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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 2017

The board of directors (the “Board”) of China Construction Bank Corporation (the “Bank”) is pleased to announce the unaudited consolidated results of the Bank and its subsidiaries (collectively the “Group”) for the period ended 31 March 2017, prepared under the International Financial Reporting Standards (IFRS). This announcement is made in accordance with Part XIVA of the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1 IMPORTANT NOTICE

1.1 The Board 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 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 27 April 2017. Twelve directors of the Bank attended the meeting in person. Mr. Wang Zuji delegated Mr. Wang Hongzhang to attend the meeting and vote on his behalf because he had an important business activity to attend.

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

1.4 Mr. Wang Hongzhang, 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 15USDPRF	Offshore preference shares stock code	4606
Offshore preference shares listing stock exchange	The Stock Exchange of Hong Kong Limited		
Contact persons and contact information	Secretary to the Board	Company secretary	Representative of securities affairs
Names	Chen Caihong	Ma Chan Chi	Xu Manxia
Telephone	86-10-66215533		
Facsimile	86-10-66218888		
E-mail address	ir@ccb.com		

2.2 Major consolidated accounting information and financial indicators prepared under IFRS

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

(In millions of RMB unless otherwise stated)	At the end of the reporting period	At the end of last year	Change (%)
Total assets	21,695,204	20,963,705	3.49
Total equity attributable to equity shareholders of the Bank	1,637,408	1,576,500	3.86
Net assets per share (in RMB)	6.52	6.28	3.82
	Three months ended 31 March 2017		Change over the same period last year (%)
Operating income		159,038	2.09
Net profit		70,231	3.42
Net profit attributable to equity shareholders of the Bank		70,012	3.03
Net cash from operating activities		263,313	(26.86)
Basic and diluted earnings per share (in RMB)		0.28	3.70
Annualised return on average equity (%)		17.63	A decrease of 0.90 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 2017 or total equity as at 31 March 2017 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

2.4 Number of ordinary shareholders and particulars of ordinary shareholding as at 31 March 2017

2.4.1 As at 31 March 2017, the Bank had a total of 408,558 ordinary shareholders, of whom 47,511 were holders of H-shares and 361,047 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 2017 and confirmation of shareholders)					
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Number of shares pledged or frozen	Changes in shareholding during the reporting period
Central Huijin Investment Ltd. ²	State	57.03	142,590,494,651 (H-shares)	None	-
		0.08	195,941,976 (A-shares)	None	-
HKSCC Nominees Limited ^{2,3}	Foreign legal person	36.70	91,753,815,517 (H-shares)	Unknown	+2,677,605
China Securities Finance Corporation Limited	State-owned legal person	1.03	2,581,633,841 (A-shares)	None	+14,353,502
China Baowu Steel Group Corporation Limited ³	State-owned legal person	0.80	2,000,000,000 (H-shares)	None	-
State Grid Corporation of China ^{3,4}	State-owned legal person	0.64	1,611,413,730 (H-shares)	None	-
China Yangtze Power Co., Limited ³	State-owned legal person	0.41	1,015,613,000 (H-shares)	None	-
Reca Investment Limited	Foreign legal person	0.34	856,000,000 (H-shares)	None	-
Central Huijin Asset Management Co., Ltd. ²	State-owned legal person	0.20	496,639,800 (A-shares)	None	-
Hong Kong Securities Clearing Company Ltd. ²	Foreign legal person	0.13	331,766,315 (A-shares)	None	+39,860,191
Hexie Health Insurance Co., Ltd. – Universal products	Domestic non-state-owned legal person	0.05	131,275,570 (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 2017, State Grid Corporation of China and China Yangtze Power Co., Limited held 1,611,413,730 H-shares and 1,015,613,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited; China Baowu Steel Group Corporation Limited held 2,000,000,000 H-shares of the Bank, in which 550,000,000 H-shares were held under the name of HKSCC Nominees Limited. Save for the aforesaid H-shares held by State Grid Corporation of China and China Yangtze Power Co., Limited, as well as 550,000,000 H-shares held by China Baowu Steel Group Corporation Limited, 91,753,815,517 H-shares were held under the name of HKSCC Nominees

Limited, which also included the H-shares held by Temasek Holdings (Private) Limited.

4. As at 31 March 2017, the holding of H-shares of the Bank by State Grid Corporation of China through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co., Ltd. held 54,131,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 230,000,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.

