



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 THIRD QUARTER OF 2008

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 2008, prepared under the International Financial Reporting Standards (IFRS). This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1 IMPORTANT NOTICE

- 1.1 The Board and the board of supervisors of the Bank and its directors, supervisors and senior management warrant that there are no false presentations or misleading statements contained in, or material omissions from, this report, and are severally and jointly responsible for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 This quarterly report has been reviewed and approved at the 16th meeting of the second Board of the Bank, with all directors presented.
- 1.3 The financial statements contained in this quarterly report have not been audited.

2 CORPORATE PROFILE

2.1 Corporate information

Stock name	建設銀行
Stock code	601939 (A-share)
Listing venue	Shanghai Stock Exchange
Stock name	CCB
Stock code	939 (H-share)
Listing venue	The Stock Exchange of Hong Kong Limited
Secretary to the Board	Chen Caihong
Contact address	No.25, Finance Street, Xicheng District, Beijing
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2.2 Major consolidated accounting information and financial indicators prepared under IFRS

<i>(Expressed in millions of RMB unless otherwise stated)</i>	As at 30 September 2008	As at 31 December 2007	Change (%)
Total assets	7,323,631	6,598,177	10.99
Total equity attributable to shareholders of the Bank	478,158	420,977	13.58
Net assets per share (in RMB)	2.05	1.81	13.26
	Nine months ended 30 September 2008		Change(%)
Net cash from operating activities	16,054		(94.48)
Net cash from operating activities per share (in RMB)	0.07		(94.35)

	Three months ended 30 September 2008	Nine months ended 30 September 2008	Change of the reporting period over the same period last year ¹ (%)
Net profit	25,575	84,267	11.95
Net profit attributable to shareholders of the Bank	25,567	84,234	12.11
Basic and diluted earnings per share (in RMB)	0.11	0.36	10.00
Annualised return on equity (period-end equity, %)	21.39	23.49	a decrease of 2.02 percentage points
Annualised return on average equity (weighted average equity, %)	21.94	24.91	a decrease of 5.57 percentage points

1. Refers to change of financial indicator for the three months ended 30 September 2008 over the three months ended 30 September 2007.

2.3 The difference 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 2008 or total equity as at 30 September 2008 between the Group's consolidated financial statements prepared under PRC GAAP and the Group's consolidated financial statements prepared under IFRS.

2.4 Number of shareholders and details of shareholders as at 30 September 2008

2.4.1 As at 30 September 2008, the Bank's total number of shareholders was 1,556,314, comprising 54,314 holders of H-shares and 1,502,000 holders of A-shares.

2.4.2 Particulars of shareholding of top ten shareholders

Particulars of shareholding of top ten shareholders (based on the shareholders' register as at 30 September 2008)				
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Type of share
			132,150,047,904	H-share
China SAFE Investments Limited	State-owned	56.55	2,901,597	A-share
HKSCC Nominees Limited ¹	Foreign legal person	12.58	29,386,421,621	H-share
Bank of America Corporation ²	Foreign legal person	10.75	25,132,974,346	H-share
China Jiayin Investment Limited	State-owned legal person	8.85	20,692,250,000	H-share
Fullerton Financial Holdings Pte Ltd	Foreign legal person	5.65	13,207,316,750	H-share
Baosteel Group Corporation	State-owned legal person	1.28	3,000,000,000	H-share
Reca Investment Limited	Foreign legal person	0.34	800,000,000	H-share
China Life Insurance Company Limited — Participating — Individual Participating — 005L — FH002 SH	Domestic non-state-owned legal person	0.10	228,696,000	A-share
Industrial and Commercial Bank of China — Bosera Selected Equity Securities Investment Fund	Domestic non-state-owned legal person	0.07	157,922,618	A-share
China Life Insurance (Group) Company — Traditional — Ordinary Insurance Products	Domestic non-state-owned legal person	0.07	157,597,200	A-share

1. State Grid Corporation of China and China Yangtze Power Co., Limited, the promoters of the Bank, held 2,706,339,000 and 1,200,000,000 H-shares of the Bank respectively as at 30 September 2008, under the name of HKSCC Nominees Limited.
2. As at 30 September 2008, Bank of America Corporation held 25,132,974,346 H-shares of the Bank, of which 6,000,000,000 H-shares were under the name of HKSCC Nominees Limited. Number of shares under the name of HKSCC Nominees Limited is 29,386,421,621 after excluding the 6,000,000,000 H-shares held by Bank of America Corporation.
3. China Jiayin Investment Limited is a wholly-owned subsidiary of China SAFE Investments Limited. China Life Insurance Company Limited is a subsidiary controlled by China Life Insurance (Group) Company. Apart from this, the Bank is unaware of any connections of shareholders or whether they are parties acting in concert.

