

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the audited financial statements, and is included herein for information purposes only.

(a) Differences between the financial statements prepared under IFRS and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the “Bank”) prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the “Group”), in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People’s Republic of China (the “PRC”), the Bank also prepares its statutory financial statements for the year ended 31 December 2005 in accordance with the Accounting Standards for Business Enterprises, the *Accounting Regulations for Financial Enterprises* (2001) and other relevant regulations issued by the Ministry of Finance of the PRC (collectively “PRC GAAP”). In the preparation of the Bank’s PRC statutory financial statements for the year ended 31 December 2005, the Bank changed its accounting policies, which are mainly relating to the measurement and recognition of financial assets, and the new accounting policies have been applied retrospectively.

There is no difference in the net profit attributable to shareholders of the Bank for the year ended 31 December 2005 or total equity attributable to shareholders of the Bank as at 31 December 2005 between the Group’s consolidated financial statements prepared under IFRS and the Bank’s statutory financial statements prepared under PRC GAAP.

(b) Liquidity ratios

	2005	2004
Renminbi current assets to Renminbi current liabilities	<u>59.08%</u>	<u>51.37%</u>
Foreign currency current assets to foreign currency current liabilities	<u>108.68%</u>	<u>71.15%</u>

The above liquidity ratios are calculated in accordance with the formula promulgated by the People’s Bank of China and China Banking Regulatory Commission and based on the Bank’s financial statements prepared under PRC GAAP.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

(c) Capital adequacy ratio

The capital adequacy ratio is prepared on a solo basis in accordance with the guideline *Regulation Governing Capital Adequacy of Commercial Banks* [Order (2004) No. 2] effective on 1 March 2004, which may have significant differences with the relevant requirements in the Hong Kong Special Administrative Region ("Hong Kong") of the PRC or other countries.

The capital adequacy ratios and the related components of the Bank at balance sheet date, calculated based on PRC GAAP, were as follows:

	2005	2004
Core capital adequacy ratio (note (i))	<u>11.08%</u>	<u>8.57%</u>
Capital adequacy ratio (note (ii))	<u>13.57%</u>	<u>11.29%</u>
<i>Components of capital base</i>		
Core capital:		
— Paid up ordinary share capital	224,689	194,230
— Reserves	<u>59,520</u>	<u>514</u>
	<u>284,209</u>	<u>194,744</u>
Supplementary capital:		
— General provision for doubtful debts	24,563	22,256
— Term subordinated bonds	<u>40,000</u>	<u>40,000</u>
— Total supplementary capital	<u>64,563</u>	<u>62,256</u>
Total capital base before deductions	348,772	257,000
Deductions:		
— Unconsolidated equity investments	<u>(1,528)</u>	<u>(1,012)</u>
Total capital base after deductions	<u>347,244</u>	<u>255,988</u>
Risk weighted assets	<u>2,558,956</u>	<u>2,267,467</u>

Notes:

(i) Core capital adequacy ratio is calculated by dividing the net amount of core capital after deductions of 50% of unconsolidated equity investments by risk weighted assets.

(ii) Capital adequacy ratio is calculated by dividing the total capital base after deductions by risk weighed assets.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

(d) Currency concentrations

	2005			Total
	US Dollars	HK Dollars	Others	
Spot assets	433,717	48,014	36,011	517,742
Spot liabilities	(151,271)	(30,922)	(23,360)	(205,553)
Forward purchases	100,048	6,513	7,368	113,929
Forward sales	(135,922)	(22,627)	(14,389)	(172,938)
Net option position	(181,580)	—	—	(181,580)
Net long position	64,992	978	5,630	71,600
Net structural position	—	203	12	215

	2004			Total
	US Dollars	HK Dollars	Others	
Spot assets	331,949	13,336	51,156	396,441
Spot liabilities	(115,362)	(13,911)	(35,095)	(164,368)
Forward purchases	29,827	5,312	3,631	38,770
Forward sales	(9,624)	(4,514)	(18,744)	(32,882)
Net option position	1	—	—	1
Net long position	236,791	223	948	237,962
Net structural position	—	121	15	136

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- Investments in fixed assets and premises, net of depreciation charges;
- Capital and statutory reserves of overseas branches; and
- Investments in overseas subsidiaries and related companies.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

(e) Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

For the purpose of these unaudited supplementary financial information, Mainland China excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

Cross-border claims include loans and advances, balances and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

Cross-border claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	2005			
	Banks and non-bank financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	123,597	1,479	17,183	142,259
— of which attributed to Hong Kong	83,578	903	6,165	90,646
Europe	74,108	3,805	5,897	83,810
North and South America	85,507	81,085	6,818	173,410
	<u>283,212</u>	<u>86,369</u>	<u>29,898</u>	<u>399,479</u>

	2004			
	Banks and non-bank financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	60,365	4,120	15,302	79,787
— of which attributed to Hong Kong	26,204	2,869	4,726	33,799
Europe	30,104	3,669	4,532	38,305
North and South America	48,486	107,006	6,718	162,210
	<u>138,955</u>	<u>114,795</u>	<u>26,552</u>	<u>280,302</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

(f) Overdue loans and advances to customers by geographic sector

	2005	2004
Yangtze River Delta	8,395	6,843
Pearl River Delta	13,965	14,944
Bohai Rim	18,178	13,999
Central	11,443	8,068
Western	14,019	9,990
Northeastern	6,181	5,938
Head office	2,234	2,399
Overseas	77	216
Total	74,492	62,397

Note: The above analysis includes loans and advances overdue for more than 90 days as required by the HKMA.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amount of these loans would be classified as overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

(g) Gross amount of overdue loans and advances to customers

	2005	2004
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
— between 3 and 6 months	11,475	14,883
— between 6 and 12 months	15,567	14,313
— over 12 months	47,450	33,201
Total	74,492	62,397
As a percentage of total gross loans and advances to customers:		
— between 3 and 6 months	0.47%	0.67%
— between 6 and 12 months	0.63%	0.64%
— over 12 months	1.93%	1.49%
Total	3.03%	2.80%

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

Year ended 31 December 2005 (Expressed in millions of Renminbi unless otherwise stated)

(g) Gross amount of overdue loans and advances to customers (Cont'd)

Notes:

(i) The above analysis includes loans and advances overdue for more than 90 days as required by the HKMA.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amount of these loans would be classified as overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

(ii) There were no overdue loans and advances to financial institutions as of 31 December 2005 and 2004.

(h) Rescheduled loans and advances to customers

	2005		2004	
		% of total loans and advances		% of total loans and advances
Rescheduled loans and advances to customers	5,012	0.20%	2,563	0.12%
Less:				
— rescheduled loans and advances to customers but overdue more than 90 days	<u>1,319</u>	0.05%	<u>1,128</u>	0.05%
Rescheduled loans and advances to customers overdue less than 90 days	<u>3,693</u>	0.15%	<u>1,435</u>	0.07%