



中国建设银行
China Construction Bank

2009 Interim Results Announcement

Beijing / Hong Kong

24 August 2009



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Performance Overview

Business Development and Financial Performance

Outlook



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Key Financials

(RMB Mn)

At Period-end

	30 June 2009	31 December 2008	Change
Net Loans and Advances to Customers	4,409,152	3,683,575	 19.70%
Total Assets	9,110,171	7,555,452	 20.58%
Deposits from Customers	7,610,022	6,375,915	 19.36%
Total Liabilities	8,603,637	7,087,890	 21.39%
Total Equity Attributable to Shareholders	504,776	465,966	 8.33%
Core Capital Adequacy Ratio	9.30%	10.17%	 87 bps
Capital Adequacy Ratio	11.97%	12.16%	 19 bps
NPL	1.71%	2.21%	 50 bps
NPL Coverage Ratio	150.51%	131.58%	 1893 bps



Key Financials (Cont'd)

	1H09	2H08	1H08	YoY Change	HoH Change
Net Interest Income (RMB Mn)	102,468	113,840	111,080	-7.75%	-9.99%
Net Fee and Commission Income (RMB Mn)	23,422	18,278	20,168	16.13%	28.14%
Pre-tax Profit (RMB Mn)	72,469	44,086	75,655	-4.21%	64.38%
Net Profit (RMB Mn)	55,841	33,950	58,692	-4.86%	64.48%
EPS (RMB)	0.24	0.15	0.25	-4.00%	60.00%

	1H09	2008	1H08	Change vs.2008	
Annualized ROAE	22.54%	20.68%	26.36%		186 bps
Net Interest Margin	2.46%	3.24%	3.29%		78 bps



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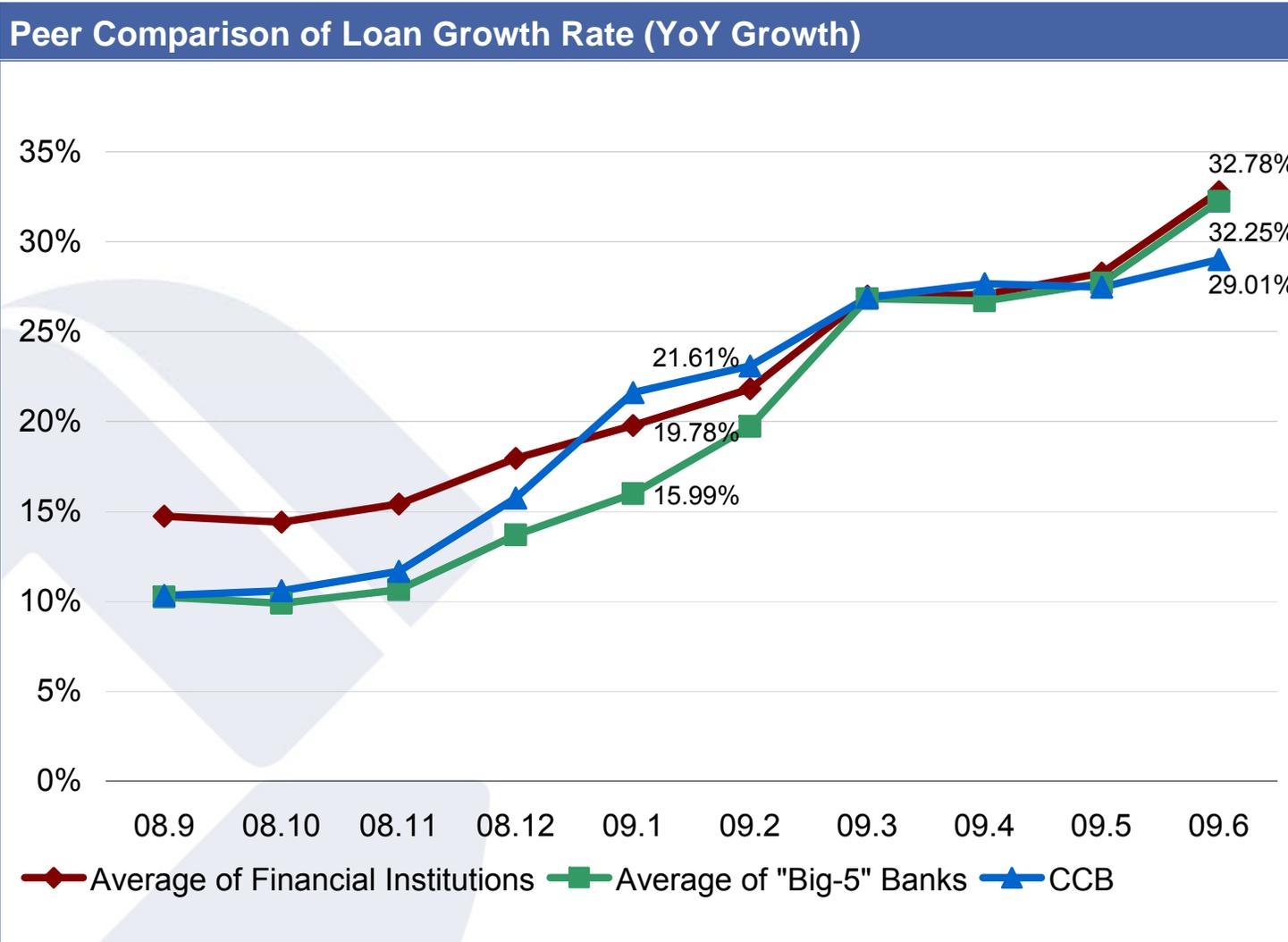


Proactive and Prudent Credit Lending Policy

- ◆ Quantitative control of total credit exposure
- ◆ Adjust the pace of loan growth to reasonable levels
- ◆ Optimize loan structure
- ◆ Strengthen advantages in traditional businesses
- ◆ Actively expand business into areas of people's livelihood
- ◆ Stringent control of credit risks



Proactive and Prudent Credit Lending Policy (Cont'd)



