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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 2015

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 2015, 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, the board of supervisors, directors, supervisors and senior management members of the Bank warrant that the information in this report is authentic, accurate and complete, and contains no false record, misleading statement or material omission; and assume several and joint liabilities.

1.2 This quarterly report has been reviewed and approved at the Board meeting of the Bank held on 29 April 2015. Eleven directors attended the meeting in person. Ms. Elaine La Roche delegated Mr. Chung Shui Ming Timpson to attend the meeting and vote on her behalf.

1.3 The financial statements 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	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	17,475,900	16,744,130	4.37
Total equity attributable to equity shareholders of the Bank	1,305,859	1,242,179	5.13
Net assets per share (in RMB)	5.26	5.01	4.99
	Three months ended 31 March 2015		Change over the same period last year (%)
Net cash from operating activities		270,093	5.22
	Three months ended 31 March 2015		Change over the same period last year (%)
Operating income		149,259	0.89
Net profit		67,129	1.83
Net profit attributable to equity shareholders of the Bank		67,005	1.86
Basic and diluted earnings per share (in RMB)		0.27	3.85
Annualised return on average equity (%)		21.03	A decrease of 2.86 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 2015 or total equity as at 31 March 2015 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

2.4 Number of shareholders and particulars of shareholding as at 31 March 2015

2.4.1 As at 31 March 2015, the Bank had a total of 724,150 shareholders, of whom 50,571 were holders of H-shares and 673,579 were holders of A-shares.

2.4.2 Particulars of shareholding of top ten shareholders

Unit: share

Particulars of shareholding of top ten shareholders (based on the register of members as at 31 March 2015)					
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 Ltd.	State	57.03	142,590,494,651 (H-Share)	None	None
		0.23	570,941,976 (A-Share)	None	None
HKSCC Nominees Limited ¹	Foreign legal person	30.49	76,217,046,837 (H-Share)	None	Unknown
Temasek Holdings (Private) Limited (“Temasek”) ¹	Foreign legal person	5.77	14,419,443,216 (H-Share)	None	None
State Grid Corporation of China (“State Grid”) ^{1,2}	State-owned legal person	1.08	2,705,173,730 (H-Share)	None	None
		0.80	2,000,000,000 (H-Share)	None	None
Baosteel Group Corporation	State-owned legal person	0.10	240,560,498 (A-Share)	None	None
Ping An Life Insurance Company of China, Ltd. – Traditional – Ordinary insurance products	Domestic non-state-owned legal person	0.76	1,911,126,594 (A-Share)	None	None
China Yangtze Power Co., Limited (“Yangtze Power”) ¹	State-owned legal person	0.41	1,015,613,000 (H-Share)	None	None
Reca Investment Limited	Foreign legal person	0.34	856,000,000 (H-Share)	None	None
Hong Kong Securities Clearing Company Limited ³	Foreign legal person	0.06	139,798,880 (A-Share)	None	None
Guarantee securities accounts for customer unsecured transactions of GF Securities Co., Ltd.	Domestic non-state-owned legal person	0.03	82,985,894 (A-Share)	None	None

1. On 16 January 2015, Temasek declared its interests to Hong Kong Stock Exchange. It disclosed that it held 14,419,443,216 H-shares of the Bank. As at 31 March 2015, State Grid and Yangtze Power held 2,705,173,730 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. Save for the aforesaid H-shares of the Bank held by Temasek, State Grid and Yangtze Power, 76,217,046,837 H-shares of the Bank were held under the name of HKSCC Nominees Limited.

2. As at 31 March 2015, 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 795,687,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 582,204,000 shares and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.

3. As at 31 March 2015, foreign shareholders held 139,798,880 A-shares of the Bank through the Northbound trading under the name of Hong Kong Securities Clearing Company Limited.

4. Some of the shareholders mentioned above are managed by the same entity. Apart from this, the Bank is not aware of any connected relations or concerted action among the shareholders.

