

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached drawdown offering circular (“**Drawdown Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Drawdown Offering Circular. In accessing the attached Drawdown Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** This document is being sent to you at your request and by accepting the e-mail and accessing the attached Drawdown Offering Circular, you shall be deemed to represent to each of China Construction Bank Corporation, Hong Kong Branch (the “**Issuer**”), China Construction Bank (Asia) Corporation Limited, China Construction Bank (Europe) S.A., CCB International Capital Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, BNP Paribas, Citigroup Global Markets Limited and Mizuho Securities Asia Limited (collectively, the “**Joint Global Coordinators**”) and Merrill Lynch (Asia Pacific) Limited, Bank of China Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Commonwealth Bank of Australia, CTBC Bank Co., Ltd, ING Bank N.V., Singapore Branch, KGI Asia Limited, Standard Chartered Bank and UBS AG Hong Kong Branch (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) (1) that you and any customers you represent are a non-U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) outside of the United States, (2) that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (3) that you consent to delivery of the attached and any amendments or supplements thereto by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Notes described herein.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Lead Managers, the agents named herein (the “**Agents**”) nor their respective affiliates and their respective directors, officers, employees, representatives, agents and each person who controls the Issuer, a Joint Lead Manager, an Agent or their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

**THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of it is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Drawdown Offering Circular on the basis that you are a person into whose possession this Drawdown Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.**

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED DRAWDOWN OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH DRAWDOWN OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DRAWDOWN OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



**中国建设银行**  
China Construction Bank

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

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

**CHINA CONSTRUCTION BANK CORPORATION**  
**HONG KONG BRANCH**

**中國建設銀行股份有限公司香港分行**

Issue of

**U.S.\$1,000,000,000 Floating Rate Notes due 2021**  
**by China Construction Bank Corporation Hong Kong Branch**  
**under the U.S.\$15,000,000,000 Medium Term Note Programme**

This Drawdown Offering Circular must, unless otherwise expressly set out herein, be read and construed as one document in conjunction with all documents incorporated by reference herein, including the sections of the offering circular dated 28 June 2018 (the "Base Offering Circular", and together with this Drawdown Offering Circular, the "Offering Circular") prepared by China Construction Bank Corporation 中國建設銀行股份有限公司 (the "Bank") and China Construction Bank Corporation Hong Kong Branch 中國建設銀行股份有限公司香港分行 (the "Hong Kong Branch" or the "Issuer") in connection with the U.S.\$15,000,000,000 Medium Term Note Programme as described in the Base Offering Circular (the "Programme").

This Drawdown Offering Circular is prepared for the U.S.\$1,000,000,000 Floating Rate Notes due 2021 (the "Notes" or the "Sustainability Bonds") to be issued by the Hong Kong Branch under the Programme. The principal terms of the Notes are set out in Annex I hereto. Terms given a defined meaning in the Base Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Drawdown Offering Circular. To the extent there is any inconsistency between any statement in this Drawdown Offering Circular and any statement in the Base Offering Circular, the statement in this Drawdown Offering Circular shall prevail.

Pursuant to the Approval by the National Development and Reform Commission on the Management of Foreign Debt Scale Management Reform of 2018 (《國家發展改革委關於2018年度外債規模管理企業外債規模的批覆》) (發改外資[2018]307號) issued by the National Development and Reform Commission of the PRC (the "NDRC") wherein a quota of foreign debt to be issued in 2018 (the "Quota") was granted by the NDRC on 9 February 2018, separate pre-issuance registration with the NDRC with respect to the Notes is not required as the Notes will be issued within the aforesaid Quota, but the Bank is still required to file with the NDRC the requisite information on the issuance of the Notes after the issuance of such Notes. The Bank intends to provide the requisite information on the issuance of the Notes to the NDRC within the time period prescribed by the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) (發改外資[2015]2044號) issued by the NDRC on 14 September 2015 which came into effect on the same day and any relevant rules and regulations from time to time issued by the NDRC (together, the "NDRC Regulations") and the terms of the Quota.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "Professional Investors") only. This Drawdown Offering Circular is for distribution to Professional Investors only. Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.

The Hong Kong Stock Exchange has not reviewed the contents of this Drawdown Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Drawdown Offering Circular to Professional Investors only have been reproduced in this Drawdown Offering Circular. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Bank or the Issuer or quality of disclosure in this Drawdown Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Drawdown Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Drawdown Offering Circular.

This Drawdown Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Drawdown Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application will also be made to the London Stock Exchange plc (the "London Stock Exchange") for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market (the "ISM"). The ISM is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, "MiFID II").

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the United Kingdom Listing Authority. The London Stock Exchange has not approved or verified the contents of this Drawdown Offering Circular.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Notes and the distribution of this Drawdown Offering Circular, see "Subscription and Sale" in the Base Offering Circular, as amended and/or supplemented by this Drawdown Offering Circular. The Notes may be subject to additional selling restrictions as set out in the Pricing Supplement.

The Notes will be represented by beneficial interests in a global note (the "Global Note") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Notes will not be issued in exchange for interests in the relevant Global Note Certificate. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Form of the Notes" in the Base Offering Circular.

The Notes are expected to be assigned a rating of "A1" by Moody's Investors Service ("Moody's"). The Bank has been rated A1 by Moody's. The Programme has been rated "(P) A1" by Moody's. These ratings are only correct as at the date of this Drawdown Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves risks. See "Risk Factors" herein and in the Base Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes. The risks and investment considerations identified in this Drawdown Offering Circular and the Base Offering Circular are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in the Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

**Joint Global Coordinators**

**China Construction Bank**

**Crédit Agricole  
CIB**

**HSBC**

**BNP PARIBAS**

**Citi**

**Mizuho Securities**

**Joint Bookrunners**

**Bank of America  
Merrill Lynch**

**Bank of China**

**China Minsheng Banking  
Corp., Ltd., Hong Kong  
Branch**

**Commonwealth  
Bank of Australia**

**CTBC Bank  
Hong Kong Branch**

**ING**

**KGI Asia**

**Standard Chartered Bank**

**UBS**

The date of this Drawdown Offering Circular is 17 September 2018.

## IMPORTANT NOTICE

*This Drawdown Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” of this Drawdown Offering Circular).*

Each of the Issuer and the Bank accepts responsibility for the information contained in this Drawdown Offering Circular and, having made all reasonable enquiries confirms that to the best of its knowledge and belief (i) this Drawdown Offering Circular (read together with all documents incorporated by reference herein) contains all information with respect to the Issuer and the Bank and its subsidiaries taken as a whole (the “**Group**”) and to the Notes which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Bank and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Notes); (ii) the statements contained herein relating to the Issuer, the Bank, the Group and the Notes are in every material respect true and accurate and not misleading and (iii) there are no other facts in relation to the Issuer, the Bank, the Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Drawdown Offering Circular (read together with all documents incorporated by reference herein) misleading in any material aspect.

No person is or has been authorised by the Issuer to give any information or to make any representations other than those contained in this Drawdown Offering Circular (read together with all documents incorporated by reference herein) in connection with the Programme or the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

The Notes will be issued on the terms set out under “Terms and Conditions of the Notes” in the Base Offering Circular, as amended and/or supplemented by the pricing supplement set out in Annex I to this Drawdown Offering Circular (the “**Pricing Supplement**”). This Drawdown Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to the Notes, must be read and construed together with the relevant Pricing Supplement.

China Construction Bank (Asia) Corporation Limited, China Construction Bank (Europe) S.A., CCB International Capital Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, BNP Paribas, Citigroup Global Markets Limited and Mizuho Securities Asia Limited (collectively, the “**Joint Global Coordinators**”) and Merrill Lynch (Asia Pacific) Limited, Bank of China Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Commonwealth Bank of Australia, CTBC Bank Co., Ltd, ING Bank N.V., Singapore Branch, KGI Asia Limited, Standard Chartered Bank and UBS AG Hong Kong Branch (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) have not separately verified the information contained or incorporated by reference in this Drawdown Offering Circular to the fullest extent permitted by law. None of the Joint Lead Managers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Drawdown Offering Circular. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of this Drawdown Offering Circular or any of the information incorporated by reference in this Drawdown Offering Circular. Each of the Joint Lead Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Drawdown Offering Circular or any such statement. Neither this Drawdown Offering Circular nor any financial statements included or incorporated herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Drawdown Offering Circular or any such financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Drawdown Offering Circular (read together with all documents incorporated by reference herein) and make its own independent

investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the risks involved. The purchase of Notes by investors should be based upon their investigation, as they deem necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer and the Group during the life of the arrangements contemplated by this Drawdown Offering Circular (read together with all documents incorporated by reference herein), nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

Neither this Drawdown Offering Circular (read together with all documents incorporated by reference herein) nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Drawdown Offering Circular (read together with all documents incorporated by reference herein) nor the Pricing Supplement nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer or the Bank during the terms of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States. **For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Drawdown Offering Circular, see “Subscription and Sale” in the Base Offering Circular, as amended and/or supplemented by this Drawdown Offering Circular.**

This Drawdown Offering Circular (read together with all documents incorporated by reference herein) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Drawdown Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Bank or the Issuer or quality of disclosure in this Drawdown Offering Circular. In making an investment decision, investors must rely on their own examination of the Issuer, Bank, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” herein and in the Base Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes. The risks and investment considerations identified in this Drawdown Offering Circular and the Base Offering Circular are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in the Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

**PRIIPs Regulation/Prohibition of sales to EEA Retail Investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.



**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of the manufacturers’ product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## PRESENTATION OF FINANCIAL INFORMATION

This Drawdown Offering Circular contains the audited consolidated financial statements of the Group as at and for the year ended 31 December 2016 (the “**Group 2016 Annual Financial Statements**”) and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2017 (the “**Group 2017 Annual Financial Statements**”). The Group 2016 Annual Financial Statements and the Group 2017 Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”).

The Group 2016 Annual Financial Statements and the Group 2017 Annual Financial Statements have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong (“**PricewaterhouseCoopers**”) in accordance with Hong Kong Standards on Auditing (“**HKSA**”) and are incorporated by reference into this Drawdown Offering Circular (see “*Documents Incorporated by Reference*” of this Drawdown Offering Circular).

The selected consolidated interim financial information of the Group as at and for the six months ended 30 June 2017 and 2018 was extracted from the unaudited but reviewed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2018 (the “**Group 2018 Interim Financial Statements**”) which were prepared and presented in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the IASB and have been reviewed by PricewaterhouseCoopers Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and are included elsewhere in this Drawdown Offering Circular.

Such unaudited but reviewed consolidated interim financial information should not be relied upon to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Group’s financial condition, results of operations and results. Such unaudited consolidated interim financial information as at and for the six months ended 30 June 2018 should not be taken as an indication of the expected financial condition and results of operations for the Group for the full financial year ending 31 December 2018.

As of 1 January 2018, the Bank has adopted new accounting standards, including IFRS 9, which are effective for accounting periods beginning on or after 1 January 2018. The IFRS 9 model introduces, among other things, an expected loss impairment model. The impact of the initial application of the new accounting standards is disclosed in note 70 of the Group 2017 Annual Financial Statements. The Bank has estimated that the adoption of IFRS 9 would reduce its net assets by approximately 1 per cent. as at 1 January 2018. According to the IFRS 9 transitional arrangement, upon initial application of IFRS 9, the Group is not required to restate the comparable figures of the prior period. Instead, differences caused by the adoption of the IFRS 9 is adjusted to the beginning balance of retained earnings and other comprehensive income.

## CERTAIN DEFINITIONS

Unless otherwise specified or the context requires, references herein to the “Bank” refer to China Construction Bank Corporation 中國建設銀行股份有限公司; all references to the “Group” refer to the Bank and its subsidiaries; references herein to “U.S. dollars” and “U.S.\$” are to the lawful currency of the United States of America (the “U.S.”), references to “Hong Kong dollars” and “HK\$” are to the lawful currency of Hong Kong, references to “Renminbi” and “RMB” are to the lawful currency of the People’s Republic of China (the “PRC”), references to “Sterling” and “£” are to the lawful currency of the United Kingdom and references to “EUR”, “euro” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In addition, references to “Hong Kong” are to the Hong Kong Special Administrative Region of the PRC, references to “Macau” are to the Macau Special Administrative Region of the PRC, references to “Mainland China” are to the PRC excluding Hong Kong and Macau and references to “Greater China” are to the PRC including Hong Kong and Macau.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

## FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Drawdown Offering Circular and the Base Offering Circular which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “anticipated”, “estimate”, “estimating”, “intend”, “plan”, “seeking to”, “future”, “objective”, “should”, “can”, “could”, “may”, and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Issuer’s expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for internet banking services.

## THIRD PARTY INFORMATION

The Issuer confirms that all third party information in this Drawdown Offering Circular has been accurately reproduced and, so far as it is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## STABILISATION

In connection with the issue of the Notes, one or more of the Joint Lead Managers named as Stabilising Manager (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement may over-allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

## NOTICE TO RESIDENTS OF QATAR

The Notes will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Drawdown Offering Circular has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Qatar Stock Exchange or the Qatar Central Bank in accordance with their regulations or any other regulations in the State of Qatar and the Qatar Financial Centre. The Notes are not and will not be traded on the Qatar Stock Exchange.

## NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes may only be offered in registered form to existing account holders and accredited investors (each as defined by the Central Bank of Bahrain (the “CBB”)) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

This Drawdown Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Drawdown Offering Circular and the related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Drawdown Offering Circular or any related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Drawdown Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside of the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Drawdown Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Drawdown Offering Circular. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Drawdown Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

## NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Drawdown Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of Saudi Arabia (the Capital Market Authority).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Drawdown Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Drawdown Offering Circular. Prospective purchasers of the Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Drawdown Offering Circular he or she should consult an authorised financial adviser.

**This Drawdown Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.** The distribution of this Drawdown Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Joint Lead Managers represents that this Drawdown Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this Drawdown Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Drawdown Offering Circular, the Original Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Drawdown Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Drawdown Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the United Kingdom, the European Economic Area, Singapore, Japan, Hong Kong, the PRC, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the State of Qatar and to persons connected therewith. **For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Drawdown Offering Circular, see “Subscription and Sale” in the Base Offering Circular, as amended and/or supplemented by this Drawdown Offering Circular.**



## DOCUMENTS INCORPORATED BY REFERENCE

This Drawdown Offering Circular should be read and construed in conjunction with the following:

- (i) the Base Offering Circular dated 28 June 2018 relating to the Programme except for:
  - (a) the documents incorporated by reference therein;
  - (b) the section entitled “*Documents Incorporated by Reference*” as set out on page 1 thereof;
  - (c) the section entitled “*Form of Pricing Supplement*” as set out on pages 20 to 33 thereof;
  - (d) the section entitled “*Use of Proceeds*” as set out on page 59 thereof; and
  - (e) the section entitled “*General Information*” as set out on pages 158 to 160 thereof,which shall not be deemed to be incorporated into this Drawdown Offering Circular;
- (ii) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2016, together with the Independent Auditor’s Report thereon, as set out on pages F-2 to F-128 of the Base Offering Circular (the “**2016 Audited Consolidated Financial Statements**”);
- (iii) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2017, together with the Independent Auditor’s Report thereon, as set out on pages F-129 to F-255 of the Base Offering Circular (the “**2017 Audited Consolidated Financial Statements**”); and
- (iv) the unaudited and unreviewed financial statements of the Group as at and for the three months ended 31 March 2018, as set out on pages F-256 to F-264 of the Base Offering Circular (the “**2018 Q1 Financial Statements**”).

Such documents shall be incorporated in and form part of this Drawdown Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Drawdown Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Drawdown Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Drawdown Offering Circular shall not form part of this Drawdown Offering Circular.

Copies of the 2016 Audited Consolidated Financial Statements, the 2017 Audited Consolidated Financial Statements and the 2018 Q1 Financial Statements may be obtained from the registered office of the Issuer at 28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and will be available for viewing on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk/index.htm>. The Base Offering Circular will be available for viewing on the website of the Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com) and on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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## OVERVIEW OF THE OFFERING OF THE NOTES

*The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Drawdown Offering Circular. See, in particular, “Terms and Conditions of the Notes” in the Base Offering Circular and the Pricing Supplement in respect of the Notes included in Annex I to this Drawdown Offering Circular. Terms used in this section and not otherwise defined shall have the meanings given to them in the Terms and Conditions of the Notes.*

<b>Issuer</b>	China Construction Bank Corporation Hong Kong Branch
<b>Issue</b>	U.S.\$1,000,000,000 Floating Rate Notes due 2021 (the “ <b>Notes</b> ” or the “ <b>Sustainability Bonds</b> ”)
<b>Issue Price</b>	100 per cent. of the aggregate nominal amount of the Notes
<b>Interest and Interest Payment Dates</b>	3-month USD LIBOR plus a margin of 0.75 per cent. per annum, payable quarterly in arrear on 24 March, 24 June, 24 September and 24 December in each year, commencing on 24 December 2018 up to and including the Maturity Date (each such date being subject to adjustment in accordance with the Modified Following Business Day Convention)
<b>Issue Date</b>	24 September 2018
<b>Maturity Date</b>	The Specified Interest Payment Date falling on or nearest to 24 September 2021
<b>Status</b>	Senior Notes. The Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, save for such exceptions as may be provided by applicable legislation.
<b>Certain Covenants</b>	The Issuer will agree to certain covenants. See Condition 4.
<b>Redemption for Taxation Reasons</b>	See Condition 6(c).
<b>Other Call/Put Options</b>	Not applicable.
<b>Taxation; Payment of Additional Amounts</b>	See Condition 8.
<b>Events of Default</b>	The Notes will be subject to certain events of default, including (among others) non-payment, breach of other obligations, cross-acceleration, insolvency, winding-up and illegality events. See Condition 10.

**Form and Transfer**

The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, without interest coupons attached, which will be delivered to a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream. Except in limited circumstances, Individual Note Certificates for Notes will not be issued in exchange for beneficial interests in any Global Note Certificate. Interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. See Conditions 1 and 2 and “*Form of the Notes*” in the Base Offering Circular.

**Denominations**

The Notes will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

**Governing Law**

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.

**Use of Proceeds**

The net proceeds of the issue of the Notes will be allocated to finance and/or refinance, in whole or in part, loans to customers involved in as well as the Bank’s own operational activities in Eligible Green Projects and Eligible Social Projects, as further described in the sections entitled “*Use of Proceeds*”, “*Green, Social and Sustainability Bond Framework*” and “*Eligible Green Projects and Eligible Social Projects*” and in accordance with applicable laws and regulations (including those with respect to the remittance of proceeds into the PRC).

**Listing**

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only.

Application will also be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of MiFID II. Such admission to trading is expected to be effective on or immediately following the Issue Date.

**Selling Restrictions**

The Notes have not been nor will be registered under the Securities Act or any State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act). The offer and sale of Notes is also subject to restrictions in the United States, the United Kingdom, the European Economic Area, Singapore, Japan, Hong Kong, the PRC, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the State of Qatar. See “*Subscription and Sale*” in the Base Offering Circular, as supplemented by this Drawdown Offering Circular, and the Pricing Supplement set out in Annex I hereto.

<b>Risk Factors</b>	For a discussion of certain risk factors relating to the Bank, the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see “ <i>Risk Factors</i> ” herein and in the Base Offering Circular.	
<b>Expected Ratings of the Notes</b>	A1 by Moody’s	
<b>Fiscal Agent</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Registrar and Transfer Agent</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Securities Codes</b>	ISIN XS1880301228	Common Code 188030122
<b>Legal Entity Identifier</b>	The Legal Entity Identifier of the Bank is 5493001KQW6DM7KEDR62	



## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The selected consolidated financial data as at and for the years ended 31 December 2015, 2016 and 2017 are extracted from the Group 2016 Annual Financial Statements and Group 2017 Annual Financial Statements as prepared and presented in accordance with IFRS and have been audited by PricewaterhouseCoopers.

The selected consolidated interim financial information as at and for the six months ended 30 June 2017 and 2018 are extracted from the Group 2018 Interim Financial Statements as prepared and presented in accordance with IAS 34 and have been reviewed by PricewaterhouseCoopers.

Such unaudited but reviewed consolidated interim financial information should not be relied upon to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers makes any representation or warranty, express or implied, regarding the sufficiency of the Group's unaudited but reviewed consolidated interim financial information as at and for the six months ended 30 June 2017 and 2018 for an assessment of the Group's financial condition and results of operations. Accordingly, potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. Such unaudited consolidated interim financial information as at and for the six months ended 30 June 2018 should not be taken as an indication of the expected financial condition and results of operations for the Group for the full financial year ending 31 December 2018.

As of 1 January 2018, the Bank has adopted new accounting standards, including IFRS 9, which are effective for accounting periods beginning on or after 1 January 2018. The IFRS 9 model introduces, among other things, an expected loss impairment model. The impact of the initial application of the new accounting standards is disclosed in note 70 of the Group 2017 Annual Financial Statements. The Bank has estimated that the adoption of IFRS 9 would reduce its net assets by approximately 1 per cent. as at 1 January 2018. According to the IFRS 9 transitional arrangement, upon initial application of IFRS 9, the Group is not required to restate the comparable figures of the prior period. Instead, differences caused by the adoption of the IFRS 9 is adjusted to the beginning balance of retained earnings and other comprehensive income.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Group, including the notes thereto, included in the Base Offering Circular or this Drawdown Offering Circular (as applicable). It should also be read in conjunction with any other information incorporated into this Drawdown Offering Circular.

**Consolidated Statement of Financial Position as at 31 December 2015, 2016 and 2017**

	As at 31 December		
	2015	2016	2017
	(Audited)		
	(RMB millions, unless otherwise stated)		
<b>Assets:</b>			
Cash and deposits with central banks.....	2,401,544	2,849,261	2,988,256
Deposits with banks and non-bank financial institutions .....	352,966	494,618	175,005
Precious metals .....	86,549	202,851	157,036
Placements with banks and non-bank financial institutions .....	310,779	260,670	325,233
Financial assets at fair value through profit or loss .....	271,173	488,370	578,436
Positive fair value of derivatives.....	31,499	89,786	82,980
Financial assets held under resale agreements.....	310,727	103,174	208,360
Interest receivable .....	96,612	101,645	116,993
Loans and advances to customers .....	10,234,523	11,488,355	12,574,473
Available-for-sale financial assets .....	1,066,752	1,633,834	1,550,680
Held-to-maturity investments .....	2,563,980	2,438,417	2,586,722
Investment classified as receivables .....	369,501	507,963	465,810
Interests in associates and joint ventures .....	4,986	7,318	7,067
Fixed assets.....	159,531	170,095	169,679
Land use rights.....	15,231	14,742	14,545
Intangible assets .....	2,103	2,599	2,752
Goodwill .....	2,140	2,947	2,751
Deferred tax assets .....	25,379	31,062	46,189
Other assets .....	43,514	75,998	71,416
<b>Total assets.....</b>	<b>18,349,489</b>	<b>20,963,705</b>	<b>22,124,383</b>
<b>Liabilities:</b>			
Borrowings from central banks .....	42,048	439,339	547,287
Deposits from banks and non-bank financial institutions .....	1,439,395	1,612,995	1,336,995
Placements from banks and non-bank financial institutions .....	321,712	322,546	383,639
Financial liabilities at fair value through profit or loss..	302,649	396,591	414,148
Negative fair value of derivatives .....	27,942	90,333	79,867
Financial assets sold under repurchase agreements .....	268,012	190,580	74,279
Deposits from customers .....	13,668,533	15,402,915	16,363,754
Accrued staff costs.....	33,190	33,870	32,632
Taxes payable.....	49,411	44,900	54,106
Interest payable .....	205,684	211,330	199,588
Provisions.....	7,108	9,276	10,581
Debt securities issued.....	415,544	451,554	596,526
Deferred tax liabilities.....	624	570	389
Other liabilities .....	122,554	167,252	234,765
<b>Total liabilities .....</b>	<b>16,904,406</b>	<b>19,374,051</b>	<b>20,328,556</b>
<b>Equity:</b>			
Share capital.....	250,011	250,011	250,011
Other equity instruments preference shares.....	19,659	19,659	79,636
Capital reserve .....	135,249	133,960	135,225
Investment revaluation reserve .....	23,058	(976)	(26,004)
Surplus reserve .....	153,032	175,445	198,613
General reserve .....	186,422	211,193	259,680
Retained earnings .....	672,154	786,860	886,921
Exchange reserve.....	(5,565)	348	(4,322)
<b>Total equity attributable to equity shareholders of the Bank.....</b>	<b>1,434,020</b>	<b>1,576,500</b>	<b>1,779,760</b>
Non-controlling interests .....	11,063	13,154	16,067
<b>Total equity .....</b>	<b>1,445,083</b>	<b>1,589,654</b>	<b>1,795,827</b>
<b>Total liabilities and equity.....</b>	<b>18,349,489</b>	<b>20,963,705</b>	<b>22,124,383</b>

## Consolidated Statement of Financial Position as at 30 June 2018

	As at 30 June 2018	As at 31 December 2017
	(Unaudited but reviewed)	(Audited)
	(RMB millions, unless otherwise stated)	
<b>Assets:</b>		
Cash and deposits with central banks.....	2,674,845	2,988,256
Deposits with banks and non-bank financial institutions.....	465,900	175,005
Precious metals.....	83,038	157,036
Placements with banks and non-bank financial institutions.....	333,942	325,233
Financial assets at fair value through profit or loss.....	679,900	578,436
Financial assets measured at amortised cost.....	3,245,096	N/A
Financial assets measured at fair value through other comprehensive income.....	1,320,847	N/A
Positive fair value of derivatives.....	48,723	82,980
Financial assets held under resale agreements.....	394,863	208,360
Interest receivable.....	123,468	116,993
Loans and advances to customers.....	13,068,482	12,574,473
Available-for-sale financial assets.....	N/A	1,550,680
Held-to-maturity investments.....	N/A	2,586,722
Investments classified as receivables.....	N/A	465,810
Interests in associates and joint ventures.....	7,533	7,067
Fixed assets.....	166,721	169,679
Land use rights.....	14,270	14,545
Intangible assets.....	2,622	2,752
Goodwill.....	2,687	2,751
Deferred tax assets.....	56,165	46,189
Other assets.....	116,080	71,416
<b>Total assets</b> .....	<b>22,805,182</b>	<b>22,124,383</b>
<b>Liabilities:</b>		
Borrowings from central banks.....	446,557	547,287
Deposits from banks and non-bank financial institutions.....	1,271,631	1,336,995
Placements from banks and non-bank financial institutions.....	436,546	383,639
Financial liabilities at fair value through profit or loss.....	405,401	414,148
Negative fair value of derivatives.....	47,433	79,867
Financial assets sold under repurchase agreements.....	48,605	74,279
Deposits from customers.....	16,965,489	16,363,754
Accrued staff costs.....	28,665	32,632
Taxes payable.....	49,830	54,106
Interest payable.....	189,266	199,588
Provisions.....	36,352	10,581
Debt securities issued.....	683,467	596,526
Deferred tax liabilities.....	526	389
Other liabilities.....	330,837	234,765
<b>Total liabilities</b> .....	<b>20,940,605</b>	<b>20,328,556</b>
<b>Equity:</b>		
Share capital.....	250,011	250,011
Other equity instruments preference shares.....	79,636	79,636
Capital reserve.....	134,537	135,225
Investment revaluation reserve.....	-	(26,004)
Other comprehensive reserve.....	(6,054)	-
Surplus reserve.....	198,613	198,613
General reserve.....	260,198	259,680
Retained earnings.....	931,325	886,921
Exchange reserve.....	-	(4,322)
<b>Total equity attributable to equity shareholders of the Bank</b> ....	<b>1,848,266</b>	<b>1,779,760</b>
Non-controlling interests.....	16,311	16,067
<b>Total equity</b> .....	<b>1,864,577</b>	<b>1,795,827</b>
<b>Total liabilities and equity</b> .....	<b>22,805,182</b>	<b>22,124,383</b>

**Consolidated Statement of Comprehensive Income for the years ended 31 December 2015, 2016 and 2017**

	For the year ended 31 December		
	2015	2016	2017
	(Audited)		
	(RMB millions, unless otherwise stated)		
Interest income.....	770,559	696,637	750,154
Interest expense.....	(312,807)	(278,838)	(297,698)
<b>Net interest income</b> .....	<b>457,752</b>	<b>417,799</b>	<b>452,456</b>
Fee and commission income.....	121,404	127,863	131,322
Fee and commission expense.....	(7,874)	(9,354)	(13,524)
<b>Net fee and commission income</b> .....	<b>113,530</b>	<b>118,509</b>	<b>117,798</b>
Net trading gain.....	3,913	3,975	4,858
Dividend income.....	733	2,588	2,195
Net (loss)/gain arising from investment securities.....	5,075	11,098	(835)
<b>Other operating income, net</b> .....	<b>5,684</b>	<b>5,921</b>	<b>17,559</b>
<b>Operating income</b> .....	<b>586,687</b>	<b>559,860</b>	<b>594,031</b>
<b>Operating expenses</b> .....	<b>(194,826)</b>	<b>(171,515)</b>	<b>(167,043)</b>
	<u>391,861</u>	<u>388,345</u>	<u>426,988</u>
Impairment losses on:			
Loans and advances to customers.....	(92,610)	(89,588)	(123,389)
Others.....	(1,029)	(3,616)	(3,973)
<b>Impairment losses</b> .....	<b>(93,639)</b>	<b>(93,204)</b>	<b>(127,362)</b>
<b>Share of profits less losses of associates and joint ventures</b> .....	<b>275</b>	<b>69</b>	<b>161</b>
<b>Profit before tax</b> .....	<b>298,497</b>	<b>295,210</b>	<b>299,787</b>
Income tax expense.....	(69,611)	(62,821)	(56,172)
<b>Net profit</b> .....	<b>228,886</b>	<b>232,389</b>	<b>243,615</b>
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations.....	51	(839)	593
Others.....	4	68	208
Subtotal.....	<u>55</u>	<u>(771)</u>	<u>801</u>
Items that may be reclassified subsequently to profit or loss			
Gains/(losses) of available-for-sale financial assets arising during the period.....	27,721	(27,841)	(38,151)
Less: Income tax relating to available-for-sale financial assets.....	(6,956)	7,055	9,230
Reclassification adjustments included in profit or loss ..	(1,429)	(3,930)	3,403
Net (gain)/loss on cash flow hedges.....	10	(150)	470
Exchange difference on translating foreign operations...	1,436	5,885	(4,748)
Subtotal.....	<u>20,782</u>	<u>(18,981)</u>	<u>(29,796)</u>
<b>Other comprehensive income for the year, net of tax</b> .....	<b>20,837</b>	<b>(19,752)</b>	<b>(28,995)</b>
<b>Total comprehensive income for the year</b> .....	<b>249,723</b>	<b>212,637</b>	<b>214,620</b>
Net profit attributable to:			
Equity shareholders of the Bank.....	228,145	231,460	242,264
Non-controlling interests.....	741	929	1,351
	<u>228,886</u>	<u>232,389</u>	<u>243,615</u>
Total comprehensive income attributable to:			
Equity shareholders of the Bank.....	248,311	212,418	213,837
Non-controlling interests.....	1,412	219	783
	<u>249,723</u>	<u>212,637</u>	<u>214,620</u>
<b>Basic and diluted earnings per share (in RMB Yuan)</b> .....	<b>0.91</b>	<b>0.92</b>	<b>0.96</b>