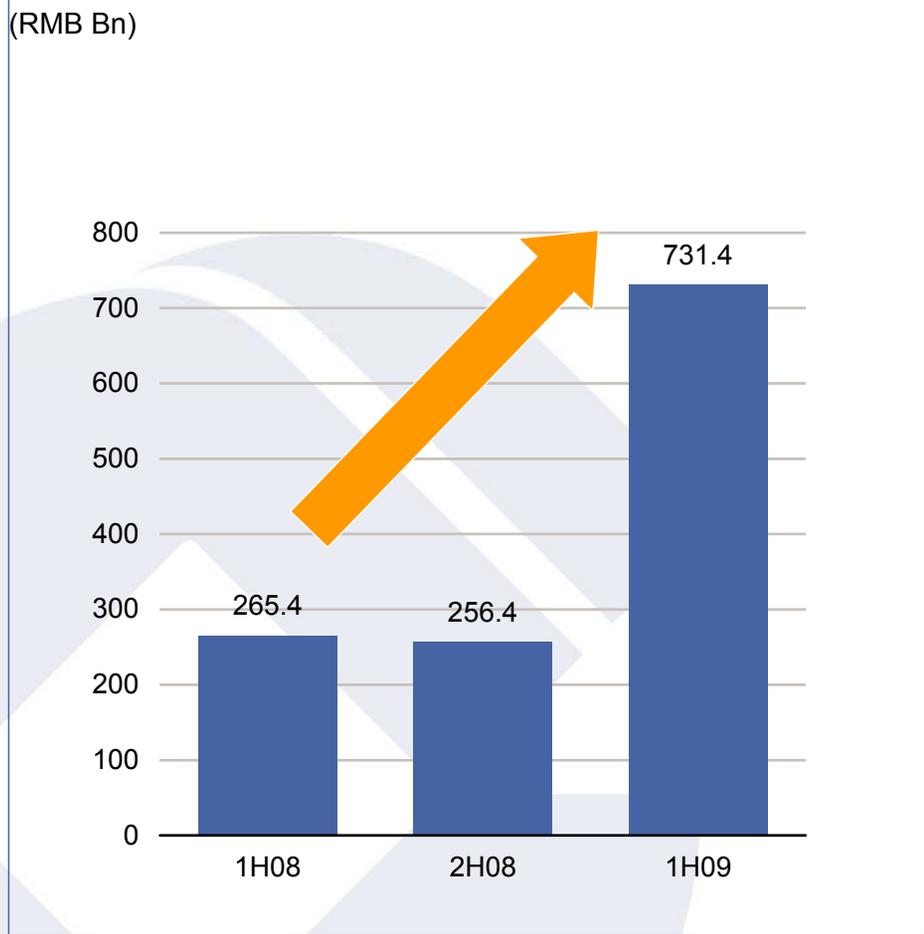
(1) Source: PBoC



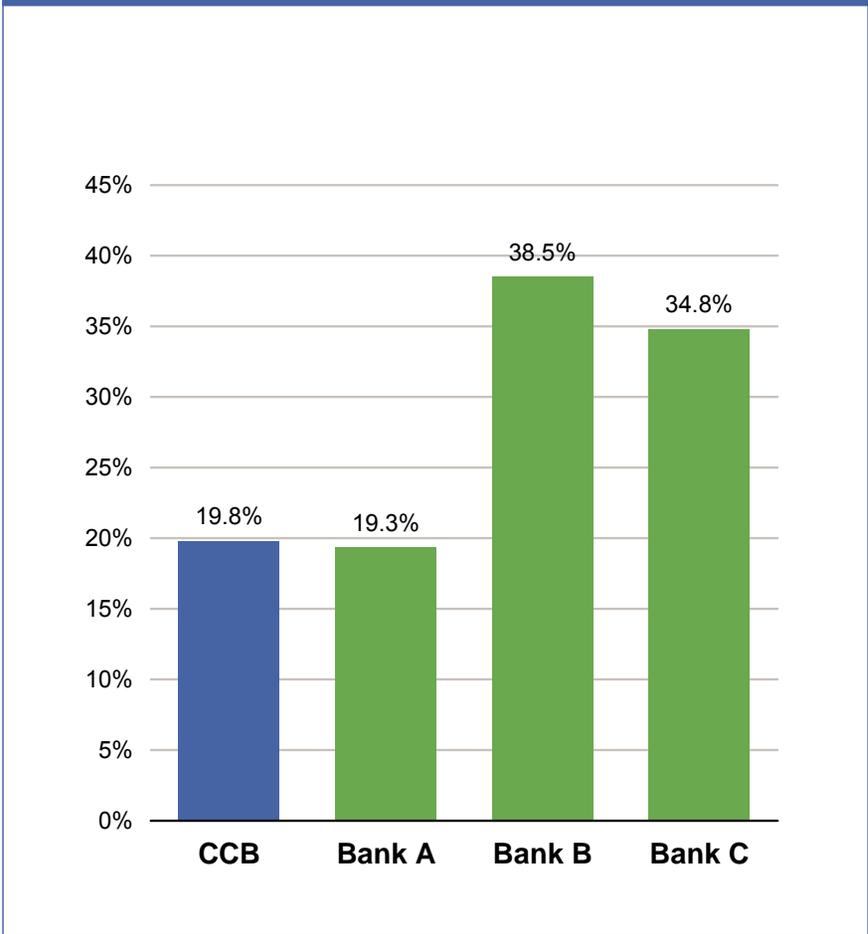
Proactive and Prudent Credit Lending Policy