3 HIGHLIGHTS OF QUARTERLY RESULTS

As at 31 March 2015, total assets of the Group reached RMB17,475,900 million, an increase of RMB731,770 million or 4.37% over the end of last year.

As at 31 March 2015, gross loans and advances to customers reached RMB9,812,211 million, an increase of RMB337,688 million or 3.56% over the end of last year. In this amount, domestic corporate loans, personal loans and discounted bills of the Bank were RMB5,922,860 million, RMB2,993,636 million and RMB167,059 million respectively; overseas entities and subsidiaries loans were RMB728,656 million.

Since the beginning of this year, the Group proactively responded to changes in macroeconomic situation by strengthening unified management and control of credit risk, improving the forward-looking risk management ability, continuously carrying out risk early-warning and screening, and accelerating the risk disposal and mitigation in key areas and of key customers. Meanwhile, the Group continued to optimise credit structure, deepen risk management transformation and innovation, and comprehensively consolidate credit management foundation. As a result, the overall credit assets quality remained stable.

Compared to the end of last year, the non-performing loans increased by RMB14,106 million to RMB127,277 million in accordance with the five-category loan classification standard. The non-performing loan ratio was 1.30%, up by 0.11 percentage points over the end of last year. The ratio of allowances to non-performing loans was 207.23%, down by 15.10 percentage points over the end of last year.

Total liabilities of the Group stood at RMB16,159,637 million, an increase of RMB667,870 million or 4.31% over the end of last year.

Deposits from customers reached RMB13,666,492 million, an increase of RMB767,817 million or 5.95% over the end of last year. In this amount, domestic time deposits and demand deposits of the Bank were RMB6,913,752 million and RMB6,332,792 million respectively; overseas entities and subsidiaries deposits were RMB419,948 million.

Total equity was RMB1,316,263 million, an increase of RMB63,900 million or 5.10% over the end of last year.

Loan-to-deposit ratio was 71.80%, staying at a reasonable level. The monthly average of the liquidity coverage ratio was 129.98%¹, which was in compliance with the regulatory standards.

For the three months ended 31 March 2015, the Group made a net profit of RMB67,129 million, of which net profit attributable to equity shareholders of

¹ Calculated in compliance with the current applicable regulatory requirements, definition and accounting standards.

the Bank was RMB67,005 million, up by 1.83% and 1.86% respectively over the same period last year. Annualised return on average assets was 1.57%, and annualised return on average equity was 21.03%.

Net interest income was RMB111,300 million, up by 7.84% over the same period last year. Net interest margin was 2.72%, down by 0.09 percentage points over the same period last year.

Net fee and commission income was RMB33,928 million, up by 5.63% over the same period last year. In this amount, agency fund sales and bancassurance grew rapidly, traditionally advantageous businesses such as entrusted housing finance business maintained steady growth, and products such as wealth management products and credit card gained sound growth as well.

Operating expenses were RMB42,134 million, down by RMB8,500 million over the same period last year. Cost-to-income ratio decreased by 1.24 percentage points to 22.01% over the same period last year.

Income tax expense was RMB20,023 million, an increase of RMB178 million over the same period last year, and the effective income tax rate was 22.97%.

Capital adequacy ratio

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 approaches for capital management from April 2014. The capital requirements of corporate credit risk exposure that meet regulatory requirements are calculated with the foundation internal rating-based approach, the capital requirements of retail credit risk exposure are calculated with the internal rating-based approach, the capital requirements of market risk are calculated with the internal models approach, and the capital requirements of operational risk are calculated with the standardised approach. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios simultaneously with advanced capital measurement approaches and other methods, and complies with the relevant requirements for capital floors.

As at 31 March 2015, considering relevant rules in the transition 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 14.97%, 12.51% and 12.51% respectively, and were in compliance with the regulatory requirements. The total capital ratio, tier 1 ratio and common equity tier 1 ratio increased by 0.10, 0.39 and 0.39 percentage points respectively compared with those as at 31 December 2014. The increases in the Group's capital adequacy ratios were mainly because the growth rate of the total capital after deductions accumulated from profit outpaced that of risk-weighted assets.