## Consolidated Statement of Comprehensive Income for the six months ended 30 June 2017 and 2018

	For the six months ended 30 June	
	2017	2018
	(Unaudited but reviewed)	
	(RMB millions, unless otherwise stated)	
Interest income .....	363,489	395,320
Interest expense .....	(145,635)	(155,834)
<b>Net Interest income</b> .....	<b>217,854</b>	<b>239,486</b>
Fee and commission income .....	74,166	75,371
Fee and commission expense .....	(6,086)	(6,367)
<b>Net fee and commission income</b> .....	<b>68,080</b>	<b>69,004</b>
Net trading gain .....	2,842	7,912
Dividend income .....	980	412
Net gain/(loss) arising from investment securities .....	(1,632)	3,119
Net losses on derecognition of financial assets measured at amortised cost .....	N/A	(2,365)
Other operating income .....	34,143	23,503
Other operating expense .....	(19,134)	(18,342)
<b>Other operating income, net</b> .....	<b>15,009</b>	<b>5,161</b>
<b>Operating income</b> .....	<b>303,133</b>	<b>322,729</b>
<b>Operating expenses</b> .....	<b>(70,547)</b>	<b>(74,681)</b>
	<b>232,586</b>	<b>248,048</b>
Impairment losses on:		
Loans and advances to customers .....	(59,729)	(63,164)
Others .....	(781)	(3,616)
<b>Impairment losses</b> .....	<b>(60,510)</b>	<b>(66,780)</b>
<b>Share of profits of associates and joint ventures</b> .....	<b>17</b>	<b>152</b>
<b>Profit before tax</b> .....	<b>172,093</b>	<b>181,420</b>
Income tax expense .....	(33,084)	(33,955)
<b>Net Profit</b> .....	<b>139,009</b>	<b>147,465</b>
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss		
Gains of equity instruments designated as measured at fair value through other comprehensive income .....	N/A	(33)
Re-measurements of post-employment benefit obligations .....	374	(178)
Others .....	-	(5)
Subtotal .....	374	(216)
Items that may be reclassified subsequently to profit or loss		
Gains of debt instruments measured at fair value through other comprehensive income .....	N/A	19,823
Income tax impact relating to debt instruments measured at fair value through other comprehensive income .....	N/A	(4,849)
Losses of available-for-sale financial assets arising during the period .....	(24,044)	N/A
Income tax impact relating to available-for-sale financial assets ....	5,949	N/A
Reclassification adjustments included in profit or loss .....	2,456	(263)
Net (loss)/gain on cash flow hedges .....	173	(342)
Exchange difference on translating foreign operations .....	(1,733)	(550)
Sub-total .....	(17,199)	13,819
<b>Other comprehensive income for the period, net of tax</b> .....	<b>(16,825)</b>	<b>13,603</b>
<b>Total comprehensive income for the period</b> .....	<b>122,184</b>	<b>161,068</b>
Net profit attributable to:		
Equity shareholders of the Bank .....	138,339	147,027
Non-controlling interests .....	670	438
	<b>139,009</b>	<b>147,465</b>
Total comprehensive income attributable to:		
Equity shareholders of the Bank .....	121,448	160,572
Non-controlling interests .....	736	496
	<b>122,184</b>	<b>161,068</b>
<b>Basic and diluted earnings per share (in RMB Yuan)</b> .....	<b>0.55</b>	<b>0.59</b>



## RISK FACTORS

*Prospective investors should have regard to the risk factors described under the section headed “Risk Factors” on pages 60 to 88 of the Base Offering Circular, which are incorporated by reference into this Drawdown Offering Circular. In addition, the sub-section entitled “Risk Factors – Risks Relating to the Notes” on pages 78 to 85 of the Base Offering Circular shall be supplemented with the following:*

***The Notes may not be a suitable investment for all investors seeking exposure to green assets***

In connection with the issue of the Notes, the Bank has engaged Ernst & Young to provide an independent limited assurance attestation report in relation to the Notes (the “**Attestation Report**”). The criteria for Ernst & Young’s procedures are the International Capital Market Association (“**ICMA**”) Green Bond Principles (2018) (“**Green Bond Principles**”), the ICMA Social Bond Principles 2018 (the “**Social Bond Principles**”) and the ICMA Sustainability Bond Guidelines 2018 (the “**Sustainability Bond Guidelines**”).

The Attestation Report is not incorporated into, and does not form part of, this Drawdown Offering Circular. The Attestation Report is not a recommendation to buy, sell or hold securities and is only current as of its date of issue and are subject to certain disclaimers set out therein. Furthermore, the Attestation Report is for information purposes only and Ernst & Young does not accept any form of liability for the substance of the Attestation Report and/or any liability for loss arising from the use of the Attestation Report and/or the information provided in it.

Whilst the Issuer and the Bank have agreed to certain obligations relating to reporting and use of proceeds as described under “*Green, Social and Sustainability Bond Framework*”, “*Eligible Green Projects and Eligible Social Projects*” and “*Use of Proceeds*”, respectively below, it would not be an Event of Default under the Terms and Conditions of the Notes if (i) the Issuer or the Bank were to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Notes, in the manner specified in this Drawdown Offering Circular and/or (ii) the Attestation Report issued in connection with the Notes were to be withdrawn. Any failure to use the net proceeds of the issue of the Notes in connection with green projects and/or social projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to such Notes, may affect the value and/or trading price of the Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green projects and/or social projects. In the event that the Notes are included in any dedicated “green”, “environmental”, “social”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer or the Bank or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer, the Bank or the Joint Lead Managers makes any representation as to the suitability for any purpose of the Attestation Report or (i) whether the Notes will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used to finance and/or refinance Eligible Green Projects and Eligible Social Projects, or (iii) the characteristics of Eligible Green Projects and Eligible Social Projects, including their environmental and sustainability criteria. Each potential purchaser of the Notes should have regard to the relevant projects and eligibility criteria described under the sections headed “*Green, Social and Sustainability Bond Framework*” and “*Eligible Green Projects and Eligible Social Projects*” and determine for itself the relevance of the information contained in this Drawdown Offering Circular regarding the use of proceeds, and its purchase of any Notes should be based upon such investigation as it deems necessary. The Attestation Report will be made available to investors on the Bank’s website.

*The sub-section headed “Risk Factors – Risks relating to the Bank’s Business” on pages 60 to 71 in the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

## **Risks Relating to the Bank’s Business**

### ***Uncertainties and instability in global market conditions could adversely affect the Bank’s business, financial condition and results of operations***

The Group has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

While the International Monetary Fund expects global economic growth to strengthen to 3.9 per cent. in 2018, following estimated growth of 3.7 per cent. in 2017, there are a number of uncertainties ahead. In 2017, there has been a more inward-looking policy agenda in the U.S. aimed at encouraging U.S. companies to bring back jobs, renegotiating trade pacts and stimulating the domestic economy via infrastructure spending and tax reforms. In Europe, the exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. These could include further falls in stock exchange indices, a fall in the value of the Pound, an increase in exchange rates between the Pound and the Euro and/or greater volatility of markets in general due to the increased uncertainty.

The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group’s business, financial condition and results of operations.

Inflationary pressures have also started to increase as the rebound in global commodity prices and weak domestic currencies have led businesses to pass on their increased input costs to consumers through higher selling prices. This adds to the uncertain global economic outlook.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group’s business and results of operations could be significantly and adversely affected.

Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including the Group. In addition, the Group remains subject to the risks posed by the indirect economic effect of the global credit crisis, some of which cannot be anticipated and the vast majority of which are not under its control. The Group also remains subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to the Group. If there is another global or regional financial crisis or a downturn in the economic condition of the Group’s primary markets, this would likely have a material adverse effect on the Group’s business, financial condition and results of operations.

### ***The Bank has a concentration of credit exposure to certain customers and certain sectors***

As at 30 June 2018, the Bank’s loans and advances to the domestic (i) manufacturing industry; (ii) transportation, storage and postal services industries; (iii) leasing and commercial services industries; (iv) production and supply of electric power, heat, gas and water industries; and (v) wholesale and retail trade industries accounted for 8.68 per cent., 9.81 per cent., 7.40 per cent., 6.23 per cent. and 3.03 per cent. of the Bank’s gross loans and advances to customers, respectively. If any of these industries in which the Bank’s loans are highly concentrated experiences a significant downturn, the Bank’s asset quality, business, financial condition and results of operations may be adversely affected, which in turn may negatively affect its ability to service the Notes and to satisfy its other obligations under the Notes.

Any significant or extended downturn in any of these sectors may reduce the borrowing activities in these sectors, as well as increase the level of the Bank's impaired loans and related provisions for impaired loans, any of which could in turn reduce its net profit and adversely affect its business, financial condition and results of operations.

The Bank is also exposed to the fluctuations of the real estate market through its extension of personal residential mortgage loans, individual commercial property mortgage loans and home equity loans. The Bank's real estate related loans mainly include both corporate real estate loans and personal residential mortgage loans. As at 30 June 2018, domestic corporate real estate loans amounted to RMB492,834 million, representing 3.66 per cent. of the Group's gross loans and advances to customers, and its corresponding NPL ratio was 2.17 per cent. As at 30 June 2018, domestic personal residential mortgages amounted to RMB4,501,216 million, representing 33.46 per cent. of the Group's gross loans and advances to customers and its corresponding NPL ratio was 0.25 per cent. For these purposes, "domestic" loans refers to loans made to borrowers in the following geographical segments as set out in the Group 2018 Interim Financial Statements: Yangtze River Delta, Pearl River Delta, Bohai Rim, Central, Western, Northeastern and where the Head Office is located. Notwithstanding prudential measures the Bank has put in place to maintain a portfolio of high quality real estate loans with sustainable growth, including imposing stringent standards for the acceptance of new customers for personal residential mortgage loans, the PRC real estate market is subject to volatility and property prices have experienced significant fluctuations in recent years. In the event that PRC real estate prices experience a significant prolonged decline, the Bank's asset quality will likely be negatively affected. Further, the PRC government has already implemented and continues to implement certain adjustment measures aimed at managing the fluctuations of the real estate market. These policies may have an adverse effect on the quality of loans extended to the real estate industry and may also adversely affect the quality of the Bank's mortgage loan portfolio. In addition, if the real estate market in China experiences a significant downturn, the value of the real estate securing the Bank's loans may decrease, resulting in a reduction in the amount the Bank can recover. Any of the above developments or a combination thereof may adversely affect the Bank's asset quality, business, financial condition and results of operations, which in turn may negatively affect its ability to service the Notes and to satisfy its other obligations under the Notes.

In accordance with national policies aimed at limiting the over-development of certain industries with excess capacity, including the iron and steel, cement, electrolytic aluminium, plate glass and shipbuilding industries, the Bank carefully manages its exposure to these industries and has adopted a strict policy towards extending loans to these industries in order to reduce its loan exposure and risks associated with loans to these high-risk industries.

Notwithstanding the credit measures the Bank has put in place, in the event the PRC government issues policies to further restrict such industries or there is deterioration in the production and operation of the Bank's customers from industries with overcapacity, the quality of the Bank's loans could suffer, which could in turn have an adverse effect on its business, financial position and results of operations, and may negatively affect its ability to service the Notes and to satisfy its other obligations under the Notes.

Since 2012, with the aim of reinforcing the risk management of loans to local government financing vehicles ("LGFV"), the PRC State Council ("**State Council**"), the China Banking Regulatory Commission ("**CBRC**") and the PBOC, along with several other PRC regulatory authorities, have promulgated a series of notices, guidelines and other regulatory documents to direct PRC banks and other financial institutions to further optimise and strengthen their risk management measures regarding their loans to LGFV. The Bank has implemented a series of measures such as imposing stringent controls on granting loans to the LGFV and strengthening credit related policies to manage and control the risks associated with loans to LGFV. Unfavourable developments in macroeconomic conditions, adverse changes to state policies, the financial condition of local governments or other factors may adversely affect the debt repayments of these financing platforms, which may in turn adversely affect the Bank's asset quality, financial condition and results of operations. Such developments may negatively affect its ability to service the Notes and to satisfy its other obligations under the Notes.

While the Bank introduced heightened criteria in 2009 to manage the risks associated with LGFV loans, including stricter requirements for guarantees, it cannot be assured that these loans will not default in the event of macroeconomic instability or other policy changes introduced by the PRC government. Given their importance to the composition of the Bank's loan portfolio, the default of any portion of such loans for any reason may affect its loan quality and will adversely affect its business, financial position and results of operations. Such developments may negatively affect its ability to service the Notes and to satisfy its other obligations under the Notes. As at 30 June 2018, the Group's gross loans and advances to customers were RMB13,452,388 million, representing an increase of 4.25 per cent. from 31 December 2017; its NPL ratio as at 30 June 2018 was 1.48 per cent., representing a decrease of 0.01 percentage points as compared to the corresponding ratio as at 31 December 2017. As at 30 June 2018, the NPL ratio for domestic corporate loans and advances was 2.52 per cent., a decrease of 0.06 percentage points from 31 December 2017, and the NPL ratio for personal loans and advances was 0.45 per cent., an increase of 0.03 percentage points from 31 December 2017. The NPL ratio for overseas entities and subsidiaries was 0.53 per cent., representing an increase of 0.14 percentage points from 31 December 2017.

***The Bank may be unable to realise the full value of the collateral or guarantees securing the Bank's loan portfolio***

As at 30 June 2018, the balances of the Group's unsecured loans, guaranteed loans, loans secured by tangible assets other than monetary assets and loans secured by monetary assets were RMB4,187,893 million, RMB2,064,948 million, RMB5,892,720 million and RMB1,306,827 million, respectively, accounting for 31.13 per cent., 15.35 per cent., 43.80 per cent. and 9.72 per cent. of the Group's gross loans and advances to customers, respectively. If there is substantial deterioration in the business condition of a borrower which adversely affects the borrower's ability to repay, the Bank may not be able to recover the amounts lent under unsecured loans, which will in turn adversely affect the Bank's financial position and results of operations, and may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes. Guaranteed loans are loans that are guaranteed by affiliates of the borrower or other third parties. Notwithstanding the fact that such loans are guaranteed, the Bank's exposure to the guarantor is generally unsecured and if the financial position of the guarantor deteriorates significantly, its ability to recover such loans will correspondingly deteriorate. Furthermore, the guarantee provided by such guarantor may be determined by the court as invalid if the guarantor fails to comply with certain laws and regulations in the PRC, including the "PRC Property Law" and "PRC Security Law". A significant percentage of the Bank's loan portfolio is secured by collateral, consisting mainly of domestic assets such as properties, land use rights and securities. The value of the collateral is generally higher than the amount loaned but such value is affected by factors the Bank cannot control including those affecting the PRC economy. If the PRC economy deteriorates, it could result in a decrease in the value of the collateral which will lead to the reduction of the amount of the loan that can be recovered. In addition, the procedures for liquidating or otherwise realising the value of collateral of borrowers in China may be protracted, and the enforcement process in China may be difficult. According to a judicial interpretation issued by the Supreme Court of the PRC, effective from 21 December 2005 and amended in December 2008, courts may not enforce the eviction of a borrower and his dependent families out of their residence if such residence under collateral is their primary residence in the six months following the courts' decision authorising that such collateral be auctioned, sold or liquidated. As a result, it may be difficult and time-consuming for banks to take control of or liquidate the collateral securing NPLs. Furthermore, certain specified claims may enjoy priority over the Bank's rights on loan collaterals. According to the "PRC Enterprise Bankruptcy Law" promulgated on 27 August 2006 and effective as of 1 June 2007, claims raised by employees on arrears of pay as well as other fees and expenditures prior to 27 August 2006 for enterprises in bankruptcy proceedings shall be given priority over the Bank's rights to collateral, on the premise that other assets of the enterprise are not sufficient to fulfil such claims. Accordingly, if a borrower fails to repay and if the Bank is not able to timely realise the entire or sufficient part of the value of collateral, pledged assets or guarantees represented, the Bank's asset quality, business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank may not be able to maintain or reduce its current NPL ratio***

The Bank's results of operations have been negatively affected by its NPLs, which may continue to affect the Bank's current and future business performance. As at 30 June 2018, the amount of the Group's NPLs was RMB198,754 million and the NPL ratio was 1.48 per cent., representing a decrease of 0.01 percentage points as compared to the corresponding ratio as at 31 December 2017. As at 30 June 2018, the NPL ratio for domestic corporate loans and advances was 2.52 per cent., a decrease of 0.06 percentage points from 31 December 2017, and the NPL ratio for personal loans and advances was 0.45 per cent., an increase of 0.03 percentage points from 31 December 2017. The NPL ratio for overseas entities and subsidiaries as at 30 June 2018 was 0.53 per cent., representing an increase of 0.14 percentage points from 31 December 2017. The NPL ratio for credit card loans as at 30 June 2018 was 1.09 per cent., representing an increase of 0.2 percentage points from 31 December 2017.

It cannot be assured that the Bank will be able to reduce or even maintain the same level in the future. This is because the quality of the Bank's loan portfolio is affected by factors which the Bank is unable to control, including any adverse changes to the PRC economic structure, deterioration in the PRC's economy, deterioration in the global economy. Adverse changes in the economic environment in the PRC as well as force majeure events including natural disasters or outbreak of diseases may all have negative impact on the Bank's customers' ability to repay the loans. Factors such as deterioration in the credit conditions of the Bank's customers' trading partners, decline in both residential and commercial property prices, an increase in the unemployment rate in China and a deterioration in the profitability of corporate borrowers will also lead to a reduction in the quality of the Bank's assets. All of these factors can lead to an increase in the Bank's NPL ratio, which will correspondingly adversely affect its business, financial condition and results of operations, and may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank's allowance for impairment losses may not be adequate to cover future actual losses to its loan portfolio***

As at 30 June 2018, the Group's allowance for impairment losses on loans was RMB383,906 million, the ratio of its allowance for impairment losses to total loans extended to customers was 2.85 per cent., and the ratio of the Group's allowance for impairment losses to NPLs was 193.16 per cent. The amount of the allowance for impairment losses to loans is based on the Bank's current assessment of and expectations concerning various factors that may affect the quality of its loan portfolio. These factors include, among other things, the borrowers' financial condition, repayment ability and repayment intention, the realisable value of any collateral and the likelihood of support from guarantors, as well as the PRC's economy, macroeconomic policies, interest rates, exchange rates and legal and regulatory environment. The above-mentioned factors are beyond the Bank's control. If the Bank's assessment of and expectations concerning these factors differ from actual developments in the future, or if the quality of its loan portfolio deteriorates, its allowance for impairment losses may not be adequate to cover its actual losses and the Bank may need to make additional provisions for impairment losses, which may adversely affect its business, financial condition and results of operations and, in turn, may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The expanding range of products and services exposes the Bank to new risks***

The Bank has expanded and intends to continue to expand the range of its products and services. As at 30 June 2018, the Group had 37 tier-one overseas branches, covering 29 countries and regions including Hong Kong, Singapore, Germany, South Africa, Japan, South Korea, the U.S., the U.K., Vietnam, Australia, Russia, Dubai, Taiwan, Luxembourg, Macau, New Zealand, Canada, France, Netherlands, Spain, Italy, Switzerland, Brazil, Cayman Islands, Ireland, Chile, Indonesia, Malaysia and Poland and wholly-owned operating subsidiaries including CCB Asia, CCB London, CCB Russia, CCB Dubai, CCB Europe, CCB New Zealand and CCB Malaysia. Expansion of its business activities exposes the Bank to a number of risks and challenges, including the following:

- the Bank may have limited or no experience in certain new business activities or geographies and may not be able, or may take a relatively long period, to compete effectively in these areas;



- the Bank may not be able to devote sufficient resources or management capacity to certain new business activities or geographies;
- there is no guarantee that the new business activities will meet the Bank’s expectations of their profitability;
- the Bank may not be able to hire new personnel or retrain existing personnel who are able to conduct new business activities; and
- the Bank may not be able to continually add to the capability of its risk management and information technology systems to support a broader range of activities.

If the Bank is not able to achieve the intended results in these new business areas, its business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes. In addition, if the Bank fails to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, it may fail to maintain its market share or lose some of its existing customers to its competitors.

Furthermore, the Bank’s international expansion into multiple jurisdictions exposes the Bank to a variety of new regulatory and business challenges and risks and has increased the complexity of its risks in a number of areas, including currency risk, interest rate risk, credit risk, regulatory and compliance risk, reputational risk and operational risk. If the Bank is unable to manage the risks resulting from its international expansion, its reputation, business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank is subject to liquidity risk***

The Bank regularly monitors the gap between its assets and liabilities for various maturities in order to assess its liquidity risk for different periods. As at 30 June 2018, the accumulated gap of various maturities of the Group was RMB1,864,577 million, an increase of RMB68,750 million as compared to 31 December 2017. As a result, there is a mismatch between the maturities of the Bank’s liabilities and assets. Customer deposits have historically been the main source of the Bank’s funding. Generally, the Bank’s short-term customer deposits have not been withdrawn upon maturity and have represented a stable source of funding. However, it cannot be assured that this will continue to be the case. If a substantial portion of the Bank’s depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Bank may have no choice but to seek other sources of funding to meet its funding requirements. It cannot be assured that the Bank can source financing based on normal commercial terms when necessary. Furthermore, the Bank’s ability to obtain additional funds may also be affected by other factors including factors that the Bank may find difficult to control or be totally incapable of controlling, such as the deterioration of overall market conditions, severe disturbance to the financial market or a bleak outlook for industries where it has substantial credit exposure. Any of these factors could result in adverse effects on the Bank’s liquidity, business, financial position and results of operations, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

***The formal implementation of the deposit insurance scheme may adversely affect the Bank’s deposit-taking business and financial position***

The “Deposit Insurance Regulation” formulated by the State Council came into effect on 1 May 2015, and it will result in the formal establishment of a deposit insurance scheme in the PRC. The Deposit Insurance Regulation requires that the commercial banks and other deposit-taking banking financial institutions established in the PRC shall take out deposit insurance and pay deposit insurance premiums to relevant deposit insurance fund management institutions, with such premiums to be used as deposit insurance funds to compensate depositors in the event of the liquidation or similar event of any PRC bank. Under the deposit insurance scheme, upon the liquidation or similar event of any PRC bank, the maximum compensation that a depositor may receive on the total principal and accrued interest deposited with such PRC bank will be capped at RMB500,000.

The deposit insurance premiums to be paid by the Bank in accordance with the Deposit Insurance Regulation and other relevant laws and regulations will increase the Bank's operating costs and capital requirements. Furthermore, the deposit insurance scheme may increase competition among PRC banks for deposits as some depositors may consider spreading out their deposits with different PRC banks. This may result in deposits currently held with the Bank being transferred by depositors to other PRC banks as well as the Bank needing to offer higher interest rates to retain existing depositors and attract new depositors, which may have an adverse effect on the Bank's business, financial position and operating results.

***The Bank is subject to credit risks with respect to certain off-balance sheet commitments and guarantees***

In the normal course of the Bank's business, the Bank makes commitments and guarantees which are not reflected as liabilities on its balance sheet, including providing bank acceptances, guarantees, letters of credit and other credit commitments. As at 30 June 2018, the balance of the Group's credit commitments was RMB2,943,403 million, representing a decrease of RMB85,769 million as compared to 31 December 2017. The Bank is subject to credit risks on its commitments and guarantees because certain of its commitments and guarantees may need to be fulfilled as a result of the Bank's customers' default. If the Bank is not able to obtain payment from its customers in respect of these commitments and guarantees or enforce its contracts with them, the Bank's business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank is subject to risks associated with its hedging activities and other derivative transactions***

The Bank has entered into derivative transactions for hedging purposes as well as conducted derivative transactions on behalf of its customers. Accordingly, the Bank faces market and operational risks associated with these transactions. At present, the regulation of China's derivative market remains in the development stage and requires further improvement and this increases the risks of the derivative transactions the Bank enters into. Further, the Bank's ability to monitor, analyse and report these transactions is limited by its information technology. Accordingly, the Bank's business, financial position and results of operations may be adversely affected given the volatility of the prices of these derivatives, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***Changes in accounting policy may impact the Bank's financial condition and results of operations***

Some of China's generally accepted accounting standards are currently undergoing gradual improvement and relevant regulatory institutions are constantly adjusting specific accounting policies applicable to the banking sector. Changes in specific accounting policies may affect the Bank's financial position. The "Accounting Standards for Enterprises" promulgated by the PRC Ministry of Finance ("MOF") in February 2006 with effect from 1 January 2007 and amended in July 2014 have been implemented by the Bank.

Going forward, the Bank may be required to revise its accounting policies and estimates according to the amendment of domestic and international accounting standards, the interpretation and guidance of promulgations and other regulatory changes. If the Bank is required to implement significant changes to the handling of certain financial items or the alteration of accounting estimates, it may have adverse effects on its business, financial condition and results of operations. Such developments may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank's provisioning policies and loan classifications may be different in certain respects from those applicable to banks in certain other countries or regions***

The Bank determines a level of allowance for impairment losses and recognises any related provisions made in a year using the concept of impairment under International Accounting Standards and their interpretations ("IAS 39"). The Bank's provisioning policies may be different in certain respects from those of banks incorporated in certain other countries or regions which do not assess loans under IAS 39. As a result, the Bank's allowance for impairment losses, as determined under the provisioning policies, may differ from those that would be reported if it was incorporated in those countries or regions.

The Bank classifies its loans as “normal”, “special mention”, “sub standard”, “doubtful” and “loss” by using the five-category classification system according to requirements of the China Banking and Insurance Regulatory Commission (“CBIRC”). The Bank’s five-category classification system may be different in certain respects from those of banks incorporated in certain other countries or regions. As a result, it may reflect a different degree of risk than what would be reported if the Bank was incorporated in those countries or regions.

The Bank’s business, financial position and results of operations may be affected by its policies regarding provisioning and loan classification. If the Bank’s approach to provisioning policies and/or loan classification proves not to be adequate, the Bank’s business, financial position and results of operations may be negatively affected, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank’s risk management and internal control policies and procedures may not be effective in completely managing and avoiding all of its risks***

In recent years, the Bank has achieved progress in terms of risk management by improving its policies and procedures. However, as these policies and procedures are relatively new, the Bank will require additional time to fully measure the impact of, and evaluate its compliance with, these policies and procedures. Moreover, the Bank’s staff will require time to adjust to these policies and procedures and it cannot be assured that the Bank’s staff will be able to consistently follow or correctly apply these new policies and procedures. In addition, the Bank’s risk management capabilities are limited by the information, tools and technologies available to the Bank. Furthermore, the Bank’s ability to control market risk and liquidity risk is constrained by the current PRC laws and regulations that restrict the types of financial instruments and investments the Bank may hold. If the Bank is unable to effectively implement the enhanced risk management and internal control policies and procedures, or if the intended results of such policies and procedures are not achieved in a timely manner, its asset quality, business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank’s business is highly dependent on the proper functioning and improvement of its information technology systems***

The Bank’s business is highly dependent on the ability of its information technology systems to accurately process large numbers of transactions across numerous markets and products in a timely manner. The proper functioning of the Bank’s financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks between the Bank’s various branch outlets and its main data processing centre, is critical to its business and its ability to compete effectively. The Bank’s data centres provide backup data that could be used in the event of a system breakdown or a failure of the Bank’s primary systems, and have established alternative communications networks where available. However, the Bank does not operate all of its backup systems on a real-time basis and it cannot be assured that the Bank’s business activities would not be substantially disrupted if there was a partial or complete failure of any of these primary information technology systems or communications networks. Such failures could be caused by, among other things, software flaws, computer virus attacks or conversion errors due to system upgrading. In addition, any security breach caused by unauthorised access to information or systems, or intentional destruction or loss or corruption of data, software, hardware or other computer equipment, could have an adverse effect on the Bank’s business, financial condition and results of operations, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

The Bank’s ability to remain competitive will depend in part on its ability to upgrade its information technology systems on a timely and cost-effective basis. In addition, the information available to and received by the Bank through its existing information technology systems may not be timely or sufficient for the Bank to manage risks and plan for, and respond to, market changes and other developments in its current operating environment. As a result, the Bank is making and intends to continue making investments to improve or upgrade its information technology systems. Any substantial failure to improve or upgrade the Bank’s information technology systems effectively or on a timely basis could adversely affect its competitiveness, business, financial condition and results of operations, which in turn may negatively affect the Bank’s ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank may not be able to detect and prevent fraud or other misconduct committed by its employees or third parties on a timely basis***

The Bank may suffer from economic loss, penalties from regulatory institutions and severe damage to its reputation as a result of fraud or other misconduct committed by the Bank's employees or third parties. Types of misconduct conducted by the Bank's employees in the past include, among other things, theft, embezzlement or misappropriation of customers' funds; mishandling of customer deposits and settlement of payment transactions; improper extensions of credit; improper accounting; fraud; and the giving or acceptance of bribes. Types of misconduct by third parties which may affect the Bank include, among other things, fraud, theft, robbery and certain armed crimes. In addition, the Bank's employees may commit errors that could subject the Bank to financial claims as well as regulatory actions. While the Bank is constantly strengthening its inspection efforts and increasing its precautionary measures to prevent misconduct by employees and third parties, given the Bank's significant number of branch outlets, it cannot be assured that the Bank can identify and prevent all fraudulent behaviours of misconduct or that the preventive measures the Bank has adopted will be effective in every circumstance. As at 30 June 2018, the Bank had a total of 14,955 operating outlets. It cannot be assured that any fraud or other misconduct committed by the Bank's employees or third parties, whether involving past acts that have gone undetected or future acts, will not have an adverse effect on the Bank's business, financial condition and results of operations, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation***

The Bank is required to comply with applicable anti-money-laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other jurisdictions where the Bank has operations. These laws and regulations require the Bank, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities or by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Bank may fail to fully comply with applicable laws and regulations, the relevant government agencies to whom the Bank reports have the power and authority to impose fines and other penalties on the Bank, which could harm its business and reputation, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank does not possess the relevant land use right certificates or building ownership certificates for some of the properties it holds, and it is subject to risks that its leases over certain properties may not be renewed***

The Bank leases a significant number of properties in the PRC, primarily as business premises for its branch outlets. It cannot be assured that all lessors of the Bank's leased business premises have the relevant land use right certificates or building ownership certificates. As a result, third parties may be able to challenge the validity of the Bank's leases. In addition, it cannot be assured that the Bank will be able to renew its leases on acceptable terms upon their expiration. If any of the Bank's leases were terminated as a result of challenges by third parties or failure of the lessors to renew them upon expiration, the Bank may be forced to relocate affected branch outlets and, if it fails to find suitable replacement sites on acceptable terms, its business, financial condition and results of operations may be adversely affected. This may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

In addition, the Bank occupies certain parcels of land and buildings for which it does not have the relevant land use right certificates or building ownership certificates. The Bank is in the process of applying for the relevant land use rights and building ownership certificates that the Bank does not yet hold. However, it cannot be assured that the Bank's ownership rights would not be adversely affected in respect of any parcels of land or buildings for which the Bank was unable to obtain the relevant certificates.

