



**中国建设银行**  
China Construction Bank

# 2007 Interim Results



27 August 2007 Hong Kong

# Presentation Team



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# Exceptional Financial Performance

Key Financials	1H2007	1H2006		Change
Net interest income	RMB 89.21 Bn	RMB 65.29 Bn		36.7%
Net fee & commission income	RMB 12.66 Bn	RMB 6.27 Bn		101.8%
Operating income	RMB 99.79 Bn	RMB 70.86 Bn		40.8%
Profit before tax	RMB 50.54 Bn	RMB 32.81 Bn		54.0%
Net profit	RMB 34.26 Bn	RMB 23.22 Bn		47.5%
EPS	RMB 0.15	RMB 0.10		RMB 0.05
ROAE	20.88%	15.67%		5.21 pps
ROAA	1.18%	0.95%		0.23 pps
NPL ratio	2.95%	3.51%		0.56 pps
Coverage ratio	90.67%	71.37%		19.3 pps
Cost to income ratio	37.35%	41.65%		4.3 pps

# Promoting Strategic Transformation

## Strategic Moves

Establish a professional marketing team

Advance outlets transformation

Enhance the infrastructure development

Improve the incentive mechanism

Improve Risk Management and Internal Control

## Goals for Strategic Transformation

Equal Emphasis on wholesale and retail business

Equal Emphasis on traditional and new business

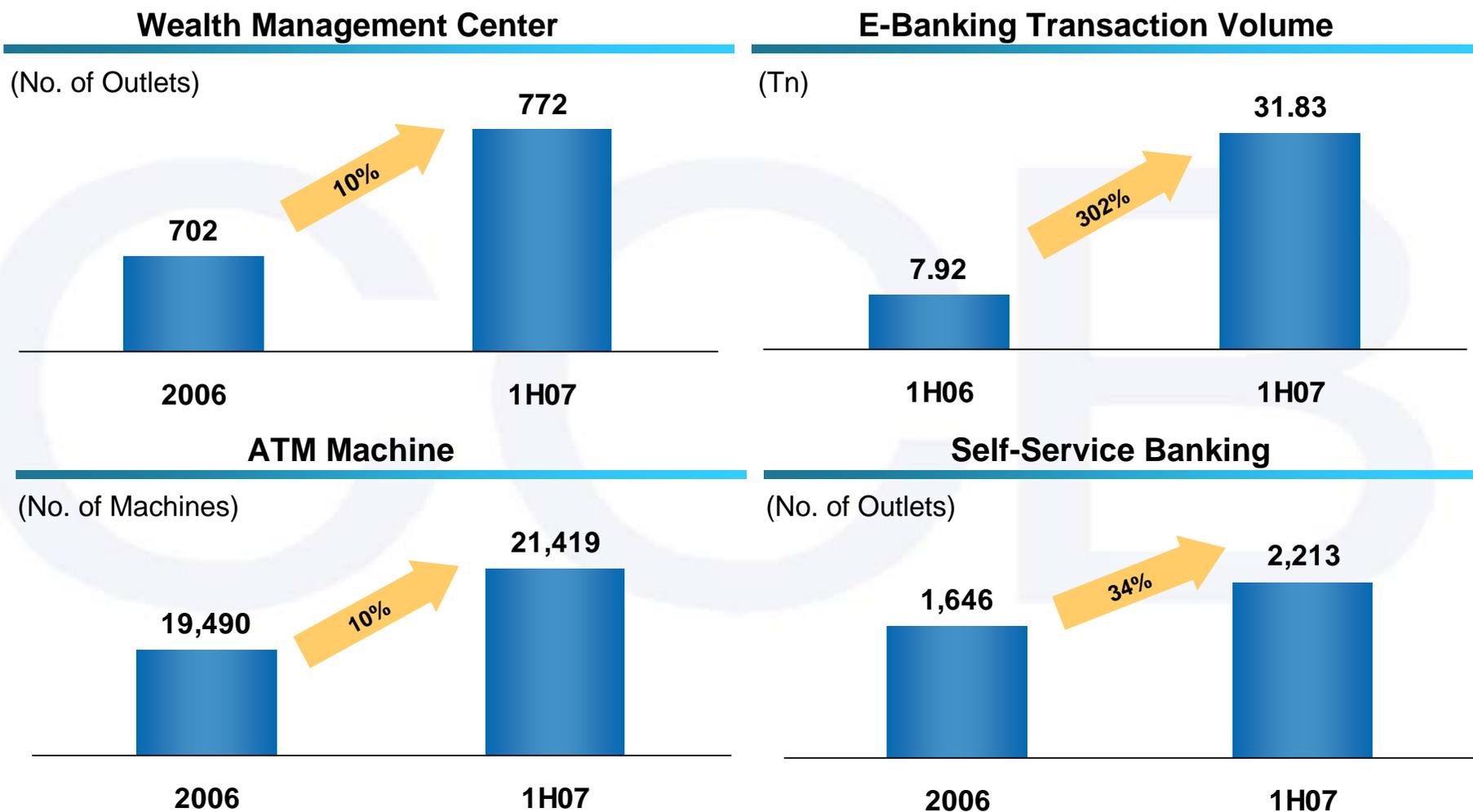
Equal Emphasis on spread and fee income

Equal Emphasis on domestic and overseas markets

A comprehensive bank

# Equal Emphasis on Development of Wholesale and Retail Business – Advancing Outlet Transformation and Network Development