2.5 Number of preference shareholders and particulars of preference shareholding as at 31 March 2017

2.5.1 On 16 December 2015, the Bank made a non-public issuance of offshore preference shares in the offshore market, which were listed on The Stock Exchange of Hong Kong Limited on 17 December 2015. After the deduction of issuance fees, all proceeds raised from the offshore preference shares were used to replenish additional tier 1 capital.

2.5.2 As at 31 March 2017, the Bank had one preference shareholder (or depository). Particulars of its shareholding were as follows:

Unit: share

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

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders.

2. As the issuance was an offshore non-public offering, the register of preference shareholders presented the shareholding information of The Bank of New York Depository (Nominees) Limited as the depository 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.

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 2017, total assets of the Group were RMB21,695,204 million, an increase of RMB731,499 million or 3.49% over the end of last year. Total liabilities of the Group were RMB20,044,597 million, an increase of RMB670,546 million or 3.46% over the end of last year.

Gross loans and advances to customers were RMB12,171,546 million, an increase of RMB414,514 million or 3.53% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB6,204,383 million, RMB4,571,364 million and RMB275,710 million respectively; loans made by overseas entities and subsidiaries were RMB1,120,089 million.

Deposits from customers were RMB16,232,198 million, an increase of RMB829,283 million or 5.38% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB7,310,832

million and RMB8,430,689 million respectively; deposits at overseas entities and subsidiaries were RMB490,677 million.

Compared to the end of last year, the non-performing loans increased by RMB5,821 million to RMB184,511 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.52%, staying flat with the end of last year. The ratio of allowances to non-performing loans was 159.51%, up by 9.15 percentage points over the end of last year.

Total equity was RMB1,650,607 million, an increase of RMB60,953 million or 3.83% over the end of last year.

As at 31 March 2017, 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 14.82%, 13.14% and 12.98%, 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 2017, the Group reaped net profit of RMB70,231 million, of which net profit attributable to equity shareholders of the Bank was RMB70,012 million, up by 3.42% and 3.03% respectively over the same period last year. Annualised return on average assets was 1.32%, and annualised return on average equity was 17.63%.

Net interest income was RMB106,923 million, down by 0.89% over the same period last year. Net interest spread was 2.01% and net interest margin was 2.13%, down by 0.24 and 0.27 percentage points respectively from the same period last year.

Net fee and commission income was RMB38,767 million, up by 1.02% over the same period last year. Credit card, wealth management products and electronic banking business grew rapidly, and businesses such as custodial service, corporate RMB settlement and international settlement achieved stable growth. Due to the implementation of new regulatory policies, income from products such as personal RMB settlement, debit card and bancassurance declined year-on-year to varying degrees.

Operating expenses were RMB35,095 million, down by RMB5,860 million from the same period last year. Cost-to-income ratio increased by 0.68 percentage points to 21.24% over the same period last year.

Income tax expense was RMB17,542 million, a decrease of RMB2,691 million from the same period last year, and the effective income tax rate was 19.99%.

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 2017	As at 31 December 2016	Change (%)	Causes of the change
Positive fair value of derivatives	61,818	89,786	(31.15)	A slight appreciation of RMB in the first quarter and the decline of balance of foreign exchange derivatives led to the drop of positive fair value of foreign exchange derivatives; the rise of gold price led to the valuation decline of certain precious metals derivative contracts.
Financial assets held under resale agreements	247,613	103,174	140.00	Considering the relatively ample liquidity at the end of March, the reverse repo business increased.
Placements from banks and non-bank financial institutions	431,976	322,546	33.93	Placements from banks and non-bank financial institutions by overseas entities increased.
Negative fair value of derivatives	63,007	90,333	(30.25)	A slight appreciation of RMB in the first quarter and the decline of balance of foreign exchange derivatives led to the drop of negative fair value of foreign exchange derivatives.
Financial assets sold under repurchase agreements	56,132	190,580	(70.55)	The repo business decreased.
Investment revaluation reserve	(9,992)	(976)	923.77	The overall rise of yield of bond market in the first quarter led to a substantial decrease in the fair value of available-for-sale debt securities.