Quantitative Control of Total Credit Exposure

New Loans Hit Historical Record High



Peer Comparison of RMB Loan Growth Rate¹

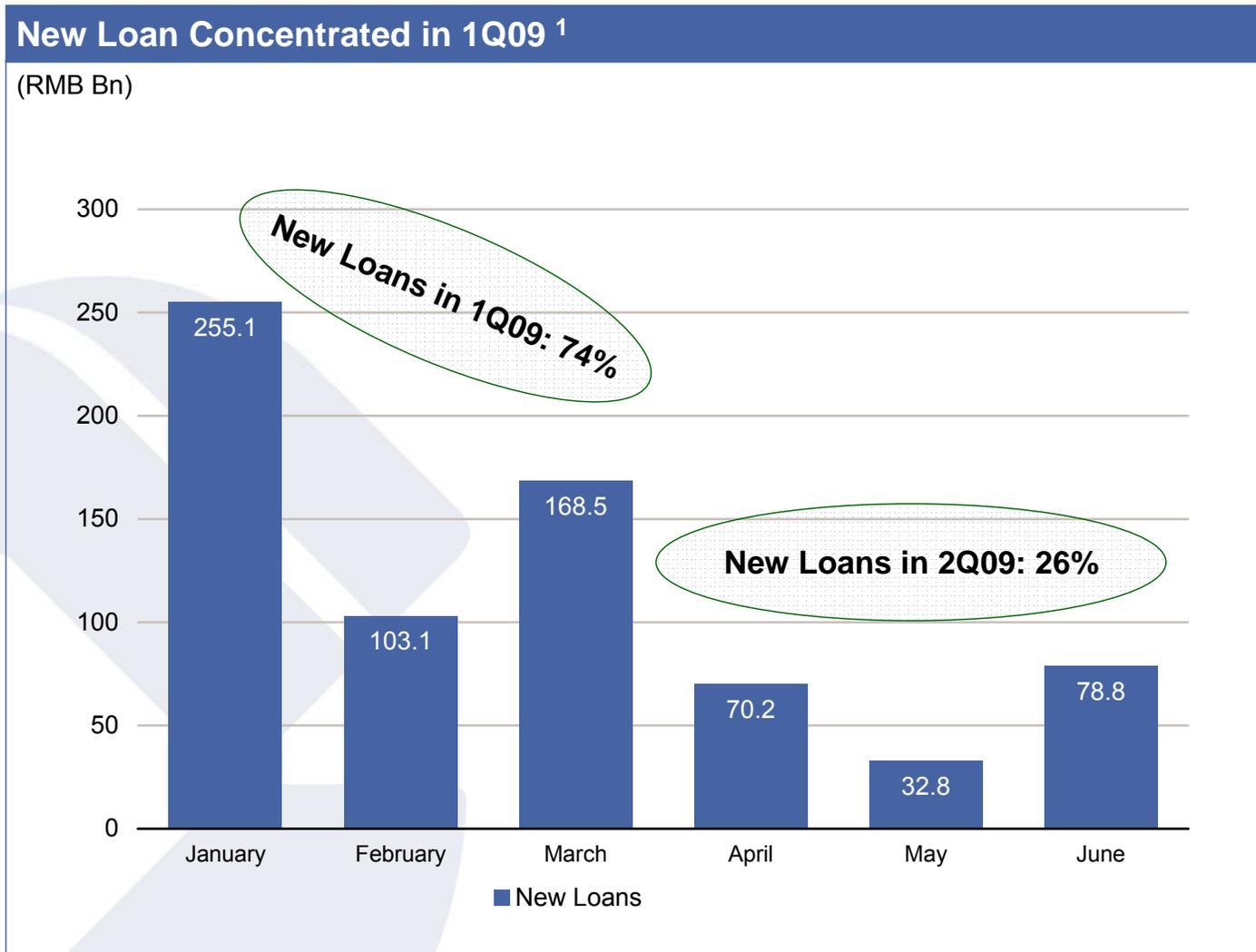


(1) Source: PBoC



Proactive and Prudent Credit Lending Policy

Adjust the Pace of Loan Growth to Reasonable Levels



(1) Source: PBoC

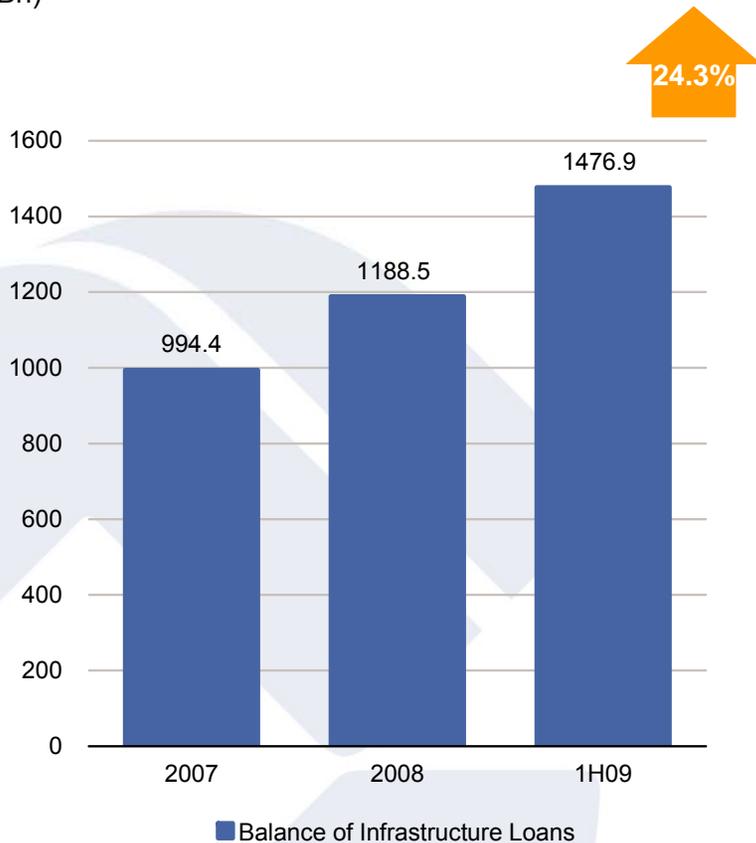


Optimizing Loan Structure

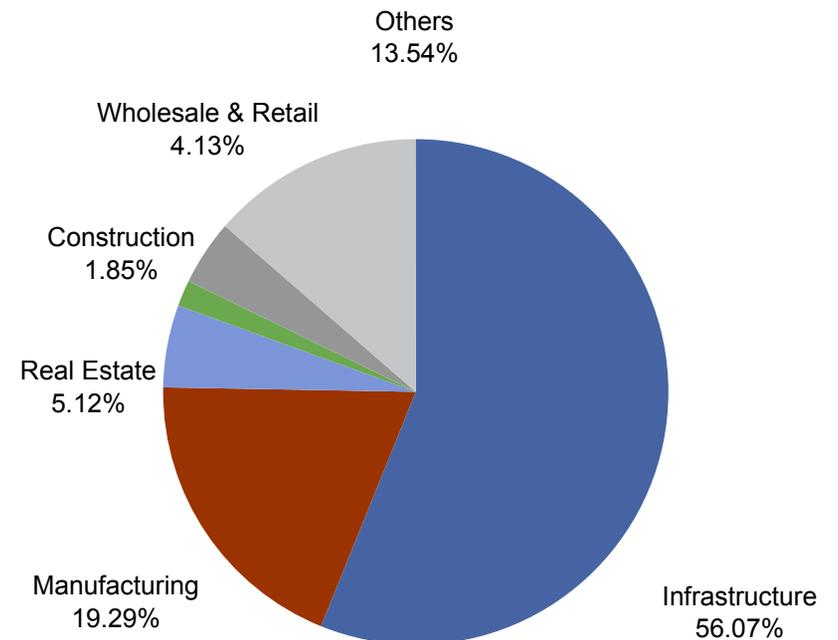
Infrastructure Loans Have Maintained Rapid Growth

YTD Growth of Infrastructure Loans Up by 24.3%

(RMB Bn)



New Corporate Loans Mostly in Infrastructure Related Industries

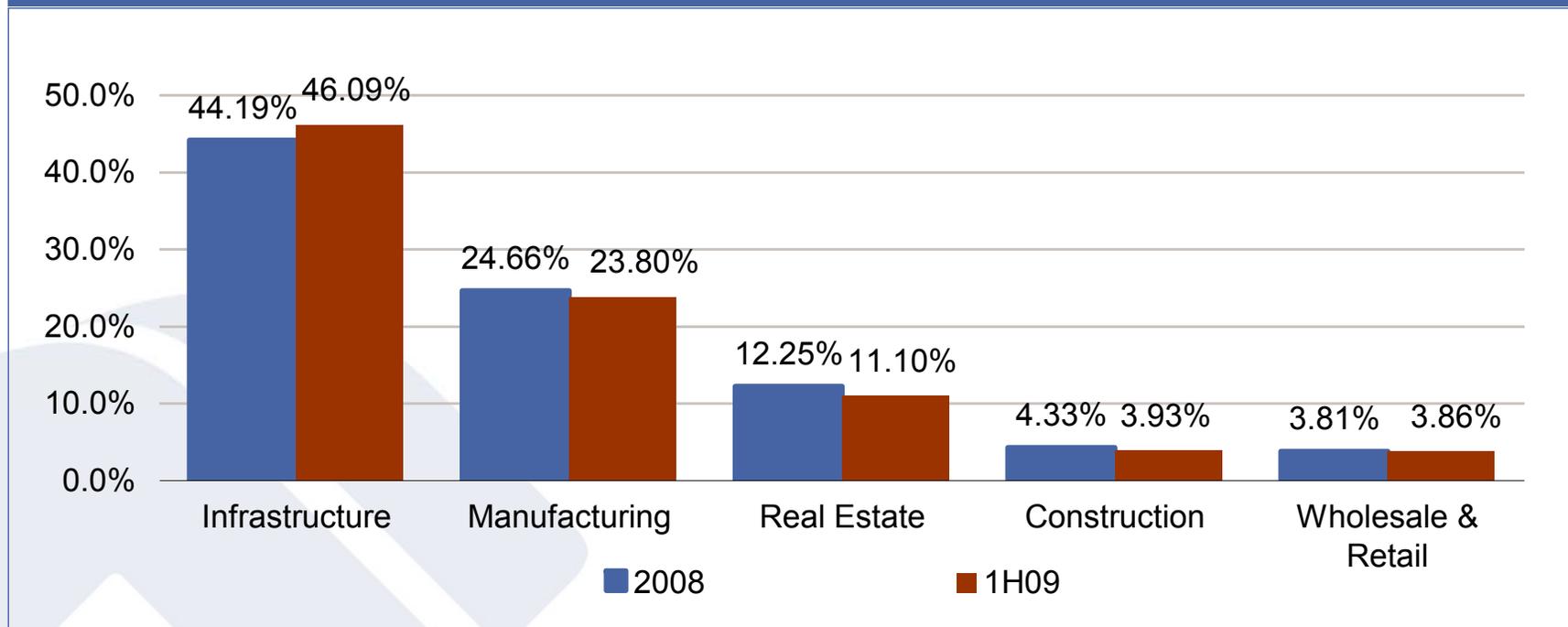




Optimizing Loan Structure

More Reasonable Loan Structure Across Sectors

Change of Corporate Loan Structure



Extending Loans to Key Areas

- Participated in 462 projects of the RMB 4 trillion stimulus package, among which national key projects accounted for 80%
- Key project loans accounted for 32% of total corporate loans