2.4.3 Particulars of shareholding of top ten shareholders not subject to selling restrictions

Particulars of shareholding of top ten shareholders not subject to selling restrictions (based on the shareholders' register as at 30 September 2008)		
Name of shareholder	Number of shares not subject to selling restrictions	Type of shares
HKSCC Nominees Limited	29,386,421,621	H-share
Fullerton Financial Holdings Pte Ltd	13,207,316,750	H-share
Baosteel Group Corporation	3,000,000,000	H-share
Reca Investment Limited	800,000,000	H-share
China Life Insurance Company Limited — Participating — Individual Participating — 005L — FH002 SH	228,696,000	A-share
Industrial and Commercial Bank of China — Bosera Selected Equity Securities Investment Fund	157,922,618	A-share
China Life Insurance (Group) Company — Traditional — Ordinary Insurance Products	157,597,200	A-share
Industrial and Commercial Bank of China — China 50 ETF	143,454,106	A-share
China Life Insurance Company Limited — Traditional — Ordinary Insurance Products — 005L — CT001 SH	129,986,850	A-share
Bank of Communications — E-Fund Shanghai 50 Index Fund	116,729,436	A-share

1. China Life Insurance Company Limited is a subsidiary controlled by China Life Insurance (Group) Company. Apart from this, the Bank is not aware of any connections between the above shareholders or whether they are parties acting in concert.

3 HIGHLIGHTS OF QUARTERLY RESULTS

For the nine months ended 30 September 2008, the major business data of the Group were as follows:

- Total assets reached RMB7,323,631 million, an increase of RMB725,454 million or 10.99% over the end of last year. Total liabilities reached RMB6,844,097 million, an increase of RMB668,201 million or 10.82% over the end of last year.
- Net loans and advances to customers reached RMB3,533,204 million, an increase of RMB349,975 million or 10.99% over the end of last year. Deposits from customers reached RMB6,111,850 million, an increase of RMB782,343 million or 14.68% over the end of last year.
- Total equity was RMB479,534 million, an increase of RMB57,253 million or 13.56% over the end of last year.
- Compared to the end of last year, the non-performing loans were RMB78,537 million based on the five-category classification standard, a decrease of RMB6,633 million; the non-performing loan ratio was 2.17%, down by 0.43 percentage points; the ratio of allowances to non-performing loans was 119.41%, up by 15.00 percentage points.
- Core capital adequacy ratio was 10.20%, and capital adequacy ratio was 12.10%, which decreased by 0.17 percentage points and 0.48 percentage points respectively compared to the end of last year.
- The carrying amount of the US sub-prime mortgage loan backed securities held by the Group was US\$244 million (or RMB1,661 million), for which allowances for impairment losses of US\$673 million (or RMB4,592 million) had been made. Based on the Bloomberg composite rating, the percentages of securities with a rating of AAA, AA and A were 75.81%, 4.91% and 1.86% respectively. The carrying amount of the Alt-A bonds held by the Group was US\$293 million (or RMB2,000 million), and 72.84% of them had a Bloomberg composite rating of AAA. As the above debt securities represent only a small proportion of the Group's assets, market fluctuations for such debt securities will not have significant effect on the Group's earnings.

The Group fully provided for the bonds issued by Lehman Brothers Holdings Inc of US\$191 million (or RMB1,301 million). The Bank will continue to closely monitor developments of relevant events, and to the extent possible safeguard the legal rights of the Group.

The carrying amount of the US securities related to Fannie Mae and Freddie Mac held by the Group was US\$1,512 million (or RMB10,312 million); in this amount, mortgage backed securities guaranteed by these two companies were US\$145 million (or RMB991 million), and bonds issued by these two companies were US\$1,367 million (or RMB9,321 million). Interest and principal for the above securities had been paid as they were due.

- Net interest income reached RMB168,170 million, an increase of 20.73% over the same period last year; net fee and commission income reached RMB29,572 million, an increase of 28.99% over the same period last year.
- Net profit was RMB84,267 million, of which the net profit attributable to shareholders of the Bank was RMB84,234 million, up by 47.58% and 47.71% respectively over the same period last year. Income tax dropped by RMB2,250 million to RMB24,442 million over the same period last year; the effective income tax rate dropped to 22.48%, mainly because the corporate income tax rate for domestic enterprises was reduced from 33% to 25% starting from 1 January 2008.
- Net interest spread was 3.17%, and the net interest margin was 3.30%, up by 0.13 percentage points and 0.15 percentage points respectively over the same period last year.