(In millions of RMB unless otherwise stated)	Three months ended 31 March 2017	Three months ended 31 March 2016	Change (%)	Causes of the change
Fee and commission expense	(2,775)	(1,858)	49.35	In accordance with changes in the rule of bank card acquiring business by the central bank, the Bank changed the accounting treatment from directly recognising net income to separately recognising merchant acquiring income and expenses on transactions of cards issued by other banks and China UnionPay network.
Net trading gain	1,073	469	128.78	Gain from precious metals leasing business increased.
Net gain arising from investment securities	558	5,016	(88.88)	The sales amount of available-for-sale debt securities declined compared to the same period last year.
Other operating income	23,761	36,611	(35.10)	As CCB Life Insurance Company Limited adjusted its products structure in accordance with the regulatory requirements, premium income declined substantially, and its claim reserve decreased accordingly.
Other operating expense	(12,484)	(32,921)	(62.08)	
Impairment losses on loans and advances to customers	(35,322)	(27,025)	30.70	The Bank made more provisions for impairment losses on loans from the perspective of prudent operation.
Impairment losses on others	(840)	324	(359.26)	The Bank increased its holding of foreign currency debt securities, and local government bonds were included in the scope of collective impairment provision.
Net profit attributable to non-controlling interests	219	(41)	(634.15)	Profit from the non-wholly owned subsidiaries increased.

4.2 Progress of major issues, related impacts and solutions

Applicable Not applicable

On 20 December 2016, the Board of the Bank approved the Bank's investment in the establishment of a specialised institution to implement market-driven debt-to-equity swaps. On 13 April 2017, China Banking Regulatory Commission issued *CBRC's Approval on Establishing CCB Financial Assets Investment Co., Ltd.* (Yin Jian Fu [2017] No. 131) to approve the establishment of CCB Financial Assets Investment Co., Ltd. (formerly proposed to name as "CCB Asset Management Co., Ltd.").

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

5 RELEASE OF QUARTERLY REPORT

This quarterly report will be published on the "HKEXnews" website of The Stock Exchange of Hong Kong 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

27 April 2017

As at the date of this announcement, the executive directors of the Bank are Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; the non-executive directors of the Bank are Mr. Li Jun, Ms. Hao Aiqun and Mr. Dong Shi; the independent non-executive directors of the Bank are Ms. Anita Fung Yuen Mei, Mr. Carl Walter, Mr. Zhang Long, Mr. Chung Shui Ming Timpson, Mr. Wim Kok 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 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
Interest income	179,561	177,272
Interest expense	(72,638)	(69,386)
Net interest income	106,923	107,886
Fee and commission income	41,542	40,234
Fee and commission expense	(2,775)	(1,858)
Net fee and commission income	38,767	38,376
Net trading gain	1,073	469
Dividend income	440	343
Net gain arising from investment securities	558	5,016
Other operating income, net:		
- Other operating income	23,761	36,611
- Other operating expense	(12,484)	(32,921)
Other operating income, net	11,277	3,690
Operating income	159,038	155,780
Operating expenses	(35,095)	(40,955)
	123,943	114,825
Impairment losses on:		
- Loans and advances to customers	(35,322)	(27,025)
- Others	(840)	324
Impairment losses	(36,162)	(26,701)
Share of (loss)/profit of associates and joint ventures	(8)	20
Profit before tax	87,773	88,144
Income tax expense	(17,542)	(20,233)
Net profit	70,231	67,911

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Others	-	7
Subtotal	-	7
Items that may be reclassified subsequently to profit or loss		
Loss of available-for-sale financial assets arising during the period	(12,425)	(852)
Income tax impact relating to available-for-sale financial assets	3,010	195
Reclassification adjustments included in profit or loss	234	(2,467)
Net (loss)/gain on cash flow hedges	(115)	3
Exchange difference on translating foreign operations	60	363
Subtotal	(9,236)	(2,758)
Other comprehensive income for the period, net of tax	(9,236)	(2,751)
Total comprehensive income for the period	60,995	65,160
Net profit attributable to:		
Equity shareholders of the Bank	70,012	67,952
Non-controlling interests	219	(41)
	70,231	67,911
Total comprehensive income attributable to:		
Equity shareholders of the Bank	60,908	65,385
Non-controlling interests	87	(225)
	60,995	65,160
Basic and diluted earnings per share (in RMB Yuan)	0.28	0.27