Leverage Ratio

From this reporting period onwards, the Group's leverage ratio was calculated in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (revised)* promulgated by China Banking Regulatory Commission in January 2015. To calculate the leverage ratio in accordance with the latest regulations, the Group made adjustments to the measurement method of off-balance sheet items, and further clarified the measurement method of exposures to derivative products and securities financing transactions. The regulatory changes had positive impact on the leverage ratio.

As at 31 March 2015, the Group's leverage ratio was 6.88%, which was in compliance with the regulatory requirements.

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 2015	As at 31 December 2014	Change (%)	Causes of the change
Precious metals	71,974	47,931	50.16	The precious metal business developed comparatively fast, and its position increased accordingly.
Placements with banks and non-bank financial institutions	380,620	248,525	53.15	Placements with overseas financial institutions were increased considering the relatively adequate liquidity.
Positive fair value of derivatives	19,421	13,769	41.05	Due to factors such as the volatility in foreign exchange rates, the positive revaluation of derivatives increased.
Other assets	50,186	26,014	92.92	Temporary accounts such as other receivables increased.
Borrowings from central banks	150,144	91,216	64.60	In order to meet the financial demands in the real economy and expand financing channels, the Bank increased borrowings from central banks accordingly.

Negative fair value of derivatives	16,155	12,373	30.57	Due to factors such as the volatility in foreign exchange rates, the negative revaluation of derivatives increased.
Financial assets sold under repurchase agreements	3,389	181,528	(98.13)	Renewed securities sold under repurchase agreements decreased.
Investment revaluation reserve	2,245	4,562	(50.79)	The fair value of available-for-sale debt securities decreased due to the volatility of interest rates in the bond market.

(In millions of RMB unless otherwise stated)	Three months ended 31 March 2015	Three months ended 31 March 2014	Change (%)	Causes of the change
Fee and commission expense	(1,127)	(800)	40.88	Expense on some products classified into coordinated transaction category increased.
Dividend income	73	36	102.78	Dividend from funds invested by CCB Life Insurance Company Limited increased.
Net gain arising from investment securities	1,345	489	175.05	Investment gains arising from sales of debt-to-equity instruments increased.
Other operating income, net	1,990	11,226	(82.27)	The cost of insurance business of CCB Life Insurance Company Limited increased.
Impairment losses	(20,005)	(11,557)	73.10	In full consideration of the impact of the changes in current macroeconomic situation on credit assets quality, the Bank made more provisions for impairment losses on loans accordingly.
Share of profits less losses of associates and joint ventures	32	22	45.45	Profits from associates and joint ventures invested by subsidiaries increased.
Other comprehensive income for the period, net of tax	(3,183)	7,369	(143.19)	The available-for-sale financial assets suffered revaluation loss due to the volatility of interest rates in the bond market.

4.2 Progress of major issues, related impacts and solutions

Applicable Not applicable

On 12 December 2014, the Board of the Bank reviewed and approved the *Proposal on the Plan of Issuance of Domestic Preference Shares by China Construction Bank Corporation* and the *Proposal on the Plan of Issuance of Offshore Preference Shares by China Construction Bank Corporation*, pursuant to which, the Bank proposed to issue preference shares with an aggregate of no more than RMB80 billion (inclusive) or its equivalent in domestic and offshore markets, which include the issuance of domestic preference shares of no more than RMB60 billion (inclusive) and the issuance of offshore preference shares of no more than RMB20 billion (inclusive) or its equivalent. All proceeds from the issuance of domestic and offshore preference shares, after deduction of expenses relating to the issuance, would be used to replenish additional tier 1 capital of the Bank. The proposal for the issuance of preference shares is subject to review by the general meeting of the Bank and approvals of relevant regulatory authorities.

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

Applicable Not-applicable

During the reporting period, there were no new undertakings by the Bank and shareholders holding 5% or more of the shares. For the period ended 31 March 2015, all continuous undertakings of the shareholders were fulfilled. Please refer to the Bank's 2014 annual report for relevant undertakings.