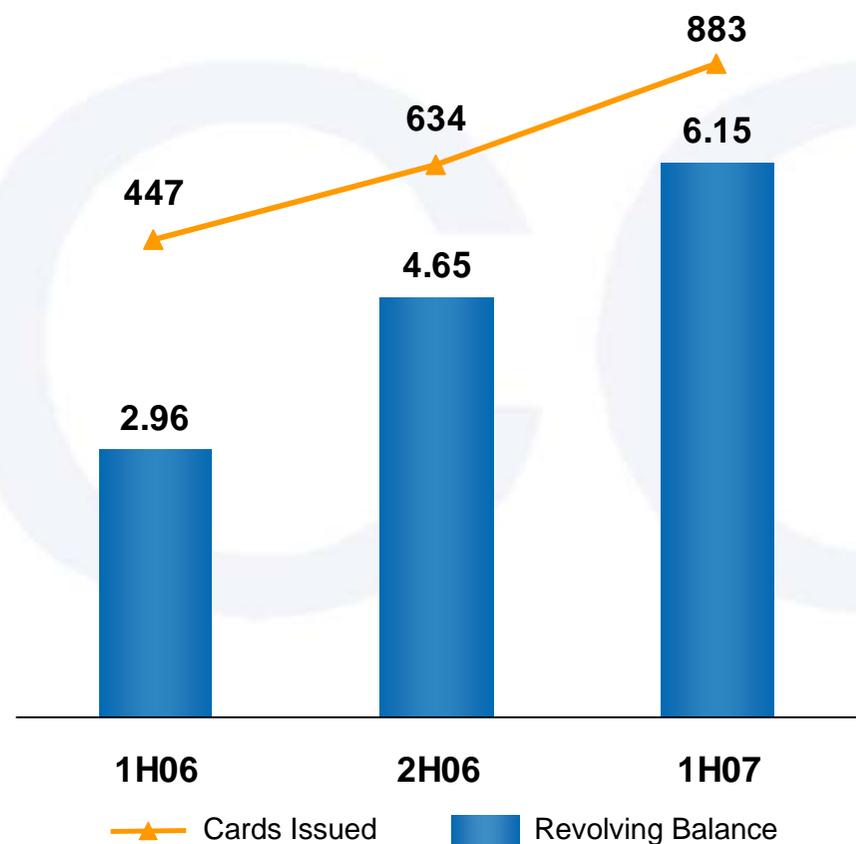
Completed Transformation of 1,320 Outlets in 1H07



# Equal Emphasis on Wholesale and Retail Business – Maintaining Leading Position in Retail Banking in China

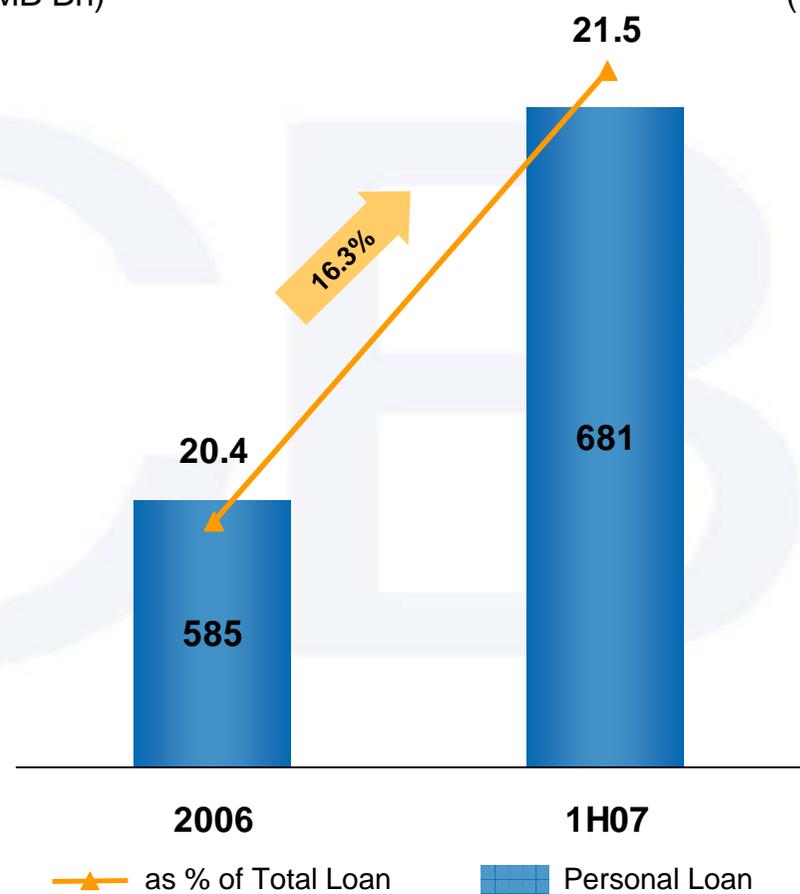
**Top Runner in Credit Card Revolving Balance and Number of Cards Issued**

(RMB Bn) (In 10,000 Cards)



**No.1 in Personal Loan Growth and Balance**

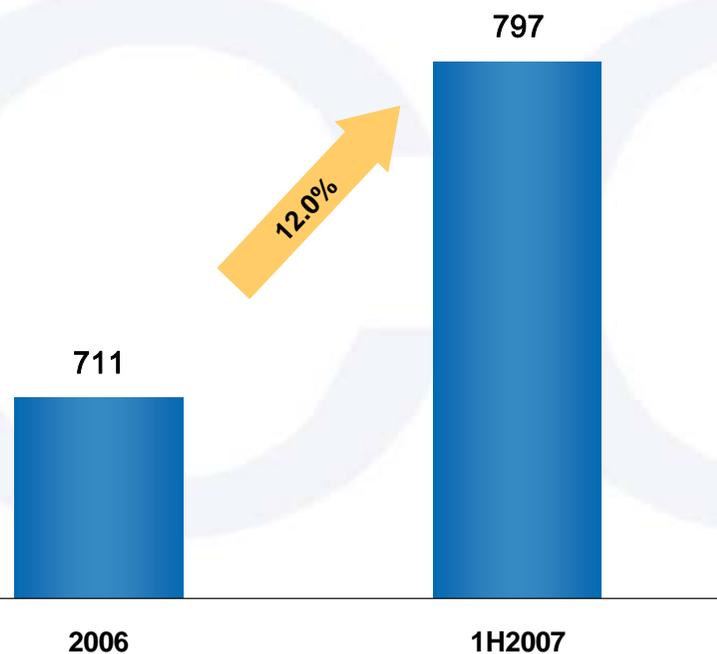
(RMB Bn) (%)