4 MAJOR ISSUES

4.1 Significant changes in major financial statements items, financial indicators and causes thereof

Applicable Not applicable

<i>(In millions of RMB unless otherwise stated)</i>	As at 30 September 2008	As at 31 December 2007	Change (%)	Causes of the change
Amounts due from banks and non-bank financial institutions	196,154	102,393	91.57	Reverse repos with banks and non-bank financial institutions increased.
Trading investments	107,021	29,819	258.90	Bond investments held under wealth management business increased.
Positive fair value of derivatives	26,047	14,632	78.01	Positive fair value of certain derivatives increased.
Deferred tax assets	3,608	35	10,208.57	Deferred tax items changed as a result of the movements in the fair value of trading investments and available-for-sale investments and in the allowances for impairment losses on loans.
Deferred tax liabilities	5	771	(99.35)	
Amounts due to central banks	1,182	50,973	(97.68)	Repos with the People's Bank of China in 2007 matured.
Negative fair value of derivatives	15,483	7,952	94.71	Negative fair value of certain derivatives increased.
Reserves	244,469	187,288	30.53	The net profit attributable to the shareholders of the Bank for the current period increased.

<i>(In millions of RMB unless otherwise stated)</i>	Nine months ended 30 September 2008	Nine months ended 30 September 2007	Change (%)	Causes of the change
Interest expense	(96,327)	(65,878)	46.22	The average balance of deposits from customers increased; the persistent effect of interest rate hikes in 2007 and larger proportion of time deposits in total deposits led to the increase of average cost of deposits from customers.
Net trading gain	1,853	569	225.66	The net gain of derivative transactions and capital gains of trading debt securities increased.
Net (loss)/income arising from investment securities	(3,466)	840	(512.62)	Reduction in investments in debt securities, especially those with higher risks, resulted in losses upon disposal.
Other operating income/(loss), net	3,321	(4,248)	(178.18)	Net exchange gain rose as a result of the net gain in revaluation of currency interest rate swaps as RMB interest rates climbed and US interest rates dropped persistently from the second half of 2007.
Provisions for impairment losses on others	(6,657)	(562)	1,084.52	Provisions for impairment losses on debt investments increased.
Net profit	84,267	57,101	47.58	Profit before tax increased and corporate income tax for domestic enterprises decreased.

4.2 Development of major issues, related impacts and solutions

Applicable Not applicable

4.3 Fulfillment of undertakings by the company, shareholders and de-facto controllers

Applicable Not applicable

In May 2008, the Bank was notified by Bank of America Corporation that it would purchase 6,000,000,000 H-shares of the Bank from China SAFE Investments Limited in accordance with the *Share Purchase and Options Agreement* signed with China SAFE Investments Limited on 17 June 2005. The registration of the transfer of the related 6,000,000,000 H-shares of the Bank was completed in July 2008. Unless under exceptional circumstances, without the written consent of the Bank, the 6,000,000,000 H-shares of the Bank purchased by Bank of America Corporation pursuant to the exercise of the option shall not be transferred until 29 August 2011.

Except for this, other shareholders of the Bank did not give new undertakings in the reporting period, and the undertakings that continue to be valid during the reporting period were the same as those disclosed in the A-share prospectus. As of 30 September 2008, all undertakings given by the shareholders were fulfilled.

4.4 Warnings and explanations of any forecasted loss or significant change in accumulated net profit for the period from the beginning of the year to the end of the next reporting period compared to the same period last year