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

This quarterly report will be published simultaneously on the “HKExnews” website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.ccb.com). The quarterly report prepared under PRC GAAP will also be published simultaneously on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Bank (www.ccb.com).

By order of the Board
China Construction Bank Corporation
Zhang Jianguo

Vice chairman, executive director and president

29 April 2015

As of the date of this announcement, the Bank’s executive directors are Mr. Wang Hongzhang and Mr. Zhang Jianguo; non-executive directors are 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 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
Interest income	190,156	172,356
Interest expense	(78,856)	(69,149)
Net interest income	111,300	103,207
Fee and commission income	35,055	32,921
Fee and commission expense	(1,127)	(800)
Net fee and commission income	33,928	32,121
Net trading gain	623	857
Dividend income	73	36
Net gain arising from investment securities	1,345	489
Other operating income, net:		
- Other operating income	15,861	11,245
- Other operating expense	(13,871)	(19)
Other operating income, net	1,990	11,226
Operating income	149,259	147,936
Operating expenses	(42,134)	(50,634)
	107,125	97,302
Impairment losses on:		
- Loans and advances to customers	(19,316)	(10,690)
- Others	(689)	(867)
Impairment losses	(20,005)	(11,557)
Share of profits less losses of associates and joint ventures	32	22
Profit before tax	87,152	85,767
Income tax expense	(20,023)	(19,845)
Net profit	67,129	65,922

China Construction Bank Corporation
Consolidated statement of comprehensive income (continued)
For the three months ended 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
(Loss)/gain of available-for-sale financial assets	(2,080)	7,438
Less: income tax relating to available-for-sale financial assets	593	(1,853)
Reclassification adjustments for (loss)/gain included in profit or loss	(688)	230
Net gain on cash flow hedges	86	96
Exchange difference on translating foreign operations	(1,094)	1,458
Sub-total	(3,183)	7,369
Other comprehensive income for the period, net of tax	(3,183)	7,369
Total comprehensive income for the period	63,946	73,291
Net profit attributable to:		
Equity shareholders of the Bank	67,005	65,780
Non-controlling interests	124	142
	67,129	65,922
Total comprehensive income attributable to:		
Equity shareholders of the Bank	63,680	73,190
Non-controlling interests	266	101
	63,946	73,291
Basic and diluted earnings per share (in RMB Yuan)	0.27	0.26

China Construction Bank Corporation
Consolidated statement of financial position
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,735,295	2,610,781
Deposits with banks and non-bank financial institutions	280,630	266,461
Precious metals	71,974	47,931
Placements with banks and non-bank financial institutions	380,620	248,525
Financial assets at fair value through profit or loss	275,036	332,235
Positive fair value of derivatives	19,421	13,769
Financial assets held under resale agreements	326,541	273,751
Interest receivable	98,186	91,495
Loans and advances to customers	9,548,449	9,222,910
Available-for-sale financial assets	899,198	926,170
Held-to-maturity investments	2,411,044	2,298,663
Debt securities classified as receivables	167,345	170,801
Interests in associates and joint ventures	3,308	3,084
Fixed assets	148,506	151,607
Land use rights	15,558	15,758
Intangible assets	1,903	2,043
Goodwill	2,519	2,696
Deferred tax assets	40,181	39,436
Other assets	50,186	26,014
Total assets	17,475,900	16,744,130

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	150,144	91,216
Deposits from banks and non-bank financial institutions	1,029,134	1,004,118
Placements from banks and non-bank financial institutions	195,973	202,402
Financial liabilities at fair value through profit or loss	259,083	296,009
Negative fair value of derivatives	16,155	12,373
Financial assets sold under repurchase agreements	3,389	181,528
Deposits from customers	13,666,492	12,898,675
Accrued staff costs	31,906	34,535
Taxes payable	72,213	62,644
Interest payable	191,367	185,874
Provisions	7,596	7,068
Debt securities issued	436,259	431,652
Deferred tax liabilities	338	401
Other liabilities	99,588	83,272
	<u>16,159,637</u>	<u>15,491,767</u>
Total liabilities	<u>16,159,637</u>	<u>15,491,767</u>