# Equal Emphasis on Traditional and New Business – Continuing to Sustain Advantages in Traditional Business

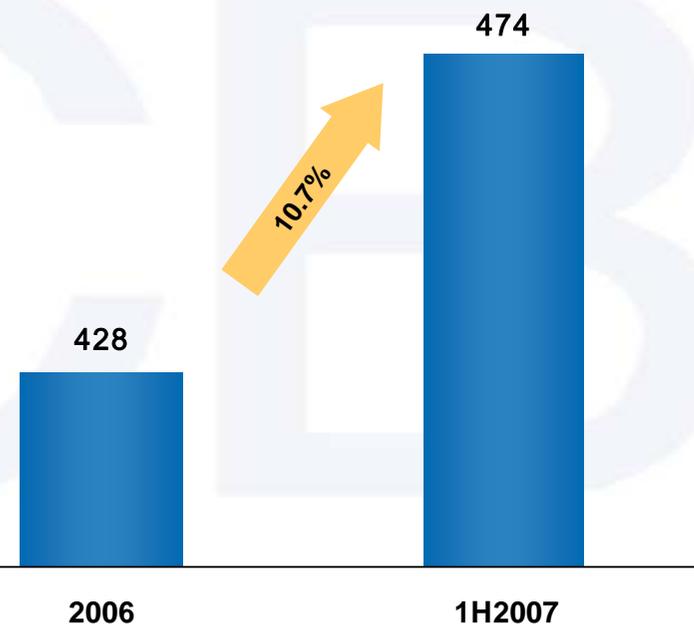
## Leading Position in Infrastructure Loans

(RMB Bn)



## No. 1 in Residential Mortgage Business

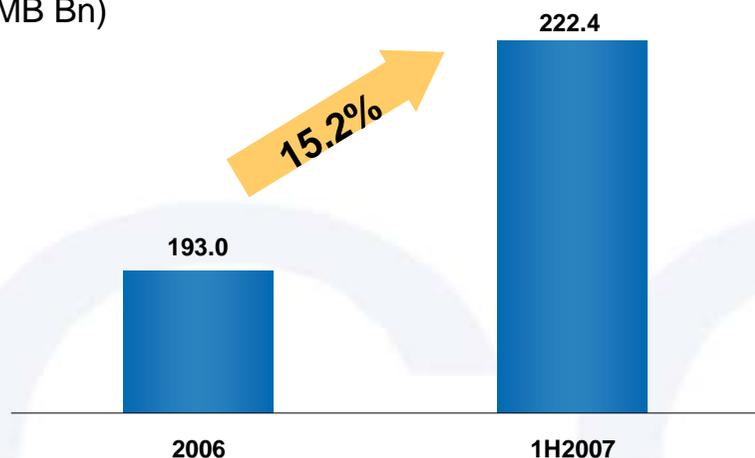
(RMB Bn)



# Equal Emphasis on Traditional and New Business – Excellent Growth in New Business

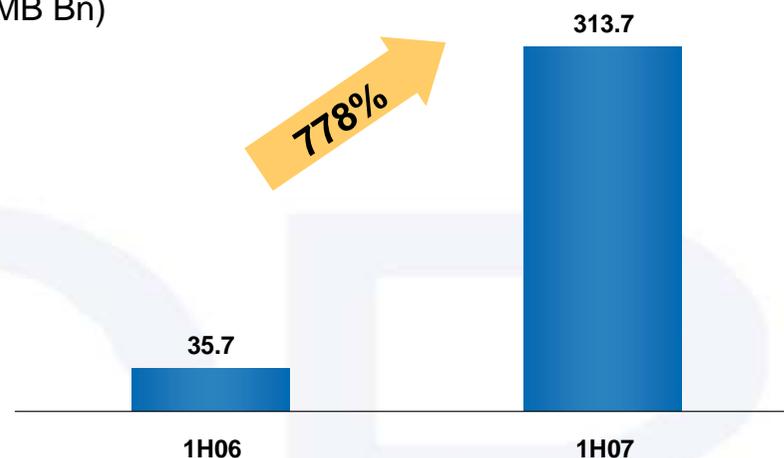
### SME Loans

(RMB Bn)



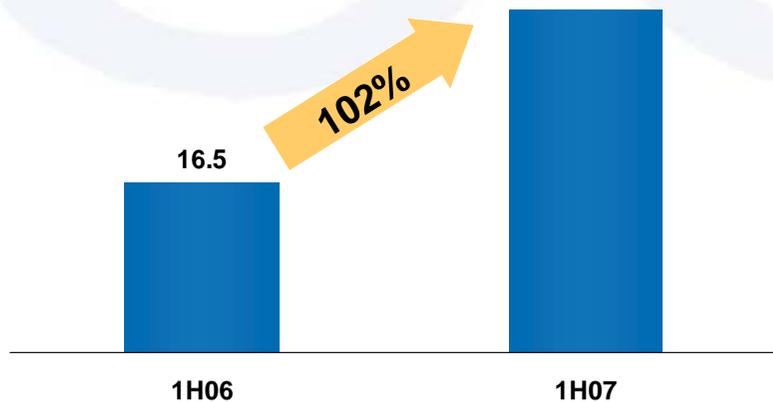
### Agency Fund Sales

(RMB Bn)



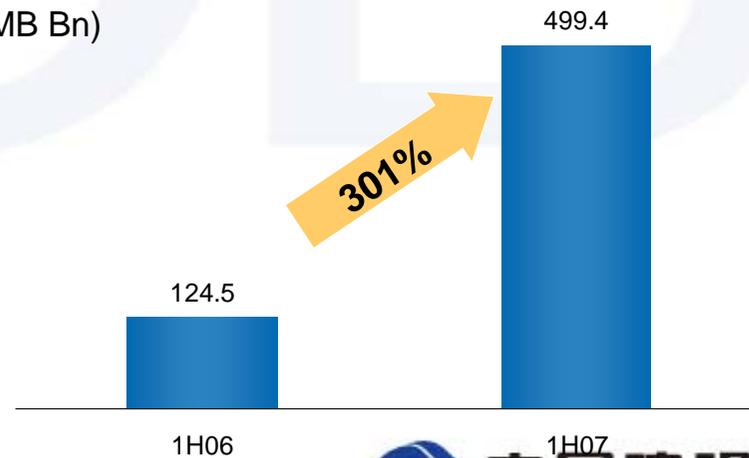
### RMB & Foreign Currency Wealth Management Product Sales

(RMB Bn)