***The Bank may face situations where it cannot meet the capital adequacy requirements imposed by the relevant PRC regulators or as a G-SIB pursuant to the Basel Capital Accord***

According to the “Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)” (“**CBRC Capital Regulations**”) formulated by the CBRC to implement the Basel Capital Accord in June 2012 and effected on 1 January 2013, the capital adequacy ratio of different tiers of a commercial bank shall not be lower than the following minimum requirements at any point in time: (i) the core tier 1 capital adequacy ratio shall not be lower than 5 per cent.; (ii) the tier 1 capital adequacy ratio shall not be lower than 6 per cent.; and (iii) the capital adequacy ratio shall not be lower than 8 per cent. In addition, the Bank as a domestic systemically important bank will also be required to maintain a further 1 per cent. capital surcharge above prevailing core tier 1 capital requirements. Since January 2013, the Bank calculated its capital adequacy ratio in accordance with these measures. As at 30 June 2018, the Group’s core capital adequacy ratio was 12.47 per cent. and the capital adequacy ratio was 15.35 per cent., and therefore, in compliance with the CBRC Capital Regulations.

In recent years, the CBRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in China. In 2010, the CBRC began regulating the capital adequacy of commercial banks, and implemented separate regulatory target requirements for separate banks. Furthermore, the Financial Stability Board identified the Bank as a globally systemically important bank (“**G-SIB**”) in November 2017. As a G-SIB, the Bank is required to satisfy heightened capital adequacy ratios pursuant to Basel III. As at 30 June 2018, the Bank’s core capital adequacy ratio was 12.47 per cent. and the capital adequacy ratio was 15.35 per cent., and therefore, in compliance with the applicable regulatory requirements.

Although the Bank has already implemented medium to long term capital management policies to strengthen capital management and its capability to maintain growth, some regulatory developments may affect the Bank’s ability to continually comply with capital adequacy requirements, including the decline in asset quality, the decline in value of its investments, the raising of minimum capital adequacy ratios by the CBRC and the changes in calculations of capital adequacy ratios by the CBRC.

In order to support the steady growth and development, the Bank may need to raise more capital to ensure that its capital complies with or exceeds the minimum regulatory requirement. In its future plans to raise capital, the Bank may issue any share securities that can contribute towards core tier 1 capital or additional tier 1 capital or any debt securities that can contribute towards tier 2 capital. On 12 December 2014, the Board of Directors 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. On 5 November 2015, the Bank received approval from the CBRC for the issuance of up to 200 million offshore preference shares, and on 3 December 2015, the Bank received approval from the China Securities Regulatory Commission (“**CSRC**”) for the same. Pursuant to the approvals of relevant regulatory authorities and inter alia the shareholders’ resolutions, the Bank issued U.S.\$3.05 billion in the aggregate principal amount of 4.65 per cent. non-cumulative perpetual offshore preference shares on 16 December 2015, and the listing of the offshore preference shares on the Hong Kong Stock Exchange became effective on 17 December 2015. On 13 May 2015, the Bank issued U.S.\$2,000,000,000 in the aggregate principal amount of 3.875 per cent. tier 2 dated capital bonds due 2025. In December 2015, the Bank issued RMB24 billion in the aggregate principal amount of 4 per cent. tier 2 capital bonds due 2025 in the domestic interbank market. The net proceeds from the issue of such bonds were used to increase the tier 2 capital of the Bank in accordance with the applicable laws and for the purposes approved by the regulatory authorities. On 22 December 2015, the Bank issued RMB24 billion tier 2 capital bonds (the “**RMB Bonds**”) in the domestic interbank bond market with a coupon rate of 4.00 per cent. The maturity period is 10 years, and the Bank has a redemption right at the end of the fifth year. The proceeds from the issuance of the RMB Bonds will be used to replenish the Bank’s tier 2 capital in accordance with the applicable laws and as approved by the regulatory authorities. Any share securities issued by the Bank (including any preference shares) may dilute the interest and benefits of its shareholders.



The Bank's capital-raising ability may be restricted by the Bank's future business, financial and operational results, the Bank's credit rating, necessary regulatory approvals, overall market conditions including PRC and global economic, political and other conditions at the time of capital raising.

If the Bank fails to meet the capital adequacy requirements, the CBIRC may require the Bank to take corrective measures, including, for example, restricting the growth of its loans and other assets or restricting its declaration or distribution of dividends. These measures could adversely affect the Bank's reputation, business, financial condition and results of operations, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

The Bank is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities. The Bank is also subject to the supervision and inspection of domestic regulators and overseas regulators in jurisdictions where it operates.

The Bank is subject to regular and irregular supervision and inspection by China's regulatory institutions, including the MOF, the PBOC, the CBIRC, the CSRC, the State Administration of Taxation ("SAT"), the State Administration for Market Regulation ("SAMR"), the State Administration of Foreign Exchange ("SAFE") and the National Audit Office ("NAO").

The Bank is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. It cannot be assured that the Bank will be able to meet these operational requirements and guidelines in the future at all times, or that no sanction will be imposed on the Bank in the future if the Bank fails to do so. If sanctions are imposed on the Bank for the breaches of these or other operational requirements and guidelines, its business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

Furthermore, the Bank may also be subject to inspection and supervision of overseas regulatory institutions in overseas jurisdictions where it operates. The Bank's overseas branches, subsidiaries and representative offices must follow local laws, regulations and the regulatory requirements of relevant local regulatory institutions of their respective jurisdictions. It cannot be assured that the Bank's overseas branches, subsidiaries and representative offices will be able to meet the applicable laws and regulatory requirements at all times. If the Bank is not able to meet these requirements, there may be an adverse impact on the Bank's business in these jurisdictions. Some of these inspections have led to penalties and other sanctions imposed on the Bank as a result of non-compliance. Although none of the penalties and sanctions imposed on the Bank have had a material adverse impact on the Bank's operations, financial position, and business performance, it cannot be assured that future inspections by regulatory institutions will not result in penalties or sanctions which may adversely affect the Bank's operations, reputation, business, financial position and results of operations, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

***The Bank may be subject to OFAC penalties if it conducts transactions in violation of OFAC regulations***

The United States currently imposes various economic sanctions, which are administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and which apply only to U.S. persons and, in certain cases, to foreign subsidiaries of U.S. persons or to transactions involving certain items subject to U.S. jurisdiction. Similar sanctions are administered by the United Kingdom, the European Union, United Nations Security Council and other applicable jurisdictions. These sanctions are intended to address a variety of policy concerns, among other things, denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes. Countries which are currently subject to sanctions for different reasons include but are not limited to Crimea region of Ukraine, Cuba, Iran, Libya, North Korea, Syria and Sudan. The Bank does not believe that these sanctions are applicable to any of the Group's activities. However, if the Group engages in any prohibited transactions by any means or it was otherwise determined that any of the Group's transactions violated applicable sanctions regulations, the Group could be subject to penalties and its reputation and ability to conduct future business in the U.S. or other relevant jurisdictions or with U.S. persons or other relevant persons could be adversely affected. As the Bank's business, financial condition and results of operations may be adversely affected, the Bank's ability to service the Notes and to satisfy its other obligations under the Notes may also be negatively affected.

***Potential investors should not place undue reliance on the financial information that is not audited***

The consolidated interim financial information of the Group as at and for the six months ended 30 June 2017 and 2018 has not been and will not be audited by the Bank's independent auditors. The unaudited but reviewed consolidated interim financial information of the Group as at and for the six months ended 30 June 2017 and 2018 should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors should exercise caution when using such data to evaluate the Bank's financial condition and results of operations. The unaudited but reviewed consolidated interim financial information of the Group as at and for the six months ended 30 June 2018 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2018.

*The risk factor headed "Fluctuations in interest rates may adversely affect the Bank's lending business and its financial condition" under the sub-section headed "Risk Factors – Risks relating to the PRC Banking Industry" on pages 73 to 74 in the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

***Fluctuations in interest rates may adversely affect the Bank's lending business and its financial condition***

As with most commercial banks, the Bank's results of operations depend to a great extent on the Bank's net interest income. For the six months ended 30 June 2018, net interest income represented 74.21 per cent. of the Group's operating income. Fluctuations in interest rates could affect the Bank's financial condition and profitability in different ways. For example, a decrease in interest rates may reduce the Bank's interest income and yields from interest-earning assets. An increase in interest rates may decrease the value of the Bank's investment debt securities portfolio and raise the Bank's funding costs. In addition, an increase in interest rates may reduce overall demand for loans, and, accordingly, reduce the Bank's origination of new loans, as well as increase the risk of customer default. Interest rate fluctuations will also affect the market value of and return on derivative financial instruments. Volatility in interest rates may also result in a gap between the Bank's interest rate sensitive assets and interest rate sensitive liabilities.

In addition, increasing competition in the banking industry and further deregulation of interest rates by the PBOC may result in more volatility in market interest rates. If the interest rates the Bank pays for its deposits increase to a greater extent than the interest rates it receives for its loans, the Bank's net interest margin will narrow, leading to a reduction in its net interest income. Increases in interest rates might also affect borrowers' financial condition and hence their ability to repay loans. As a result, fluctuations in interest rates may adversely affect the Bank's lending operations, financial condition and results of operations, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

## USE OF PROCEEDS

The net proceeds from the issue of the Notes will be allocated to finance and/or refinance, in whole or in part, loans to customers involved in as well as the Bank's own operational activities in Eligible Green Projects and Eligible Social Projects (each as defined below) that promote a green and low-carbon economy, develop a more inclusive, harmonised society and provide clear environmental sustainability and climate change benefits in accordance with certain prescribed eligibility criteria as described under the Green, Social and Sustainability Bond Framework (see the sections headed "*Green, Social and Sustainability Bond Framework*" and "*Eligible Green Projects and Eligible Social Projects*").

Eligible Green Projects and Eligible Social Projects have each been defined in accordance with the broad categorisation of eligibility for "**Green Eligible Categories**" and "**Social Eligible Categories**" set out in the section headed "*Green, Social and Sustainability Bond Framework*".

"**Eligible Green Projects**" are those which comprise financing within the Green Eligible Categories set out in the Green, Social and Sustainability Bond Framework which, amongst other things, comply with the Green Bond Principles, the Catalogue of Projects Supported by Green Bonds (綠色債券支持項目目錄) promulgated by the People's Bank of China ("**PBOC**") on 15 December 2015 ("**PBOC Green Bond Supporting Projects Catalogue**") and the Sustainable Development Goals set by the United Nations on 25 September 2015 (the "**SDGs**"). Such Green Eligible Categories include those which relate to: renewable energy; energy efficiency; pollution prevention and control; clean transportation; sustainable water and wastewater treatment; green buildings; and environmentally sustainable management of living natural resources and land use. Activities within and/or financings to industries involved in, among others, mining, quarrying, fossil fuel related assets, large-scale hydro power plants and nuclear and nuclear-related assets categories are specifically excluded from this definition.

"**Eligible Social Projects**" are those which comprise financing within the Social Eligible Categories set out in the Green, Social and Sustainability Bond Framework which, amongst other things, comply with the Social Bond Principles and the SDGs. Such Social Eligible Categories include those which relate to: employment generation including through the potential effect of small and micro-enterprises ("**SME**") financing and microfinancing; affordable basic infrastructure; and access to essential services. Activities within and/or financings to industries involved in, among others, sectors which are prohibited by laws and regulations in the PRC such as child labour, gambling and adult entertainment are specifically excluded from this definition.

Assets in all eligible categories shall reach the minimum threshold required by relevant official standards in relation to environmental impacts recognised in the relevant jurisdiction. Where no official standards are locally recognised, corresponding international standards and best practices shall apply.

The Joint Lead Managers have not separately verified nor will make any assurances as to (i) whether the Notes will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used to finance and/or refinance Eligible Green Projects and Eligible Social Projects, or (iii) the characteristics of Eligible Green Projects and Eligible Social Projects, including their environmental and sustainability criteria. See the section headed "*Risk Factors*" for further information.

## **GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK**

On 7 September 2018, the Bank established and published a green, social and sustainability bond framework (the “**Green, Social and Sustainability Bond Framework**”) in accordance with:

- (i) the Green Bond Principles;
- (ii) the Social Bond Principles;
- (iii) the Sustainability Bond Guidelines;
- (iv) the SDGs; and
- (v) the PBOC Green Bond Supporting Projects Catalogue.

### **Management Statement**

The Bank strives to become a leading green and socially responsible bank focused on using finance to promote environmental protection and to actively develop a harmonised society. To accomplish such goals, the Bank seeks to continuously improve its green credit policies and allocation of its credit resources to promote development in green sectors, strengthen the management of environmental and social risks and take social responsibility by supporting economic development in a sustainable manner. In the past few years, the Bank has been continuously striving to follow national green credit policies through the financing of green projects and to promote inclusive finance by actively supporting the economic development of small and micro-enterprises.

The Bank developed a “green credit” development strategy in 2016 and later established a Green Credit Committee, which is responsible for the research, design and structuring of development plans and relevant policies and coordination of business development relating to the Bank’s green credit business. As for inclusive finance, the Bank established an Inclusive Financial Development Committee in 2016, which is tasked with the design and structuring of development plans and relevant policies and coordination of business development relating to the Bank’s inclusive finance business. Furthermore, an Inclusive Financial Strategy Promotion Leading Group was established in 2018 to oversee the design, layout, coordination and promotion of the Bank’s overall “inclusive finance” development strategy.

As at the end of 2017, the balance of green loans issued by the Bank to green economic sectors such as clean energy, clean transportation, energy-saving and emission-reduction, environmental protection, pollution control and other industries with low-carbon environmental characteristics such as advanced manufacturing and information technology reached RMB1 trillion.

The Bank also strives to fulfil its social responsibility through the provision of financial services to small and micro-enterprises and agriculture-related sectors. Furthermore, it has accelerated the pace of its inclusive finance business line to actively support the development of small and micro-enterprises. As at the end of 2017, loans to small and micro-enterprises and agriculture-related loans amounted to RMB1.61 trillion and RMB1.77 trillion, respectively, representing an increase of approximately RMB0.17 trillion and RMB0.08 trillion (or 10.56 per cent. and 0.08 per cent.) respectively, compared with the balance as at the end of 2016.

The Bank has developed the Green, Social and Sustainability Bond Framework to enable the Group to fund projects that will deliver environmental and social benefits to support the Bank’s business strategies and vision.

## Eligible Projects List

The net proceeds of the issuance of any relevant green, social or sustainability bond will be allocated to finance and/or refinance, in full or in part, loans to customers involved in as well as the Bank's own operational activities in Eligible Green Projects and/or Eligible Social Projects (as the case may be) in one or more of the following categories:

### *Green Eligible Categories*

- **Renewable energy:** the production and transmission of renewable energy, including wind, solar, hydropower, bioenergy and geothermal energy, and the construction of infrastructure related to renewable energy, such as land development, construction of transport networks and base stations;
- **Energy efficiency:** the development and implementation of products or technology that reduce energy consumption and/or emissions, such as reducing power usage in manufacturing operations and reducing emissions through energy management centres, distributed energy networks and smart grids and construction of energy-saving and low-emission urban and rural infrastructure;
- **Pollution prevention and control:** the prevention and reduction of industrial solid waste, recycling of waste gas and biomass resources, recycling, reprocessing and reutilisation of renewable resources, soil remediation and decontamination of hazardous sewage;
- **Clean transportation:** the purchase and maintenance of rolling stocks for electric express, metro, light and urban railways and public transport vehicles such as electric buses and trams (for which purpose vehicles carrying fossil fuel products are excluded), construction, upgrading and/or maintenance of public transport infrastructure as electric rail networks and related infrastructure, such as communication, signalling and lighting systems;
- **Sustainable water and wastewater management:** the design and implementation of integrated water resources management (including but not limited to agricultural and animal husbandry, irrigation and seawater desalination), construction and maintenance of sustainable clean and/or drinking water infrastructure and urban water networks and treatment and recycling of sewage;
- **Green buildings:** the construction of green buildings or redevelopment, refurbishment and upgrading of existing buildings as green buildings that have or will receive regional, national or internationally recognised third-party green building certifications; and
- **Environmentally sustainable management of living natural resources:** ecological protection and restoration, ecological agriculture and animal husbandry, sustainable forestry development, disaster emergency prevention and control (including the design and construction of flood mitigation infrastructure and river training).

### *Social Eligible Categories*

- **Employment generation through the potential effect of SME financing and microfinance:** providing social finance to SMEs and individuals (such as operation loans for businesses owned by individuals, consumption loans to registered poverty-stricken populations and poverty alleviation loans) and agriculture-related loans;
- **Affordable basic infrastructure:** the construction of indemnificatory housing programmes (such as public rental housing) and basic rural living facilities (such as rural biogas and electricity and collection and treatment of garbage); and
- **Access to essential services:** the construction of education and medical infrastructure and providing loans for career training.

## **Project Evaluation and Selection**

The Bank will follow the procedures below to evaluate and select potential financing of Eligible Green Projects and/or Eligible Social Projects:

### **1. Preliminary Screening**

Domestic and overseas branches and business lines of the Bank shall conduct a preliminary screening of potential projects in accordance with the criteria and standards set out in the Bank's internal regulations and the Green Eligible Categories and Social Eligible Categories as described above, and form a list of nominated projects which will be submitted to the Head Office of the Bank for review.

### **2. Review and Approval**

A dedicated Green, Social and Sustainability Bond working group (the "**GSSB Working Group**") at the Bank's Head Office, which includes, among others, the Bank's asset and liability management department, credit management department and public relations department, shall review each of the nominated projects for approval as eligible Green Projects (the "**Eligible Green Projects**") and/or eligible Social Projects (the "**Eligible Social Projects**"). The approved projects will form an eligible projects list (the "**Eligible Projects List**").

The GSSB Working Group will select the Eligible Green Projects and Eligible Social Projects that fall within the eligibility criteria and other factors as set out in the Green, Social and Sustainability Bond Framework, such as whether the projects comply with the overall development and sustainability policy and strategy of the Bank, and whether any clear and measurable social and/or environmental benefits can be attained.

### **3. Update and Maintenance**

The GSSB Working Group shall review the Eligible Projects List on an annual basis and determine if any changes are necessary (for example, if a project has amortised, been prepaid, sold or otherwise become ineligible). The GSSB Working Group will decide any necessary update of the Eligible Projects List (such as replacement, deletion, or addition of projects) to maintain the eligibility of the use of proceeds raised from each relevant green, social or sustainability bond.

## **Management of Proceeds**

### **1. Planning for Use of Proceeds**

The Bank shall continuously evaluate the recent and pipeline capital spending and develop a preliminary Eligible Projects List in accordance with the procedures described above to ensure that the proceeds of each green, social or sustainability bond can be allocated to Eligible Green Projects and/or Eligible Social Projects in a timely manner.

### **2. Management of Separate Register**

The Bank shall establish and maintain a separate register to record and keep track of the allocation of proceeds. The proceeds of each green, social or sustainability bond will be deposited in the general funding accounts and earmarked pending allocation.

The register would contain information of the capital source (such as the issue amount, coupon rate, issue date, maturity date and ISIN of each green, social or sustainability bond) and the capital allocation (such as the issuer or borrower description, transaction date, interest rate of the loan and repayment or amortisation profile). The register would also contain information including the remaining balance of unallocated proceeds yet to be earmarked and other relevant information such as information on the temporary investment for unallocated proceeds, to ensure that the aggregate of issuance proceeds allocated to the Eligible Green Projects and Eligible Social Projects is recorded at all times.



### **3. Use of Unallocated Proceeds**

Any balance of issuance proceeds not allocated to Eligible Green Projects and/or Eligible Social Projects will be held in accordance with the Bank's normal liquidity management policy. The unallocated proceeds could be temporarily used domestically and internationally in money market instruments or loans with good credit rating and market liquidity, or kept in cash until they are allocated to Eligible Green Projects and/or Eligible Social Projects.

### **4. Eligible Projects List**

The Bank has established an Eligible Projects List to which it undertakes periodic review, as described in the section titled "*Green, Social and Sustainability Bond Framework – Project Evaluation and Selection*" above. Consequently, the projects in the Eligible Projects List may evolve over time. The following are some examples of the Eligible Green Projects and Eligible Social Projects which have been identified by the Bank:

#### ***Eligible Green Projects***

- A wind power project located in Northwest China: The design capacity of this project is 200 megawatt and 488,000 megawatt hour of electricity is expected to be generated annually. The loan provided by the Bank accounts for approximately 44 per cent. of the total project investment amount. The project is expected to reduce CO<sub>2</sub> emission by about 172,695 tonnes per year.
- A sewage treatment renovation project located in Central China: The treatment capacity of the sewage treatment renovation project is designed to be at 200,000 m<sup>3</sup> per day. The loan provided by the Bank accounts for approximately 36 per cent. of the total project investment amount. The direct reduction of pollutants is expected to be as follows: chemical oxygen demand (COD) at 13,441 tonnes per year and ammoniacal nitrogen (NH<sub>3</sub>-N) at 1,075 tonnes per year.
- A railway project located in East China: The total length of the railway is approximately 806 kilometres. The expected capacity of this railway line is 23 million passengers per year. The loan provided by the Bank accounts for approximately 3 per cent. of the total project investment amount. The project is expected to reduce CO<sub>2</sub> by about 16,908 tonnes per year.
- A railway project located in Southern China: The total length of the railway is approximately 344 kilometres. The expected capacity of this railway line is 11.8 million tonnes of freight per year and 16 million passengers per year in the primary stages. The loan provided by the Bank accounts for approximately 20 per cent. of the total project investment amount. The project is expected to reduce CO<sub>2</sub> by about 52,384 tons per year.

#### ***Eligible Social Projects***

- Employment generation through the potential impact of SME financing and microfinance: The Bank is committed to promoting inclusive finance and supporting microfinance and SME financing, through the provision of approximately U.S.\$442 million worth of loans to 2,431 companies.
- Affordable basic infrastructure: The Bank will assist enterprises that construct residential infrastructure and related infrastructure by providing approximately U.S.\$51 million worth of loans to 324 enterprises, which will allow such enterprises to build affordable basic infrastructure.
- Access to essential services: To promote greater access to essential education and medicine, the Bank will provide approximately U.S.\$13 million worth of loans to 85 education and medical companies.

## **Reporting**

### **1. Allocation Reporting**

As long as any green, social or sustainability bonds are outstanding, the Bank will prepare a Green, Social and Sustainability Bond Report on an annual basis. The Bank intends to maintain the transparency of information disclosure following the best practices recommended by the Green Bond Principles and/or the Social Bond Principles, as the case may be. Each Green, Social and Sustainability Bond Report will provide information on amounts equal to the net proceeds of each green, social or sustainability bond issued and provide:

- (i) the aggregate amount allocated to the various Eligible Green Projects and/or Eligible Social Projects;
- (ii) the remaining balance of funds which have not yet been allocated and the type of temporary investment for unallocated proceeds; and
- (iii) examples of Eligible Green Projects and Eligible Social Projects (subject to confidentiality disclosures).

### **2. Impact Reporting**

Where possible, the Bank will report on the environmental and social (where relevant) impacts resulting from Eligible Green Projects and/or Eligible Social Projects in the Green, Social and Sustainability Bond Report.

The Green, Social and Sustainability Bond Report will be publicly available annually on the official website of the Bank (<http://www.ccb.com/>).

The Bank may also make disclosure through other channels where feasible, such as annual reports and corporate social responsibility reports, which will also be published on the official website of the Bank (<http://www.ccb.com/>).

### **3. External Review**

The Bank will engage Ernst & Young on an ongoing basis to act as an external reviewer of the Green, Social and Sustainability Bond Framework, to provide independent review of such framework against the four pillars of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines. The review will also include PBOC Green Bond Supporting Projects Catalogue and SDGs. External review will cover pre-issuance assurance, post-issuance assurance, an assurance report on the use of proceeds, issued annually by Ernst & Young, as well as the Green, Social and Sustainability Bond Framework. The external review report will be publicly available on the official website of the Bank (<http://www.ccb.com/>).

## ELIGIBLE GREEN PROJECTS AND ELIGIBLE SOCIAL PROJECTS

Pursuant to the Green, Social and Sustainability Bond Framework, the Bank has selected the equivalent of approximately U.S.\$1,136 million of Eligible Green Projects and the equivalent of approximately U.S.\$508 million of Eligible Social Projects, which the Bank intends to allocate some or all of the proceeds from the Sustainability Bonds to. The expected environmental and social benefits of the abovementioned projects are as follows:

- A railway project located in East China: The total length of the railway is approximately 806 kilometres. The expected capacity of this railway line is 23 million passengers per year. The loan provided by the Bank accounts for approximately 3 per cent. of the total project investment amount. The project is expected to reduce CO<sub>2</sub> by about 16,908 tonnes per year.
- Employment generation through the potential impact of SME financing and microfinance: The Bank is committed to promoting inclusive finance and supporting microfinance and SME financing, through the provision of approximately U.S.\$442 million worth of loans to 2,431 companies.
- Affordable basic infrastructure: The Bank will assist enterprises that construct residential infrastructure and related infrastructure by providing approximately U.S.\$51 million worth of loans to 324 enterprises, which will allow such enterprises to build affordable basic infrastructure.
- Access to essential services: To promote greater access to essential education and medicine, the Bank will provide approximately U.S.\$13 million worth of loans to 85 education and medical companies.

The following tables set forth certain information about the expected loan size breakdown of the selected Eligible Green Projects and Eligible Social Projects.

<b>Location</b>	<b>Proportion of Eligible Social Projects (%)</b>	<b>Proportion of Eligible Green Projects (%)</b>
Eastern China .....	39.74	50.07
Southern China .....	25.54	–
Central China .....	10.11	–
Southwest China .....	7.62	49.93
Northern China .....	8.44	–
Northeast China .....	5.64	–
Northwest China .....	2.90	–
<b>Total</b> .....	<b>100</b>	<b>100</b>

<b>Status</b>	<b>Towards the Eligible Social Projects (%)</b>	<b>Towards the Eligible Green Projects (%)</b>
Released loans .....	100	100
Unreleased loans .....	0	0
<b>Total</b> .....	<b>100</b>	<b>100</b>

<b>Category</b>	<b>Proportion of Eligible Social Projects (%)</b>	<b>Proportion of Eligible Green Projects (%)</b>
Employment Generation .....	87.05	–
Affordable Basic Infrastructure .....	10.20	–
Access to Essential Services .....	2.75	–
Clean Transportation .....	–	100
<b>Total</b> .....	<b>100</b>	<b>100</b>

The issue proceeds of the Sustainability Bonds will be deposited into general funding accounts and earmarked to such Eligible Green Projects and Eligible Social Projects. Any balance of issue proceeds which have yet to be allocated to Eligible Green Projects and Eligible Social Projects will be held in accordance with the Bank's normal liquidity management policy. Such list of projects will evolve over time as the Bank continues to evaluate and select suitable green and/or social projects. The allocation of proceeds of the Sustainability Bonds towards the Eligible Green Projects and Eligible Social Projects will be done in accordance with the Green, Social and Sustainability Bond Framework. The actual use of proceeds of the Sustainability Bonds will be disclosed by the Bank in its Green, Social and Sustainability Bond Report published annually.

## CAPITALISATION

The following table sets forth the Bank's capitalisation and indebtedness as at 30 June 2018.

This table should be read in conjunction with the consolidated financial statements of the Bank and related notes thereto which are included elsewhere in this Drawdown Offering Circular.

	<b>As at 30 June 2018</b>
	<b>(unaudited)</b>
	<b>(RMB in millions)</b>
Debt Borrowings <sup>(1)</sup> .....	20,940,605
<b>Total debt</b> .....	<b>20,940,605</b>
<b>Equity</b>	
Share capital.....	250,011
Other equity instruments – Preference Shares .....	79,636
Capital reserve.....	134,537
General reserve.....	260,198
Retained earnings .....	931,325
Other reserves <sup>(2)</sup> .....	192,559
Minority interest.....	16,311
<b>Total equity</b> .....	<b>1,864,577</b>
<b>Total capitalisation</b> <sup>(3)</sup> .....	<b>22,805,182</b>

*Note:*

- (1) Borrowings include borrowings from central banks, deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, financial liabilities at fair value through profit or loss, negative fair value of derivatives, financial assets sold under repurchase agreements, deposits from customers, accrued staff costs, taxes payable, interest payable, provisions, debt securities issued, deferred tax liabilities and other liabilities.

The Bank has published the Group 2018 Interim Financial Statements on 28 August 2018. For further information, please refer to the "Selected Consolidated Financial Data" section.

- (2) Other reserves comprise the surplus reserve, investment revaluation reserve, exchange reserve and other comprehensive income.
- (3) Total capitalisation equals the sum of total debt and total equity.

Save as disclosed above, there has not been any material adverse change in the Bank's capitalisation and indebtedness since 30 June 2018.