China Construction Bank Corporation
Consolidated statement of financial position (continued)
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Capital reserve	135,477	135,391
Investment revaluation reserve	2,245	4,562
Surplus reserve	130,515	130,515
General reserve	169,576	169,496
Retained earnings	625,630	558,705
Exchange reserve	(7,595)	(6,501)
 Total equity attributable to equity shareholders of the Bank	 1,305,859	 1,242,179
Non-controlling interests	10,404	10,184
 Total equity	 1,316,263	 1,252,363
 Total liabilities and equity	 17,475,900	 16,744,130

Approved and authorised for issue by the Board of Directors on 29 April 2015.

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
Statement of financial position
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Assets:		
Cash and deposits with central banks	2,729,144	2,600,028
Deposits with banks and non-bank financial institutions	291,577	280,848
Precious metals	71,974	47,931
Placements with banks and non-bank financial institutions	342,256	247,606
Financial assets at fair value through profit or loss	264,434	320,452
Positive fair value of derivatives	15,037	9,880
Financial assets held under resale agreements	324,860	273,444
Interest receivable	94,977	88,930
Loans and advances to customers	9,213,171	8,876,246
Available-for-sale financial assets	809,488	844,914
Held-to-maturity investments	2,407,284	2,294,723
Debt securities classified as receivables	149,934	154,576
Investments in subsidiaries	29,910	26,794
Fixed assets	138,725	141,880
Land use rights	15,141	15,341
Intangible assets	1,381	1,506
Deferred tax assets	39,139	38,115
Other assets	76,556	56,569
Total assets	17,014,988	16,319,783

China Construction Bank Corporation
Statement of financial position (continued)
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Liabilities:		
Borrowings from central banks	149,684	90,409
Deposits from banks and non-bank financial institutions	1,014,830	1,008,746
Placements from banks and non-bank financial institutions	159,569	152,152
Financial liabilities at fair value through profit or loss	258,462	292,642
Negative fair value of derivatives	14,174	10,612
Financial assets sold under repurchase agreements	654	177,256
Deposits from customers	13,419,428	12,654,493
Accrued staff costs	30,540	33,234
Taxes payable	71,460	61,881
Interest payable	189,464	184,627
Provisions	6,172	5,399
Debt securities issued	359,443	367,504
Deferred tax liabilities	40	43
Other liabilities	45,248	48,549
	<u>15,719,168</u>	<u>15,087,547</u>
Total liabilities	<u>15,719,168</u>	<u>15,087,547</u>

China Construction Bank Corporation
Statement of financial position (continued)
As at 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	31 March 2015	31 December 2014
	(Unaudited)	(Audited)
Equity:		
Share capital	250,011	250,011
Capital reserve	135,473	135,387
Investment revaluation reserve	2,049	4,288
Surplus reserve	130,515	130,515
General reserve	165,978	165,916
Retained earnings	613,533	547,542
Exchange reserve	(1,739)	(1,423)
Total equity	1,295,820	1,232,236
Total liabilities and equity	17,014,988	16,319,783

Approved and authorised for issue by the Board of Directors on 29 April 2015.

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 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Cash flows from operating activities</i>		
Profit before tax	87,152	85,767
<i>Adjustments for:</i>		
– Impairment losses	20,005	11,557
– Depreciation and amortisation	4,703	4,185
– Unwinding of discount	(611)	(419)
– Revaluation gain on financial instruments at fair value through profit or loss	(1,657)	(560)
– Share of profit less losses of associates and joint ventures	(32)	(22)
– Dividend income	(73)	(36)
– Unrealised foreign exchange gain	(1,483)	(1,049)
– Interest expense on bonds issued	2,236	1,856
– Net gain on disposal of investment securities	(1,345)	(489)
– Net loss/(gain) on disposal of fixed assets and other long-term assets	3	(4)
	108,898	100,786