China Construction Bank Corporation
Consolidated statement of financial position
As at 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	<u>31 March 2017</u>	<u>31 December 2016</u>
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,981,283	2,849,261
Deposits with banks and non-bank financial institutions	416,047	494,618
Precious metals	220,142	202,851
Placements with banks and non-bank financial institutions	303,778	260,670
Financial assets at fair value through profit or loss	582,574	488,370
Positive fair value of derivatives	61,818	89,786
Financial assets held under resale agreements	247,613	103,174
Interest receivable	113,440	101,645
Loans and advances to customers	11,877,235	11,488,355
Available-for-sale financial assets	1,683,649	1,633,834
Held-to-maturity investments	2,372,235	2,438,417
Investment classified as receivables	522,066	507,963
Interests in associates and joint ventures	6,882	7,318
Fixed assets	167,626	170,095
Land use rights	14,574	14,742
Intangible assets	2,267	2,599
Goodwill	2,953	2,947
Deferred tax assets	37,765	31,062
Other assets	<u>81,257</u>	<u>75,998</u>
Total assets	<u>21,695,204</u>	<u>20,963,705</u>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	<u>31 March</u> 2017	<u>31 December</u> 2016
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	492,736	439,339
Deposits from banks and non-bank financial institutions	1,411,115	1,612,995
Placements from banks and non-bank financial institutions	431,976	322,546
Financial liabilities at fair value through profit or loss	397,469	396,591
Negative fair value of derivatives	63,007	90,333
Financial assets sold under repurchase agreements	56,132	190,580
Deposits from customers	16,232,198	15,402,915
Accrued staff costs	30,074	33,870
Taxes payable	57,337	44,900
Interest payable	208,695	211,330
Provisions	9,897	9,276
Debt securities issued	466,060	451,554
Deferred tax liabilities	757	570
Other liabilities	<u>187,144</u>	<u>167,252</u>
Total liabilities	<u>20,044,597</u>	<u>19,374,051</u>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2017	31 December 2016
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Other equity instruments		
Preference shares	19,659	19,659
Capital reserve	133,845	133,960
Investment revaluation reserve	(9,992)	(976)
Surplus reserve	175,445	175,445
General reserve	211,221	211,193
Retained earnings	856,844	786,860
Exchange reserve	375	348
Total equity attributable to equity shareholders of the Bank	1,637,408	1,576,500
Non-controlling interests	13,199	13,154
Total equity	1,650,607	1,589,654
Total liabilities and equity	21,695,204	20,963,705

Approved and authorised for issue by the Board of Directors on 27 April 2017.

Wang Zuji
*Vice chairman, executive
director and president*

Chung Shui Ming Timpson
*Independent non-executive
director*

Dong Shi
*Non-executive
director*

China Construction Bank Corporation
Consolidated statement of cash flows
For the three months ended 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities</i>		
Profit before tax	87,773	88,144
<i>Adjustments for:</i>		
– Impairment losses	36,162	26,701
– Depreciation and amortisation	3,985	3,703
– Interest income from impaired financial assets	(752)	(944)
– Revaluation (gain)/loss on financial instruments at fair value through profit or loss	(81)	124
– Share of loss/(profit) of associates and joint ventures	8	(20)
– Dividend income	(440)	(343)
– Unrealised foreign exchange (gain)/loss	(10,442)	3,675
– Interest expense on bonds issued	2,842	2,811
– Net gain on disposal of investment securities	(558)	(5,016)
– Net gain on disposal of fixed assets and other long-term assets	(12)	(31)
	118,485	118,804

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities (continued)</i>		
<i>Changes in operating assets:</i>		
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions	107,348	(58,645)
Net decrease in placements with banks and non-bank financial institutions	46,367	73,199
Net increase in loans and advances to customers	(426,878)	(357,188)
Net (increase)/decrease in financial assets held under resale agreements	(144,496)	37,850
Net increase in financial assets at fair value through profit or loss	(93,541)	(75,703)
Net increase in other operating assets	(38,680)	(86,334)
	(549,880)	(466,821)
<i>Changes in operating liabilities:</i>		
Net increase in borrowings from central banks	53,657	65,685
Net increase in placements from banks and non-bank financial institutions	112,182	11,672
Net increase in deposits from customers and from banks and non-bank financial institutions	638,268	850,463
Net decrease in financial assets sold under repurchase agreements	(134,299)	(257,094)
Net increase/(decrease) in certificates of deposit issued	14,515	(27,235)
Income tax paid	(10,596)	(7,720)
Net increase in financial liabilities at fair value through profit or loss	990	27,068
Net increase in other operating liabilities	19,991	45,209
	694,708	708,048
Net cash from operating activities	263,313	360,031