## DESCRIPTION OF THE BANK

*The section headed “Description of the Bank” on pages 92 to 112 of the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

### Overview

The Bank is a leading commercial bank in China providing a comprehensive range of banking products and financial services. The Bank was incorporated as a joint stock company in the PRC on 17 September 2004 and its business licence number is 100000000039122. The registered address of the Bank is No. 25, Finance Street, Xicheng District, Beijing 100033, China and its telephone number is +86 10 6621 5533. As at 31 December 2017, the Bank had 250,010,977,486 shares outstanding. Headquartered in Beijing, the Bank provides convenient and quality banking services to its customers through an extensive network comprised of nationwide branches, self-service facilities and an electronic banking service platform. The Bank operates principally in mainland China with branches in all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in mainland China. The Bank’s principal business activities include corporate banking, personal banking, treasury, investment banking and overseas business. Within the Bank’s corporate banking business, the Bank offers a broad range of products and services to corporations, government agencies and financial institutions, including infrastructure loans, working capital loans, syndicated loans, supply-chain financing, loans to medium-sized enterprises (“SMEs”), trade financing, loans through the Bank’s e-banking platform and merger and acquisition financing. The Bank also offers corporate deposits under various terms and commission/fee-based services, including agency services, cost and advisory services, institutional business, asset custodial business, and treasury management and settlement business. The Bank provides a broad range of personal banking products and services under well recognised brands, including residential mortgage loans, entrusted housing provident fund mortgage loan services and bank card services. The Bank’s treasury operations primarily consist of money market trading activities, investment portfolio management and agency treasury transactions. The Bank conducts its treasury services mainly through its trading centres in Beijing and Hong Kong. The Bank conducts its investment banking business through the investment banking department at the head office and branch levels as well as through CCB International Capital Limited (“**CCB International**”). The Bank offers a comprehensive and diversified suite of financial services to its customers which includes, among others, financial advisory services, equity capital financing, debt financing, asset securitisation and wealth management services. Leveraging its vast resources and geographic advantages in the Chinese domestic market, the Bank is committed to providing a world-wide banking and financial services platform to service the overseas banking needs of its domestic corporate and personal banking customers and the domestic banking needs of its overseas corporate and personal banking customers seeking to trade with or invest in China. The Group adheres to a positive and steady international operation and overseas development strategy, leading to a steady expansion of its overseas network. On 29 August 2014, the Bank completed its purchase of its 72 per cent. interest in Banco Industrial e Comercial S.A. (“**BIC**”) in Brazil. In accordance with local laws and regulations, the Bank initiated the offer to purchase the remaining tradable shares of BIC in August 2015, and completed the transaction in December 2015 with its shareholding increased to 99.05 per cent., which was followed by the delisting of BIC from the exchange and its renaming as China Construction Bank (Brasil) Banco Múltiplo S/A (“**CCB Brasil**”). In May 2015, the Chile Branch became the first RMB clearing bank in South America, and the branch officially opened in 2016. In June 2015, Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under China Construction Bank (Europe) S.A. (“**CCB Europe**”) were successively opened. Cape Town Branch (part of the Johannesburg Branch) commenced business in September 2015. London Branch commenced business in October 2015. Zurich Branch was established and designated as an RMB clearing bank in November 2015 and it officially opened in 2016, Dubai International Financial Centre Branch received its official banking licence and commenced business in November 2015 and Warsaw Branch received its official banking licence in December 2016. China Construction Bank (Malaysia) Berhad (“**CCB Malaysia**”) obtained a commercial banking licence in October 2016. The Bank completed its acquisition of PT Bank Windu Kentjana International Tbk in September 2016, and renamed the entity to PT Bank China Construction Bank Indonesia Tbk. PT Bank China Construction Bank Indonesia Tbk was officially inaugurated in February 2017 and the Warsaw Branch of CCB Europe, CCB Malaysia and CCB Australia Perth Branch officially commenced operations in 2017. As at 30 June 2018, the Group



had 37 tier-one overseas branches, covering 29 countries and regions including Hong Kong, Singapore, Germany, South Africa, Japan, South Korea, the U.S., the U.K., Vietnam, Australia, Russia, Dubai, Taiwan, Luxembourg, Macau, New Zealand, Canada, France, Netherlands, Spain, Italy, Switzerland, Brazil, Cayman Islands, Ireland, Chile, Indonesia, Malaysia and Poland, and wholly-owned operating subsidiaries including China Construction Bank (Asia) Corporation Limited (CCB Asia), China Construction Bank (London) Limited (CCB London), China Construction Bank (Russia) Limited Liability Company (CCB Russia), China Construction Bank (Dubai) Limited (CCB Dubai), CCB Europe, China Construction Bank (New Zealand) Limited (CCB New Zealand) and China Construction Bank (Malaysia) Berhad (CCB Malaysia).

As at 30 June 2018, the Group's total assets, total liabilities and total equity were RMB22,805,182 million (including gross loans and advances to customers of RMB13,452,388 million), RMB20,940,605 million (including total deposits from customers of RMB16,965,489 million) and RMB1,864,577 million, respectively. For the six months ended 30 June 2018, the Group's net interest income was RMB239,486 million, representing an increase of 9.93 per cent. over the same period in 2017 and the profit before tax was RMB181,420 million, representing an increase of 5.42 per cent. over the same period in 2017. The NPL ratio of the Group as at 30 June 2018 was 1.48 per cent., representing a decrease of 0.01 percentage points as compared to the corresponding ratio as at 31 December 2017 as a result of special mention loans. As at 30 June 2018, the NPL ratio for domestic corporate loans was 2.52 per cent., a decrease of 0.06 percentage points from 31 December 2017, and the NPL ratio for personal loans and advances was 0.45 per cent., an increase of 0.03 percentage points from 31 December 2017. As at 30 June 2018, the NPL ratio for overseas entities and subsidiaries was 0.53 per cent., representing an increase of 0.14 percentage points from 31 December 2017. As at 30 June 2018, the Group's total capital ratio was 15.64 per cent. and common equity tier one ratio was 13.08 per cent., representing an increase of 0.14 percentage points and a decrease of 0.01 percentage points, respectively, as compared to the corresponding ratios as at 31 December 2017. In the first half of 2018, the Bank continued to strengthen its capital-based planning management and incentive and restraint mechanism, with its capital planning management covering the whole Group, and made progress in the transformation towards capital-intensive operations. It persisted in refined capital management, continued to promote asset structure optimisation and differentiated business strategies, further improving the efficiency of capital allocation and use.

In the first half of 2018, the Group formulated the capital blueprint for 2018-2020, which clarified the capital management objectives, management measures and financing plans for the coming three years to ensure a proper balance between business development, profitability and capital adequacy. The Group also adopted stringent risk management, and enhanced its proactivity in credit risk management, further consolidating its momentum in improving its asset quality. The Group maintained a stable market position and its core indicators and market capitalisation continued to be in the leading position among peers. The Group formulated its Transformation and Development Plan of China Construction Bank in 2014, which proposed to accelerate its transformation into a comprehensive banking group and a multi-functional service, intensive growth, innovative and intelligent bank. In accordance with the need to enhance the Group's capacity to serve the PRC's national development, to prevent financial risks and to compete internationally, the Group specified seven key points of transformation, including promoting the management assets and liabilities, strengthening and developing its wholesale business, accelerating the development of its retail business, improving the quality of electronic banking business, enhancing its asset management business in a comprehensive way for its customers, strengthening the competitiveness of subsidiaries and accelerating the expansion of international business and overseas operations.

In 2017, the Group received numerous awards from various domestic and international institutions including the "Best Bank in China 2017" from Asiamoney, the "Best Digital Bank in China 2017" and "Best Large-Scale Retail Bank 2017" from The Asian Banker, the "Best Bank Transformation 2017" from Global Finance, the "Asian Risk Management Awards for Excellence 2017" from 21st Century Business Herald, the "Best Financial Innovation Award 2017" from The Chinese Banker magazine. The Group ranked second in terms of the UK magazine The Banker's "Top 1000 World Banks" in 2017 in terms of tier one capital, ranked 28th in the "Fortune Global 500" of the US magazine Fortune in 2017 and ranked third in "Best China Brands in 2017" (the best ranking in financial industry) by Interbrand. In addition, the Group won numerous awards from major domestic and foreign media organisations for its achievements in fields including corporate governance, corporate social responsibility, risk management, corporate credit, retail business, investment custodial business, underwriting of debt securities, credit card business, housing finance and information technology.

## ***Overview of China's banking industry***

In the first half of 2018, China's banking industry as a whole remained sound, with stability in asset quality and improvements in profitability. Chinese regulators took a series of robust measures to promote the compliance operation and sound development of the banking industry. Targeted cuts in deposit ratio were implemented to guide financial institutions to increase support for key areas including small and micro enterprises and debt-to-equity swaps. New rules for asset management were implemented to push banks' wealth management business back to its original purpose of asset management. New indicators were introduced as part of the Administrative Measures for the Liquidity Risk Management of Commercial Banks to strengthen the monitoring and management of liquidity risk.

As at 31 December 2017, the total assets of China's banking financial institutions were RMB252 trillion, up by 8.7 per cent. year on year. The total liabilities were RMB233 trillion, up by 8.4 per cent. year on year. The capital adequacy ratio of commercial banks was 13.65 per cent.. The quality of credit assets remained stable. The NPLs of commercial banks were RMB1.71 trillion, with an NPL ratio of 1.74 per cent..

### **The Bank's Competitive Strengths**

The Bank believes its strengths, as set out below, provide a stable and effective platform through which it will be able to maintain its competitive advantage in China's banking industry:

#### ***Large Customer Base and Established Relationships***

The Bank has a quality corporate customer base and large personal banking customer base and continues to expand its customer base. As at 31 December 2017, the Bank had provided banking services to over 4.78 million corporate customers and over 375 million personal banking customers. As at 31 December 2017, the number of private banking customers with financial assets above RMB10 million had increased by 15.24 per cent. over the previous year, and the amount of such private banking customers' financial assets under management with the Bank increased by 19.57 per cent. as compared to 31 December 2016. As at 30 June 2018, the number of personal online banking customers and corporate online banking customers increased by 6.48 per cent. and 12.90 per cent., respectively as compared to 31 December 2017. As at 30 June 2018, the number of private banking customers increased to 125,242, representing an increase of 10.27 per cent. compared to the year ended 31 December 2017, and the amount of such private banking customers' financial assets under management with the Bank increased by 9.96 per cent. as compared to 31 December 2017.

#### ***Extensive Distribution Network and a Diversified Service Channel***

The Bank has an extensive distribution network. Through branches, customer self-service equipment, specialised service entities across the country and an electronic banking service platform, the Bank provides customers with convenient and high-quality banking services. As at 30 June 2018, the Bank had a total of 14,955 operating outlets in the PRC, including its head office, 37 tier-one branches, 346 tier-two branches, 13,504 sub-branches, 1,066 outlets under sub-branches and a specialised credit card centre at the head office. As at 30 June 2018, the Bank had 327 specialised private banking entities. As at 30 June 2018, there were 94,917 ATMs with cash services in operation. As at 31 December 2017, there were 28,898 self-service banks in operation. The Bank's extensive distribution network and diversified service channels provide it with the competitive measures and resources for sustainable development.

### ***Leading Positions in Key Products and Services, Pioneering New Product and Service Development and Implementing Fintech Strategy***

To be in line with the Bank's objective of establishing an "innovative bank", the Bank continuously improves its product innovation capability, vigorously supporting transformation and development. The Bank carried out innovation of merger and acquisition ("M&A") loans, supported the economic transformation and upgrading as well as the resolution of overcapacity, and improved its capability to support enterprise M&A. The Bank integrated its resources to push forward comprehensive financial service schemes for strategic group clients, offering comprehensive financial service solutions tailored for them. The Bank initiated service mode innovation of bank medical cards, establishing a more mature mode that was able to meet customers' needs with existing technical conditions. Based upon big data technology, the Bank launched "Xinyidai" for small and micro enterprises, refining the small and micro enterprises big data credit product system. The Bank offered cross-bank smart money collection and integrated cross-bank money collection channels, smoothing the process as well as presenting various choices of signing and authorising. By introducing the "Suixinyong" application, the Bank realised functions such as over-the-air issuing, off-line card transaction, inquiring, electronic cash recharging and industry application recharging, featuring convenient card activation and secure transaction. The Bank formulated comprehensive service solutions to housing reform finance and initiated new operations for provident housing fund loans, providing one-stop services for individual housing loan of housing provident fund (combined) customers. The Bank launched Long Card Cloud QuickPass to migrate the security management function of mobile payment from mobile hardware to Cloud platform, realising quick and secure mobile payment of simulated IC cards. The Bank launched market member bond lending, carrying forward bond lending transactions with market members. The Bank presented three brands comprising "Jiandantong, Jianpiaotong and Jianxintong", to provide financing services for companies contracted with foreign projects as well as those exporting whole set equipment. The Bank introduced WeChat-based "E Shenche" and "E Jiesuan" to adapt to the fast-growing Internet financial needs, and strengthened the Group's internal cooperation by collaborating with CCB Pension to provide an all-round solution for pension insurance fund business. In the year ended 31 December 2017, the Bank completed over 1,500 product innovation projects and over 2,400 innovative product duplication projects.

The Group also deepened the application of the new generation core banking system, and strived to unleash the value creation ability of big data. In 2017, it achieved enterprise-level management of business needs, component-based research and development of business functions, and consistent management of system quality. It built a big data platform and implemented more than 430 big data application projects.

For the six months ended 30 June 2018, the Group's net income from fees and commissions, which is partially generated from the Bank's innovations in products and services, was RMB69,004 million, which accounted for 21.38 per cent. of its total operating income.

### ***Prudent Risk Management and Internal Control Practices***

The Bank continues to promote a risk management system reform and has established an overall risk management framework which reflects the Bank's philosophy that value should be created upon a sound risk management system. As one of the first banks in China to centralise the Bank's risk management through the development of a comparatively independent and vertical risk management system, the Bank has implemented a "Parallel Operation" system to separate the roles of risk managers and customer managers. The Bank has also assigned designated credit reviewers and adopted a comparatively independent and vertically managed internal audit system. In the first half of 2018, the adopted stringent risk management, and enhanced its proactivity in credit risk management.

## ***Advanced Financial Management Capabilities and Financial Controls***

The Bank is one of the first domestic banks to establish a resource allocation and performance evaluation assessment system on the basis of an economic value-added approach. The Bank has further centralised its financial management and promoted an overall cost control system, while increasing the Bank's research efforts on strategic cost management. In addition, the Bank followed the successful experience of leading global banks and developed an internal fund transfer pricing ("FTP") system, an enterprise resource planning ("ERP") system and a management accounting system.

The Bank believes that its advanced financial management capabilities and sound financial controls have allowed the Bank to implement development strategies effectively, optimise resource allocation and improve overall operating efficiency.

## ***Effective Strategic Co-operation***

The Bank's strategic investor, Temasek Holdings (Private) Limited, has shared its experience with the Bank in relation to SMEs' business operation, human resource management, money market trading and other areas. The Bank has cooperated with Bank of America Corporation, in a number of areas including personal banking business, risk management, corporate governance, information technology and human resources.

## ***Experienced Management Team***

The Bank's Chairman, Mr. Tian Guoli, and the Bank's vice chairman and president, Mr. Wang Zuji and other senior management team members, have extensive management experience in the banking and financial sector in China. Under their leadership, the Bank's operations have further strengthened in recent years. For the years ended 31 December 2015, 2016 and 2017, the Group's return on average assets were 1.30 per cent., 1.18 per cent. and 1.13 per cent. respectively and for the six months ended 30 June 2018, the annualised return on average assets was 1.31 per cent. For the years ended 31 December 2015, 2016 and 2017, the Group's return on average equity was 17.27 per cent., 15.44 per cent. and 14.80 per cent. respectively and for the six months ended 30 June 2018, the annualised return on average equity was 16.66 per cent. For these purposes, return on average assets is calculated based on the net profit divided by the average amount of beginning balance and ending balance of assets, while for annualised return on average assets, it is calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualising the quotient and return on average equity is calculated based on the net profit attributable to equity shareholders of the Bank divided by the weighted average net assets.

## **The Bank's Principal Business Activities**

The Bank's principal businesses activities include corporate banking, personal banking, treasury business, investment banking and overseas operations.

The following tables set forth, for the periods indicated, the profit before tax of each of the Bank's major business segments:

<b>(In millions of RMB, except percentages)</b>	<b>Year ended 31 December 2015</b>		<b>Year ended 31 December 2016</b>		<b>Year ended 31 December 2017</b>	
	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>
Corporate banking .....	108,184	36.24	98,329	33.31	82,724	27.59
Personal banking .....	115,184	38.59	129,269	43.79	137,736	45.95
Treasury business .....	70,388	23.58	66,008	22.36	54,617	18.22
Other businesses .....	4,741	1.59	1,604	0.54	24,710	8.24
Profit before tax .....	<u>298,497</u>	<u>100.00</u>	<u>295,210</u>	<u>100.00</u>	<u>299,787</u>	<u>100.00</u>

(In millions of RMB, except percentages)	Six months ended 30 June 2017		Six months ended 30 June 2018	
	Amount	% of total	Amount	% of total
Corporate banking .....	47,258	27.46	49,143	27.09
Personal banking .....	76,043	44.19	80,725	44.50
Treasury business .....	31,049	18.04	38,687	21.32
Other businesses.....	17,743	10.31	12,865	7.09
Profit before tax.....	172,093	100.00	181,420	100.00

## CORPORATE BANKING

### Overview

For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, the Group's corporate banking operations represented 36.24 per cent., 33.31 per cent., 27.59 per cent. and 27.09 per cent., respectively, of its profit before tax. The Bank offers a broad range of corporate banking products and services for corporations, government agencies and financial institutions. As at 30 June 2018, the Group had RMB6,643,148 million of domestic corporate loans and advances, representing 49.38 per cent. of the Group's gross loans and advances to customers, RMB109,582 million of domestic discounted bills, representing 0.81 per cent. of the Group's gross loans and advances to customers, and RMB8,989,688 million of domestic corporate deposits, representing 52.99 per cent. of the Group's total deposits from customers.

### Key Products and Services

#### *Corporate loans products*

Corporate loans have historically been the largest component of the Group's loan portfolio. As at 30 June 2018, the balance of domestic corporate loans and advances amounted to RMB6,643,148 million, representing an increase of 3.10 per cent. compared to 31 December 2017. The Group's corporate loan products mainly comprise medium to long-term loans and short-term loans. As at 30 June 2018, the Group's domestic medium to long-term loans and short-term loans amounted to RMB4,574,272 million and RMB2,068,876 million, representing 34.00 per cent. and 15.38 per cent., respectively, of the Group's gross loans and advances to customers.

#### *Infrastructure loans*

The Bank provides various infrastructure loan products to meet the funding requirements relating to the construction and expansion of its customers' infrastructure projects. The continuing expansion of the PRC economy has led to an increase in the number of new large-scale infrastructure projects which have resulted in an increased demand for infrastructure loans. As at 30 June 2018, loans to infrastructure sectors amounted to RMB3,490,788 million, representing an increase of RMB133,335 million compared to 30 June 2018.

#### *Working capital loans*

The Bank offers working capital loans primarily to provide liquidity for the Bank's customers' regular business production and operational turnover needs and for their temporary funding needs. The Bank's working capital loans are mainly granted to its high-quality customers to supplement their infrastructure loans. The Bank also provides working capital loans to SMEs.

#### *Syndicated loans*

The Bank has provided to customers various syndicated loan products including, among others, direct external syndicated loans, internal syndicated loans and transferable syndicated loan products. The Bank has maintained strong growth in its syndicated loan businesses.



### *Other corporate loan products*

The Bank offers various other corporate loan products, including trade finance facilities, supply-chain financing and merger and acquisition financing. In March 2009, the Bank became one of the first commercial banks in China approved to undertake merger and acquisition financing business pursuant to the Guidelines to M&A Loan Risk Management of Commercial Banks issued by the CBRC and the Bank was one of the first to launch corporate merger and acquisition financing products aimed to facilitate the financing needs of the Bank's customers' merger and acquisition transactions by providing a comprehensive set of financial resources.

The expansion of loans to SMEs is an important measure of the Bank to realise its strategic transformation of corporate banking business. As at 31 December 2017, the Group had 288 credit factories for small enterprises. As at 31 December 2017, according to the classification criteria for small and medium-sized enterprises as well as the CBRC's requirements, loans to small-and micro-sized enterprises amounted to RMB1,610,582 million, an increase of RMB168,690 million or 11.70 per cent. as compared to 31 December 2016, and the number of credit customers for small-and micro-sized enterprises reached 605,014, an increase of 296,091 as compared to 31 December 2016.

### *Discounted bills*

Discounted bills are bank acceptance bills and commercial acceptance bills with a remaining maturity of less than six months purchased by the Bank from its customers at a discount. The Bank provides discounted bills as part of its comprehensive financing solution for its corporate customers. As at 30 June 2018, the Group had outstanding domestic discounted bills of RMB109,582 million, a decrease of 10.54 per cent. compared to 31 December 2017.

### *Corporate deposit products*

In accordance with interest rate policies issued by the PBOC, the Bank offers a variety of time and demand deposit products to its corporate and institutional customers. In addition, the Bank also accepts negotiated deposits from customers including insurance companies, the National Social Security Fund and the Postal Savings Bank of China, whereby interest rates and other conditions are separately negotiated between them and the Bank. As at 30 June 2018, the Group's domestic corporate deposits amounted to RMB8,989,688 million, an increase of 3.32 per cent. compared to 31 December 2017.

### *Commission/fee based products and services*

The Bank provides its corporate customers with a broad range of commission/fee-based products and services. The Group's net fee and commission income for the six months ended 30 June 2018 was RMB69,004 million, which is an increase of 1.36 per cent. compared to the same period last year.

### *Agency services*

The Bank acts as an agent at the request of its clients in providing payment disbursement, collection, settlement, clearance and other agency services to corporations and government agencies. The key products and services the Bank provides include agency treasury settlement, agency premium collection and payment and entrusted loans. The Bank also acts as payroll agent as well as the agent to collect utilities, telecommunication and taxes payment and surcharges. In addition, in terms of the number of budget units it served, the volume of agency disbursement and related fee income, the Bank continued to be the market leader. The Bank is a major correspondent bank for China Development Bank. The Bank also distributes products and services on behalf of insurance companies and securities firms and provides payment and fee collection services to public utility and telecommunications companies. In addition, the Bank provides entrusted lending services to its corporate customers. The Bank charges a fee for providing entrusted lending services and does not take the credit risk with respect to these loans. In addition to generating fee income, the Bank's agency services also help the Bank develop and enhance its relationships with its customers.



### *Institutional business*

The Bank has promoted its updated “Minben Tongda” comprehensive financial services brand, which focuses on providing service to customers in the education, health, culture and environmental protection sectors. The Bank and Jilin University jointly sponsored the first edition of “CCB Cup” of “Internet Plus” Innovation and Entrepreneurship Competition for Chinese University Students, signed strategic cooperation agreements with Huazhong University of Science and Technology, explored “Internet Plus” applications and innovations in financial services for schools and hospitals, which culminated in the Bank-Hospital and Bank-School Mobile Internet Financial Cooperation Plan. It also became the first bank among its peers to study and launch the Comprehensive Financial Service Plan Regarding Pension System Reform of Public Institutions. It ranked first among peer banks in terms of the number of customers of the central finance authorised payment and non-tax revenue collection agency service. The issuance of civil service bank cards in central fiscal budget units continued to be first in the market

In 2017, the Bank successfully held the third edition of “CCB Cup” of “Internet Plus” campus innovation and entrepreneurship competition in China, and became the sole winner in the bidding for payment platform projects of Peking University and Tsinghua University, and secured 720 new “Yinxiaotong” (bank-university connect) university clients and “Yinyitong” (bank-hospital connect) hospital clients. By incorporating technological innovations into financial services and platform building, the Bank introduced a number of innovative offerings, including “Dangfeiyun” (cloud-based party membership fee payment platform), “Huifeiyun” (cloud-based membership fee payment platform) and “Electronic Gongdexiang” (donation box). In the first half of 2018, the Bank led the launch of the “Smart City Governmental Service Platform”. It also established a national financing guarantee fund to address financing problems for small and micro enterprises and in agriculture, farming and rural areas. The Yinxiao (bank-university connect) and Yinyi (bank-hospital connect) systems additionally became available in an addition of 1,962 institutions.

### *International business*

The Bank offers international settlement products and services including import letters of credit, export letters of credit, import collection, export collection, outward remittance, inward remittance and guarantees. The Bank has been approved by the PBOC as the Hong Kong dollar settlement bank and approved by the China Foreign Exchange Trade System as the U.S. dollar agency settlement bank in the interbank foreign currency markets. The Bank was one of the first PRC banks to provide cross-border trade RMB settlement services and this pioneer status has allowed it to be one of the market leaders of this service.

In 2016, the Bank further expanded its RMB clearing network, as the Bank became the RMB clearing bank in Switzerland and Chile after becoming the RMB clearing bank in London. RMB Qualified Foreign Institutional Investors (“**RQFII**”), RMB Qualified Domestic Institutional Investors and Mainland-Hong Kong mutual recognition of funds operations continued to grow. The Bank successfully issued RMB1 billion two-year offshore RMB bonds in London, which was the first RMB bond product listed on the London Stock Exchange. It also launched “comprehensive financial services for cross-border e-commerce”, built a “cross-border e-remittance” platform, and provided end-to-end online auto receipt and payment, settlement and sales of foreign exchange and income/expense declaration services for cross-border e-commerce customers through the direct contact with the local “single window” of international trade. It also innovated “cross-border e-payment”, an online payment tool and met e-commerce customers’ needs for cross-border payment through virtual bank cards. The Bank took the lead in providing services to special economic areas, with its Shanghai Free Trade Zone Branch proactively offering businesses relating to free trade accounts and holding the largest deposit and loan portfolios among competitors. The Xinjiang Khorgos Border Cooperation Centre Sub-branch became the first to launch innovative offshore RMB business, delivering the best performance in all major indicators.

In 2017, the Bank focused on product innovation in international business, took initiative to explore the potential of “Blockchain + Trade Finance” technology, and became the first to apply blockchain technology to domestic letters of credit, forfeiting and international factoring on a cross-bank and cross-border basis. The cumulative volume of the Bank’s blockchain transactions amounted to RMB1.6 billion, involving 20 domestic and overseas institutions. Based on the “Cross-border e+” platform, the Bank launched the “Cross-Border Rapid Loans” service to provide totally online, fast process loans to small and micro import and export enterprises. Learning from the advanced international practices, the Bank launched an innovative “Bulk Commodity Non-recourse Financing” business.

### *Asset custodial business*

The Bank's offering of asset custodial services is among the most comprehensive in China, including securities investment funds, Qualified Domestic Institutional Investors, Qualified Foreign Institutional Investors, RQFII, social security funds, corporate annuity funds, trust properties, insurance assets, entrusted investment assets of securities companies, basic pension insurance personal account funds, industrial investment funds and banking wealth management products. In 2013, the Bank obtained the qualification to provide custodial service to the first bond index exchange-traded funds ("ETF") and cross-border ETF for U.S. stocks in the PRC. The Bank also became one of the first Chinese-funded custodial banks of RQFII from Singapore. The Bank became one of the first batch of banks to conduct agency business for Mainland-Hong Kong mutual recognition of funds operations and was the first to offer "bond transaction plus custodian" services to overseas institutions for direct entry into the interbank bond market. As at 30 June 2018, the Bank's assets under custody amounted to RMB11.67 trillion and income from the custodial business amounted to RMB2,445 million, representing an increase of 6.84 per cent. on a year-on-year basis.

### *Pension business*

In 2007, the Bank was approved to be the trustee and custodian for corporate annuity funds and was authorised to offer related services including annuity planning, consulting, corporate annuity custodian and personal account management. The Bank innovatively launched an occupational annuity service plan for public institutions, enterprise annuity tax planning and consultancy, and insurance security mode supplementary pension products. The Bank's "Yangyi" series covered all types of pension markets in general.

### *Treasury management and settlement business*

The Bank was one of the first domestic commercial banks to provide cash management services for its corporate clients. In recent years, the Bank's cash management services expanded rapidly as the Bank introduced various new cash management products, such as "Yudao (禹道) – Smart Win Cash Management", which covers major service lines including account settlement services, fees receipt and payment services, liquidity management services, investment and financing management services, information and reporting services, industry-focused solutions and on-line banking services. The Bank has a range of cash management products and tailor-made industry specific cash management solutions for multinational corporations, large and medium sized enterprises, government agencies and financial institutions. In addition, through its internet and other electronic channels, as well as its customer-oriented branch network, the Bank has been able to provide comprehensive cash management services to its customers.

In the first half of 2018, the Bank expedited the development of scenario-based applications for innovative products including "Yu Dao Tong Da" and "Jianguanyi", and actively developed "Bills Pool + Rapid Loan for Small and Micro Businesses" and "Bills Pool + Rapid Transaction Loan" as part of its innovations in its inclusive finance business. As at 30 June 2018, the Bank had 8.74 million corporate RMB settlement accounts, an increase of 800 thousand from 31 December 2017, while its active cash management customers increased by 350,000 to 1.37 million.

### **Customer Base**

As a leading provider of capital for some of the key industries in China such as infrastructure, energy, transportation and telecommunication, the Bank has maintained close relationships with leading corporations in industries that are strategically important to China's economy and with major government agencies and financial institutions.

The Bank has focused and will continue to focus on customers in industries strategically important to China's economy. Most of these large companies in China's strategic industries are state-owned enterprises or state-controlled joint stock companies. Private enterprises have become important customers to the Bank, as in recent years, they have experienced significant growth in China and have become a major sector in China's economy. The Bank also focuses on expanding its range of high-quality SME customers.

## **Marketing**

Based on its customer-focused philosophy, the Bank employs both industry-wide and localised marketing strategies tailored to specific regions, customers and products. The Bank's head office formulates its overall corporate business development based on industry, geographical region, customer and product considerations. The Bank's tier-one branches then develop detailed marketing plans according to these guidelines tailored to local market needs.

The Bank's corporate banking marketing channel primarily involves corporate and institutional customer managers, branch outlets and electronic banking channels which include on-line banking and phone-banking. The Bank's corporate and institutional customer managers are its key marketing channel for its corporate banking business. They are responsible for exploring new market opportunities, promoting the Bank's banking products, coordinating and accessing the Bank's bank-wide resources to provide a package of personalised and comprehensive financial services to the Bank's corporate and institutional customers. The Bank's branch outlets offer the physical venue for the Bank to provide services to corporate and institutional customers. Through the Bank's branch outlets, the Bank promotes and sells its products, mainly providing payment and settlement services and SME corporate customer services, and developing the Bank's corporate liabilities business and commission/fee based business.

With the aim to improve customer experience, the Bank also provides its customers with e-banking channels such as the Bank's cash management service system, corporate online banking, customer hotline service centre and mobile phone banking platform, thereby providing greater access for the Bank's customers. The Bank's e-commerce finance platform – "e.ccb.com" which provides corporate clients with financing products such as order financing, guaranteed joint loans and collateralised loans, continued to deepen its involvement in causes relating to "agriculture, farmers and rural areas", promoted the use of credit card bonus points for direct shopping and air ticket booking for business travel, partnered with Microsoft to set up a flagship store, and carried out joint marketing, thus realising a rapid development. As at 31 December 2017, the Group's corporate online banking customers reached 6.03 million, representing an increase of 24.04 per cent. compared to 31 December 2016 and mobile phone banking customers reached 266.38 million.

The Bank seeks to provide differentiated products and services to the Bank's important customers to meet their specific banking needs. The Bank's head office generally coordinates client coverage and marketing efforts for the Bank's largest corporate customers to ensure consistency and quality of service. The Bank's senior management at the headquarters and branch level are often directly involved in and lead in these marketing efforts. The Bank's branches in key cities provide differentiated, high quality, professional and integrated products and services to meet the Bank's customers' specific banking needs. By providing integrated financial solutions to the Bank's customers and improving the Bank's cross-selling synergies among the Bank's products and services, the Bank aims to further increase overall customer satisfaction and optimise value for the Bank's customers.