Withdrawing from High-risk Industries

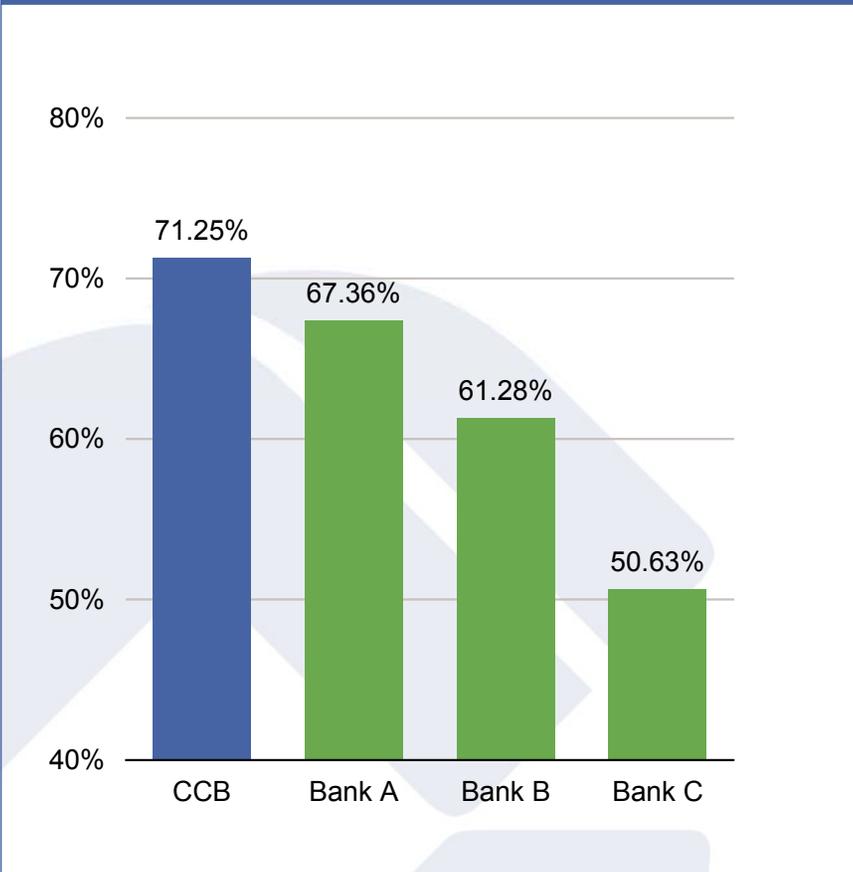
- Withdrawing from high-risk Industries with severe pollution, high energy consumption and excess capacity
- Reduced loans in high-risk industries by RMB 29.4Bn



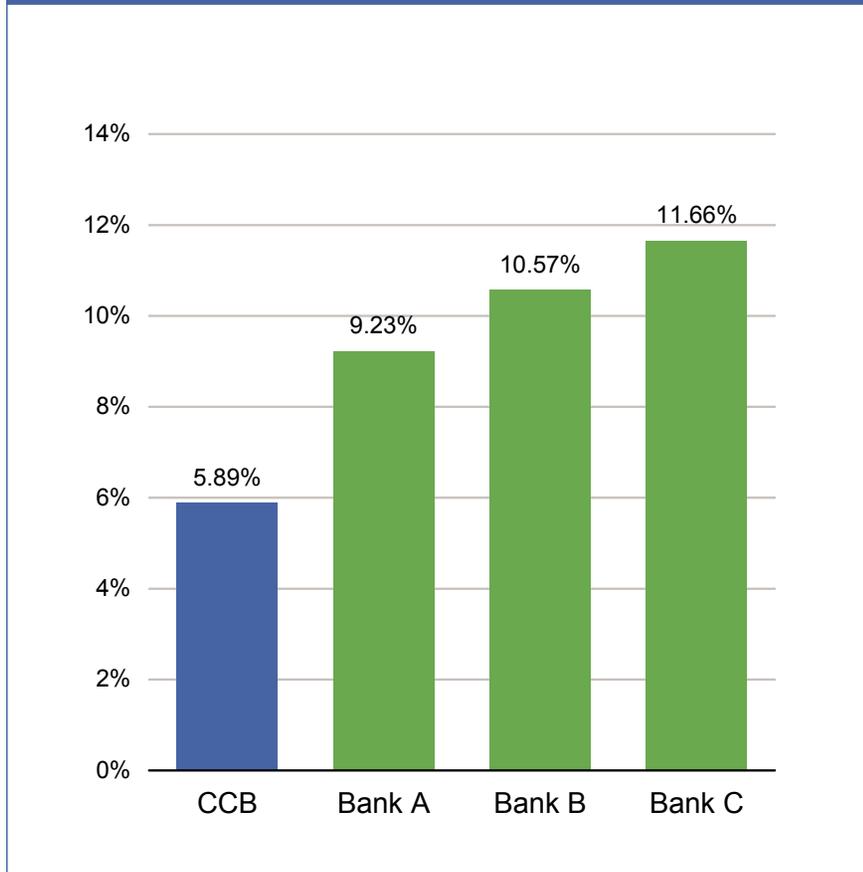
Optimizing Loan Structure

Highest Percentage of Medium-to-long Term Loans Among Peers

Medium-to-long Term Loans as % of Total Outstanding Loan Balances ¹



Discounted Bill as % of Outstanding Loan Balances ¹



(1) Source: PBoC

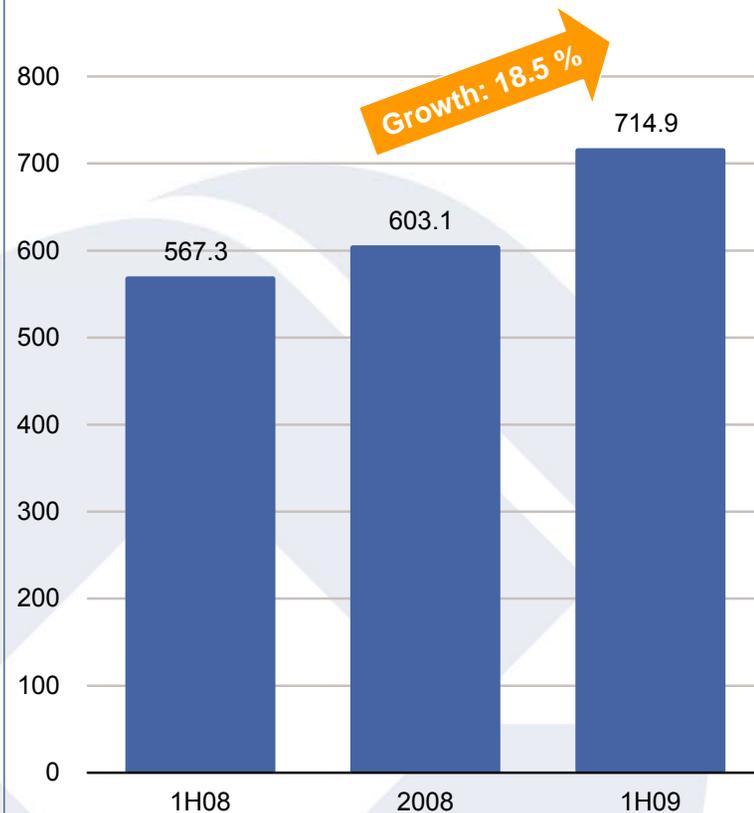


Optimizing Loan Structure

Strengthening Advantage in Residential and Property Finance Business

Outstanding Balance and Increments of Personal Mortgage Loans Continued to Rank #1 among Peers