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(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	(36,120)	(17,942)
Net increase in placements with banks and non-bank financial institutions	(52,497)	(25,600)
Net increase in loans and advances to customers	(345,143)	(309,473)
Net increase in financial assets held under resale agreements	(52,790)	(174,822)
Decrease in other operating assets	2,285	11,369
	(484,265)	(516,468)
<i>Changes in operating liabilities:</i>		
Net increase/(decrease) in borrowings from central banks	58,947	(46,729)
Net (decrease)/increase in placements from banks and non-bank financial institutions	(6,281)	38,506
Net increase in deposits from customers and from banks and non-bank financial institutions	793,552	733,969
Net decrease in financial assets sold under repurchase agreements	(178,137)	(55,590)
Net increase in certificates of deposit issued	5,086	37,859
Income tax paid	(8,924)	(19,197)
Decrease in other operating liabilities	(18,783)	(16,431)
	645,460	672,387
Net cash from operating activities	270,093	256,705

China Construction Bank Corporation
Consolidated statement of cash flows (continued)
For the three months ended 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	171,291	129,690
Dividends received	73	16
Proceeds from disposal of fixed assets and other long-term assets	650	238
Proceeds from disposal of subsidiaries and other business units	245	-
Purchase of investment securities	(254,456)	(153,050)
Purchase of fixed assets and other long-term assets	(2,074)	(2,717)
Acquisition of associates and joint ventures	(254)	(100)
Net cash used in investing activities	(84,525)	(25,923)
<i>Cash flows from financing activities</i>		
Proceeds from the increase in interest in subsidiaries by the minority interest	-	111
Repayments of acquiring minority interests	(46)	-
Dividends paid	-	(2)
Repayments of borrowings	(289)	(12,000)
Interest paid on bonds issued	(2,478)	(1,505)
Net cash used in financing activities	(2,813)	(13,396)

China Construction Bank Corporation
 Consolidated statement of cash flows (continued)
 For the three months ended 31 March 2015
(Expressed in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
Effect of exchange rate changes on cash and cash equivalents	(161)	3,062
Net increase in cash and cash equivalents	182,594	220,448
Cash and cash equivalents as at 1 January	353,718	440,773
Cash and cash equivalents as at 31 March	536,312	661,221
Cash flows from operating activities include:		
Interest received	182,807	162,023
Interest paid, excluding interest expense on bonds issued	(70,844)	(59,753)

APPENDIX 2 CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

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

Capital adequacy ratios calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*¹

(In millions of RMB, except percentages)	As at 31 March 2015		As at 31 December 2014	
	Group	Bank	Group	Bank
Capital after deductions:				
Common Equity Tier 1 capital	1,299,681	1,227,243	1,236,730	1,166,760
Tier 1 capital	1,299,833	1,227,243	1,236,767	1,166,760
Total capital	1,555,130	1,480,510	1,516,928	1,445,219
Capital adequacy ratios:				
Common Equity Tier 1 ratio	12.51%	12.22%	12.12%	11.78%
Tier 1 ratio	12.51%	12.22%	12.12%	11.78%
Total capital ratio	14.97%	14.74%	14.87%	14.59%

1. From the 2014 half-year reporting period onwards, the Group calculated capital adequacy ratios based on the advanced capital measurement approach and applied the rules in the transition period.

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

	As at 31 March 2015		As at 31 December 2014	
	Group	Bank	Group	Bank
Core capital adequacy ratio	12.18%	12.11%	12.09%	12.02%
Capital adequacy ratio	14.78%	14.45%	14.71%	14.39%

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 2015

Group

Leverage Ratio ¹	6.88%
Tier 1 capital after deductions	1,299,833
On and off-balance sheet assets after adjustment ²	18,902,608

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. The tier 1 capital after deductions is consistent with that used in the calculation of capital adequacy ratio by the Group.
2. On and off-balance sheet assets after adjustment = On-balance sheet assets after adjustment + Off-balance sheet items after adjustment – Deductions from tier 1 capital.