Applicable Not applicable

4.5 Details of securities investments

✓ Applicable

☐ Not applicable

No.	Stock code	Abbreviation	Number of shares held at the end of the period	Initial investment amount (in RMB)	Carrying amount at the end of the period (in RMB)	Carrying amount at the beginning of the period (in RMB)	Accounting item	Sources of shares
1	601600	CHALCO	709,773,136	883,586,630	6,579,596,971	9,255,441,693	Available-for-sale equity investments	Investment held through debt equity swap
2	000578	QINGHAI SALT LAKE	181,960,736	137,272,834	4,899,088,922	4,899,088,922	Available-for-sale equity investments	Investment held through debt equity swap
3	183(HK)	CIFH	168,599,268	111,733,994	754,813,267	881,866,777	Available-for-sale equity investments	Acquisition
4	600068	G.C.L	133,445,624	232,566,694	729,413,781	759,972,829	Available-for-sale equity investments	Investment held through debt equity swap
5	691(HK)	SHANSHUI CEMENT ¹	124,048,800	304,904,954	202,544,005	NA	Trading investments	Indirectly held through an overseas subsidiary
6	000001	SDB	8,571,414	31,300,157	128,485,496	165,685,433	Available-for-sale equity investments	Subscription upon incorporation, exercise of share options
7	151(HK)	WANT WANT CHINA	49,074,000	129,236,854	118,897,965	136,857,549	Trading investments	Indirectly held through an overseas subsidiary
8	600984	SCMC	24,347,042	44,050,000	109,707,864	109,955,671	Available-for-sale equity investments	Investment held through debt equity swap
9	1893(HK)	Sinoma	33,333,000	131,674,233	99,194,589	173,177,808	Trading investments	Indirectly held through an overseas subsidiary
10	600462	Y. S. B. P	50,600,000	41,248,000	78,014,845	179,841,107	Available-for-sale equity investments	Investment held through debt equity swap
Total				2,047,574,350	13,699,757,705			

- Equity investment acquired with convertible bonds on 4 July 2008.
- This table sets out the Group's securities investments classified as investment securities and trading investments in the consolidated balance sheet as at 30 September 2008, and the top ten stocks are listed by carrying amount at the end of the period.

4.6 Interim Dividend

The 16th meeting of the second Board of the Bank held on 24 October 2008 resolved to declare 2008 interim cash dividend of RMB0.1105 per share (inclusive of tax).

5 RELEASE OF QUARTERLY REPORT

This report is simultaneously available on the website of The Stock Exchange of Hong Kong Limited www.hkex.com.hk, Shanghai Stock Exchange www.sse.com.cn and our website www.ccb.com. The quarterly report prepared under PRC GAAP is simultaneously available on the website of Shanghai Stock Exchange www.sse.com.cn, the website of The Stock Exchange of Hong Kong Limited www.hkex.com.hk and our website www.ccb.com.

By order of the Board
China Construction Bank Corporation
Zhang Jianguo
Vice chairman, executive director and president

24 October 2008

As at the date of this announcement, the executive directors of the Bank are Mr. Guo Shuqing, Mr. Zhang Jianguo, Mr. Luo Zhefu and Ms. Xin Shusen; the non-executive directors of the Bank are Mr. Wang Yonggang, Mr. Wang Yong, Ms. Wang Shumin, Mr. Liu Xianghui, Mr. Zhang Xiangdong, Ms. Li Xiaoling and Mr. Gregory L. Curl; and the independent non-executive directors of the Bank are Lord Peter Levene, Mr. Song Fengming, Ms. Jenny Shipley, Ms. Elaine La Roche, Mr. Wong Kai-Man and Mr. Tse Hau Yin, Aloysius.

APPENDIX FINANCIAL STATEMENTS PREPARED UNDER IFRS

Consolidated income statement

For the nine months ended 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	Nine months ended 30 September		Three months from 1 July to 30 September	
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)
Interest income	264,497	205,178	92,304	74,281
Interest expense	(96,327)	(65,878)	(35,214)	(24,194)
Net interest income	168,170	139,300	57,090	50,087
Fee and commission income	30,752	23,844	9,826	10,573
Fee and commission expense	(1,180)	(918)	(422)	(307)
Net fee and commission income	29,572	22,926	9,404	10,266
Net trading gain	1,853	569	561	322
Dividend income	128	131	53	55
Net (loss)/income arising from investment securities	(3,466)	840	(5,112)	291
Other operating income/(loss), net	3,321	(4,248)	1,846	(1,276)
Operating income	199,578	159,518	63,842	59,745
Operating expenses	(69,058)	(57,177)	(22,865)	(19,902)
	130,520	102,341	40,977	39,843
Provisions for impairment losses on — loans and advances to customers	(15,170)	(18,003)	(3,712)	(6,355)
— others	(6,657)	(562)	(4,209)	(241)
Impairment losses	(21,827)	(18,565)	(7,921)	(6,596)
Share of profit in associate and jointly controlled entity	16	17	(2)	4