For SMEs, the Bank has established a specialised and standard marketing system that allows the Bank to further integrate the Bank's resources of products, distribution channels and brands to provide more efficient services with controlled risks.

## **PERSONAL BANKING**

### **Overview**

As at 30 June 2018, the Group's domestic personal deposits rose to RMB7,473,144 million, an increase of 5.17 per cent. compared to 31 December 2017. The Group's profit before tax derived from personal banking for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 amounted to RMB115,184 million, RMB129,269 million, RMB137,736 million and RMB80,725 million, respectively, representing 38.59 per cent., 43.79 per cent., 45.95 per cent. and 44.50 per cent. of the Group's total profit before tax for the same periods.

## **Key Products and Services**

The Bank provides a broad range of products and services including personal deposits, personal loans and other related financial services for its personal banking customers based on their needs. The Bank also provides bank card services and private banking for its personal banking customers. The Bank is committed to providing comprehensive banking services to its personal banking customers and is focused on creating and improving its personal banking product chain and value chain. The Bank sets out below its key personal banking products and services.

### ***Personal deposits***

The Bank provides its personal banking customers with a broad range of demand and time deposit services denominated in Renminbi and other foreign currencies. Personal demand deposit products include demand savings deposits and demand pledged deposits.

Personal time deposit products include time savings deposits, education savings deposits and personal notification deposits. Personal deposits provide the Bank with a stable funding source. Through active innovative efforts, the Bank maintained a steady growth in personal deposits. As at 30 June 2018, domestic personal deposits of the Bank was RMB7,473,144 million, an increase of 5.17 per cent. from 31 December 2017.

### ***Personal loans***

The Bank's personal loans are designed to meet the credit requirements of its personal customers. The Bank's personal loan products include residential mortgage loans, personal consumer loans, personal business loans and personal agriculture-related loans. As at 30 June 2018, the total domestic personal loans and advances of the Bank amounted to RMB5,551,275 million, representing an increase of 6.88 per cent. from 31 December 2017. As at 30 June 2018, the NPL ratio for domestic personal loans and advances was 0.45 per cent., an increase of 0.03 percentage points from 31 December 2017.

### ***Residential mortgage loans***

The Bank provides residential mortgage loans to individuals to finance the purchase and construction of their residential properties. Residential mortgage loans include new home residential mortgage loans, residential refinancing mortgages, home equity loans to refinance residential property and fixed-rate residential mortgage loans. As at 30 June 2018, the Group's domestic personal residential mortgage loans rose by 6.84 per cent. from 31 December 2017 to RMB4,501,216 million.

The Bank appraises the value of the residential property regularly and clearly stipulates that the loan cannot be used for securities trading purpose.

### ***Home savings services***

In February 2004, the Bank formed Sino-German Bausparkasse Corporation Limited ("**Sino-German Bausparkasse**") with Bausparkasse Schwaebisch Hall, a German home savings bank. As at 30 June 2018, the Bank held a 75.10 per cent. equity interest in Sino-German Bausparkasse. The Bank's home savings bank products allow the Bank's customers to make scheduled deposits for the purpose of obtaining residential mortgage loans in the future. Sino-German Bausparkasse has improved the Bank's ability to develop more personal housing financing products. In 2017, Sino-German Bausparkasse achieved steady business development, and the sales of housing savings products increased to RMB18,337 million.

### *Personal consumer loans*

The Bank's personal consumer loans primarily consist of personal credit lines and automobile loans which usually have a maturity of up to five years. Personal credit lines are granted for general purposes based on the borrowers' credit history and the value of collateral provided. The Bank's automobile loans are primarily secured by the purchased automobile and residential properties. As at 30 June 2018, the Bank had domestic personal consumer loans of RMB194,678 million, representing 1.45 per cent. of the Group's gross loans and advances to customers.

### *Other personal loans*

The Bank's other personal loan products primarily consist of personal business loans, personal agriculture-related loans and other personal loans. In 2009, the Bank introduced personal business loans for private business owners involved in various specialised markets. The Bank also introduced personal agriculture-related loans to farmers on a trial basis in line with the PRC government's policy of supporting economic development of rural areas. The Bank also introduced a series of personal loan products, including the "Easy Education Loan" for personal education, the "Fortune Loan" for personal banking customers, the "Refurbishment Loan" for home renovations and the "ShanRong e-loans" personal micro-credit revolving loans for consumption financing needs.

### *Bank card business*

The Bank offers a variety of bank card products comprising credit card and debit card to its customers under the registered "Long Card" ("龍卡") brand. As at 30 June 2018, the Bank had issued approximately 115.42 million credit cards and 990 million debit cards. For the six months 30 June 2018, the Group's fee and commission income from bank card fees increased to RMB22,743 million from RMB20,110 million for the same period in 2017, representing an increase of 13.09 per cent.

Since the Bank is a member of China Unionpay, its customers can complete transactions through ATMs and point-of-sale terminals connected to the China Unionpay network. China Unionpay is responsible for establishing and operating a nationwide, interbank bank card information exchange and transaction network for its members. The Bank is one of the founding members of China Unionpay. The Bank joined the MasterCard network in 1990 and the Visa network in 1991. The Bank's dual-currency debit cards and dual-currency credit cards are also accepted outside of China through its association with the MasterCard and Visa networks. In August 2009, the Bank further joined the JCB international credit card network.

### *Credit cards*

Through the credit card centre in Shanghai established in December 2002, which centrally manages the Bank's credit card business, the Bank seeks to enhance its operational efficiency, improve its risk management and maintain a consistent level of customer service quality. The Bank has also established credit card departments in most of its tier-one branches to manage its operations locally. As approved by the CBRC and accepted by the Shanghai Banking Regulatory Bureau in 2008, the Bank's credit card centre was upgraded to a branch-level sales institution and obtained its business license in 2009. As at 31 December 2017, the Bank had issued approximately 106.93 million credit cards. The total spending amount from the Bank's credit cards was RMB2,618,912 million for the year ended 31 December 2017, compared to RMB2,399,868 million for the corresponding period in 2016. As at 31 December 2017, the Bank's credit card loan balance reached RMB563,613 million. As at 30 June 2018, the Bank had issued approximately 115.42 million credit cards and the Bank's credit card loan balance reached RMB631,305 million. The volume of credit card transactions totalled RMB1.45 trillion for the first half of the year.



The Bank's credit cards are accepted through its own network and through the China Unionpay network which are located in the PRC and various other countries and are also accepted overseas through the Bank's association with the Visa and MasterCard networks. The Bank has established five product lines including standard cards (標準卡), co-branded cards (三名卡) (being cards co-branded with primary cities (名城), well-known enterprises (名企) and top-tier universities (名校), specialty cards (特色卡), public welfare cards (公益卡) and corporate cards (商務卡), which primarily target mid-to high-end customers and cover various marketing channels. The Bank also issues diamond cards, which target high-end customers and issued specialised car-owner credit cards to car owners. The Bank has also launched consumer products including e-Pay Long Card, Tencent e-Pay Long Card, and Family Love Card, credit products such as "Fenqitong", and mobile payment services based on the Internet including Apple Pay, HCE Cloud Pay, and Samsung Pay. The Bank has increased its use of new electronic channels such as mobile phone, WeChat and QR codes to promote the use of its credit card products. The Bank has introduced the Long Card electronic payment wallet and "one-click payment" for cross-border internet purchases. The Bank has also introduced the "Mobile Long Card" mobile app allowing payments to be made with authorised merchants.

In addition, in the first half of 2018, the Bank accelerated innovation and transformation of its credit card business, with a better operating structure and a strong brand, further enhancing its market competitiveness. The Bank strengthened its efforts in attracting and retaining young customers in its credit card business including Long Bonus Credit Card, the pure love version of LINEFRIENDS Fans Card, World Cup Credit Card and Exclusive Platinum Card. The Bank vigorously promoted consumer loan business and steadily pushed Platinum Card. The Bank vigorously promoted consumer loan business and steadily pushed forward "Ju Yi Zu" for rents instalments on pilot. Bolstering its instalment programs for business owners of "Long Card Ready-Pay Loans" through a combination of online and offline offerings, the Bank offered a package of financial solutions incorporating "instalment + concessions + bonus points + merchant acquiring + customer acquisition"

#### *Debit cards*

In the first half of 2018, in adhering to its philosophy of being customer-oriented, the Bank worked on its card security and improved service level. As part of the optimisation and upgrading of its "Long Pay" business, the Bank added a number of new functions, such as "Quick Loan Payment", "Long Card Credit" and "Long Qian Bao". As at 30 June 2018, the Bank issued 990 million debit cards in aggregate, representing an increase of 92 million cards from 31 December 2017. Total spending through the Bank's debit cards amounted to RMB9.70 trillion in the six months ended 30 June 2018, representing an increase of 43.52 per cent. over the same period in 2017. As at 30 June 2018, the Bank issued 522 million financial IC debit cards in total, representing an increase of 31 million over 31 December 2017.

#### *Private Banking*

The Bank provides a broad range private banking products and services and integrated solutions and to its high value customers, including family trust financial advisory services, asset allocation consultancy services, investment immigration, marital property preservation and family wealth inheritance. The Bank has developed its "trump product" – family trust business by coordinating efforts between the parent company and subsidiaries, and continuously improved the "Golden Housekeeper" business. The Bank developed and launched a family trust advisory system, enabling end-to-end online operation of the family trust business. It also accelerated the development of a special mobile edition for private banking services, and reinforced its efforts in innovative development and applications in smart wealth management and smart investment advisory. The Bank diversified its value-added services in three major areas, namely exclusive private banking services, professional consultation and cross-border services. As at 31 December 2017, the number of private banking customers with financial assets above RMB10 million grew by 15.24 per cent. and the total amount of customers' assets increased by 19.57 per cent. as compared to 31 December 2016. As at 30 June 2018, the number of private banking customers grew by 10.27 per cent. and the total amount of financial assets from such private banking customers saw an increase of 9.96 per cent. as compared to 31 December 2017



### *Entrusted housing financing services*

The Bank acts as an agent to national housing fund management departments to collect housing provident funds and housing maintenance funds and provide individual housing provident funds mortgages. The Bank is one of the earliest banks and the largest in China approved to engage in the housing provident fund management business. The Bank maintains sound business co-operation with local administrative centres of housing provident funds across China from which it takes deposits as a steady funding source. By implementing national policies on supporting the construction of homes and providing financing to mid-and low-income households, the Bank is able to capture such specialised market opportunities. The Bank has proactively improved its IT system and strengthened electronic channel expansion and product innovation in provident housing funds, in order to provide comprehensive and high-quality housing reform financial services. As at 30 June 2018, the Bank's personal provident housing fund loans amounted to RMB2,110,340 million, and its housing fund deposits amounted to RMB783,502 million. Through innovative financial services, the Bank has launched new products and services including small amount cross-bank payments for housing provident funds, housing provident fund e-channel, housing provident fund co-named card and entrusted housing provident fund withdrawal for repayment of loans.

### *Customer Base*

As at 31 December 2017, the Bank had 4.78 million corporate customers and 375 million personal customers. The number of private banking customers with financial assets above RMB10 million increased by 15.24 per cent. and the total amount of customers' financial assets increased by 19.57 per cent., compared with 2016. The number of private banking customers increased by 10.27 per cent. and the total amount of financial assets from private banking customers increased by 9.96 per cent., compared with 2017. As at 31 December 2017, the Bank had 306 specialised private banking entities. The Bank has successfully established dedicated telephone banking services for its high-end customers, creating a high-end customer service network with a focus on wealth management and private banking services.

### *Marketing*

The Bank's head office generally formulates marketing initiatives and sets marketing guidelines for the Bank's bank-wide personal banking products. The Bank's tier-one branches develop detailed marketing plans to implement these initiatives based on the economic and market conditions of their respective geographical regions. The Bank conducts its marketing activities mainly through its branch network, which the Bank supplements with specialised sales centres for specific products such as personal wealth management centres and residential mortgage loan centres. As at 31 December 2017, the Bank had 306 specialised private banking entities. It also conducts personal banking product marketing through e-banking channels, such as online banking, telephone banking and mobile phone banking.

The Bank offers different products and services and adopts different marketing strategies to cater for different customer groups' needs. For high value customers, the Bank focuses on building a one-to-one customer manager marketing relationship to develop a more focused marketing strategy for promoting its products. For mass market customers, the Bank adopts a mass marketing strategy focusing on its outlets, taking initiatives in product and service marketing through introduction by its lobby managers, on-site promotion of its products and media advertising campaigns. The Bank also adopts an interactive marketing strategy for its personal banking business, whereby its personal loan department and corporate banking department cooperate to take a proactive approach in exploring business opportunities in residential mortgage loans while granting real estate development loans. In addition, the Bank focuses on cross-selling its personal banking products such as promoting its credit cards and wealth management cards to its residential mortgage loan customers. The Bank also sells various loan products to the holders of its wealth management cards and credit cards.

### *Personal electronic banking*

The Bank generates income from personal electronic banking business primarily through facilitating transactions for the Bank's personal banking customers through electronic means. As at 31 December 2017, the Bank's personal online banking service had 270.73 million individual customers, representing an increase of 14.35 per cent. compared to 31 December 2016. For the year ended 31 December 2017, the transaction volume for personal online banking was RMB36.35 trillion. For the six months ended 30 June 2018, the electronic banking service fees earned by the Bank was RMB10,364 million compared to RMB6,484 million from the same period in 2017, representing an increase of 59.84 per cent. This was mainly due to the Bank's enhancement of its promotion of electronic financial services and applications to meet the customers' needs in financial consumption.

## **TREASURY BUSINESS**

The Bank's treasury operations primarily consist of its money market activities, the management of its investment portfolio, treasury transactions on behalf of its customers, bond underwriting and development of treasury products. The Group's treasury business recorded a profit before tax of RMB38,687 million for the six months ended 30 June 2018, representing 21.32 per cent. of its total profit before tax.

### **Key products and services**

#### *Money market activities*

The Bank's money market activities primarily consist of (i) repurchase and reverse repurchase with the PBOC; (ii) borrowings from and loans to other domestic and foreign banks and non-bank financial institutions, often referred to as the interbank money market activities; (iii) purchase of securities under resale agreements, often referred to as repurchase and reverse repurchase transactions via the interbank market, bond repurchase pledge or buy-out, sell-out of RMB-denominated treasury bonds, policy bank bonds and central bank bonds; and (iv) money market transactions with major international banks such as foreign currency fund lending, foreign currency denominated bond repurchase and foreign exchange swap on the international financial markets.

The Bank is an active participant in the interbank money market, one of the first market-makers in the interbank market and one of the sixteen Shanghai Interbank Offered Rate quotation banks approved by the PBOC. The Bank has actively responded to market fluctuations, taken initiatives to broaden the financing and investment channels, and managed its RMB and foreign currency positions in a centralised manner to safeguard the Bank's liquidity.

As at 30 June 2018, the Group's deposits and placements with banks and non-bank financial institutions amounted to RMB799,842 million, representing 3.51 per cent. of the Group's total assets. As at the same date, the deposits and placements from banks and non-bank financial institutions with the Group amounted to RMB1,708,177 million, representing 8.16 per cent. of the Group's total liabilities.

#### *Investment portfolio management*

The Bank's investment portfolio mainly targets bond investment. The Bank classifies its portfolio as: (i) trading financial assets; (ii) financial assets measured at amortised cost; and (iii) (iv) financial assets at fair value through other comprehensive income. Trading financial assets are primarily used in proprietary trading, while financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are used in proprietary investment.

As at 30 June 2018, financial assets at fair value through profit or loss, financial assets at fair value measured at amortised cost and financial assets at fair value through other comprehensive income represented 12.96 per cent., 61.86 per cent. and 25.18 per cent of the Group's financial investment portfolio, respectively.

### *Proprietary trading*

The Bank conducts short-term proprietary trading in order to gain short-term spread income and avoid market risk. Proprietary trading mainly includes treasury bonds, central bank notes, policy bank bonds, short-term debentures issued by large-scale prime enterprises, mid-term notes, foreign exchange trading and precious metal trading. Additionally, the Bank hedges its investment risk through financial derivative trading, which mainly includes interest rate swap contracts and foreign exchange spot, forward, swap and option contracts. Apart from hedging of its risks, the Bank generally does not hold financial derivatives for short-term gain.

### *Proprietary investment*

The Bank manages its investment portfolio to maximise its investment return. The Bank determines the average investment term of its investment portfolio, duration and investment return objective based on its judgment on risk factors such as interest rates, exchange rates and credit risks. The Bank's RMB-denominated securities investments primarily include government bonds, central bank notes, policy financial bonds, commercial bank bonds, short-term debentures, corporate bonds and asset-backed securities. The Bank's foreign currency denominated securities investments are primarily in sovereign bonds, financial institution bonds, corporate bonds and investment grade asset-backed securities.

### *Treasury transactions on behalf of customers*

The Bank's treasury transactions on behalf of its customers mainly include agency foreign exchange derivatives trading, agency precious metal business, bond settlement agency business, agency sale and purchase of foreign exchange and foreign exchange trading. Foreign exchange purchases and sales and foreign exchange trading grew steadily. The Bank improved its service capability of foreign exchange settlement and sales through electronic banking channel, and launched its foreign exchange purchasing project. The Bank also optimised its corporate online banking foreign exchange settlement module for the convenience of its corporate customers.

### *Innovation and development of treasury products*

The Bank focused on the innovation of precious metal products with diversified product lines and introduced new products including gold accumulation plans and silver leasing. As at 30 June 2018, the number of personal precious metal trading and commodity trading customers was 35.33 million, and the total trading volume of precious metals amounted to 32,477 tonnes.

In compliance with the state policy to provide financial support for targeted poverty alleviation, the Bank issued poverty alleviation bonds, launched innovative projects such as e.ccb.com rural-urban connection and targeted poverty alleviation platform, and delivered all-round online and offline financial services to people in poverty stricken areas. In order to effectively address financing difficulties for customers engaged in international trade, the Bank launched a series of products, including conversion of overseas loans to debt securities, cross-border e+, cross-border financing and securities connection, and global financing for financial leasing, incorporating a host of innovation in business processes and risk mitigations. The Bank also introduced new services, such as "Bond Connect", direct top-up for IC cards and Subways Go Easy, and simplified the financial service processes and enhanced customer experience by means of technology development and interconnectivity.

## **INVESTMENT BANKING BUSINESS**

The Bank conducts investment banking business through the investment banking department at its head office and branch levels as well as its subsidiary, CCB International, providing customers with financial service packages such as short-term debentures, international bonds, trust benefit vouchers, asset securitisation, project financing, outbound initial public offerings ("IPOs") and refinancing, equity investment, financial advisory and wealth management services. The Bank's substantial customer base, extensive marketing network, strong funding capability and research and development strength lay a foundation for the development of its investment banking business.

## **Key products and services**

### ***Financial advisory service***

The Bank's financial advisory business refers to its provision of consultation, analysis and solution design services to customers in respect of investment and financing, capital operation, asset management, debt management and corporate diagnosis based on the customers' requirements with an aim to assist them in reducing financing cost, increasing funding utilisation efficiency and optimising financial management. Furthermore, the Bank focused on providing its customers with product portfolios consisting of both investment banking and commercial banking products. In 2009, the Bank took the industry lead in launching FITS (Financial Total Solutions), a comprehensive financial solution also known as "Feichi". Depending on different situations and financial needs, FITS combines products and vehicles such as traditional commercial banking, new investment banking, various funds and bank wealth management programmes in order to provide comprehensive and diversified financial services plans.

### ***Equity financing service***

Through CCB International and the Bank's overseas branches and subsidiaries, the Bank provides enterprises with equity financing services such as listing sponsorship and underwriting services for their overseas capital markets IPOs and refinancing services and strategic investor introduction services in Hong Kong and Singapore. Separately the Bank also cooperates with the Bank's business partners, including domestic and overseas securities companies to provide equity financing related services, such as domestic and overseas listing guidance, sponsorship, underwriting and financial advisory services.

### ***Bond financing service***

The Bank provides composite bond financing services for clients including short-term debentures, and mid-term notes. The Bank is an active underwriter in the domestic bond market and it is also a Class A underwriter in the MOF treasury bond underwriting syndicate. The Bank is a primary dealer in the PBOC open market. The Bank is also a financial bond underwriter for financial institutions. For the six months ended 30 June 2018, the underwriting volume of debt securities of the Bank for non-financial enterprises amounted to RMB195,770 million. As part of its continuous efforts in promoting green economy, the Bank also developed green asset-backed notes and green asset securitisation, becoming the first underwriter in green finance reform zone. The Bank also promoted the issuance of the first green building panda bond, doubling as green "Bond Connect" bond, in the inter-bank market, and it accumulatively registered green bonds of RMB11,800 million in total.

### ***Asset securitisation***

The Bank was among the first commercial banks approved to undertake asset securitisation business. In 2005, the Bank issued the first residential mortgage-backed securities in China with a size of RMB3.0 billion. The Bank has developed a specialised information system for its securitisation products and the Bank has extensive experience in the development of securitisation products and the execution of such transactions. In the first half of 2018, the Bank actively cooperated with the National Development and Reform Commission to jointly promote and establish the National Development Fund for Strategic Industries. The Bank attracted RMB17,937 million social funds into the house leasing market by means of debt securities and asset securitisation.

### ***Wealth management business***

The Bank has designed and launched various wealth management products according to customer needs to provide wealth management services to customers. The Bank has widened its wealth management product distribution channels and increased its distribution of high yield debt and equity wealth management products. These wealth management products play an important role in securing the Bank's customers, particularly high-end customers. NAMEs, the Bank's new asset management system, went live to form an

integrated end-to-end automated framework. The Bank also launched its innovative “Qianyuan” poverty alleviation wealth management product, and launched its robo-advisor services. For the years ended 31 December 2016, 2017 and the six months ended 30 June 2018, the Bank issued 6,556, 12,679 and 6,492 batches of wealth management products with a total amount of RMB7,240,808 million, RMB7,947,669 million and RMB3,722,393 million, respectively. As at 30 June 2018, the Bank’s outstanding balance from wealth management products was RMB1,948,626 million compared to RMB2,085,256 million as at 31 December 2017.

### **Customer base**

The Bank’s prime corporate and personal customers from its commercial banking business have formed a solid customer base for developing its investment banking business through the years. Most domestic PRC conglomerates and top-quality corporates have established extensive and close business relationships with the Bank. The Bank believes that there remains potential for its investment banking business in the areas of bond financing, equity financing, asset securitisation, financial advisory, wealth management and trust services. The Bank also proactively strives to provide equity financing and equity investment services to SMEs that present promising growth. The Bank’s personal banking customers, especially its high net worth and high-end clients, will also help the Bank expand its wealth management business and ensure the successful offering of its wealth management products.

### **Marketing**

The Bank’s major marketing model for the investment banking business involves cooperation between the head office, domestic and overseas offices and different business lines. A key strategy of the Bank’s bank-wide marketing efforts is to combine the marketing efforts of the investment banking business and commercial banking business.

### **OVERSEAS BUSINESS**

As at 30 June 2018, the Group had 37 tier-one overseas branches, covering 29 countries and regions including Hong Kong, Singapore, Germany, South Africa, Japan, South Korea, the U.S., the U.K., Vietnam, Australia, Russia, Dubai, Taiwan, Luxembourg, Macau, New Zealand, Canada, France, Netherlands, Spain, Italy, Switzerland, Brazil, Cayman Islands, Ireland, Chile, Indonesia, Malaysia and Poland, and wholly-owned operating subsidiaries including CCB Asia, CCB London, CCB Russia, CCB Dubai, CCB Europe, CCB New Zealand and CCB Malaysia.

As at 30 June 2018, the total assets of the Group’s overseas entities were RMB1,757,448 million, representing an increase of 5.37 per cent. from 31 December 2017. For the six months ended 30 June 2018, the Group’s profit before tax of the Group’s overseas entities was RMB7,203 million, representing a decrease of 2.41 per cent. over the same period in 2017. In May 2015, Chile Branch became the first RMB clearing bank in South America, and the branch officially opened in 2016. In June 2015, Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under CCB Europe were successively opened. Cape Town Branch (under Johannesburg Branch) commenced business in September 2015. London Branch commenced business in October 2015. Zurich Branch was established and designated as the RMB clearing bank in November 2015, and it officially opened in 2016 and Dubai International Financial Centre Branch received its official banking licence and commenced business in November 2015 and Warsaw Branch received its official banking licence in December 2016. CCB Malaysia obtained a commercial banking licence in October 2016. The Bank completed its acquisition of PT Bank Windu Kentjana International Tbk in September 2016, and renamed the entity to PT Bank China Construction Bank Indonesia Tbk. PT Bank China Construction Bank Indonesia Tbk was officially inaugurated in February 2017 and the Warsaw Branch of CCB Europe, CCB Malaysia and CCB Australia Perth Branch officially commenced operations in 2017.

## MAJOR SUBSIDIARIES

In 2009, the Bank established the equity investment and strategy cooperation department to coordinate and manage its subsidiaries. According to the 2017 Annual Report, major subsidiaries of the Bank as at 31 December 2017 are set out below:

Name of subsidiary	Principal activities
CCB Financial Asset Investment Corporation Limited.....	Investment
CCB Brasil Financial Holding – Investimentos e Participações Ltda.....	Investment
CCB Financial Leasing Corporation Limited .....	Financial leasing
CCB Life Insurance Company Limited .....	Insurance
CCB Trust Corporation Limited .....	Trust business
CCB Pension Management Corporation Limited.....	Pension Management
China Construction Bank (London) Limited .....	Commercial banking
China Construction Bank (Europe) S.A.....	Commercial banking
Sino-German Bausparkasse Corporation Limited .....	House savings bank
PT Bank China Construction Bank Indonesia, Tbk .....	Commercial Banking
China Construction Bank (Malaysia) Berhad .....	Commercial Banking
China Construction Bank (New Zealand) Limited.....	Commercial banking
China Construction Bank (Russia) Limited Liability Company.....	Commercial banking
Golden Fountain Finance Limited .....	Investment
CCB Principal Asset Management Corporation Limited.....	Fund management services
CCB International Group Holdings Limited.....	Investment
CCB International (Holdings) Limited .....	Investment
China Construction Bank (Asia) Corporation Limited .....	Commercial banking
China Construction Bank (Brasil) Banco Múltiplo S/A.....	Commercial Banking

### Integrated Operation Subsidiaries

The Group’s integrated operation strategy is to accelerate the development of insurance, trust, investment banking, mutual funds, leasing, securities and other non-banking businesses, while developing banking as its core business. The Group endeavours to build an operating framework that covers interconnected markets and complementary businesses, with diversified income and decentralised and controllable risk, and realise customer-oriented functions selection, to provide customers with integrated and diversified financial services.

As at 30 June 2018, the Group owned several domestic subsidiaries in the non-banking financial sector, including CCB Principal Asset Management Corporation Limited (“**CCB Principal Asset Management**”), CCB Financial Leasing Corporation Limited (“**CCB Financial Leasing**”), CCB Trust Co., Ltd. (“**CCB Trust**”), CCB Life Insurance Company Limited (“**CCB Life**”), CCB Futures Co., Ltd. (“**CCB Futures**”), CCB International, CCB Pension Management Co., Ltd. (“**CCB Pension**”) CCB Property & Casualty Insurance Co., Ltd (“**CCB Property & Casualty**”) and CCB Financial Asset Investment Co., Ltd. (“**CCB Investment**”).

The Group set up several banking entities providing professional and differentiated services in specific industries and regions, including Sino-German Bausparkasse and 27 rural banks. In 2013, Sino-German Bausparkasse developed its housing credit business and achieved significant results in selling housing savings products. As at 31 December 2017, total assets of Sino-German Bausparkasse were RMB28,797 million. As at 30 June 2018, the 27 rural banks established to provide efficient financial services for “agriculture, farmers and rural areas” as well as small and micro enterprises in county regions, had total assets in operation of RMB17,492 million.

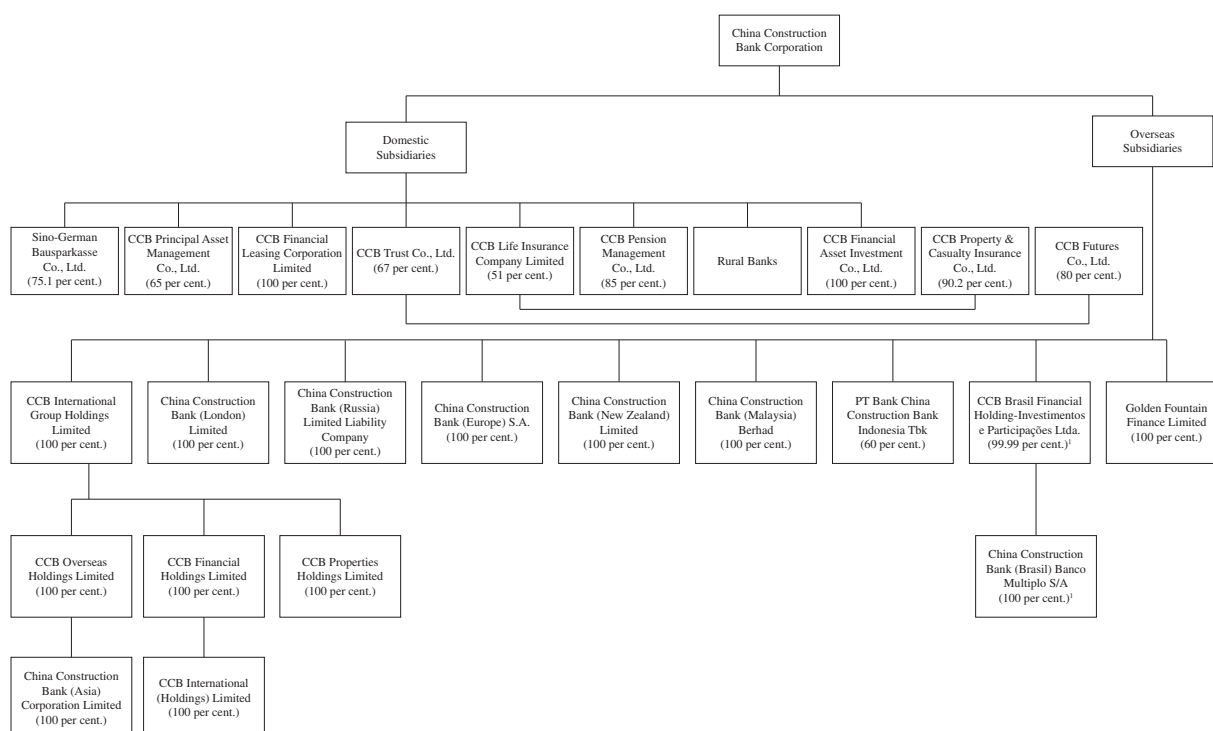


CCB Pension has a registered capital of RMB2.3 billion, of which the Bank and National Council for Social Security Fund hold 85 per cent. and 15 per cent. of its shares respectively. CCB Pension is mainly engaged in businesses including investment management of national social security fund, businesses related to management of enterprise annuity fund, trusted management of capital for old age security, pension advisory for above businesses and other businesses as approved by banking regulators under the State Council. As at 30 June 2018, total assets and the net profit of CCB Pension were RMB2,595 million and RMB28 million respectively.