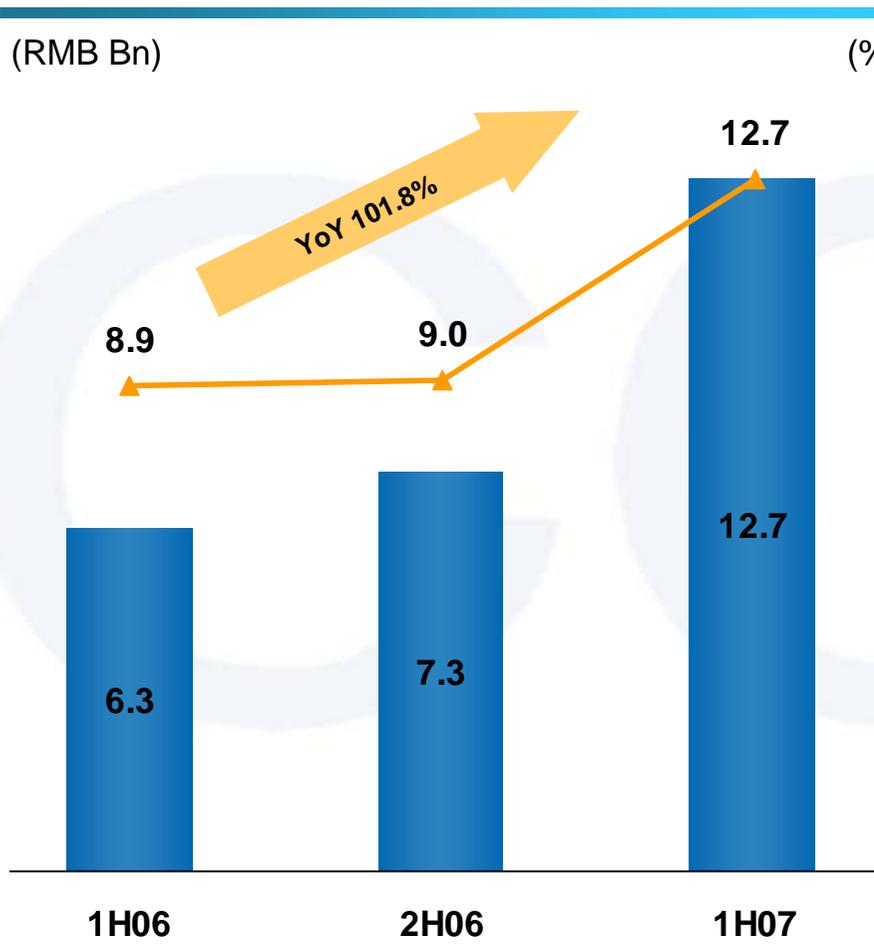
### Net Value of Assets Under Management

(RMB Bn)

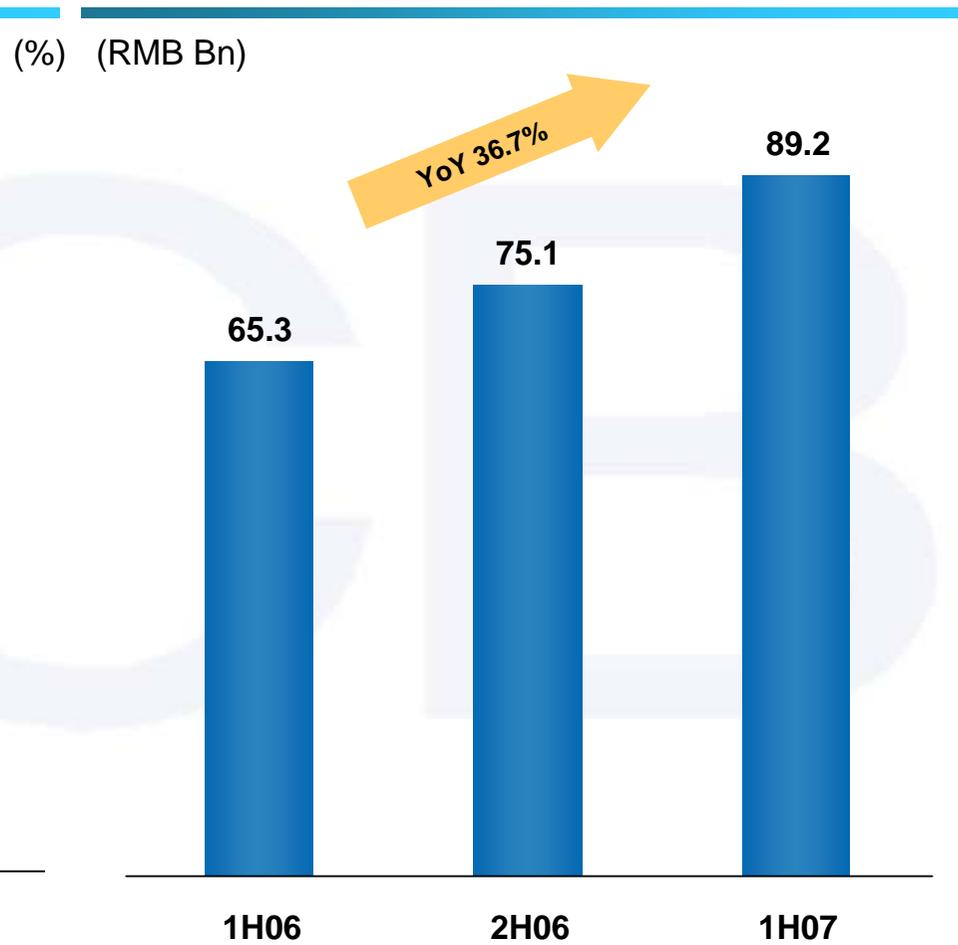


# Equal Emphasis on Spread and Fee Income Business

## Industry Leader in Net Fee and Commission Income Growth



## Net Interest Income

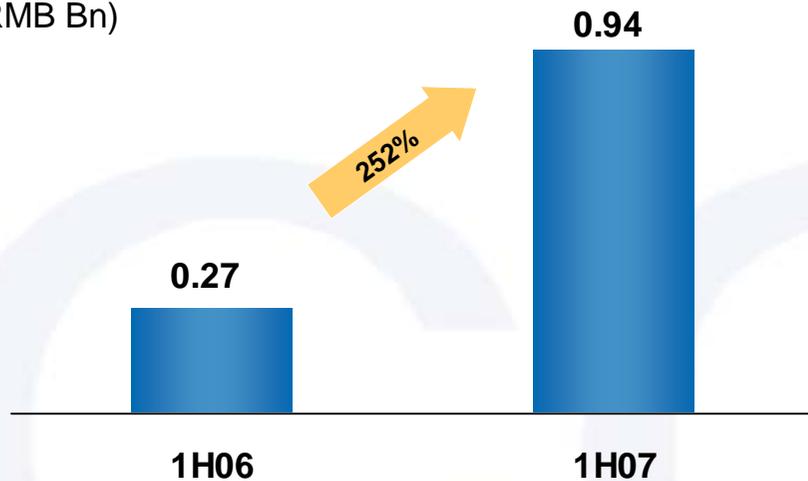


as % of Operating Income     
 Net Fee and Commission Income

# Equal Emphasis on Domestic and Overseas Markets

## Significant Growth in Profitability of Overseas Business

(RMB Bn)