(RMB Bn)



Residential and Property Finance Business Maintained Healthy and Rapid Growth

Personal Mortgage Loans

- Focus on fulfilling the needs of principal residence (both primary and secondary housing)
- Actual mortgage collateral rate: 51.5%
- NPL: 0.59%, down by 23 bps compared to the beginning of the year

Housing Reform Finance Business

- Market share in the housing deposit market: 55%
- Market share in Personal Housing Provident Fund loan market: 48%



Effective Credit Risk Control

Measures of Risk Control

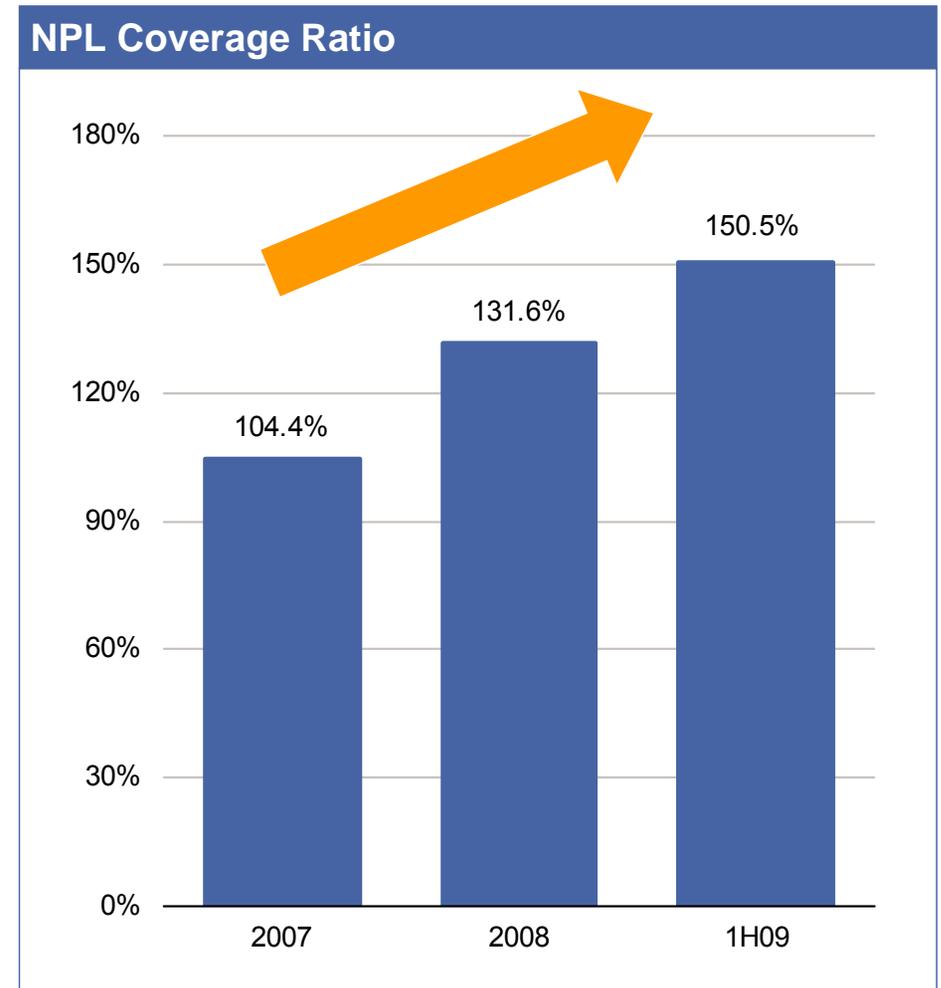
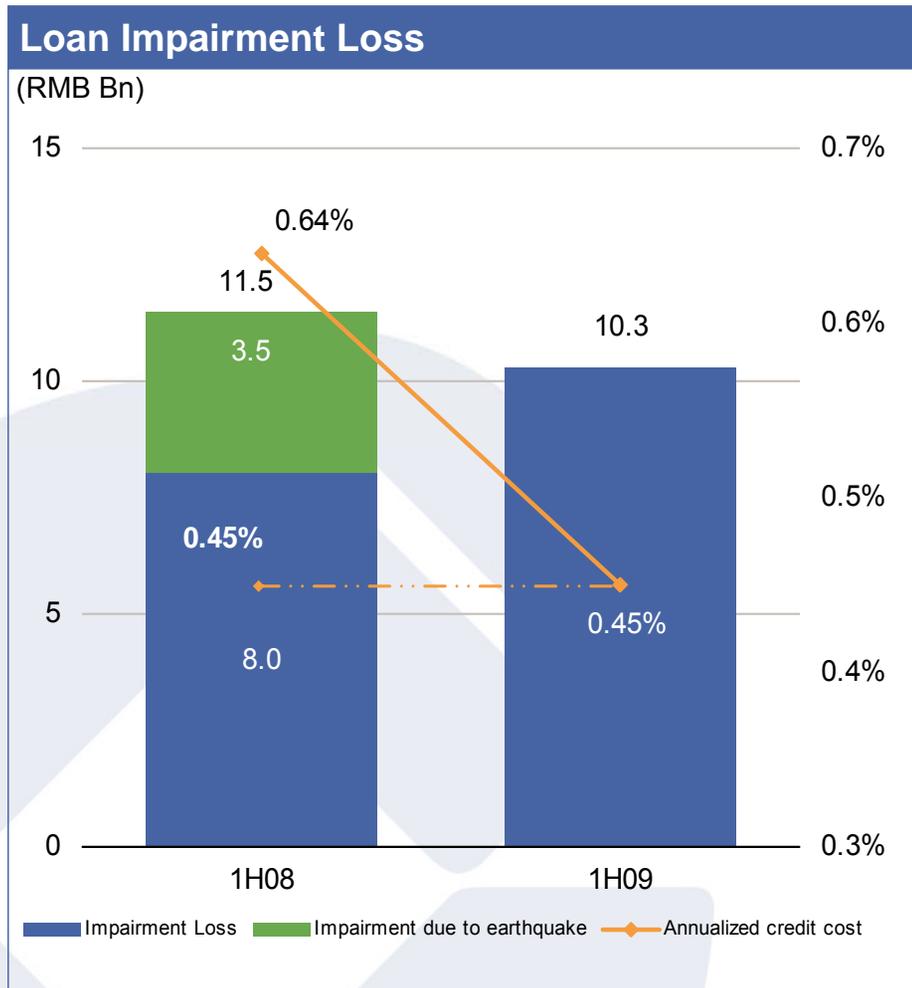
Quality Loan Growth with Balanced Risk and Profitability