As at 30 June 2018, the total assets of the integrated operation subsidiaries were RMB477,059 million, up 7.95 per cent. from 31 December 2017. For these purposes, integrated operation subsidiaries refer to the following subsidiaries as set out in the Group 2018 Interim Financial Statements: CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Property & Casualty, CCB Futures, CCB International, CCB Pension, CCB Investment, Sino-German Bausparkasse and 27 rural banks. Net profit of the integrated operation subsidiaries for the six months ended 30 June 2018 was RMB3,778 million, an increase of 12.54 per cent. over the same period in 2017.

## Organisational Structure

The following chart shows the Bank's group structure as at 31 December 2017:



Note:

- (1) As at 31 December 2017, the Bank held 100% of the total share capital of China Construction Bank (Brasil) Banco Múltiplo S/A, and held 100% of its total issued voting share.

## Recent Developments

On 29 June 2018, the Bank announced that effective from 29 June 2018, Ms. Hao Aiqun ceased to serve as director of the Bank due to the expiry of her term and Ms. Liu Jin and Ms. Li Xiaoling no longer serve as supervisors of the Bank. On the same date, the Bank held its 2017 Annual General Meeting, pursuant to which, (i) the appointments of Mr Wu. Jianhang and Mr. Fang Qiuyu as shareholder representative supervisors of the Bank, effective from 29 June 2018 and (ii) the appointment of Mr. Kenneth Patrick Chung as the independent non-executive director of the Bank upon the approval by the CBIRC of his qualifications for serving as a director, were approved by the Bank's shareholders. As at the date of this Drawdown Offering Circular, Mr. Chung's appointment is still pending the approval by the CBIRC.

On 31 July 2018, the Bank announced its signing of the Agreement on the Sponsors of the National Financing Guarantee Fund Co., Ltd., under which the Bank undertook a contribution of RMB3 billion in annual instalments for four years to the National Financing Guarantee Fund Co., Ltd. (the “**NFGF**”) (the “**Investment**”). The NFGF is a quasi-public financial institution, aimed at mitigating the financing difficulties and high financing costs encountered by small and micro enterprises, “agriculture, rural areas and rural people” enterprises and innovative start-ups. The Investment will be funded by the Bank’s own funds and is part of the Bank’s initiative in supporting national strategies, contributing to the development of the real economy and in implementing its inclusive financial strategy. As at the date of this Drawdown Offering Circular, the Investment is pending the fulfilment of the relevant procedures of the regulatory authority.

On 28 August 2018, the Bank published its unaudited but reviewed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2018, which are included in this Offering Circular. As at 30 June 2018, the Group’s total assets, total liabilities and total equity were RMB22,805,182 million, RMB20,940,605 million and RMB1,864,577 million, respectively. For the six months ended 30 June 2018, the Group’s net interest income was RMB239,486 million, representing an increase of 9.93 per cent. over the same period in 2017, and net profit was RMB147,465 million, representing an increase of 6.08 per cent. over the same period in 2017. The NPL ratio of the Group as at 30 June 2018 was 1.48 per cent., a decrease by 0.01 percentage points as compared to the NPL ratio as at 31 December 2017. As at 30 June 2018, the Group’s total capital ratio was 15.64 per cent., representing an increase of 0.14 percentage points as compared to the corresponding ratio as at 31 December 2017.

On 3 September 2018, the Bank announced that by reason of age, Mr. Pang Xiusheng had resigned from the board of directors of the Bank as executive director, executive vice president, as member of the Strategy Development Committee and as member of the Risk Management Committee of the board of directors. The resignation is effective from 3 September 2018.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

*The section “Directors, Supervisors and Senior Management” on pages 124 to 136 of the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

### General

As of the date of this Drawdown Offering Circular, the Bank’s board of directors comprises 13 members. There are five independent non-executive directors, five non-executive directors and three executive directors. The Bank’s directors are elected at shareholder general meetings for a term of three years, which is renewable upon re-election. The chairman and the vice chairman of the board of directors are elected by simple majority of the board of directors. Mr. Tian Guoli is the Bank’s chairman, and responsible for the business strategy and overall development. Mr. Wang Zuji is the Bank’s president, and is responsible for overseeing the day-to-day management of the Bank’s business and operations. The president is appointed by the board of directors, is responsible for the board of directors, and performs duties pursuant to the Bank’s articles of association and the board of directors’ authorisation.

Each of the Bank’s directors, supervisors and senior management has disclosed to the Bank at the time of appointment, and in a timely manner for any change in, the number and nature of offices held in public companies or organisations and other significant commitments, the identity of the public companies or organisations and an indication of the time involved. As at 30 June 2018, Mr. Zhang Gengsheng, director of the Bank, indirectly held 19,304 H-shares of the Bank by participating in the employee stock incentive plan of the Bank before he was appointed to his current position. According to the announcement of the Bank dated 17 May 2018, Mr. Lu Kegui, Mr. Cheng Yuanguo and Mr. Wang Yi, the supervisors of the Bank, indirectly held 18,989 H-shares, 15,863 H-shares and 13,023 H-shares of the Bank respectively, by participating in the employee stock incentive plan before they were appointed as supervisors. Save as disclosed above, as at 30 June 2018, none of the directors and supervisors of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules of Hong Kong Stock Exchange.

The following table sets forth information regarding the Bank’s directors, supervisors and senior management. The Bank’s directors, supervisors and members of senior management all meet the qualification requirements for their respective positions. Their qualifications have been reviewed and approved by the PRC banking regulatory authorities. Non-executive directors holding positions in the corporate shareholders do not receive compensation directly from the Bank.

### Directors

The following table sets forth certain information concerning the Bank’s directors as at the date of this Drawdown Offering Circular.

<b>Name</b>	<b>Position</b>
Tian Guoli.....	Chairman, executive director
Wang Zuji .....	Vice chairman, executive director, president
Zhang Gengsheng.....	Executive director, executive vice president
Li Jun.....	Non-executive director
Feng Bing .....	Non-executive director
Zhu Hailin.....	Non-executive director
Wu Min.....	Non-executive director
Zhang Qi.....	Non-executive director
Anita Fung Yuen Mei.....	Independent non-executive director

Name	Position
Carl Walter.....	Independent non-executive director
Chung Shui Ming Timpson .....	Independent non-executive director
Murray Horn .....	Independent non-executive director
Sir Malcolm Christopher McCarthy .....	Independent non-executive director

Notwithstanding the disclosures mentioned in “*Directors, Supervisors and Senior Management – General*” section, no potential conflicts of interest exist between the obligations of the directors named above towards the Bank and their own interests or other obligations. The business address of each of the directors named above is No. 25, Financial Street, Xicheng District, Beijing, China 100033.

### ***Tian Guoli***

*Chairman, executive director*

Mr. Tian has served as the chairman of the Board and an executive director since October 2017, and concurrently as chairman of Sino-German Bausparkasse since March 2018. Mr. Tian currently also serves as the chairman of China Banking Association, and is a member of the Expert Committee for the 13th Five-Year Plan for Economic and Social Development of China and the Monetary Policy Committee of the People’s Bank of China and the chairman of the board of directors of Asian Financial Cooperation Association. From May 2013 to August 2017, Mr. Tian served as the chairman of the board of directors of Bank of China and the chairman of the board of directors and a non-executive director of Bank of China Hong Kong (Holdings) Limited. From December 2010 to April 2013, Mr. Tian served as the vice chairman of the board of directors and the general manager of China CITIC Group. During this period, Mr. Tian also served as the chairman of the board of directors and a non-executive director of China CITIC Bank. From April 1999 to December 2010, Mr. Tian served successively as an executive vice president and the president of China Cinda Asset Management Company, and the chairman of the board of directors of China Cinda Asset Management Co., Ltd.. From July 1983 to April 1999, Mr. Tian held various positions at the Bank, including sub-branch general manager, deputy branch general manager, department general manager of the Bank’s Head Office, and the assistant president of the Bank. Mr. Tian is a senior economist and received a Bachelor’s Degree in Economics from Hubei Institute of Finance and Economics in 1983.

### ***Wang Zuji***

*Vice chairman, executive director, president*

Mr. Wang has served as the vice chairman, an executive director and the president since July 2015. Mr. Wang currently also serves as the vice chairman of China’s National Association of Financial Market Institutional Investors. From September 2012 to May 2015, Mr. Wang was the vice chairman of the China Insurance Regulatory Commission. From January 2008 to September 2012, Mr. Wang was the vice governor of the People’s Government of Jilin Province. From April 2006 to January 2008, Mr. Wang was assistant of the governor of the People’s Government of Jilin Province, a director of the Development and Reform Commission of People’s Government of Jilin Province and concurrently a director of the office to the Leading Team of Revitalising Jilin Old Industrial Base. From May 2005 to April 2006, Mr. Wang was assistant of the governor of the People’s Government of Jilin Province and the director-general of the State-owned Assets Supervision & Administration Commission of the People’s Government of Jilin Province. From February 2005 to May 2005, Mr. Wang was assistant of the governor of the People’s Government of Jilin Province. From January 2004 to February 2005, Mr. Wang was a director of the Comprehensive Planning Department of the China Development Bank. From March 2003 to January 2004, Mr. Wang was a director of the Business Development Department of the China Development Bank. From January 2000 to March 2003, Mr. Wang was the president of the Changchun Branch of the China Development Bank. From January 1997 to January 2000, Mr. Wang was the deputy director of Loan Department II (North-east Loan Department) of the China Development Bank. Mr. Wang obtained an economic doctorate degree from Jilin University.

## **Zhang Gengsheng**

*Executive director, executive vice president*

Mr. Zhang has served as an executive director since August 2015 and concurrently as the chairman of CCB Life since May 2013. Mr. Zhang has served as an executive vice president of the Bank since April 2013. Mr. Zhang served as a member of the senior management of the Bank from December 2010 to April 2013. Mr. Zhang was the general manager of the group clients department (banking business department) and the deputy general manager of the Beijing Branch of the Bank from October 2006 to December 2010, the general manager of the banking business department at the head office and the group clients department (banking business department) of the Bank from March 2004 to October 2006, the deputy general manager of the banking business department at the head office of the Bank from June 2000 to March 2004 (in charge of overall management from March 2003), the general manager of the Three Gorges Branch of the Bank from September 1998 to June 2000, and the deputy general manager of the Three Gorges Branch of the Bank from December 1996 to September 1998. Mr. Zhang is a senior economist. He obtained his bachelor's degree in infrastructure finance and credit from Liaoning Finance and Economics College in 1984 and an Executive MBA degree from Peking University in 2010.

## **Li Jun**

*Non-executive director*

Mr. Li has served as a director since September 2015. Mr. Li had served as a non-executive director of Industrial and Commercial Bank of China Limited from December 2008 to March 2015. He previously served as assistant of the representative of the Beijing Representative Office of the Bank of Credit and Commerce International, deputy representative of the BNP Paribas China Representative Office, a consultant of the International Banking Department of Banco Bilbao Vizcaya Argentaria, the deputy director of the Research Centre of China Technology Trust and Investment Company, the general manager of the Research Department of China Sci-Tech Securities, and a professor of the Finance Department of the School of Economics and Management of the University of Science and Technology Beijing. At present, Mr. Li serves as a non-executive director of Shenwan Hongyuan Group Co. Ltd. and Shenwan Hongyuan Securities Co. Ltd.. He graduated from University of Madrid in Spain in November 1995 and received a Doctorate degree in Economic Management. Mr. Li is currently an employee of Huijin, the Bank's substantial shareholder.

## **Feng Bing**

*Non-executive director*

Ms. Feng has served as a director since July 2017. Ms. Feng has served as the deputy director of the Payment Center of the National Treasury of the Ministry of Finance from September 2015 to August 2017 (deputy director-general level). From August 1988 to September 2015, Ms. Feng served successively as cadre, officer, chief officer, deputy division-chief, division-chief of the Tax Department of the Ministry of Finance. Ms. Feng graduated from Renmin University of China with a bachelor's degree in finance in 1988, and obtained her master's degree in finance from Renmin University of China in 2001. Ms. Feng is currently an employee of Huijin, the Bank's substantial shareholder.

## **Zhu Hailin**

*Non-executive director*

Mr. Zhu has served as a director since July 2017. Mr. Zhu has served as the deputy director of the National Accountant Assessment & Certification Centre of the Ministry of Finance from July 2012 to August 2017 (deputy director-general level). From August 1992 to June 2012, Mr. Zhu served successively as cadre, chief officer, deputy division-chief, division-chief of the Accounting Department of the Ministry of Finance. Mr.

Zhu is an expert of a special grant by PRC government, a certified public accountant (a non-practicing member), an associate researcher, and is a part-time post-graduate tutor. Mr. Zhu graduated from Jiangxi Finance and Economics College with a master's degree in accounting in 1992. He graduated from the accounting major of the Research Institute for Fiscal Science of Ministry of Finance with a Ph.D. degree in management in 2000. Mr. Zhu is currently an employee of Huijin, the Bank's substantial shareholder.

***Wu Min***

*Non-executive director*

Mr. Wu has served as director since July 2017. Mr. Wu served as the vice president of Chongqing Daily Press Group from December 2011 to August 2017, the president of the Contemporary Financial Research Journal from March 2017 to August 2017 and the chairman of Chongqing CQDaily Printing Co., Ltd from July 2015 to February 2017. Mr. Wu served as the chairman of Chongqing Press New Fashion Media Co., Ltd from March 2015 to December 2016. From October 2006 to November 2011, Mr. Wu was the deputy head of Qianjiang District of Chongqing City (deputy director-general level) and a director of Administration Committee of Zhengyang Industrial Park of Chongqing City. From July 1991 to September 2006, Mr. Wu served successively as cadre, deputy division-chief, division-chief and general manager of the Compliance Department of the Anhui Branch of Bank of China Limited. From 2008 to 2011, Mr. Wu was a government lawyer of Chongqing City. From 1999 to 2002, Mr. Wu was a lawyer of Anhui Quanzhen Law Office. Mr. Wu is a researcher, a senior economist, a Doctor of Law and a doctoral tutor. Mr. Wu graduated from Anhui University with a bachelor's degree and a master's degree in law in 1991 and 2002 respectively. Mr. Wu also obtained his Ph.D. degree in civil and commercial law from Southwest University of Political Science & Law in 2006 and conducted sociology study at sociology post-doctoral mobile station of Chinese Academy of Social Science from 2009 to 2012. Mr. Wu is currently an employee of Huijin, the Bank's substantial shareholder.

***Zhang Qi***

*Non-executive director*

Mr. Zhang has served as a director since July 2017. Mr. Zhang has served as a non-executive director of Bank of China Limited from July 2011 to June 2017. Mr. Zhang served successively in the Central Expenditure Division One and Comprehensive Division of the Budget Department and Ministers' Office of the General Administration Department of the Ministry of Finance as well as the Operation Department of China Investment Corporation, serving as deputy division-chief, division-chief and senior manager from 2001 to 2011. Mr. Zhang studied in the Investment Department and Finance Department of Dongbei University of Finance & Economics from 1991 to 2001 and obtained his bachelor's degree, master's degree and Ph.D. degree in economics in 1995, 1998 and 2001 respectively. Mr. Zhang is currently a doctoral supervisor at China Northeast University of Finance and Economics. Mr. Zhang is currently an employee of Huijin, the Bank's substantial shareholder.

***Anita Fung Yuen Mei***

*Independent non-executive director*

Ms. Fung has served as a director since October 2016. Ms. Fung served as the group general manager of HSBC Holdings plc from May 2008 to February 2015. Ms. Fung served consecutively as the head of Hong Kong currency bond market, head of Asian fixed income trading, head of Asian Pacific trading, treasurer and joint head of global capital markets for Asia-Pacific, treasurer and head of global capital markets for Asia-Pacific, head of global banking and capital markets for Asia-Pacific as well as the chief executive officer of the Hong Kong region of The Hongkong and Shanghai Banking Corporation Limited from September 1996 to February 2015. Ms. Fung also served as a non-executive director of Bank of Communications Co., Ltd. from November 2010 to January 2015. Ms. Fung concurrently served in various positions including chairwoman and director of HSBC Global Asset Management (Hong Kong) Limited,



non-executive director of HSBC Bank (China) Company Limited and director of HSBC Markets (Asia) Limited from September 2011 to February 2015. Ms. Fung served as a non-executive director of Hang Seng Bank Limited from November 2011 to January 2014. Ms. Fung currently serves as an independent non-executive director of Hong Kong Exchanges and Clearing Limited as well as Hang Lung Properties Limited, and serves in several positions in institutions including the Airport Authority Hong Kong, The West Kowloon Cultural District Authority and the Court of the Hong Kong University of Science and Technology. Ms. Fung obtained a master's degree in applied financing from Macquarie University of Australia in 1995. Ms. Fung was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region, and was awarded Bronze Bauhinia Star.

***Carl Walter***

*Independent non-executive director*

Mr. Carl Walter has served as a director since October 2016. Mr. Carl Walter is currently an independent consultant, providing strategic consulting advice to various countries and financial institutions. Mr. Carl Walter served as the managing director and the chief operating officer in China of JPMorgan Chase & Co and chief executive officer of JP Morgan Chase Bank (China) Company Limited from September 2001 to April 2011. He was seconded from Morgan Stanley to serve as the managing director and chief administrative officer of China International Capital Corporation (Beijing) from January 1999 to July 2001. He served concurrently as a vice president and the head of Asian Credit Management and Research (Singapore) of Credit Suisse First Boston as well as the director and head of China Investment Bank Corporation (Beijing) from September 1990 to December 1998. Mr. Carl Walter served consecutively in various positions including as vice president and general manager of Taipei Branch of Chemical Bank from January 1981 to August 1990. Mr. Carl Walter was a visiting scholar and an adjunct professor of Freeman Spogli Institute of Stanford University in 2012. He obtained a bachelor degree in politics and Russian language from Princeton University in 1970, an advanced studies certificate in economics from Peking University in 1980, and a doctoral degree in politics from Stanford University in 1981.

***Chung Shui Ming Timpson***

*Independent non-executive director*

Mr. Chung has served as a director of the Bank since October 2013. Mr. Chung currently serves as an independent non-executive director of China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company, Limited, Glorious Sun Enterprises Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, Jinmao (China) Investments Holding Limited and China Railway Group Limited. Mr. Chung served as an independent non-executive director of China Everbright Bank from 2006 to 2012. Formerly, he served in various companies and public institutions, consecutively as the chairman of the Council of the City University of Hong Kong, the chief executive officer of Shimao International Holdings Limited, chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, an executive director of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, and an independent non-executive director of Nine Dragons Paper (Holdings) Limited and Henderson Land Development Company Limited. From 1979 to 1983, he was a senior audit director of Coopers & Lybrand Consulting. Mr. Chung is a senior fellow member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in science from University of Hong Kong in 1976 and a master's degree in business administration from Chinese University of Hong Kong in 1987. Mr. Chung received the title of Justice of the Peace from the Hong Kong Special Administrative Region Government in 1998 and was awarded the Gold Bauhinia Star by the Hong Kong Special Administrative Region Government in 2000.

## ***Murray Horn***

### *Independent non-executive director*

Mr. Murray Horn has served as a director of the Bank since December 2013. Mr. Murray Horn currently consults to multiple government agencies. He has served as director of many listed companies, including Spark New Zealand (formerly Telecom New Zealand). He has also held positions in public organisations in New Zealand and other regions, including as chairman of the National Health Board of New Zealand, chairman of the New Zealand Business Roundtable, member of the New Zealand Tourism Board, member of the Board of the Centre for Independent Studies in Australia and member of the Trilateral Commission. Mr. Murray Horn was previously the managing director of ANZ Bank in New Zealand and a director of ANZ's Global Institutional Banking business, based in Sydney, Australia. He was Secretary to the New Zealand Treasury from 1993 to 1997. Mr. Murray Horn holds a Ph.D. degree from Harvard University in Political Economy and Government, a Master's degree in Commerce and a Bachelor's degree in Commerce (Agriculture) from Lincoln University. Lincoln University awarded him the Bledisloe Medal in 2000. He also made a Companion of the New Zealand Order of Merit in 2013.

## ***Sir Malcolm Christopher McCarthy***

### *Independent non-executive director*

Sir McCarthy has served as a director of the Bank since August 2017. Sir McCarthy served as independent non-executive director of Industrial and Commercial Bank of China Limited from December 2009 to October 2016. Sir McCarthy worked first as an economist before joining the UK Department of Trade and Industry where he held various posts from economic adviser to undersecretary. Sir McCarthy subsequently worked as a senior executive of Barclays Bank in London, Japan and then North America. Sir McCarthy served as Chairman and Chief Executive of the Office of Gas and Electricity Markets, Chairman of the Financial Services Authority, non-executive director of HM Treasury, Chairman of the board of directors of J.C. Flowers & Co. UK Ltd, a non-executive director of NIBC Holding N.V., NIBC Bank N.V., OneSavings Bank plc, Castle Trust Capital plc and Intercontinental Exchange (“ICE”), and Trustee of the Said Business School of Oxford University. Currently Sir McCarthy serves as a director of the three ICE wholly owned subsidiaries of ICE Futures Europe, ICE Trade Vault and ICE Clear Netherlands, a Trustee of the IFRS Foundation, and the Chairman in the United Kingdom of Promontory Financial Group. Sir McCarthy is an Honorary Fellow of Merton College, an Honorary Doctorate of the University of Stirling and the Cass Business School, and a Freeman of the City of London. Sir McCarthy has a Master of Arts in History at Merton College of Oxford University, PhD in Economics of Stirling University, and Master at the Graduate School of Business of Stanford University.

## **Supervisors**

<b>Name</b>	<b>Position</b>
Wu Jianhang .....	Shareholder representative supervisor
Fang Qiuyue .....	Shareholder representative supervisor
Lu Kegui.....	Employee representative supervisor
Cheng Yuanguo .....	Employee representative supervisor
Wang Yi .....	Employee representative supervisor
Bai Jianjun.....	External supervisor

Notwithstanding the disclosures mentioned in “*Directors, Supervisors and Senior Management – General*” section, no potential conflicts of interest exist between the obligations of the supervisors named above towards the Bank and their own interests or other obligations. The business address of each of the supervisors named above is No. 25, Financial Street, Xicheng District, Beijing, China 100033.

## ***Wu Jianhang***

### *Shareholder representative supervisor*

Mr. Wu has served as general manager of strategic planning department of the Bank since March 2014. Mr. Wu Jianhang served as general manager of research department of the Bank from October 2013 to March 2014. From December 2007 to October 2013, Mr. Wu served as president of CCB Financial Leasing Corporation Limited. Mr. Wu Jianhang served as general manager of Guangdong Branch of the Bank from October 2004 to December 2007, general manager of the Bank from July 2003 to October 2004, deputy general manager of Zhejiang Branch of the Bank from May 1997 to July 2003. Mr. Wu served successively as deputy general manager of banking business department of the Bank, deputy general manager of international business department of the Bank, deputy general manager of the Bank, division-chief of credit management division, etc. from July 1994 to May 1997. Mr. Wu Jianhang is a senior accountant. He graduated from Hefei University of Technology with a bachelor's degree in architectural engineering in 1984, graduated from Nankai University with a master's degree in international finance in 1991 and obtained a PhD degree in technology economics and management from the School of Economics and Management of Tongji University in 2003.

## ***Fang Qiuyue***

### *Shareholder representative supervisor*

Mr. Fang has served as general manager of finance & accounting department of the Bank since January 2015. Mr. Fang served concurrently as non-executive director of the China Construction Bank (Brasil) since April 2017. Mr. Fang served as head of finance & accounting department of the Bank from August 2014 to January 2015, deputy general manager of Beijing Branch of the Bank (general manager level at the head office) from August 2011 to August 2014, deputy general manager of Beijing Branch of the Bank from August 2000 to August 2011, and deputy general manager of accounting department of the Bank from January 1998 to August 2000. From December 1997 to January 1998, Mr. Fang served as deputy general manager of Beijing Branch of the Bank. From May 1992 to December 1997, Mr. Fang served consecutively as deputy general manager of Dongsu Sub-Branch of Beijing Branch of the Bank, deputy director of mortgage department, division chief of accounting division and general manager of planning and financial department, etc. Mr. Fang is a senior accountant. He obtained an associate degree in infrastructure finance and credit from Central University in Finance and Economics in 1987 and an EMBA degree from Tsinghua University in 2010.

## ***Lu Kegui***

### *Employee representative supervisor*

Mr. Lu has served as a supervisor since May 2018. Mr. Lu has served as the general manager of the asset preservation and operation centre of the Bank from April 2017. From September 2013 to April 2017, Mr. Lu served as the director of the Tianjin audit department of the Bank. From April 2011 to September 2013, Mr. Lu served as president of Heilongjiang Branch of the Bank. From February 2011 to April 2011, Mr. Lu served as the head of Heilongjiang Branch of the Bank. From July 2008 to February 2011, Mr. Lu served as general manager of the fund settlement department of the Bank. From August 2000 to July 2008, Mr. Lu served as general manager of the accounting department of the Bank. From January 1998 to August 2000, Mr. Lu served as deputy general manager of the planning and finance department of the Bank and of the finance and accounting department of the Bank from September 1995 to January 1998. From July 1988 to September 1995, Mr. Lu successively served as deputy division-chief and division-chief of the finance and accounting department as well as other positions of the Bank. Mr. Lu is a senior accountant and is a recipient of a special grant awarded by the PRC Government. Mr. Lu graduated from Hubei Institute of Finance and Economics and obtained his bachelor's degree in infrastructure finance and credit in 1982.

## ***Cheng Yuanguo***

### *Employee representative supervisor*

Mr. Cheng has served as a supervisor since May 2018, the general manager of corporate business department of the Bank since February 2017, and chairman of CCB Trust since August 2017. From August 2014 to February 2017, Mr. Cheng served as the president of Heibei Branch of the Bank; from March 2011 to July 2014, Mr. Cheng served as the general manager of the group clients department (banking business department) of the Bank and concurrently served as director of CCB International (Holdings) Limited from September 2010 to October 2015. From May 2005 to March 2011, Mr. Cheng served as the deputy general manager of the group clients department (banking business department) of the Bank; from September 2001 to May 2005, Mr. Cheng served as the deputy general manager of the banking business department of the Bank. Between February 1995 to September 2001, Mr. Cheng successively served as deputy manager of the banking business and finance and accounting department of the Bank; deputy manager of the treasury department of the Bank; manager of the finance and accounting department of the Bank, manager of the planning and finance department as well as other positions of the Bank. Mr. Cheng is a senior accountant and obtained his bachelor's degree in infrastructure finance and credit from China Northeast University of Finance and Economics in 1986.

## ***Wang Yi***

### *Employee representative supervisor*

Mr. Wang has served as a supervisor since May 2018. Mr. Wang has served as the general manager of the housing finance and personal credit department of the Bank since November 2013. From November 2009 to November 2013, Mr. Wang served as deputy general manager of the personal savings and investment department of the Bank (equivalent to the department general manager of the head office of the Bank); from December 2008 to November 2009, Mr. Wang served as deputy general manager of the personal savings and investment department of the Bank; from June 2005 to December 2008, Mr. Wang served as the deputy general manager of the personal finance department of the Bank. From July 2001 to June 2005, Mr. Wang served as the assistant general manager of the personal banking department of the Bank. From January 1992 to July 2001, Mr. Wang worked in the Qingdao Branch of the Bank, serving successively as deputy division-chief of the computer management division, deputy division-chief of the retail business division and division-chief of the electronic banking department as well as other positions. Mr. Wang is a senior engineer, and graduated from Shangdong University with a bachelor's degree in computer mathematics in 1984. Mr. Wang also obtained a master's degree of business administration for senior management in 2010.

## ***Bai Jianjun***

### *External supervisor*

Mr. Bai has served as a supervisor of the Bank since June 2013. Mr. Bai is currently a professor and doctoral supervisor at the Law School of Peking University, a director of the Research Institute of Empirical Legal Affairs and deputy director of the Financial Law Research Center of Peking University. He has been teaching at the Law School of Peking University since July 1987. Mr. Bai is an adjunct professor at Zhengzhou Training Institute of the PBOC and National Judges College, and independent director of CSC Financial Co., Ltd. and Sichuan Xinwang Bank Co., Ltd. He was a visiting professor at Niigata University in Japan from October 1996 to October 1997 and a visiting research fellow at New York University from September 1990 to October 1991. Mr. Bai obtained his master's degree from the Law School of Peking University in July 1987 and his Ph.D. degree in law from the Law School of Peking University in July 2003.

## Senior Management

Name	Position
Wang Zuji .....	President
Zhang Gengsheng.....	Executive vice president
Huang Yi.....	Executive vice president
Zhang Lilin .....	Executive vice president
Zhu Kepeng .....	Chief disciplinary officer
Liao Lin.....	Chief risk officer
Xu Yiming .....	Chief financial officer
Huang Zhiling.....	Secretary to the board

Notwithstanding the disclosures mentioned in “*Directors, Supervisors and Senior Management – General*” section, no potential conflicts of interest exist between the obligations of the senior managers named above towards the Bank and their own interests or other obligations. The business address of each of the senior managers named above is No. 25, Financial Street, Xicheng District, Beijing, China 100033.

### **Wang Zuji**

*Vice chairman, executive director, president*

See “*Directors*”.

### **Zhang Gengsheng**

*Executive director, executive vice president*

See “*Directors*”.

### **Huang Yi**

*Executive vice president*

Mr. Huang has served as an executive vice president of the Bank since April 2014. Mr. Huang served as a member of senior management of the Bank from December 2013 to April 2014. Mr. Huang served as a director of the legal department of the CBRC from January 2010 to December 2013, and deputy director and director (head of the Research Bureau) of the Supervisory Rules & Regulations Department of the CBRC from July 2003 to January 2010. From April 1999 to July 2003, Mr. Huang served consecutively as a director level cadre and director of the Financial Claim Management Office, an assistant inspector of Legal Affairs Department (also working as deputy director of Department of Finance of Sichuan Province during this period) and an assistant inspector of Banking Management Department of the PBOC. He was the general manager of the Development and Research Department of Hua Xia Bank from August 1997 to April 1999. Mr. Huang is a recipient of a special grant by PRC government. He graduated from Peking University in 1997 and obtained his Ph.D. degree in law.