**Strengthened Domestic and Overseas Business Integration**

- ◆ Established mutually beneficial mechanism and co-servicing team
- ◆ Planned 89 joint FX loan projects and 79 IPO projects among CCB Hong Kong, CCB International and domestic branches

## Milestones in Overseas Network Establishment

- ◆ Application for Sydney Representative Office was approved by the Australian Prudential Regulation Authority
- ◆ Application for Vietnam Branch was approved by the China Banking Regulatory Commission

# Moving towards A Comprehensive Bank

## Investment Banking Business

- ◆ Income from investment banking business amounted to RMB 1.269 Bn, more than doubling YoY growth
- ◆ Engineering cost consulting and financial advisory business achieved 62% YoY growth
- ◆ IPO, Pre-IPO, principal investment, direct investment, M&A and restructuring
- ◆ No.1 in issuance of credit-asset-backed wealth management trust products

## CCB Principal Asset Management

- ◆ Assets under management reached RMB 41.82 Bn, with PBT of RMB 139.24 MM and PAT of RMB 99.56 MM

## Financial Leasing Business

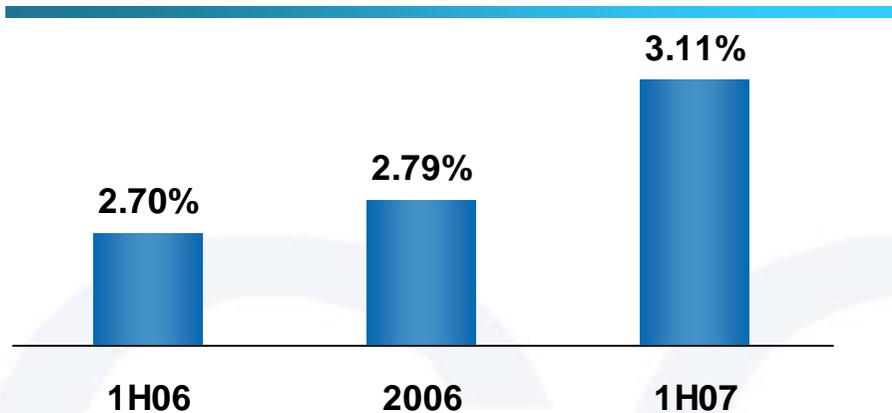
- ◆ Planning to establish a joint-venture for financial leasing business
- ◆ Aimed to enhance CCB's financial services offerings and develop the financial leasing business

## Corporate Management Model for Credit Card Business

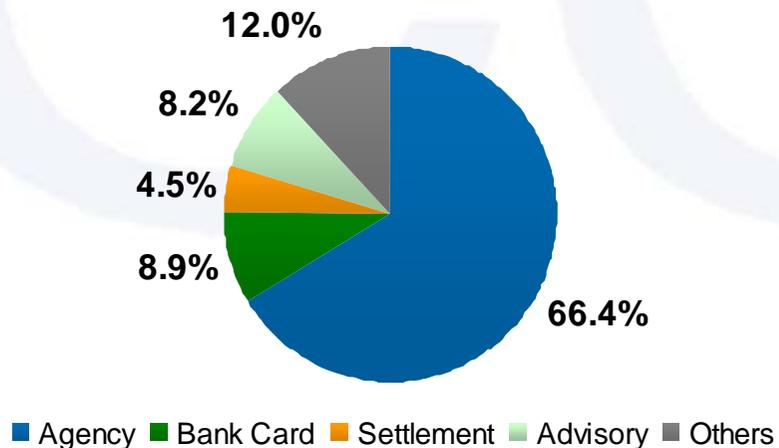
- ◆ Established credit card center management committee
- ◆ Management committee mandated to manage operation, finance and HR

# Significantly Improved Profitability

## Net Interest Margin



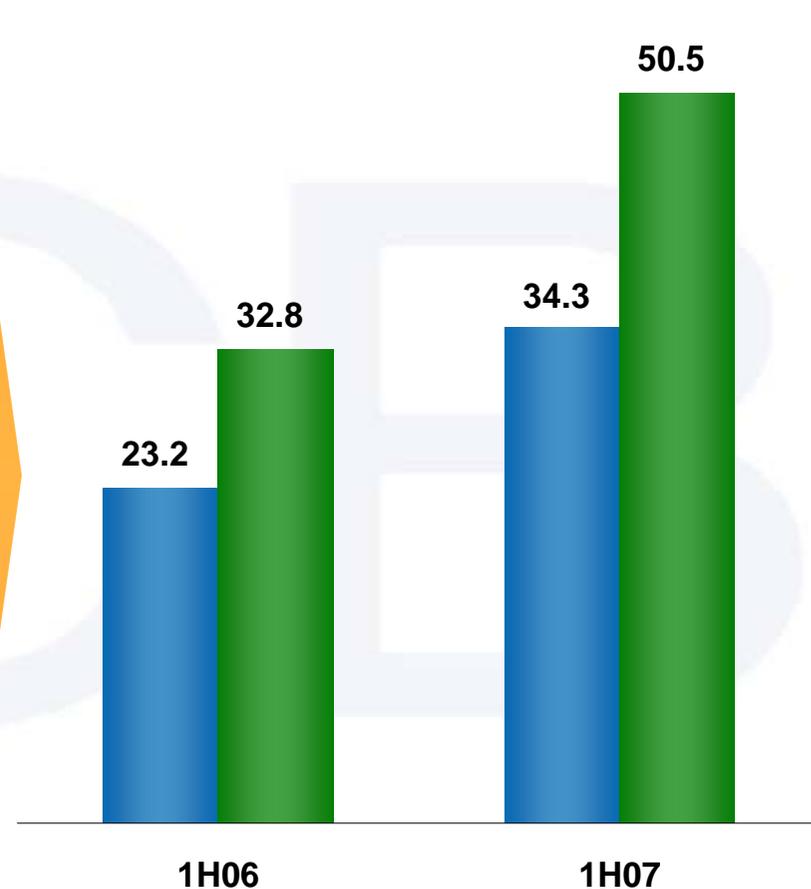
## YoY Increase and Breakdown of Net Fee & Commission Income



