905)
– Share of profits of associates and joint ventures	(165)	(169)
– Dividend income	(655)	(671)
– Unrealised foreign exchange gain	(5,165)	(7,376)
– Interest expense on bonds issued	13,075	8,890
– Interest income from investment securities and net income from disposal	(143,815)	(4,217)
– Net gain on disposal of fixed assets and other long-term assets	(82)	(57)
	263,526	369,331

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September	
	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	214,406	390,342
Net (increase)/decrease in placements with banks and non-bank financial institutions	(69,463)	32,265
Net increase in loans and advances to customers	(1,090,161)	(835,434)
Net decrease/(increase) in financial assets held under resale agreements	4,070	(108,112)
Net (increase)/decrease in financial assets held for trading purposes	(20,206)	6,446
Net (increase)/decrease in other operating assets	(135,826)	77,949
	(1,097,180)	(436,544)
<i>Changes in operating liabilities:</i>		
Net decrease in borrowings from central banks	(115,211)	(8,785)
Net increase/(decrease) in placements from banks and non-bank financial institutions	19,776	(2,146)
Net increase in deposits from customers and from banks and non-bank financial institutions	1,057,091	816,525
Net increase/(decrease) in financial assets sold under repurchase agreements	2,785	(40,621)
Net increase in certificates of deposit issued	108,716	95,787
Income tax paid	(66,957)	(47,923)
Net (decrease)/increase in financial liabilities measured at fair value through profit or loss	(128,982)	9,426
Net increase/(decrease) in other operating liabilities	134,375	(10,184)
	1,011,593	812,079
Net cash from operating activities	177,939	744,866

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Cash flows from investing activities		
Proceeds from sales and redemption of financial investments	1,352,746	1,589,865
Dividends received	651	606
Proceeds from disposal of fixed assets and other long-term assets	2,720	5,280
Purchase of investment securities	(1,648,441)	(1,918,727)
Purchase of fixed assets and other long-term assets	(11,906)	(10,758)
Acquisition of subsidiaries, associates and joint ventures	(2,609)	(886)
Net cash used in investing activities	(306,839)	(334,620)
Cash flows from financing activities		
Issue of bonds	48,301	75,592
Consideration paid for acquisition of non-controlling interests	-	(104)
Dividends paid	(76,523)	(72,833)
Repayments of borrowings	(53,065)	(6,306)
Interest paid on bonds issued	(7,938)	(4,364)
Cash payment for other financing activities	(5,143)	-
Net cash used in financing activities	(94,368)	(8,015)

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the nine months ended 30 September 2019
(Expressed in millions of RMB, unless otherwise stated)

	Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Effect of exchange rate changes on cash and cash equivalents	11,082	16,850
Net (decrease)/increase in cash and cash equivalents	(212,186)	419,081
Cash and cash equivalents as at 1 January	860,702	571,339
Cash and cash equivalents as at 30 September	648,516	990,420
Cash flows from operating activities include:		
Interest received	514,397	598,327
Interest paid, excluding interest expense on bonds issued	(256,102)	(238,530)

APPENDIX 2 CAPITAL AND LIQUIDITY INFORMATION

1. Capital adequacy ratios

According to the regulatory requirements, commercial banks shall 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 elected to use foundation internal ratings-based approach for corporate credit risks exposure that meet regulatory requirements, internal ratings-based approach for retail credit risk exposures, internal models approach for market risk, and standardised approach for operational risk in the calculation of the relevant capital charges. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both the advanced approach and other approaches for capital measurement, 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 30 September 2019		As at 31 December 2018	
	Group	Bank	Group	Bank
Common Equity Tier 1 capital	2,046,426	1,898,173	1,889,390	1,766,840
Tier 1 capital	2,126,153	1,969,693	1,969,110	1,838,956
Total capital	2,535,703	2,371,995	2,348,646	2,215,308
Risk-weighted assets	14,661,444	13,757,162	13,659,497	12,863,070
Common Equity Tier 1 ratio	13.96%	13.80%	13.83%	13.74%
Tier 1 ratio	14.50%	14.32%	14.42%	14.30%
Total capital ratio	17.30%	17.24%	17.19%	17.22%

2. Leverage ratio

As at 30 September 2019, in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*, the Group's leverage ratio was 8.27%, 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 30 September 2019	As at 30 June 2019	As at 31 March 2019	As at 31 December 2018
Leverage ratio	8.27%	7.98%	8.05%	8.05%
Tier 1 capital after deduction	2,126,153	2,045,186	2,042,655	1,969,110
On and off-balance sheet assets after adjustments	25,720,002	25,616,737	25,383,975	24,460,149

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 for the quarter. In accordance with the current applicable regulatory requirements, definitions and accounting standards, the average daily liquidity coverage ratio of the Group for the 92 days in the third quarter of 2019 was 138.83%, meeting the regulatory requirements. The liquidity coverage ratio dropped by 5.05 percentage points from the second quarter of 2019, mainly due to the decrease of 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		4,196,573
Cash outflows			
2	Deposits from retail and small enterprise customers, including:	8,513,117	722,336
3	Stable deposits	2,579,474	128,972
4	Deposits with a low degree of stability	5,933,643	593,364
5	Unsecured (unpledged) wholesale financing, including:	9,093,781	2,957,777
6	Business relations deposits (excluding agent bank business)	6,258,331	1,554,524
7	Non-business relations deposits (all counterparties)	2,752,295	1,320,098
8	Unsecured (unpledged) debts	83,155	83,155
9	Secured (pledged) financing		825
10	Other items, including:	1,690,057	201,520
11	Cash outflows related to the requirement of derivatives and other collaterals (pledges)	50,689	50,689
12	Cash outflows related to financing loss of mortgage (pledged) debt instruments	11,156	11,156
13	Credit facilities and liquidity facilities	1,628,212	139,675
14	Other contractual financing obligations	40	-
15	Contingent financing obligations	3,321,577	380,823
16	Total amount of expected cash outflows		4,263,281
Cash inflows			
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	249,952	241,103
18	Cash inflow from normal full settlement	1,448,680	939,117
19	Other cash inflows	59,519	55,487
20	Total amount of expected cash inflows	1,758,151	1,235,707
			Value after adjustment
21	Qualified and high-quality liquid assets		4,196,573
22	Net cash outflows		3,027,574
23	Liquidity coverage ratio (%)		138.83%