### **Zhang Lilin**

*Executive vice president*

Mr. Zhang has served as executive vice president of the Bank since September 2017. Mr. Zhang was president (general manager) of the Asset Management Department of the Agricultural Bank of China from August 2014 to May 2017. Mr. Zhang was general manager of the Credit Card Center of the Agricultural Bank of China from September 2012 to August 2014, and head of the Credit Card Center of the Agricultural Bank of China and deputy general manager of the Shanghai Branch of the Agricultural Bank of China from June to September 2012, deputy general manager of the Shanghai Branch of the Agricultural Bank of China

from April 2009 to June 2012, general manager of the Hong Kong Branch of the Agricultural Bank of China from December 2006 to April 2009, general manager of the Hong Kong Branch and assistant general manager and concurrently general manager of the Banking Business Department of the Shanghai Branch of the Agricultural Bank of China from November to December 2006, assistant general manager and concurrently general manager of the Banking Business Department of the Shanghai Branch of the Agricultural Bank of China from April 2005 to November 2006, assistant general manager of the Shanghai Branch of the Agricultural Bank of China from January to April 2005. Mr. Zhang worked in Hongkou Sub-branch, Risk Supervision Division, Retail Banking Division, Personal Banking Division, Executive Office of the Shanghai Branch of the Agricultural Bank of China from July 1997 to January 2005. Mr. Zhang is a senior economist. Mr. Zhang obtained a PhD degree in economics in foreign economic thought history from Fudan University in July 1997.

### ***Zhu Kepeng***

#### *Chief disciplinary officer*

Mr. Zhu has served as the chief disciplinary officer of the Bank since July 2015. Mr. Zhu consecutively served as the general manager (at provincial branch level) of the human resources department of the Bank of Communications Co., Ltd. from October 2012 to July 2015, general manager of the Chongqing branch of the Bank of Communications Co., Ltd. from March 2010 to October 2012, general manager of the board of directors office of the Bank of Communications Co., Ltd. from December 2004 to March 2010 and deputy general manager (in charge) of the legal compliance department of the Bank of Communications Co., Ltd. from December 2004 to June 2005, and deputy general manager (in charge) of the legal compliance (affairs) department of the Bank of Communications Co., Ltd. from December 2002 to December 2004. Mr. Zhu is a senior economist. Mr. Zhu obtained his S.J.D degree majoring in private international law in Wuhan University in 1996.

### ***Liao Lin***

#### *Chief risk officer*

Mr. Liao has served as the chief risk officer of the Bank since March 2017. Mr. Liao served as the general manager of the Beijing Branch of the Bank from May 2015 to March 2017. From September 2013 to May 2015, he was the head and general manager of the Hubei Branch of the Bank. From March 2011 to September 2013, he was the head and general manager of the Ningxia Branch of the Bank. He was deputy general manager of the Guangxi Branch of the Bank from November 2003 to March 2011. Mr. Liao is a senior economist. He graduated from Guangxi Agricultural College in 1989 with a bachelor's degree in management of agricultural economy, graduated from postgraduate programme of Guangxi University in 1995 majoring in political economy and obtained a PhD degree in management science and engineering from Southwest Jiaotong University in 2009.

### ***Xu Yiming***

#### *Chief financial officer*

Mr. Xu has served as the chief financial officer of the Bank since June 2014. Mr. Xu served as the general manager of the asset and liability management department of the Bank from August 2005 to July 2014, deputy general manager of the asset and liability management department of the Bank from March 2003 to August 2005, and deputy general manager of the office of Asset and Liability Management Committee of the Bank from March 2001 to March 2003. Mr. Xu is a senior accountant. He graduated from the Research Institute for Fiscal Science of the MOF with a Ph.D. degree in finance in 1994.



## ***Huang Zhiling***

### *Secretary to the board*

Mr. Huang has served as the secretary to the Board since February 2018. Mr. Huang had previously served as the chief economist of the Bank since September 2013 and served as the chief risk officer of the Bank from February 2011 to September 2013. He served as the general manager of the Risk Management Department of the Bank from April 2006 to February 2011. From August 1999 to April 2006, Mr. Huang worked consecutively as the director of the president office, director of the asset disposal decision-making committee office and director of the asset disposal review committee of China Cinda Asset Management Corporation. From June 1997 to August 1999, he was Deputy General Office Manager of the Bank. From November 1994 to June 1997, he worked consecutively in the Policy Research Office (Investment Research) of the Bank as deputy manager of the Department, the assistant to the director (Bureau Chief) and the deputy director (Deputy Bureau Chief). Mr. Huang is a researcher. He obtained his Ph.D. degree in finance from the Shaanxi Institute of Finance and Economics in 1991.

## **Company Secretary and Qualified Accountant**

### ***Ma Chan-Chi***

#### *Company secretary*

Mr. Ma is a Hong Kong resident and was appointed as the company secretary of the Bank on 29 August 2014. He obtained his Master Degree in Business Administration from the University of Strathclyde in 1995 and the qualifications of the Hong Kong Institute of Certified Public Accountants. He joined CCB Asia in 2010 and currently serves as its Deputy Chief Executive & Chief Financial Officer. He has more than 30 years of corporate financial and legal affairs experience. Prior to joining CCB Asia, he was the Chief Financial Officer & Secretary to the Board of Hang Seng Bank (China) Limited and the Chief Financial Officer of Nanyang Commercial Bank (China) Limited.

### ***Yuen Yiu Leung***

#### *Qualified accountant*

Mr. Yuen has served as a qualified accountant of the Bank since August 2005. Mr. Yuen has been the head of finance division of China Construction Bank (Asia) Corporation Limited since July 2013. He was the head of finance division of Hong Kong Branch of the Bank from September 2004 to June 2013, and served concurrently as the head of finance division of CCB International from January 2006 to May 2011. Prior to that, Mr. Yuen held the same position in Hong Kong Branch of the Bank from October 1995 to September 2004 and he served in several capacities at the internal control, finance and accounting functions of Standard Chartered Bank. Mr. Yuen is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, UK and the Chartered Institute of Management Accountants, UK and the Institute of Chartered Accountants in England & Wales. Mr. Yuen graduated from Hong Kong Polytechnic University with a professional diploma in management accountancy in 1988 and received a master's degree in business administration from University of Wales in cooperation with Manchester Business School in 1998.

## **Board Committees**

The board of directors delegates certain responsibilities to various committees. The board of directors has established a strategy development committee, audit committee, risk management committee, nomination and remuneration committee, and social responsibilities and related party transactions committee. These committees are constituted by certain directors and report to the board of directors. Each committee meets at least four times a year.

## **SUBSTANTIAL SHAREHOLDERS**

*The section “Substantial Shareholders” on page 137 of the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

As at 30 June 2018, the Bank had a total of 385,524 ordinary shareholders, of which 43,361 were holders of H-shares and 342,163 were holders of A-shares.

### **Huijin**

Huijin is the controlling shareholder of the Bank. Huijin is a wholly state-owned investment company established in accordance with the “Company Law of the PRC” on 16 December 2003 with the approval of the State Council. Its registered capital and paid-in capital are both RMB828,209 million. Huijin makes equity investments in key state-owned financial institutions as authorised by the State Council, and exercises the contributor’s rights and obligations in the Bank up to its contribution on behalf of the state to achieve preservation and appreciation of state-owned financial assets.

Huijin does not engage in any other commercial activities, nor does it interfere with the daily operations of the key state-owned financial institutions in which it holds controlling shares. Systems and controls are in place to manage any conflict of interest that might arise between the interests of Huijin and the interests of the Bank and to ensure that its control is not abused.

As at 30 June 2018, Huijin held approximately 57.11 per cent. of the shares of the Bank, and indirectly held 0.20 per cent. of the shares of the Bank through its subsidiary, Central Huijin Asset Management Co., Ltd..

As at 30 June 2018, there were no other corporate shareholders holding 10 per cent. or more of the shares of the Bank (excluding HKSCC Nominees Limited, which acts as the common nominee for the shares held through the Central Clearing and Settlement System). All transactions and relationships between the Bank and its substantial shareholders are conducted on an arm’s length basis and on normal contractual terms. The Bank can operate its business independently of its substantial shareholders.

## TAXATION

*The statements under the section headed “Taxation” on pages 143 to 147 of the Base Offering Circular, which are incorporated by reference into this Drawdown Offering Circular, does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as the Joint Lead Managers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Notes. In addition, such section headed “Taxation” on pages 143 to 147 of the Base Offering Circular shall be supplemented with the following:*

### **United Kingdom**

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and Her Majesty’s Revenue & Customs (“HMRC”) practice (which may not be binding on HMRC) relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of the Notes. They assume that the Issuer is not resident in the United Kingdom, that it does not operate through a permanent establishment in the United Kingdom in relation to the Notes and that no other nexus with the United Kingdom results in interest on the Notes having a United Kingdom source. Furthermore it assumes that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such further issue are permitted by the terms and conditions of the Notes). They relate only to the position of persons who hold their Notes as investments and are the absolute beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Noteholders. The comments do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

### **Interest on the Notes**

Payments of interest on the Notes by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax.

### **United Kingdom Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No United Kingdom stamp duty or SDRT is expected to be payable on the issue, transfer or redemption of the Notes.

## GENERAL INFORMATION

*The section “General Information” on pages 158 to 160 of the Base Offering Circular shall be deleted in its entirety and replaced with the following:*

### **1 Listing**

Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only. The issue price of the Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the Notes.

Application will also be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of MiFID II. Such admission to trading is expected to be effective on or immediately following the Issue Date.

### **2 Authorisation**

Pursuant to the Notice Concerning the Further Strengthening the Foreign Debt Business Management (Jian Zong Han (2014) No.574) 《關於進一步加強海外負債業務管理的通知》(建總函(2014)574號), the Notice Concerning the Further Strengthening the Management on the Issuance of Financial Instruments by the Overseas Branches (Department of Overseas Business (2014) No.222) 《關於進一步規範海外機構負債金融工具發行管理的通知》(國際業務部(2014)222號), the power of attorney (中國建設銀行股份有限公司授權委託書) issued by the Bank dated 10 April 2018 and the Approval of the MTN Programme Update of the Hong Kong Branch (Jian Zi Zhai (2017) No.74) 《關於更新香港分行中期票據計劃方案的批覆》(建資債(2017)74號), the establishment and update of, and the issue of Notes under, the Programme have been duly authorised.

The Issuer has obtained, or will obtain, all necessary consents, approvals and authorisations in connection with the issue of the Notes and the performance of its obligations under the Notes.

### **3 Legal Entity Identifier**

The legal entity identifier of the Bank is 5493001KQW6DM7KEDR62.

### **4 Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN and Common Code for the Notes is XS1880301228 and 188030122 respectively.

### **5 NDRC Approval**

Pursuant to the Approval by the National Development and Reform Commission on the Management of Foreign Debt Scale Management Reform of 2018 (《國家發展改革委關於2018年度外債規模管理企業外債規模的批覆》)(發改外資[2018]307號) issued by the NDRC and the Quota granted by the NDRC on 9 February 2018, separate pre-issuance registration with the NDRC with respect to the Notes is not required as the Notes will be issued within the aforesaid Quota, but the Bank is still required to file with the NDRC the requisite information on the issuance of the Notes after the issuance of such Notes. The Bank intends to provide the requisite information on the issuance of the Notes to the NDRC within the time period prescribed by the NDRC Regulations and the terms of the Quota.

## **6 Independent Auditor**

The independent auditor of the Bank is PricewaterhouseCoopers. PricewaterhouseCoopers is a Certified Public Accountant under The Hong Kong Institute of Certified Public Accountants.

The audited consolidated financial statements of the Bank as at and for the years ended 31 December 2016 and 2017, which are incorporated by reference into this Drawdown Offering Circular, have been audited by PricewaterhouseCoopers, independent auditor.

The unaudited but reviewed consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2018, which are included elsewhere in this Drawdown Offering Circular, have been reviewed by PricewaterhouseCoopers, independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, but have not been audited by them.

As of 1 January 2018, the Bank has adopted new accounting standards, including IFRS 9, which are effective for accounting periods beginning on or after 1 January 2018. The IFRS 9 model introduces, among other things, an expected loss impairment model. The impact of the initial application of the new accounting standards is disclosed in note 70 of the Group 2017 Annual Financial Statements. The Bank has estimated that the adoption of IFRS 9 would reduce its net assets by approximately 1 per cent. as at 1 January 2018. According to the IFRS 9 transitional arrangement, upon initial application of IFRS 9, the Group is not required to restate the comparable figures of the prior period. Instead, differences caused by the adoption of the IFRS 9 is adjusted to the beginning balance of retained earnings and other comprehensive income.

## **7 Litigation**

Save as disclosed in Note (10) to the unaudited but reviewed consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2018, which are included elsewhere in this Drawdown Offering Circular, neither the Issuer nor any member of the Group is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Issuer’s ability to meet its obligations to the holders of the Notes.

## **8 No Significant Change**

Save as disclosed in this Drawdown Offering Circular, there has been no significant change in the financial or trading position of the Bank or of the Group since 30 June 2018 and there has been no material adverse change in the financial position or prospects of the Bank or of the Group since 31 December 2017.

## **9 Documents**

So long as Notes are outstanding, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being at Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong:

- (f) the constitutional documents of the Bank;
- (g) the audited consolidated financial statements of the Bank in respect of the financial years ended 31 December 2016 and 2017 (in each case together with the audit report in connection therewith). The Bank currently prepares audited consolidated accounts on an annual basis;
- (h) the unaudited but reviewed consolidated interim financial statements of the Bank in respect of the six months ended 30 June 2018;

- (i) the most recent annual audited consolidated financial statements of the Bank and the most recently published unaudited consolidated interim financial statements of the Bank (if any);
- (j) the Pricing Supplement in relation to the Notes;
- (k) the Fiscal Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons; and
- (l) a copy of the Base Offering Circular together with this Drawdown Offering Circular and any other documents incorporated herein.



## ANNEX I – PRICING SUPPLEMENT IN RELATION TO THE NOTES

Pricing Supplement dated 17 September 2018

**China Construction Bank Corporation Hong Kong Branch**  
中國建設銀行股份有限公司香港分行

Issue of U.S.\$1,000,000,000 Floating Rate Notes due 2021 under  
the U.S.\$15,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Offering Circular dated 28 June 2018 (the “**Base Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular and the Drawdown Offering Circular dated 17 September 2018 (the “**Drawdown Offering Circular**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Base Offering Circular, the Drawdown Offering Circular and this Pricing Supplement. In particular, investors in the Notes should read the section titled “*Risk Factors*” contained therein, which applies to the issue of Notes described herein.

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (together, “**Professional Investors**”)) only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

**The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**PRIIPs Regulation/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of the manufacturers’ product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

- |     |   |  |
|-----|---|--|
| 1.  | Issuer:   | China Construction Bank Corporation Hong Kong Branch 中國建設銀行股份有限公司香港分行                                |
| 2.  | (i) Series Number:                                    | 054  |
|     | (ii) Tranche Number:                                  | 001  |
| 3.  | Specified Currency or Currencies:                     | United States dollar (“U.S.\$” or “USD”)   |
| 4.  | Aggregate Nominal Amount:                             | U.S.\$1,000,000,000  |
| 5.  | (i) Issue Price:                                      | 100 per cent. of the Aggregate Nominal Amount  |
|     | (ii) Net proceeds:                                    | Approximately U.S.\$998.9 million  |
| 6.  | (i) Specified Denominations:                          | U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof                                |
|     | (ii) Calculation Amount:                              | U.S.\$1,000  |
| 7.  | (i) Issue Date:                                       | 24 September 2018  |
|     | (ii) Interest Commencement Date:                      | Issue Date   |
| 8.  | Maturity Date:  | Specified Interest Payment Date falling on or nearest to 24 September 2021                           |
| 9.  | Interest Basis:                                       | 3-month USD LIBOR + 0.75 per cent.<br><br>Floating Rate<br><br>(further particulars specified below) |
| 10. | Redemption/Payment Basis:                             | Redemption at par  |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable   |
| 12. | Put/Call Options:                                     | Not Applicable   |

13. Listing: The Stock Exchange of Hong Kong Limited  
The International Securities Market of the London Stock Exchange plc (the “**London Stock Exchange**”)

14. Method of distribution: Syndicated

**Provisions relating to Interest (if any) Payable**

15. Fixed Rate Note Provisions: Not Applicable

16. Floating Rate Note Provisions: Applicable

(i) Interest Period(s): The period beginning on and including the Interest Commencement Date and ending on but excluding the first Specified Interest Payment Date and each successive period beginning on and including a Specified Interest Payment Date and ending on but excluding the next succeeding Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out in paragraph (iv) below

(ii) Specified Interest Payment Dates: 24 March, 24 June, 24 September and 24 December in each year, commencing on 24 December 2018 up to and including the Maturity Date, subject in each case to adjustment in accordance with the Business Day Convention set out in paragraph (iv) below

(iii) Interest Commencement Date: Issue Date

(iv) Business Day Convention: Modified Following Business Day Convention

(v) Business Centre(s) (Condition 5(j)): Not Applicable

(vi) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination

(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): Not Applicable

(viii) Screen Rate Determination (Condition 5(b)(iii)(B)):

- Reference Rate: 3-month USD LIBOR
- Interest Determination Date: The day falling two Business Days in London for U.S. Dollar prior to the first day of the relevant Interest Accrual Period
- Relevant Screen Page: Reuters Page LIBOR01

• Relevant Time:	11.00 a.m. London time
• Relevant Financial Centre:	London
(ix) ISDA Determination (Condition 5(b)(iii)(A)):	Not Applicable
(x) Margin(s):	+0.75 per cent. per annum
(xi) Minimum Rate of Interest:	Not Applicable
(xii) Maximum Rate of Interest:	Not Applicable
(xiii) Day Count Fraction (Condition 5(j)):	Actual/360
(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not Applicable
17. Zero Coupon Note Provisions:	Not Applicable
18. Index Linked Interest Note Provisions:	Not Applicable
19. Dual Currency Note Provisions:	Not Applicable

#### **Provisions relating to Redemption**

20. Call Option:	Not Applicable
21. Put Option:	Not Applicable
22. Final Redemption Amount of each Note:	U.S.\$1,000 per Calculation Amount
23. Early Redemption Amount Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or, where otherwise specified herein, Condition 6(d) or Condition 6(e)) or an Event of Default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.\$1,000 per Calculation Amount

#### **General Provisions Applicable to the Notes**

24. Form of Notes:	Registered Notes:
	Registered Notes may not be exchanged for Bearer Notes. The Global Certificate is exchangeable for Certificates in the limited circumstances described in the Global Certificate.

25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
29.	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
30.	Other terms or special conditions:	Not Applicable

**Distribution**

31.	(i) If syndicated, names of Managers:	<p>China Construction Bank (Asia) Corporation Limited</p> <p>China Construction Bank (Europe) S.A.</p> <p>CCB International Capital Limited</p> <p>Crédit Agricole Corporate and Investment Bank</p> <p>The Hongkong and Shanghai Banking Corporation Limited</p> <p>BNP Paribas</p> <p>Citigroup Global Markets Limited</p> <p>Mizuho Securities Asia Limited</p> <p>Bank of China Limited</p> <p>China Minsheng Banking Corp., Ltd., Hong Kong Branch</p> <p>Commonwealth Bank of Australia</p> <p>CTBC Bank Co., Ltd</p> <p>ING Bank N.V., Singapore Branch</p> <p>KGI Asia Limited</p>
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Merrill Lynch (Asia Pacific) Limited

Standard Chartered Bank

UBS AG Hong Kong Branch

- (ii) Date of Subscription Agreement: 17 September 2018
- (iii) Stabilising Coordinator(s) (if any): Any of the Managers appointed and acting in its capacity as stabilising coordinator
32. If non-syndicated, name of the relevant Dealer: Not Applicable
33. U.S. Selling Restrictions: Reg. S Category 1; TEFRA not applicable
34. Prohibition of Sales to EEA Retail Investors: Applicable
35. Additional selling restrictions: Not Applicable

#### **Yield**

36. Indication of yield: Not Applicable

#### **Operational Information**

37. ISIN Code: XS1880301228
38. Common Code: 188030122
39. CMU Instrument Number: Not Applicable
40. Legal Entity Identifier: The Legal Entity Identifier of the Bank is 5493001KQW6DM7KEDR62.
41. Any clearing system(s) other than Euroclear/Clearstream and the CMU and the relevant identification number(s): Not Applicable
42. Delivery: Delivery against payment
43. Additional Paying Agent(s) (if any): Not Applicable
44. Ratings: A1 by Moody's Investors Service Hong Kong Ltd.

#### **General**

45. The aggregate nominal amount of Notes issued has been translated into U.S. dollars at the rate of N/A, producing a sum of (for Notes not denominated in U.S. dollars): Not Applicable
46. In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: Not Applicable



- |     |   |  |
|-----|---|--|
| 47. | In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London: | Not Applicable   |
| 48. | Private Bank Rebate/Commission:   | Not Applicable   |
| 49. | (i) Date of approval for issuance of Notes obtained:  | Notice Concerning the Further Strengthening the Foreign Debt Business Management (Jian Zong Han (2014) No. 574) 《關於進一步加強海外負債業務管理的通知》 (建總函(2014)574號), the Notice Concerning the Further Strengthening the Management on the Issuance of Financial Instruments by the Overseas Branches (Department of Overseas Business (2014) No. 222) 《關於進一步規範海外機構負債金融工具發行管理的通知》 (國際業務部(2014)222號), the power of attorney (中國建設銀行股份有限公司授權委託書) issued by the Bank dated 10 April 2018, the Approval of the MTN Programme Update of the Hong Kong Branch (Jian Zi Zhai (2017) No. 74) 《關於更新香港分行中期票據計劃方案的批覆》 (建資債(2017)74號) |
|     | (ii) Date of any regulatory approval for the issuance of the Notes:                                       | NDRC pre-issuance registration: Pursuant to the Approval by the NDRC on the Management of Foreign Debt Scale Management Reform of 2018 (《國家發展改革委關於2018 年度外債規模管理企業外債規模的批覆》(發改外資[2018]307號)) wherein a quota of foreign debt to be issued in 2018 (the “Quota”) was granted by the NDRC on 9 February 2018, the Bank is not required to complete the pre-issuance registration in respect of the Notes with the NDRC as the Notes will be issued within the Quota  |
| 50. | Estimate of total expenses related to admission to trading:   | For the listing of the Notes on the Hong Kong Stock Exchange, HK\$28,000<br><br>For the listing of the Notes on the London Stock Exchange, £5,250  |

### Listing Application

This Pricing Supplement comprises the final terms required to list the issue of the Notes described herein pursuant to the U.S.\$15,000,000,000 Medium Term Note Programme of China Construction Bank Corporation 中國建設銀行股份有限公司 and China Construction Bank Corporation Hong Kong Branch 中國建設銀行股份有限公司香港分行.

### Use of Proceeds

The net proceeds of the issue of the Notes will be allocated to finance and/or refinance, in whole or in part, loans to customers involved in as well as the Bank’s own operational activities in Eligible Green Projects and Eligible Social Projects, as further described in the sections entitled “Use of Proceeds”, “Eligible Green Projects and Eligible Social Projects” and “Green, Social and Sustainability Bond Framework” in the Drawdown Offering Circular and in accordance with applicable laws and regulations.

### Stabilising

In connection with the issue of the Notes, the Managers or Dealer(s) (if any) named as the Stabilising Coordinator(s) (or person(s) acting on behalf of any Stabilising Coordinator(s)) in this Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Coordinator(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

**Material Adverse Change Statement**

Save as disclosed in the Drawdown Offering Circular, there has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2018 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2017.

**Responsibility**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

*Signed on behalf of*

**China Construction Bank Corporation Hong Kong Branch**

中國建設銀行股份有限公司香港分行

By: .....  
*Duly authorised*

# INDEX TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2018

*For the Group 2016 Annual Financial Statements and the Group 2017 Annual Financial Statements, which have been audited by PricewaterhouseCoopers in accordance with HKSA, please refer to the Base Offering Circular. Such Group 2016 Annual Financial Statements and Group 2017 Annual Financial Statements have been incorporated by reference into this Drawdown Offering Circular.*

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*Notes:*

(1) The Group's consolidated financial statements as at and for the six months ended 30 June 2018 are reproduced from the Group 2018 Interim Financial Statements announced on 28 August 2018. Page references referred to in the abovementioned interim results refer to pages set out in such 2018 Interim Financial Statements.

## 2 Financial statements

### Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June		Change (%)
	2018 (Unaudited)	2017 (Unaudited)	
Interest income	395,320	363,489	8.76
Interest expense	(155,834)	(145,635)	7.00
<b>Net interest income</b>	<b>239,486</b>	<b>217,854</b>	<b>9.93</b>
Fee and commission income	75,371	74,166	1.62
Fee and commission expense	(6,367)	(6,086)	4.62
<b>Net fee and commission income</b>	<b>69,004</b>	<b>68,080</b>	<b>1.36</b>
Net trading gain	7,912	2,842	178.40
Dividend income	412	980	(57.96)
Net gain/(loss) arising from investment securities	3,119	(1,632)	(291.12)
Net losses on derecognition of financial assets measured at amortised cost	(2,365)	N/A	N/A
Other operating income, net:			
- Other operating income	23,503	34,143	(31.16)
- Other operating expense	(18,342)	(19,134)	(4.14)
<b>Other operating income, net</b>	<b>5,161</b>	<b>15,009</b>	<b>(65.61)</b>
<b>Operating income</b>	<b>322,729</b>	<b>303,133</b>	<b>6.46</b>
<b>Operating expenses</b>	<b>(74,681)</b>	<b>(70,547)</b>	<b>5.86</b>
	<b>248,048</b>	<b>232,586</b>	<b>6.65</b>
Impairment losses on:			
- Loans and advances to customers	(63,164)	(59,729)	5.75
- Others	(3,616)	(781)	363.00
<b>Impairment losses</b>	<b>(66,780)</b>	<b>(60,510)</b>	<b>10.36</b>
<b>Share of profit of associates and joint ventures</b>	<b>152</b>	<b>17</b>	<b>794.12</b>
<b>Profit before tax</b>	<b>181,420</b>	<b>172,093</b>	<b>5.42</b>
Income tax expense	(33,955)	(33,084)	2.63
<b>Net profit</b>	<b>147,465</b>	<b>139,009</b>	<b>6.08</b>

**Consolidated statement of comprehensive income (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June		Change
	2018	2017	
	(Unaudited)	(Unaudited)	(%)
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss			
Gains of equity instruments designated as measured at fair value through other comprehensive income	(33)	N/A	N/A
Re-measurements of post-employment benefit obligations	(178)	374	(147.59)
Others	(5)	-	
Subtotal	(216)	374	(157.75)
Items that may be reclassified subsequently to profit or loss			
Gains of debt instruments measured at fair value through other comprehensive income	19,823	N/A	N/A
Income tax impact relating to debt instruments measured at fair value through other comprehensive income	(4,849)	N/A	N/A
Losses of available-for-sale financial assets arising during the period	N/A	(24,044)	N/A
Income tax impact relating to available-for-sale financial assets	N/A	5,949	N/A
Reclassification adjustments included in profit or loss	(263)	2,456	(110.71)
Net (loss)/gain on cash flow hedges	(342)	173	(297.69)
Exchange difference on translating foreign operations	(550)	(1,733)	(68.26)
Subtotal	13,819	(17,199)	(180.35)
<b>Other comprehensive income for the period, net of tax</b>	<b>13,603</b>	<b>(16,825)</b>	<b>(180.85)</b>

**Consolidated statement of comprehensive income (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June		Change (%)
	2018 <b>(Unaudited)</b>	2017 (Unaudited)	
<b>Total comprehensive income for the period</b>	<b>161,068</b>	122,184	31.82
Net profit attributable to:			
Equity shareholders of the Bank	147,027	138,339	6.28
Non-controlling interests	438	670	(34.63)
	<b>147,465</b>	139,009	6.08
Total comprehensive income attributable to:			
Equity shareholders of the Bank	160,572	121,448	32.21
Non-controlling interests	496	736	(32.61)
	<b>161,068</b>	122,184	31.82
<b>Basic and diluted earnings per share (in RMB Yuan)</b>	<b>0.59</b>	0.55	7.27



## Consolidated statement of financial position

(Expressed in millions of RMB, unless otherwise stated)

	30 June 2018 (Unaudited)	31 December 2017 (Audited)	Change (%)
<b>Assets:</b>			
Cash and deposits with central banks	2,674,845	2,988,256	(10.49)
Deposits with banks and non-bank financial institutions	465,900	175,005	166.22
Precious metals	83,038	157,036	(47.12)
Placements with banks and non-bank financial institutions	333,942	325,233	2.68
Positive fair value of derivatives	48,723	82,980	(41.28)
Financial assets held under resale agreements	394,863	208,360	89.51
Interest receivable	123,468	116,993	5.53
Loans and advances to customers	13,068,482	12,574,473	3.93
Financial investments			
Financial assets measured at fair value through profit or loss	679,900	578,436	17.54
Financial assets measured at amortised cost	3,245,096	N/A	N/A
Financial assets measured at fair value through other comprehensive income	1,320,847	N/A	N/A
Available-for-sale financial assets	N/A	1,550,680	N/A
Held-to-maturity investments	N/A	2,586,722	N/A
Investments classified as receivables	N/A	465,810	N/A
Interests in associates and joint ventures	7,533	7,067	6.59
Fixed assets	166,721	169,679	(1.74)
Land use rights	14,270	14,545	(1.89)
Intangible assets	2,622	2,752	(4.72)
Goodwill	2,687	2,751	(2.33)
Deferred tax assets	56,165	46,189	21.60
Other assets	116,080	71,416	62.54
<b>Total assets</b>	<b>22,805,182</b>	<b>22,124,383</b>	<b>3.08</b>