RMB 6.386 Bn YoY Increase in 1H2007

## Profit Growth

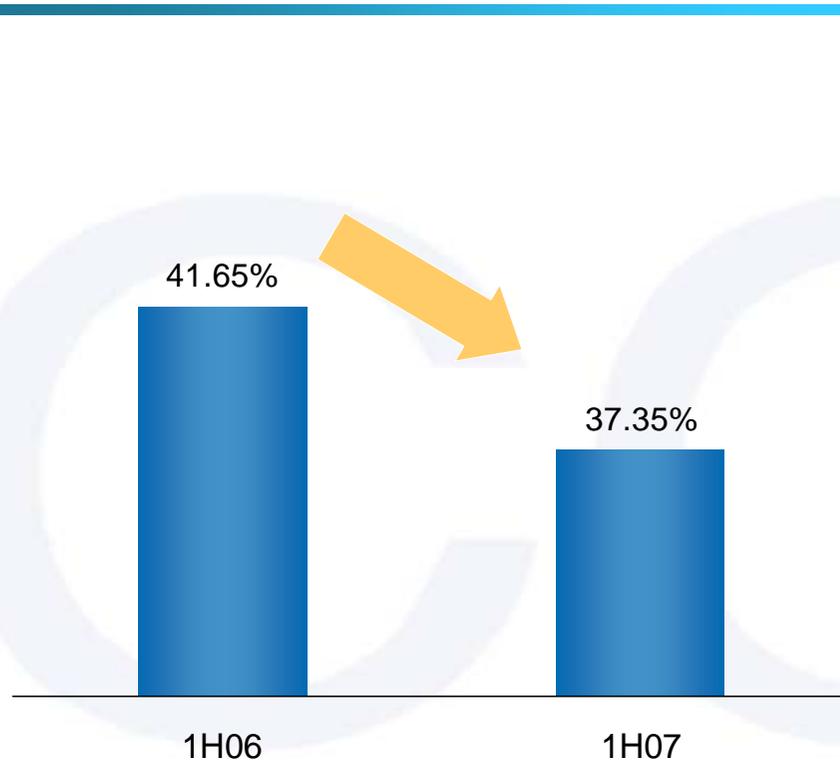
(RMB Bn)



Profit After Tax Profit Before Tax

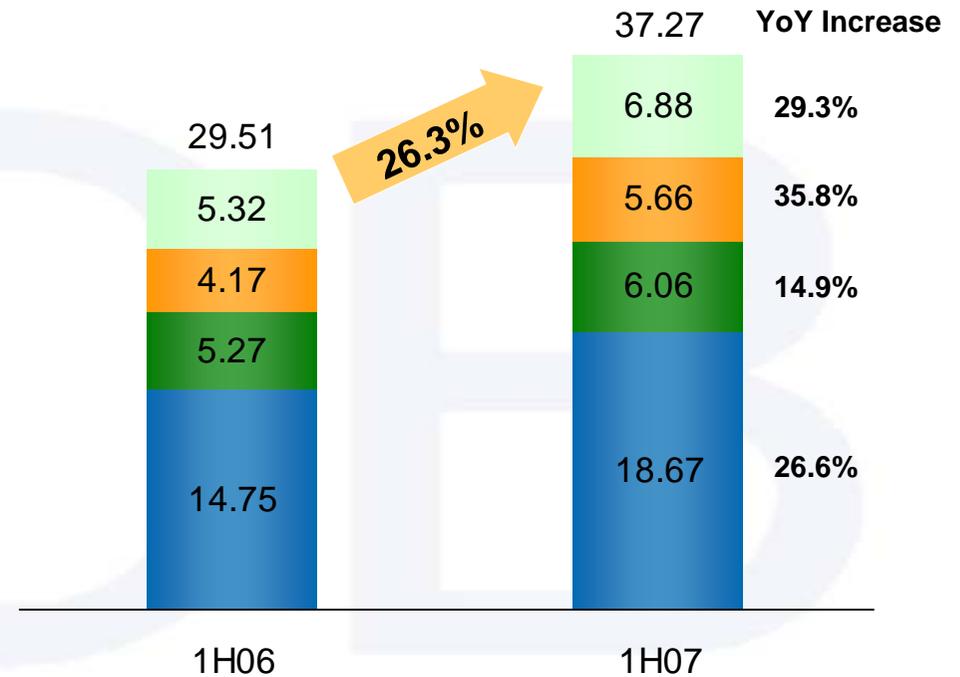
# Further Strengthening of Cost Control

## Cost / Income Ratio Further Decreases



## Reasonable G&A Expense Increase

(RMB Bn)

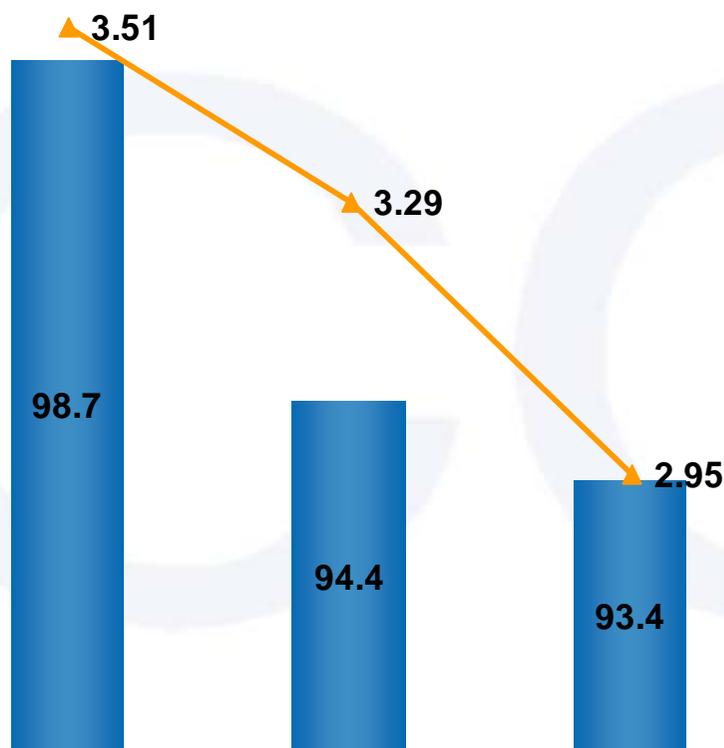


- Other G&A Expenses
- Business Tax and Surcharge
- Property and Equipment Expenses
- Staff Cost