Consolidated income statement (continued)
For the nine months ended 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	Nine months ended		Three months from	
	30 September	2007	1 July to 30 September	2007
	2008	2007	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before tax	108,709	83,793	33,054	33,251
Income tax	(24,442)	(26,692)	(7,479)	(10,405)
Net profit	84,267	57,101	25,575	22,846
Attributable to:				
Shareholders of the Bank	84,234	57,027	25,567	22,806
Minority interests	33	74	8	40
Net profit	84,267	57,101	25,575	22,846
Cash dividends payable to shareholders of the Bank				
Interim cash dividend attributable to and approved during the six months ended 30 June 2007	—	15,054	—	—
Special cash dividend approved after the balance sheet date	—	16,339	—	—
Interim cash dividend proposed after the balance sheet date	25,823	—	—	—
Basic and diluted earnings per share (in RMB)	0.36	0.25	0.11	0.10

Approved and authorised for issue by the board of directors on 24 October 2008.

Zhang Jianguo
Vice chairman, executive director and president

Tse Hau Yin, Aloysius
Independent non-executive director

Wang Shumin
Non-executive director

Consolidated balance sheet

As at 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	As at 30 September 2008 (Unaudited)	As at 31 December 2007
Assets		
Cash and balances with central banks	1,235,603	967,374
Amounts due from banks and non-bank financial institutions	196,154	102,393
Trading investments	107,021	29,819
Positive fair value of derivatives	26,047	14,632
Loans and advances to customers	3,533,204	3,183,229
Investment securities	2,077,662	2,171,991
Interests in associate and jointly controlled entity	1,721	1,099
Property and equipment	60,101	58,287
Goodwill	1,523	1,624
Deferred tax assets	3,608	35
Other assets	80,987	67,694
	<hr/>	<hr/>
Total assets	7,323,631	6,598,177
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Liabilities		
Amounts due to central banks	1,182	50,973
Amounts due to banks and non-bank financial institutions	515,925	606,061
Trading liabilities	8,044	10,809
Negative fair value of derivatives	15,483	7,952
Deposits from customers	6,111,850	5,329,507
Certificates of deposit issued	10,170	9,284
Current tax liabilities	22,215	28,022
Deferred tax liabilities	5	771
Other liabilities and provisions	116,498	92,589
Bonds issued	42,725	39,928
	<hr/>	<hr/>
Total liabilities	6,844,097	6,175,896
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Consolidated balance sheet (continued)

As at 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	As at 30 September 2008 (Unaudited)	As at 31 December 2007
Equity		
Share capital	233,689	233,689
Reserves	244,469	187,288
	<hr/>	<hr/>
Total equity attributable to shareholders of the Bank	478,158	420,977
Minority interests	1,376	1,304
	<hr/>	<hr/>
Total equity	479,534	422,281
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Total equity and liabilities	7,323,631	6,598,177
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Approved and authorised for issue by the board of directors on 24 October 2008.

Zhang Jianguo
*Vice chairman, executive
director and president*

Tse Hau Yin, Aloysius
*Independent non-executive
director*

Wang Shumin
*Non-executive
director*

Balance sheet of the Bank

As at 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	As at 30 September 2008 (Unaudited)	As at 31 December 2007
Assets		
Cash and balances with central banks	1,235,296	967,106
Amounts due from banks and non-bank financial institutions	192,131	96,281
Trading investments	99,669	23,528
Positive fair value of derivatives	25,536	14,296
Loans and advances to customers	3,483,178	3,151,289
Investment securities	2,075,393	2,169,057
Investments in subsidiaries	4,193	4,006
Property and equipment	59,886	58,094
Deferred tax assets	3,791	33
Amounts due from subsidiaries	52,670	31,530
Other assets	80,039	66,619
	<hr/>	<hr/>
Total assets	7,311,782	6,581,839
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Amounts due to central banks	1,182	50,973
Amounts due to banks and non-bank financial institutions	514,670	605,076
Trading liabilities	8,044	10,809
Amounts due to subsidiaries	30,707	23,083
Negative fair value of derivatives	14,837	7,609
Deposits from customers	6,077,619	5,296,988
Certificates of deposit issued	8,068	8,347
Current tax liabilities	22,040	27,878
Deferred tax liabilities	—	602
Other liabilities and provisions	115,604	91,029
Bonds issued	42,725	39,928
	<hr/>	<hr/>
Total liabilities	6,835,496	6,162,322
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Balance sheet of the Bank (continued)

As at 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	As at 30 September 2008 (Unaudited)	As at 31 December 2007
Equity		
Share capital	233,689	233,689
Reserves	242,597	185,828
Total equity	<u>476,286</u>	<u>419,517</u>
Total equity and liabilities	<u>7,311,782</u>	<u>6,581,839</u>

Approved and authorised for issue by the board of directors on 24 October 2008.