**Consolidated statement of financial position (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	<b>30 June 2018 (Unaudited)</b>	31 December 2017 (Audited)	Change (%)
<b>Liabilities:</b>			
Borrowings from central banks	446,557	547,287	(18.41)
Deposits from banks and non-bank financial institutions	1,271,631	1,336,995	(4.89)
Placements from banks and non-bank financial institutions	436,546	383,639	13.79
Financial liabilities measured at fair value through profit or loss	405,401	414,148	(2.11)
Negative fair value of derivatives	47,433	79,867	(40.61)
Financial assets sold under repurchase agreements	48,605	74,279	(34.56)
Deposits from customers	16,965,489	16,363,754	3.68
Accrued staff costs	28,665	32,632	(12.16)
Taxes payable	49,830	54,106	(7.90)
Interest payable	189,266	199,588	(5.17)
Provisions	36,352	10,581	243.56
Debt securities issued	683,467	596,526	14.57
Deferred tax liabilities	526	389	35.22
Other liabilities	330,837	234,765	40.92
<b>Total liabilities</b>	<b>20,940,605</b>	<b>20,328,556</b>	<b>3.01</b>
<b>Equity:</b>			
Share capital	250,011	250,011	-
Other equity instruments			
Preference Shares	79,636	79,636	-
Capital reserve	134,537	135,225	(0.51)
Investment revaluation reserve	-	(26,004)	(100.00)
Other comprehensive income	(6,054)	-	
Surplus reserve	198,613	198,613	-
General reserve	260,198	259,680	0.20
Retained earnings	931,325	886,921	5.01
Exchange reserve	-	(4,322)	(100.00)
Total equity attributable to equity shareholders of the Bank	1,848,266	1,779,760	3.85
Non-controlling interests	16,311	16,067	1.52
<b>Total equity</b>	<b>1,864,577</b>	<b>1,795,827</b>	<b>3.83</b>
<b>Total liabilities and equity</b>	<b>22,805,182</b>	<b>22,124,383</b>	<b>3.08</b>

**Consolidated statement of changes in equity**

*(Expressed in millions of RMB, unless otherwise stated)*

	(Unaudited)										
	Attributable to equity shareholders of the Bank										
	Share capital	Other equity instruments - preference shares	Capital reserve	Investment revaluation reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2017	250,011	79,636	135,225	(26,004)	-	198,613	259,680	886,921	(4,322)	16,067	1,795,827
Changes in accounting policies	-	-	(688)	26,004	(19,599)	-	-	(29,352)	4,322	(138)	(19,451)
As at 1 January 2018	250,011	79,636	134,537	-	(19,599)	198,613	259,680	857,569	-	15,929	1,776,376
Movements during the period	-	-	-	-	13,545	-	518	73,756	-	382	88,201
(1) Total comprehensive income for the period	-	-	-	-	13,545	-	-	147,027	-	496	161,068
(2) Changes in share capital	-	-	-	-	-	-	-	-	-	(85)	(85)
i Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	-	(85)	(85)

**Consolidated statement of changes in equity (continued)**

*(Expressed in millions of RMB, unless otherwise stated)*

	(Unaudited)										
	Attributable to equity shareholders of the Bank										
	Share capital	Other equity instruments - preference shares	Capital reserve	Investment revaluation reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
<b>(3) Profit distribution</b>											
i Appropriation to general reserve	-	-	-	-	-	-	518	(518)	-	-	-
ii Appropriation to ordinary shareholders	-	-	-	-	-	-	-	(72,753)	-	(29)	(72,782)
<b>As at 30 June 2018</b>	<b>250,011</b>	<b>79,636</b>	<b>134,537</b>	<b>-</b>	<b>(6,054)</b>	<b>198,613</b>	<b>260,198</b>	<b>931,325</b>	<b>-</b>	<b>16,311</b>	<b>1,864,577</b>

**Consolidated statement of changes in equity (continued)**

(Expressed in millions of RMB, unless otherwise stated)

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments - preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
<b>As at 31 December 2016</b>	250,011	19,659	133,960	(976)	175,445	211,193	786,860	348	13,154	1,589,654
<b>Movements during the period</b>	-	-	547	(15,704)	-	34,263	34,573	(1,734)	3,003	54,948
<b>(1) Total comprehensive income for the period</b>	-	-	547	(15,704)	-	-	138,339	(1,734)	736	122,184
<b>(2) Changes in share capital</b>	-	-	-	-	-	-	-	-	150	150
i Establishment of subsidiaries	-	-	-	-	-	-	-	-	-	-
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	(1,268)	(1,268)
iii Capital injection by other equity holders	-	-	-	-	-	-	-	-	3,421	3,421
<b>(3) Profit distribution</b>	-	-	-	-	-	-	-	-	(36)	(69,539)
i Appropriation to general reserve	-	-	-	-	-	34,263	(34,263)	-	-	-
ii Appropriation to ordinary shareholders	-	-	-	-	-	-	(69,503)	-	-	(69,539)
<b>As at 30 June 2017</b>	250,011	19,659	134,507	(16,680)	175,445	245,456	821,433	(1,386)	16,157	1,644,602

**Consolidated statement of changes in equity (continued)**

*(Expressed in millions of RMB, unless otherwise stated)*

	(Audited)									
	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments - preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
<b>As at 31 December 2016</b>	250,011	19,659	133,960	(976)	175,445	211,193	786,860	348	13,154	1,589,654
<b>Movements during the year</b>	-	59,977	1,265	(25,028)	23,168	48,487	100,061	(4,670)	2,913	206,173
<b>(1) Total comprehensive income for the year</b>	-	-	1,271	(25,028)	-	-	242,264	(4,670)	783	214,620
<b>(2) Changes in share capital</b>										
i Establishment of subsidiaries	-	-	-	-	-	-	-	-	147	147
ii Change in shareholdings in subsidiaries	-	-	(6)	-	-	-	-	-	(1,322)	(1,328)
iii Capital injection by other equity holders	-	59,977	-	-	-	-	-	-	3,422	63,399



**Consolidated statement of changes in equity (continued)**

*(Expressed in millions of RMB, unless otherwise stated)*

	(Audited)								
	Attributable to equity shareholders of the Bank							Non-controlling interests	Total equity
Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve		
<b>(3) Profit distribution</b>									
i Appropriation to surplus reserve	-	-	-	-	23,168	(23,168)	-	-	-
ii Appropriation to general reserve	-	-	-	-	48,487	(48,487)	-	-	-
iii Appropriation to ordinary shareholders	-	-	-	-	-	(69,503)	-	-	(69,503)
iv Dividends paid to preference shareholders	-	-	-	-	-	(1,045)	-	-	(1,045)
v Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(117)	(117)
<b>As at 31 December 2017</b>	<b>250,011</b>	<b>79,636</b>	<b>135,225</b>	<b>(26,004)</b>	<b>198,613</b>	<b>886,921</b>	<b>(4,322)</b>	<b>16,067</b>	<b>1,795,827</b>

**Consolidated statement of cash flows***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
<b><i>Cash flows from operating activities</i></b>		
Profit before tax	<b>181,420</b>	172,093
<i>Adjustments for:</i>		
-Impairment losses	<b>66,780</b>	60,510
-Depreciation and amortisation	<b>8,323</b>	8,606
-Interest income from impaired financial assets	<b>(1,495)</b>	(1,565)
-Revaluation gain on financial instruments measured at fair value through profit or loss	<b>(1,281)</b>	(162)
-Share of profit of associates and joint ventures	<b>(152)</b>	(17)
-Dividend income	<b>(412)</b>	(980)
-Unrealised foreign exchange loss/(gain)	<b>39</b>	(9,185)
-Interest expense on bonds issued	<b>5,820</b>	6,003
-Net (gain)/loss on disposal of investment securities	<b>(3,119)</b>	1,632
-Net gain on disposal of fixed assets and other long-term assets	<b>(69)</b>	(113)
	<b>255,854</b>	236,822

**Consolidated statement of cash flows (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
<b><i>Cash flows from operating activities (continued)</i></b>		
<i>Changes in operating assets:</i>		
Net decrease in deposits with central banks and with banks and non-bank financial institutions	361,908	74,288
Net (increase)/decrease in placements with banks and non-bank financial institutions	(64,252)	25,288
Net increase in loans and advances to customers	(548,492)	(808,597)
Net increase in financial assets held under resale agreements	(186,488)	(176,482)
Net increase in financial assets measured at fair value through profit or loss	(11,643)	(110,751)
Net decrease/(increase) in other operating assets	35,190	(4,791)
	<u>(413,777)</u>	<u>(1,001,045)</u>
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in borrowings from central banks	(101,386)	81,560
Net increase in placements from banks and non-bank financial institutions	46,725	129,664
Net increase in deposits from customers and from banks and non-bank financial institutions	516,109	514,208
Net decrease in financial assets sold under repurchase agreements	(26,011)	(129,364)
Net increase in certificates of deposit issued	67,489	77,417
Income tax paid	(47,651)	(45,906)
Net (decrease)/increase in financial liabilities measured at fair value through profit or loss	(9,124)	21,410
Net decrease in other operating liabilities	(14,148)	(5,812)
	<u>432,003</u>	<u>643,177</u>
<b>Net cash from/(used in) operating activities</b>	<u>274,080</u>	<u>(121,046)</u>

**Consolidated statement of cash flows (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
<b><i>Cash flows from investing activities</i></b>		
Proceeds from sale and redemption of investments	1,030,301	818,304
Dividends received	725	1,008
Proceeds from disposal of fixed assets and other long-term assets	626	2,181
Purchase of investment securities	(1,035,904)	(708,382)
Purchase of fixed assets and other long-term assets	(4,739)	(7,687)
Acquisition of subsidiaries, associates, and joint ventures	(745)	(864)
<b>Net cash (used in)/ from investing activities</b>	<b>(9,736)</b>	<b>104,560</b>
<b><i>Cash flows from financing activities</i></b>		
Issue of bonds	18,585	16,949
Issue of other equity instruments	-	3,421
Capital contribution by non-controlling interests	-	150
Consideration paid for acquisition of non-controlling interests	(85)	(24)
Dividends paid	(11)	(2,703)
Repayment of borrowings	(3,261)	(3,335)
Interest paid on bonds issued	(2,718)	(2,578)
<b>Net cash from financing activities</b>	<b>12,510</b>	<b>11,880</b>

**Consolidated statement of cash flows (continued)***(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,801</b>	<b>(4,843)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>281,655</b>	<b>(9,449)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>571,339</b>	<b>599,124</b>
<b>Cash and cash equivalents as at 30 June</b>	<b>852,994</b>	<b>589,675</b>
<b>Cash flows from operating activities include:</b>		
Interest received	<b>387,289</b>	<b>351,842</b>
Interest paid, excluding interest expense on bonds issued	<b>(165,427)</b>	<b>(151,683)</b>

**Notes:**

(1) Except for the new or revised IFRSs and Interpretations effective for the year ended 30 June 2018 and adopted by the Group, there are no significant changes in the accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2017.

(2) Unless otherwise stated, the financial figures are expressed in millions of RMB.

(3) For the purpose of this results announcement, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC and Taiwan.

(4) **Net gain/(loss) arising from investment securities**

	Six months ended 30 June	
	2018	2017
Net gain related to financial assets designated as measured at fair value through profit or loss	8,368	N/A
Net loss related to financial liabilities designated as measured at fair value through profit or loss	(7,582)	N/A
Net gain related to other financial assets and liabilities measured at fair value through profit or loss	1,961	N/A
Net gain related to financial assets measured at fair value through other comprehensive income	227	N/A
Net revaluation gain/(loss) reclassified from other comprehensive income on disposal	136	(3,053)
Net gain on sale of available-for-sale financial assets	N/A	1,244
Net gain on sale of held-to-maturity investments	N/A	138
Net gain on sale of receivables	N/A	19
Others	9	20
Total	<u>3,119</u>	<u>(1,632)</u>



**(5) Operating expenses**

	Six months ended 30 June	
	<u>2018</u>	<u>2017</u>
Staff costs		
- Salaries, bonuses, allowances and subsidies	<b>30,269</b>	28,666
- Other social insurance and welfare	<b>3,482</b>	3,360
- Housing funds	<b>3,071</b>	2,925
- Union running costs and employee education costs	<b>928</b>	815
- Defined contribution plans	<b>6,287</b>	6,200
- Early retirement expenses	<b>6</b>	15
- Compensation to employees for termination of employment relationship	<b>1</b>	3
	<u><b>44,044</b></u>	<u>41,984</u>
Premises and equipment expenses		
- Depreciation charges	<b>7,165</b>	6,937
- Rent and property management expenses	<b>4,679</b>	4,482
- Maintenance	<b>1,048</b>	871
- Utilities	<b>869</b>	862
- Others	<b>887</b>	859
	<u><b>14,648</b></u>	<u>14,011</u>
Taxes and surcharges	<b>3,190</b>	2,907
Amortisation expenses	<b>1,158</b>	1,150
Audit fees	<b>74</b>	72
Other general and administrative expenses	<u><b>11,567</b></u>	<u>10,423</u>
Total	<u><b>74,681</b></u>	<u>70,547</u>

**(6) Income tax expense**

① Income tax expense

	Six months ended 30 June	
	2018	2017
Current tax	<b>42,148</b>	34,196
- Mainland China	<b>40,785</b>	32,604
- Hong Kong	<b>805</b>	968
- Other countries and regions	<b>558</b>	624
Deferred tax	<b>(8,193)</b>	(1,112)
Total	<b>33,955</b>	33,084

The provisions of income taxes for Mainland China and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from Mainland China and Hong Kong operations for the period respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

② Reconciliation between income tax expense and accounting profit

	Note	Six months ended 30 June	
		2018	2017
Profit before tax		<b>181,420</b>	172,093
Income tax calculated at 25% statutory tax rate		<b>45,355</b>	43,023
Effects of different applicable rates of tax prevailing in other countries/regions		<b>(442)</b>	(314)
Non-deductible expenses	(i)	<b>3,375</b>	3,438
Non-taxable income	(ii)	<b>(14,333)</b>	(13,063)
Income tax expense		<b>33,955</b>	33,084

(i) Non-deductible expenses primarily include non-deductible losses resulting from write-off of loans, and staff costs and entertainment expenses in excess of those deductible under the relevant PRC tax regulations.

(ii) Non-taxable income primarily includes interest income from PRC government bonds and PRC local government bonds.

(7) **Earnings per share**

Basic earnings per share for the six months ended 30 June 2018 and 2017 have been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the six months ended 30 June 2018.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2018 and 2017, and the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

	Six months ended 30 June	
	2018	2017
Net profit attributable to ordinary shareholders of the Bank	147,027	138,339
Weighted average number of ordinary shares (in millions of shares)	250,011	250,011
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	0.59	0.55

## (8) Derivatives and hedge accounting

### ① Analysed by type of contract

	Note	30 June 2018			31 December 2017		
		Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts		410,196	1,959	922	332,480	980	487
Exchange rate contracts		4,303,911	44,597	45,673	5,307,995	78,909	78,581
Other contracts	(a)	87,848	2,167	838	182,632	3,091	799
Total		<u>4,801,955</u>	<u>48,723</u>	<u>47,433</u>	<u>5,823,107</u>	<u>82,980</u>	<u>79,867</u>

### ② Analysed by credit risk-weighted assets

	Note	30 June 2018	31 December 2017
Counterparty credit default risk-weighted assets			
- Interest rate contracts		933	651
- Exchange rate contracts		27,588	47,728
- Other contracts	(a)	2,814	5,395
Subtotal		31,335	53,774
Credit value adjustment		13,925	20,545
Total		<u>45,260</u>	<u>74,319</u>

The notional amounts of derivatives only represent the unsettled transaction volumes as at the end of the reporting period, instead of the amounts of risk assets. Since 1 January 2013 the Group has adopted Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and other related policies. According to the new rules set out by the CBIRC, the credit risk-weighted assets included credit valuation adjustments, with the considerations of the status of counterparties, maturity characteristics and back-to-back client-driven transactions.

(a) Other contracts mainly consist of precious metals contracts.

**(8) Derivatives and hedge accounting (continued)**

**(3) Hedge accounting**

The following designated hedging instruments are included in the derivative financial instruments as disclosed above.

	30 June 2018			31 December 2017		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	50,287	859	(104)	49,087	469	(98)
Foreign exchange swaps	2,866	46	(48)	325	12	-
Cash flow hedges						
Foreign exchange swaps	15,569	78	(185)	33,193	1,051	(418)
Foreign exchange forwards	43,111	645	(82)	51,684	918	(69)
Cross currency swaps	2,404	81	-	-	-	-
Interest rate swaps	2,316	-	(1)	-	-	-
Total	116,553	1,709	(420)	134,289	2,450	(585)

*(a) Fair value hedge*

The Group uses interest rate swaps and foreign exchange swaps to hedge against changes in fair value of financial assets measured at fair value through other comprehensive income, certificates of deposit issued, deposits from customers and non-bank financial institutions, and loans and advances to customers arising from changes in interest rates and exchange rates.

Net gains/(losses) on fair value hedges are as follows:

	Six months ended 30 June	
	2018	2017
Net gains/(losses) on		
- hedging instruments	340	(326)
- hedged items	(349)	328

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the six months ended 30 June 2018 and 2017.

## (8) Derivatives and hedge accounting (continued)

### (3) Hedge accounting (continued)

#### (b) Cash flow hedge

The Group uses foreign exchange swaps, foreign exchange forwards, cross currency swaps and interest rate swaps to hedge against exposures to cash flow variability primarily from interest rate and foreign exchange risks of loans and advances to customers, placement from banks and non-bank financial institutions. The maturities of hedging instruments and hedged items are both within five years.

For the six months ended 30 June 2018, the Group's net loss from the cash flow hedge was RMB342 million and was recognised in other comprehensive income (for the six months ended 30 June 2017: net profit from the cash flow hedge of RMB173 million) and the gain and loss arising from ineffective portion of cash flow hedge was immaterial for the six months ended 30 June 2018.

## (9) Deposits from customers

	<u>30 June 2018</u>	<u>31 December 2017</u>
Demand deposits		
- Corporate customers	5,945,674	5,767,595
- Personal customers	3,226,986	3,204,950
Subtotal	<u>9,172,660</u>	<u>8,972,545</u>
Time deposits (including call deposits)		
- Corporate customers	3,358,334	3,312,456
- Personal customers	4,434,495	4,078,753
Subtotal	<u>7,792,829</u>	<u>7,391,209</u>
Total	<u>16,965,489</u>	<u>16,363,754</u>
Deposits from customers include:		
	<u>30 June 2018</u>	<u>31 December 2017</u>
① Pledged deposits		
- Deposits for acceptance	78,815	83,365
- Deposits for guarantee	87,934	97,050
- Deposits for letter of credit	23,860	22,491
- Others	269,666	290,235
Total	<u>460,275</u>	<u>493,141</u>
② Outward remittance and remittance payables	<u>13,818</u>	<u>29,635</u>



**(10) Commitments and contingent liabilities**

① Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit etc. The Group assesses and makes allowance for any probable losses accordingly.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the total of the contractual amounts set out in the following table do not represent the expected future cash outflows.

	<u>30 June 2018</u>	<u>31 December 2017</u>
Loan commitments		
- with an original maturity under one year	166,716	192,768
- with an original maturity of one year or over	342,763	396,467
Credit card commitments	<u>878,369</u>	<u>801,618</u>
	<u>1,387,848</u>	<u>1,390,853</u>
Bank acceptances	260,080	276,629
Financing guarantees	69,671	60,821
Non-financing guarantees	955,646	898,422
Sight letters of credit	41,931	41,216
Usance letters of credit	216,769	266,865
Others	<u>11,458</u>	<u>94,366</u>
Total	<u>2,943,403</u>	<u>3,029,172</u>

**(10) Commitments and contingent liabilities (continued)**

② Credit risk-weighted amount

The credit risk-weighted amount refers to the amount as computed in accordance with the rules set out by the CBIRC and depends on the status of the counterparty and the maturity characteristics.

	<u>30 June 2018</u>	<u>31 December 2017</u>
Credit risk-weighted amount of contingent liabilities and commitments	<u>1,055,867</u>	<u>1,110,481</u>

③ Operating lease commitments

The Group leases certain property and equipment under operating leases, which typically runs for an initial period of one to five years and may include an option to renew the lease when all terms are renegotiated. As at the end of the reporting period, the future minimum lease payments under non-cancellable operating leases for property and equipment were as follows:

	<u>30 June 2018</u>	<u>31 December 2017</u>
Within one year	5,656	5,720
After one year but within two years	4,172	4,289
After two years but within three years	2,939	3,024
After three years but within five years	3,336	3,350
After five years	<u>2,119</u>	<u>2,423</u>
Total	<u>18,222</u>	<u>18,806</u>

**(10) Commitments and contingent liabilities (continued)**

④ Capital commitments

As at the end of the reporting period, the Group had capital commitments as follows:

	<u>30 June 2018</u>	<u>31 December 2017</u>
Contracted for	<u>6,856</u>	<u>5,882</u>

⑤ Underwriting obligations

As at 30 June 2018, the unexpired underwriting commitment of the Group was RMB313 million (as at 31 December 2017: nil).

⑥ Government bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2018, were RMB79,097 million (as at 31 December 2017: RMB79,431 million).

⑦ Outstanding litigation and disputes

As at 30 June 2018, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB8,892 million (as at 31 December 2017: RMB10,499 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

⑧ Provision against commitments and contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the above commitments and contingent liabilities in accordance with its accounting policies.

## (11) Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense". Interest income and expense earned from third parties are referred to as "external net interest income/expense".

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

### ① Geographical segments

The Group operates principally in Mainland China with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in Mainland China. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto, London, Zurich, Dubai, Chile and certain subsidiaries operating in Hong Kong, London, Moscow, Luxembourg, British Virgin Islands, Auckland, Jakarta, San Paulo and Kuala Lumpur.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

**(11) Operating segments (continued)**

**① Geographical segments (continued)**

Geographical segments of the Group, as defined for management reporting purposes, are defined as follows:

- “Yangtze River Delta” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- “Pearl River Delta” refers to the following areas where the tier-1 branches of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- “Bohai Rim” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the “Central” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the “Western” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and
- the “Northeastern” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

(11) Operating segments (continued)  
 ① Geographical segments (continued)

	Six months ended 30 June 2018								Total	
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas		
External net interest income	27,633	25,386	20,719	29,121	28,207	7,274	93,516	7,630	239,486	
Internal net interest income/(expense)	10,339	7,804	15,377	13,330	12,151	4,937	(61,257)	(2,681)	-	
<b>Net interest income</b>	37,972	33,190	36,096	42,451	40,358	12,211	32,259	4,949	239,486	
Net fee and commission income	11,104	11,044	10,542	9,203	5,552	2,262	17,707	1,590	69,004	
Net trading gain	299	452	289	209	150	51	5,457	1,005	7,912	
Dividend income	52	-	-	13	3	-	211	133	412	
Net (loss)/gain arising from investment securities	(451)	(46)	(11)	299	(197)	-	2,466	1,059	3,119	
Net gains/(losses) on derecognition of financial assets measured at amortised cost	4	-	-	-	-	-	(2,434)	65	(2,365)	
Other operating income, net	130	293	1,093	246	860	73	330	2,136	5,161	
<b>Operating income</b>	49,110	44,933	48,009	52,421	46,726	14,597	55,996	10,937	322,729	
Operating expenses	(12,351)	(9,451)	(12,723)	(13,679)	(12,177)	(5,222)	(5,708)	(3,370)	(74,681)	
Impairment losses	(7,159)	(5,802)	(15,493)	(11,094)	(7,722)	(9,042)	(10,035)	(433)	(66,780)	
Share of profit of associates and joint ventures	-	-	-	83	-	-	-	69	152	
<b>Profit before tax</b>	29,600	29,680	19,793	27,731	26,827	333	40,253	7,203	181,420	
Capital expenditure	382	196	2,516	556	387	227	120	918	5,302	
Depreciation and amortisation	1,303	913	1,262	1,749	1,408	745	707	236	8,323	
				30 June 2018						
Segment assets	4,644,882	3,528,199	5,152,434	4,136,338	3,475,135	1,132,618	8,900,041	1,756,030	32,725,677	
Interests in associates and joint ventures	2	-	8	6,105	-	-	-	1,418	7,533	
	4,644,884	3,528,199	5,152,442	4,142,443	3,475,135	1,132,618	8,900,041	1,757,448	32,733,210	
Deferred tax assets									56,165	
Elimination									(9,984,193)	
Total assets									22,805,182	
Segment liabilities	4,615,897	3,504,552	5,084,733	4,111,837	3,458,610	1,128,270	7,370,392	1,649,981	30,924,272	
Deferred tax liabilities									526	
Elimination									(9,984,193)	
Total liabilities	548,763	418,371	717,258	500,928	366,320	153,077	-	238,686	20,940,605	
Off-balance sheet credit commitments									2,943,403	



**(11) Operating segments (continued)****(1) Geographical segments (continued)**

	Six months ended 30 June 2017							Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	
External net interest income	22,934	20,989	18,716	24,487	25,768	5,568	92,533	6,859
Internal net interest income/(expense)	11,957	9,481	16,697	14,867	12,685	6,186	(68,209)	(3,664)
<b>Net interest income</b>	34,891	30,470	35,413	39,354	38,453	11,754	24,324	3,195
Net fee and commission income	10,349	10,270	11,012	10,754	6,742	2,964	14,875	1,114
Net trading gain/(loss)	627	815	539	176	264	69	(219)	571
Dividend income	580	-	-	93	6	-	146	155
Net (loss)/gain arising from investment securities	(46)	-	23	91	-	-	(2,013)	313
Other operating income, net	700	485	762	238	1,318	85	5,074	6,347
<b>Operating income</b>	47,101	42,040	47,749	50,706	46,783	14,872	42,187	11,695
Operating expenses	(10,489)	(9,075)	(11,793)	(13,344)	(11,856)	(5,192)	(5,181)	(3,617)
Impairment losses	(5,993)	(8,196)	(16,180)	(10,815)	(10,354)	(5,503)	(2,749)	(720)
Share of (loss)/profit of associates and joint ventures	-	-	-	(6)	-	-	-	23
<b>Profit before tax</b>	30,619	24,769	19,776	26,541	24,573	4,177	34,257	7,381
Capital expenditure	469	452	3,227	451	327	175	167	2,023
Depreciation and amortisation	1,266	867	1,561	1,656	1,341	700	792	423
				31 December 2017				
Segment assets	4,687,992	3,479,166	4,916,680	4,058,155	3,294,459	1,100,318	8,672,547	1,723,881
Interests in associates and joint ventures	1	-	-	4,904	-	-	-	2,162
	4,687,993	3,479,166	4,916,680	4,063,059	3,294,459	1,100,318	8,672,547	1,726,043
Deferred tax assets								46,189
Elimination								(9,862,071)
Total assets								22,124,383
Segment liabilities	4,675,179	3,479,313	4,887,516	4,058,490	3,303,501	1,110,903	7,050,551	1,624,785
Deferred tax liabilities								389
Elimination								(9,862,071)
Total liabilities	600,582	422,504	767,363	492,226	348,508	155,452	-	242,537
Off-balance sheet credit commitments								3,029,172

**(11) Operating segments (continued)**

② Business segments

Business segments, as defined for management reporting purposes, are as follows:

*Corporate banking*

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services and guarantee services, etc.

*Personal banking*

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

*Treasury business*

This segment covers the Group's treasury operations. The treasury enters into inter-bank money market transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currency for its own account. The treasury carries out customer-driven derivatives, foreign currency and precious metal trading. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

*Others*

These represent equity investments and the revenues, results, assets and liabilities of overseas branches and subsidiaries.

(11) Operating segments (continued)

② Business segments (continued)

	Six months ended 30 June 2018				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	83,937	61,176	84,221	10,152	239,486
Internal net interest income/(expenses)	34,395	30,069	(61,862)	(2,602)	-
<b>Net interest income</b>	<b>118,332</b>	<b>91,245</b>	<b>22,359</b>	<b>7,550</b>	<b>239,486</b>
Net fee and commission income	17,927	38,682	7,407	4,988	69,004
Net trading (losses)/gains	(104)	(53)	2,506	5,563	7,912
Dividend income	-	-	-	412	412
Net (losses)/gains arising from investment securities	(1,966)	(1,944)	7,251	(222)	3,119
Net (losses)/gains on derecognition of financial assets measured at amortised cost	(2,452)	-	18	69	(2,365)
Other operating income, net	20	364	3,684	1,093	5,161
<b>Operating income</b>	<b>131,757</b>	<b>128,294</b>	<b>43,225</b>	<b>19,453</b>	<b>322,729</b>
Operating expenses	(25,965)	(37,982)	(4,518)	(6,216)	(74,681)
Impairment losses	(56,649)	(9,587)	(20)	(524)	(66,780)
Share of profit of associates and joint ventures	-	-	-	152	152
<b>Profit before tax</b>	<b>49,143</b>	<b>80,725</b>	<b>38,687</b>	<b>12,865</b>	<b>181,420</b>
Capital expenditure	818	1,291	140	3,053	5,302
Depreciation and amortisation	2,878	4,541	492	412	8,323
			<b>30 June 2018</b>		
Segment assets	7,411,411	5,724,063	8,188,131	1,687,258	23,010,863
Interests in associates and joint ventures	-	-	-	7,533	7,533
	<b>7,411,411</b>	<b>5,724,063</b>	<b>8,188,131</b>	<b>1,694,791</b>	<b>23,018,396</b>
Deferred tax assets	-	-	-	-	56,165
Elimination	-	-	-	-	(269,379)
Total assets					<b>22,805,182</b>
Segment liabilities	10,213,564	7,927,869	828,798	2,239,227	21,209,458
Deferred tax liabilities	-	-	-	-	526
Elimination	-	-	-	-	(269,379)
Total liabilities					<b>20,940,605</b>
Off-balance sheet credit commitments	1,867,170	837,465	-	238,768	2,943,403

11 **Operating segments (continued)**

② Business segments (continued)

	Six months ended 30 June 2017				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	74,962	45,631	85,334	11,927	217,854
Internal net interest income/(expenses)	32,513	40,090	(70,550)	(2,053)	-
<b>Net interest income</b>	107,475	85,721	14,784	9,874	217,854
Net fee and commission income	18,612	33,708	13,151	2,609	68,080
Net trading (losses)/gains	(3,149)	(207)	5,851	347	2,842
Dividend income	-	-	-	980	980
Net (losses)/gains arising from investment securities	-	-	(1,759)	127	(1,632)
Other operating (expenses)/income, net	(97)	330	4,195	10,581	15,009
<b>Operating income</b>	122,841	119,552	36,222	24,518	303,133
Operating expenses	(24,538)	(35,875)	(4,464)	(5,670)	(70,547)
Impairment losses	(51,045)	(7,634)	(709)	(1,122)	(60,510)
Share of profit of associates and joint ventures	-	-	-	17	17
<b>Profit before tax</b>	47,258	76,043	31,049	17,743	172,093
Capital expenditure	864	1,345	161	4,921	7,291
Depreciation and amortisation	2,796	4,353	523	934	8,606
			31 December 2017		
Segment assets	6,837,261	5,377,252	8,475,693	1,648,535	22,338,741
Interests in associates and joint ventures	-	-	-	7,067	7,067
	6,837,261	5,377,252	8,475,693	1,655,602	22,345,808
Deferred tax assets					46,189
Elimination					(267,614)
Total assets					22,124,383
Segment liabilities	10,072,832	7,502,694	900,534	2,119,721	20,595,781
Deferred tax liabilities					389
Elimination					(267,614)
Total liabilities					20,328,556
Off-balance sheet credit commitments	2,016,432	761,613	-	251,127	3,029,172

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