# Asset Quality Continues to Improve

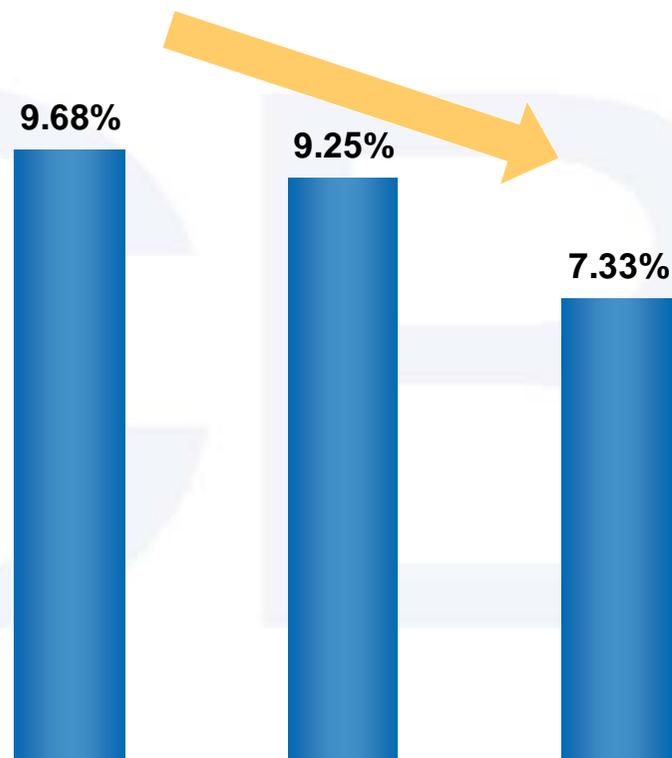
## Declining NPL and NPL Ratio

(RMB Bn)



## Declining Special Mention Loans

(%) (As % of Total Loans)



1H06                      2006                      1H07

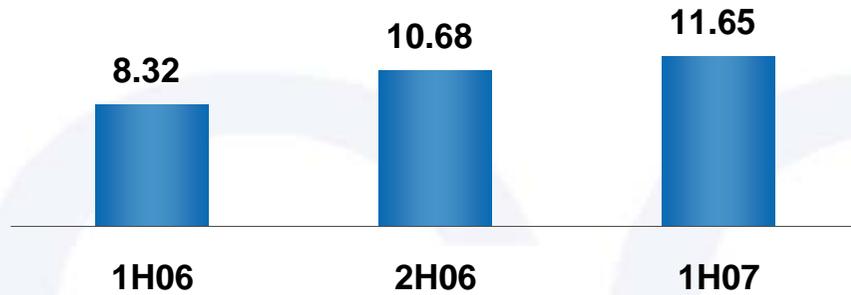
1H06                      2006                      1H07

■ NPL                      ▲ NPL Ratio

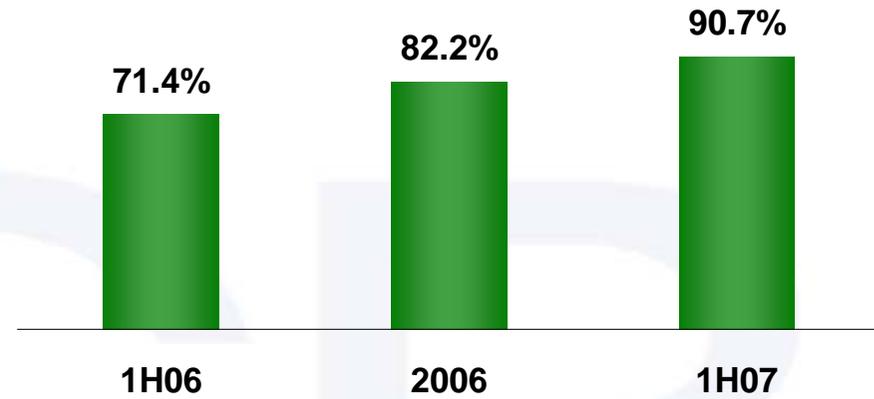
# Coverage Ratio Further Strengthened

Provision for Impairment Loss

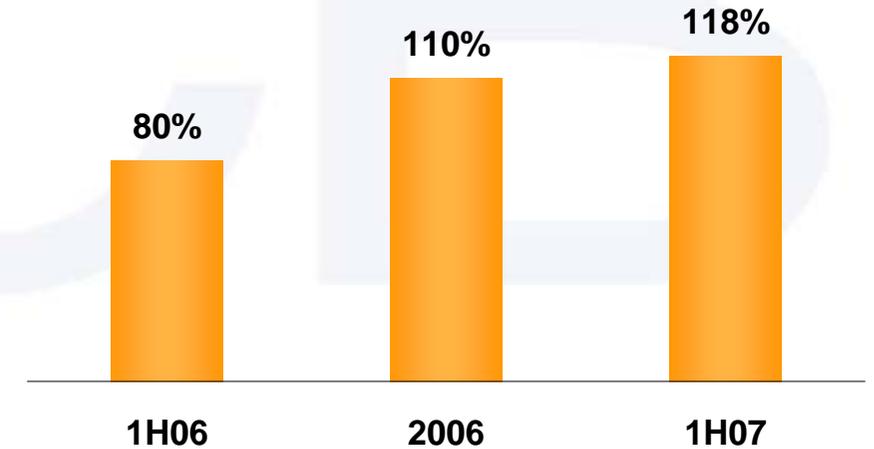
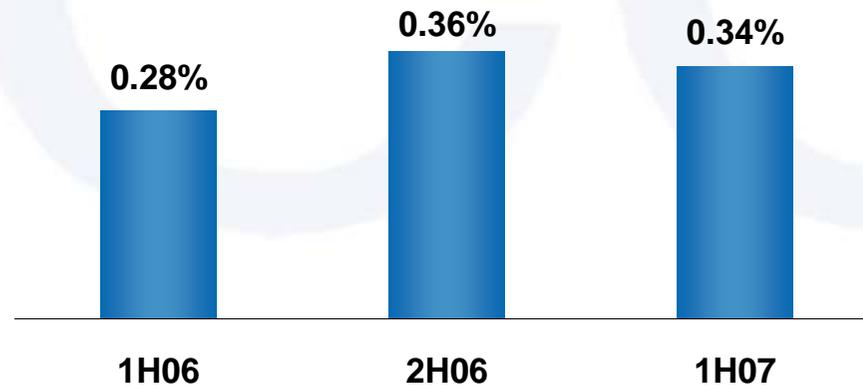
(RMB Bn)