- ❖ Optimize loan structure with “penetrate, maintain, control, constrain, withdraw” strategy
- ❖ Strict entry criteria and approval procedures of credit management
 - Dynamic appraisal of infrastructure projects; credit authorization management of government financing platform
 - Maintain a watch list of certain industries; industry risk limit management
- ❖ Post-lending management
 - “CEWM” – Corporate customer precaution and tracking risk management system
 - Disposed NPLs of RMB 19.6Bn, up by RMB 6.3Bn compared to the same period last year



Effective Credit Risk Control

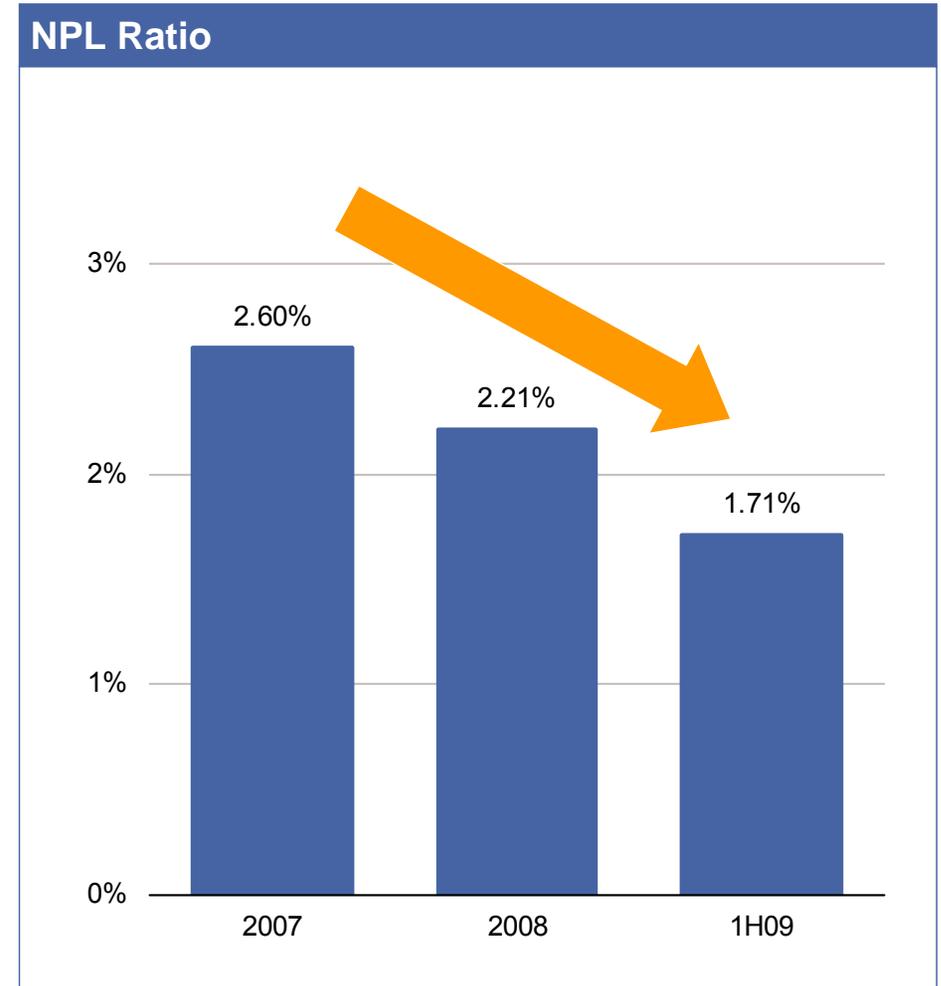
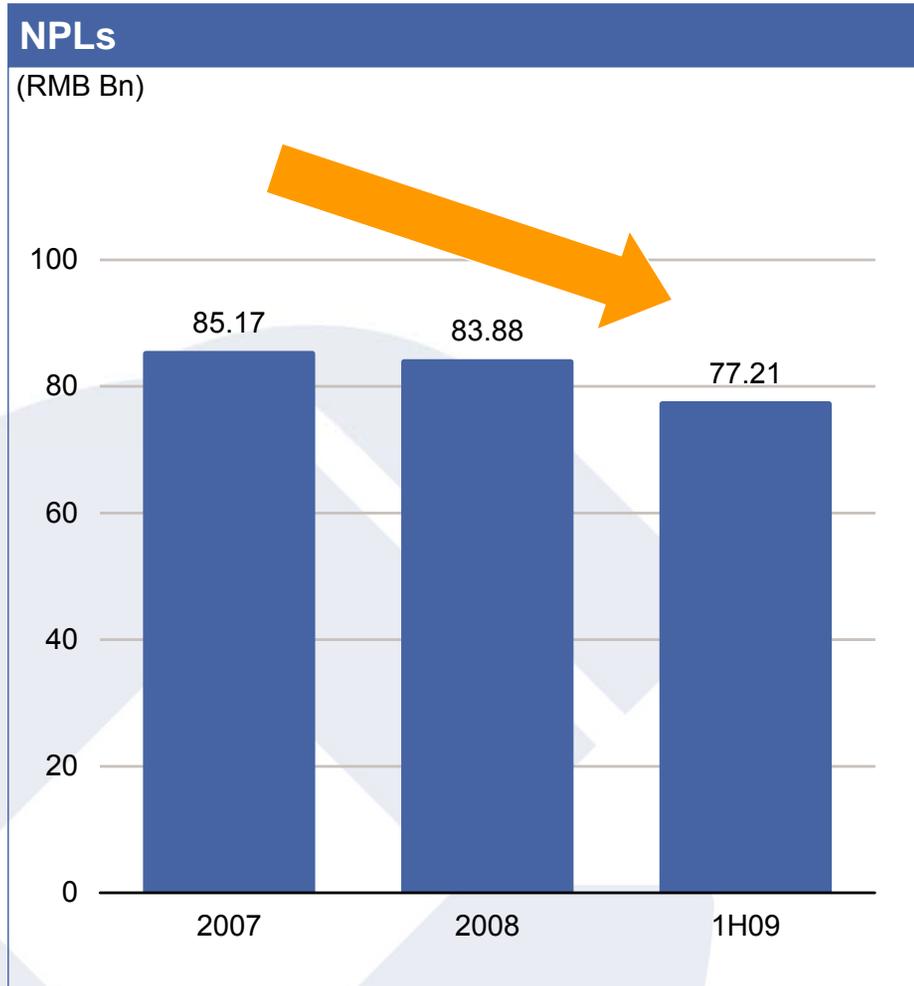
Improved NPL Coverage Level