Zhang Jianguo
*Vice chairman, executive
director and president*

Tse Hau Yin, Aloysius
*Independent non-executive
director*

Wang Shumin
*Non-executive
director*

Consolidated cash flow statement

For the nine months ended 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	Nine months ended 30 September	
	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating activities		
Profit before tax	108,709	83,793
<i>Adjustments for:</i>		
— dividend income	(128)	(131)
— revaluation gain on trading and derivatives financial instruments	(572)	(445)
— net loss/(gain) on disposal of investments, property and equipment and other assets	3,378	(1,025)
— unwinding of discount	(1,184)	(1,500)
— share of profit in associate and jointly controlled entity	(16)	(17)
— unrealised foreign exchange loss	3,587	5,593
— depreciation charges and amortisation	6,839	5,823
— provisions for impairment losses	21,827	18,565
— interest expense on bonds issued	1,516	1,443
	143,956	112,099
<i>Changes in operating assets and liabilities:</i>		
Increase in balances with central banks	(194,979)	(240,389)
Increase in amounts due from banks and non-bank financial institutions	(98,290)	(27,959)
Increase in loans and advances to customers	(378,482)	(399,768)
Increase in other operating assets	(100,642)	(690)
(Decrease)/Increase in amounts due to central banks	(49,791)	150
(Decrease)/Increase in amounts due to banks and non-bank financial institutions	(85,991)	382,170
Increase in deposits from customers	802,313	480,380
Increase in certificates of deposit issued	1,539	3,007
Income tax paid	(31,054)	(22,318)
Increase in other operating liabilities	7,475	4,022
Net cash from operating activities	16,054	290,704

Consolidated cash flow statement (continued)
For the nine months ended 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

	Nine months ended	
	30 September	
	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Investing activities		
Proceeds from disposal and redemption of investment securities	785,008	847,031
Dividend received	128	131
Investment in a subsidiary	62	—
Proceeds from disposal of property and equipment and other assets	581	262
Payments on acquisition of investment securities	(722,303)	(1,146,887)
Payments on investment in associate and jointly controlled entity	(415)	—
Payments on acquisition of property and equipment and other assets	(8,545)	(2,984)
	<hr/>	<hr/>
Net cash from/(used in) investing activities	54,516	(302,447)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities		
Proceeds from bonds issued	2,789	—
Proceeds from share issuance	—	57,180
Dividend paid	(23)	(20,654)
Interest paid on bonds issued	(1,317)	(1,252)
	<hr/>	<hr/>
Net cash from financing activities	1,449	35,274
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Effect of exchange rate changes on cash and cash equivalents held	(2,672)	(564)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents	69,347	22,967
Cash and cash equivalents as at 1 January	180,508	167,489
	<hr/>	<hr/>
Cash and cash equivalents as at 30 September	249,855	190,456
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Cash flows from operating activities include:		
Interest received	245,616	192,810
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Interest paid, excluding interest expense on bonds issued	(77,494)	(59,641)
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Consolidated cash flow statement (continued)
For the nine months ended 30 September 2008

(Expressed in millions of Renminbi unless otherwise stated)

(a) Cash and cash equivalents

	As at 30 September 2008 (Unaudited)	As at 30 September 2007 (Unaudited)
Cash	35,318	33,335
Surplus deposit reserves	145,305	76,024
Amounts due from banks and non-bank financial institutions	196,154	157,734
Less:		
— Amounts due over three months when acquired	11,130	8,400
— Balances under resale agreements	115,792	68,237
	69,232	81,097
Total	249,855	190,456

(b) Acquisition of subsidiary and jointly controlled entity

In January and February 2008, the Bank and Bausparkasse Schwaebische Hall of Germany paid cash of RMB188 million and RMB62 million equivalent as the additional capital contribution to Sino-German Bausparkasse Co., Ltd. respectively.

In the first half year of 2008, the Group acquired the issued share capital of Diamond String Limited with the payment of RMB415 million.

Approved and authorised for issue by the board of directors on 24 October 2008.

Zhang Jianguo
*Vice chairman, executive
director and president*

Tse Hau Yin, Aloysius
*Independent non-executive
director*

Wang Shumin
*Non-executive
director*