Coverage Ratio



Credit Cost (1)



**Note**

1. Excluding provision for interest income on NPLs: RMB 0.45 Bn in 1H06, RMB 0.44 Bn in 2H06, RMB 0.98 Bn in 1H07

■ Coverage Ratio under IFRS

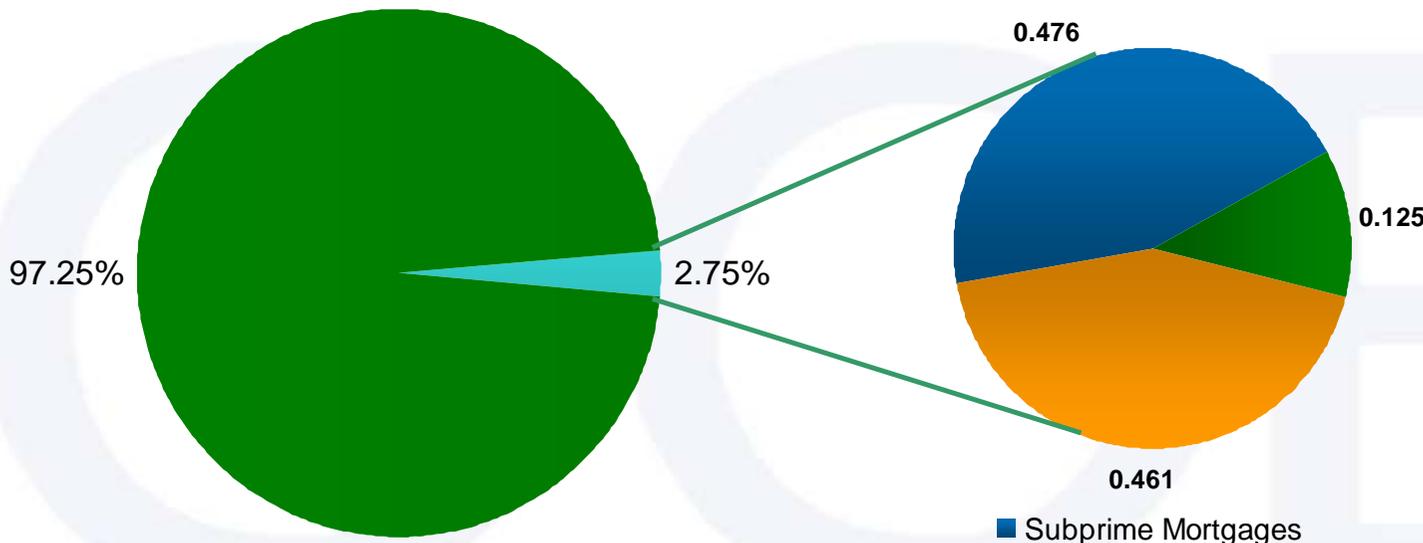
■ Including General Provision

# Effective Risk Management on Foreign Currency Denominated Bond Investment

Foreign Currency Denominated Bond Portfolio

Subprime Mortgage Related Bonds Totaling USD 1.062 Bn (USD Bn)

USD 18 MM provision has been made in 1H07



- Subprime Related Securities
- Treasury Bonds, Government Agency Bonds, Corporate Debts and others

- Subprime Mortgages
- Second Lien MBS
- CDO

# Solid Capital Base

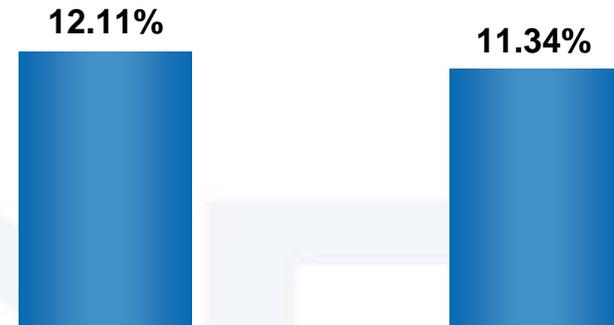
Core CAR



2006

1H07

Total CAR



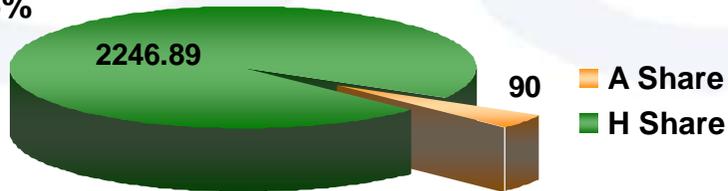
2006

1H07

## To Issue No More Than 9 Bn A Shares in 2007

(In 100MM shares)

≥ 96.15%



≤ 3.85%

- ◆ Increase CAR
- ◆ Facilitate better capital management

# Industry and Market Recognition



**中国建设银行**  
China Construction Bank



# Outlook – Opportunities & Challenges

## Opportunities & Challenges

- ◆ Fast growing economy in China
- ◆ Increasing threats from inflation and financial asset bubble
- ◆ Uncertainties for RMB interest and exchange rates
- ◆ Adjustment to industrial structure by the Chinese Government
- ◆ Volatility of Capital market

## Corresponding Measures

- ◆ Closely monitor developments in domestic and overseas economies to facilitate better decision-making and management
- ◆ Closely monitor government macro policies and prevent operating risks
- ◆ Continue to advance strategic transformation and improve business structure
- ◆ Strengthen capital management and financial market operations
- ◆ Reinforce product innovation and improve customer service quality



# CCCB

**Q & A**



CCCB

**Thank You!**