Effective Credit Risk Control

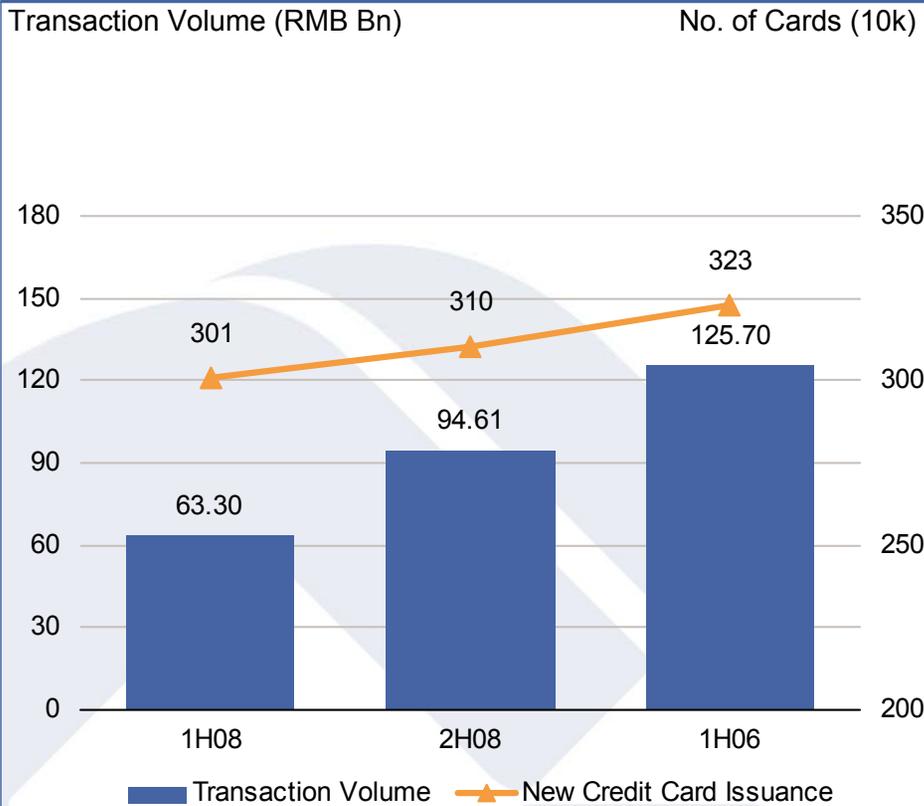
Ensuring Loan Quality



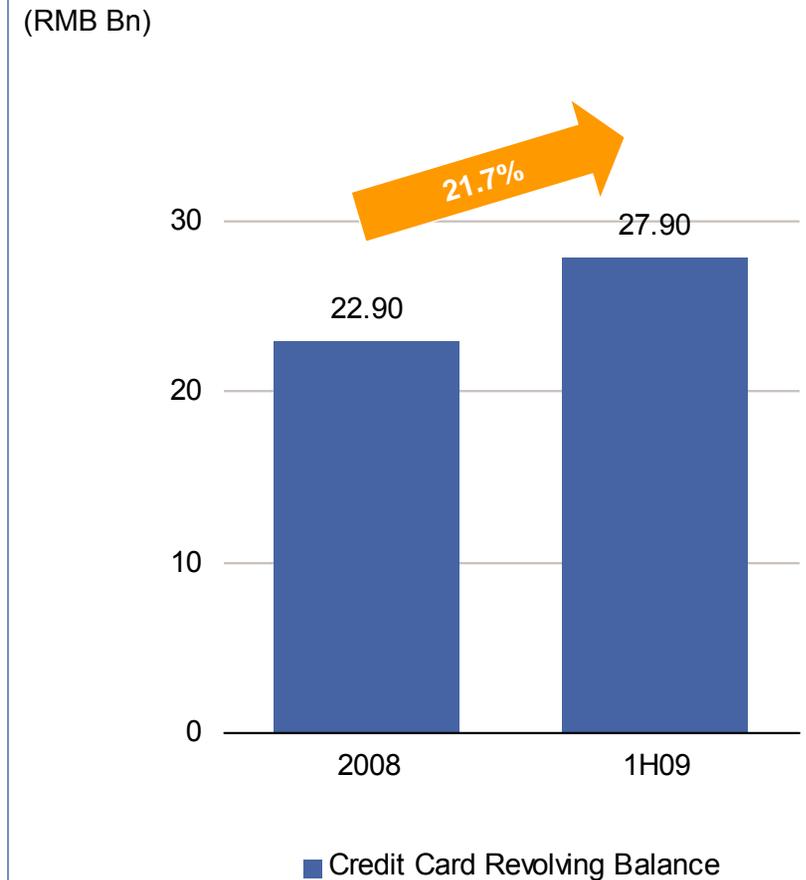


Highest Increase in Credit Card Revolving Balance Among Peers

Issuance of New Credit Cards: 3.23 Mn



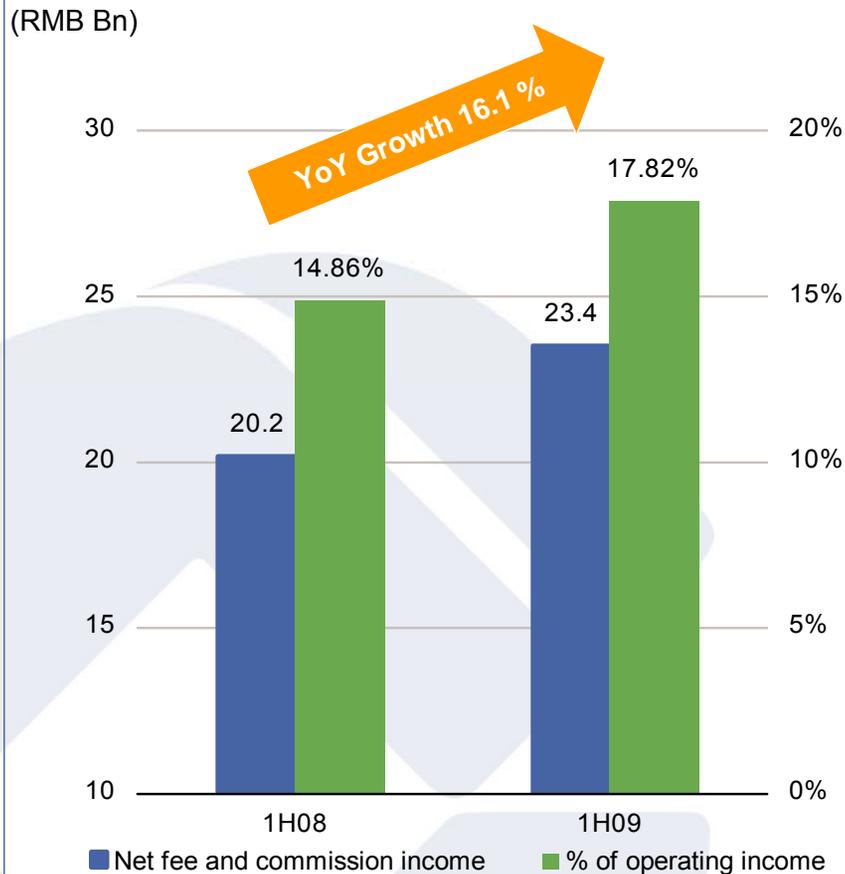
Increase in Credit Card Revolving Balance: RMB 4.97Bn





Rapid Growth of Intermediary Business

YoY Growth of Net Fee and Commission Income: 16.1%



Rapid Growth in Emerging Intermediary Business

- Consultancy and advisory fees increased by 76%
- Domestic factoring fees increased by 506%
- Debt underwriting business increased by 281%
- Personal account gold trading volume increased by 3.7X, while sales volume of gold increased by 90%
- Ranked #1 in the number of custodian securities investment funds among peers
- Take the lead in volume of independent custodial services for securities settlement funds
- Continued to rank as #1 fund settlement agent of China Development Bank



Actively Expanding into Emerging Businesses

Financial Services to Small Enterprises and Rural Areas

Small Enterprises Financial Services

- Established Small Enterprise Financial Service Division at CCB headquarters
- 215 small-enterprise operation centers, 104 of which function as “Credit Factories”
- Growth rate of small enterprises loans: 12.4%
- Micro non-collateral loans, social security loans, online banking loans