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	333,172	264,611
Dividends received	464	343
Proceeds from disposal of fixed assets and other long-term assets	2,060	1,245
Purchase of investment securities	(339,310)	(271,874)
Purchase of fixed assets and other long-term assets	(2,783)	(2,823)
Acquisition of subsidiaries, associates and joint ventures	(801)	(823)
Net cash used in investing activities	(7,198)	(9,321)
<i>Cash flows from financing activities</i>		
Capital contribution by non-controlling interests	93	-
Consideration paid for acquisition of non-controlling interests	(100)	-
Dividends paid	(60)	(21)
Repayments of borrowings	-	(5,395)
Interest paid on bonds issued	(1,565)	(1,650)
Net cash used in financing activities	(1,632)	(7,066)

China Construction Bank Corporation
 Consolidated statement of cash flows (continued)
 For the three months ended 31 March 2017
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
Effect of exchange rate changes on cash and cash equivalents	(3,027)	(981)
Net increase in cash and cash equivalents	251,456	342,663
Cash and cash equivalents as at 1 January	599,124	387,921
Cash and cash equivalents as at 31 March	850,580	730,584
Cash flows from operating activities include:		
Interest received	167,140	169,665
Interest paid, excluding interest expense on bonds issued	(73,708)	(69,099)

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 2017		As at 31 December 2016	
	Group	Bank	Group	Bank
Capital after deductions:				
Common equity tier 1 capital	1,610,068	1,513,374	1,549,834	1,456,011
Tier 1 capital	1,629,829	1,531,941	1,569,575	1,475,184
Total capital	1,838,343	1,736,752	1,783,915	1,686,768
Capital adequacy ratios:				
Common equity tier 1 ratio	12.98%	12.90%	12.98%	12.89%
Tier 1 ratio	13.14%	13.06%	13.15%	13.06%
Total capital ratio	14.82%	14.80%	14.94%	14.93%

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

	As at 31 March 2017		As at 31 December 2016	
	Group	Bank	Group	Bank
Core capital adequacy ratio	12.28%	12.29%	12.55%	12.57%
Capital adequacy ratio	14.95%	14.79%	15.31%	15.16%

2. Leverage ratio

As at 31 March 2017, in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*, the Group's leverage ratio was 7.01%, 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 2017	As at 31 December 2016	As at 30 September 2016	As at 30 June 2016
Leverage ratio ¹	7.01%	7.03%	7.12%	7.05%
Tier 1 capital after deduction	1,629,829	1,569,575	1,552,524	1,488,636
On and off-balance sheet assets after adjustments ²	23,251,597	22,321,581	21,796,235	21,109,915

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 2017 was 124.70%, meeting the regulatory requirements.

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		3,862,938
Cash outflow			
2	Deposits from retail and deposits from small enterprise customers, including:	8,102,431	709,252
3	Stable deposits	2,012,197	100,229
4	Deposits with a low degree of stability	6,090,234	609,023
5	Unsecured (unpledged) wholesale financing, including:	8,773,340	2,917,989
6	Business relations deposits (excluding agent bank business)	5,590,027	1,387,023
7	Non-business relations deposits (all counterparties)	3,109,210	1,456,863
8	Unsecured (unpledged) debts	74,103	74,103
9	Secured (pledged) financing		-
10	Other items, including:	1,641,846	201,860
11	Cash outflows related to the requirement of derivatives and other collateral (pledges)	55,050	55,050
12	Cash outflows related to financing loss of mortgage (pledges) debt instruments	2,153	2,153
13	Credit facilities and liquidity facilities	1,584,643	144,657
14	Other contractual financing obligations	-	-
15	Contingent financing obligations	2,029,196	282,735
16	Total amount of expected cash outflows		4,111,836
Cash inflow			
17	Mortgage (pledged) lending (including reverse repurchase and borrowed securities)	181,292	181,085
18	Cash inflow from normal full settlement	1,171,430	762,924
19	Other cash inflows	58,459	57,920
20	Total amount of expected cash inflows	1,411,181	1,001,929
			Value after adjustment
21	Qualified and high-quality liquid assets		3,862,938
22	Net cash outflows		3,109,907
23	Liquidity coverage ratio (%)		124.70%