Rural Financial Services

- Growth rate of agro-loans : 25.2%
- Micro-loans for rural households
- Established “Jianxin Rural Bank” in Taojiang (Hunan Province) and Cangnan (Zhejiang Province)



Actively Expanding into Emerging Businesses

Financial Services to Areas of People's Livelihood

“People-centered” Integrated Financial Services

- ✦ Education — Signed strategic cooperation agreements with renowned universities in China, including over 50% of the “Project 211” universities
- ✦ Healthcare — Cooperated with more than 300 3A hospitals (which is more than 1/2 of China’s total 3A hospitals)
- ✦ Social security — Jointly worked with social security institutes, with a market share of 20.7%; social security deposits achieved a YoY growth rate of 41%
- ✦ Environmental protection — Collaborated with Emission Rights Exchange; participated in the improvement of water environment and construction of ancillary facilities

Corporate Annuities

- ✦ Opened 17 new corporate annuity centers, making a total of 43 centers
- ✦ 1.63Mn individual accounts under management, up by 151% since the beginning of 2009
- ✦ RMB 8.3Bn assets under custody



Reform in Management

Focus on Specialization and Sophistication

Specialized Operation

- Established 302 specialized business operation centers, adding total number to 1,851
- Business operation focus shifted up by over 70%

Streamlined Management Layers

- 66% of banks in central cities implemented only 2 or 2.5 layers of administration
- Retail outlets in half of the central cities are under direct administration

Centralized Middle & Back Office

- Centralized personal loan, financial and accounting, funds settlement and operation, as well as IT management within the banks in central cities
- Concentration rate of HR and risk management over 90%; logistics over 82%

Optimized Product Innovation & Process

- Innovated and improved over 110 products and services
- Established first Product Innovation Lab in China
- Optimized 253 business process projects of which 97 already completed

Transformed Retail Outlets

- Completed 92% of retail outlets transformation
- Implemented “second generation transformation” of over 700 outlets
- Scored 89.4 by TNS in terms of outlet service quality, ranking No.1 among the Big 4 banks



Rapid Development of Service Network and Channel Construction

Speed up the Global Network Coverage

- ❖ Opened NY Branch - altogether 7 overseas branches
- ❖ Opened banking subsidiary in London - 7 subsidiaries in total
- ❖ Expected to establish branches in Sydney and Ho Chi Minh City, Vietnam

Rapid Expansion of Self-Service Channels and E-Banks

- ❖ 1,817 new ATMs, increased by 5.70%
- ❖ 5.72Mn new online banking individual customers, increased by 21%
- ❖ 80,000 new online banking corporate customers, increased by 16%
- ❖ 3.94Mn new mobile banking customers, increased by 80%
- ❖ E-banking transactions as 64% of counter transactions



Deepening and Expanding Strategic Cooperation



- First large-scale online banking customer experience and supervision system among peers
- Introduction of junior, intermediate and senior leadership model
- Project designation, e.g. Product Innovation Lab
- 2 phases on-the-job training in US



- Business cooperation in the financial services for small enterprises
- Training of wealth management and private banking certificates
- Financial modeling and valuation training

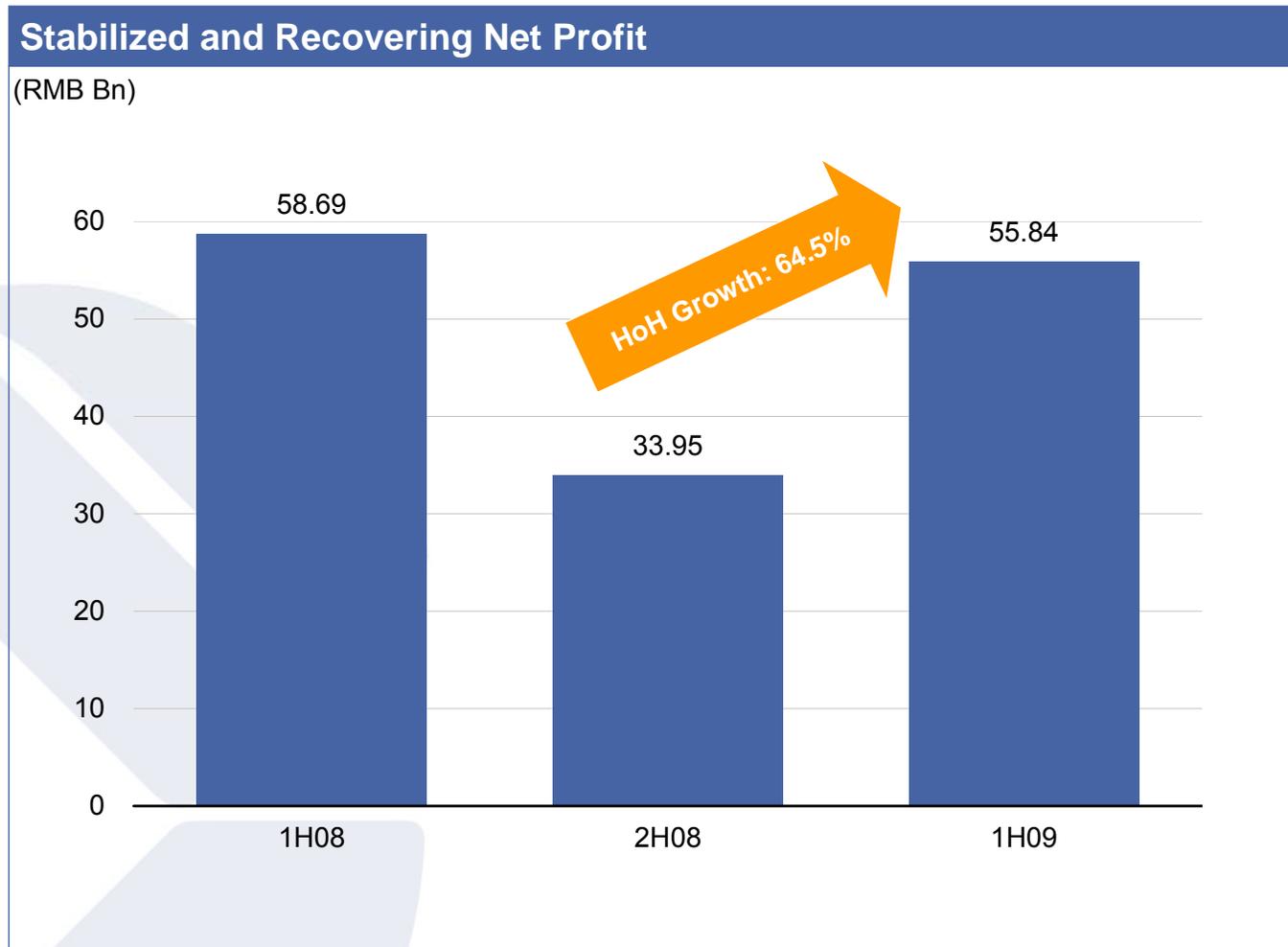
Focus of Future Cooperation

- Cooperate in talent training in fields such as Treasury and I.T., etc.
- Extend the time for US banking experts to work and stay in China
- Optimize the financial leasing business model
- Support CCB's expansion in US
- Jointly develop the trade financing business with international financial institutions



Profitability Stabilized and Recovering

Improved 1H09 Net Profit vs. 2H08

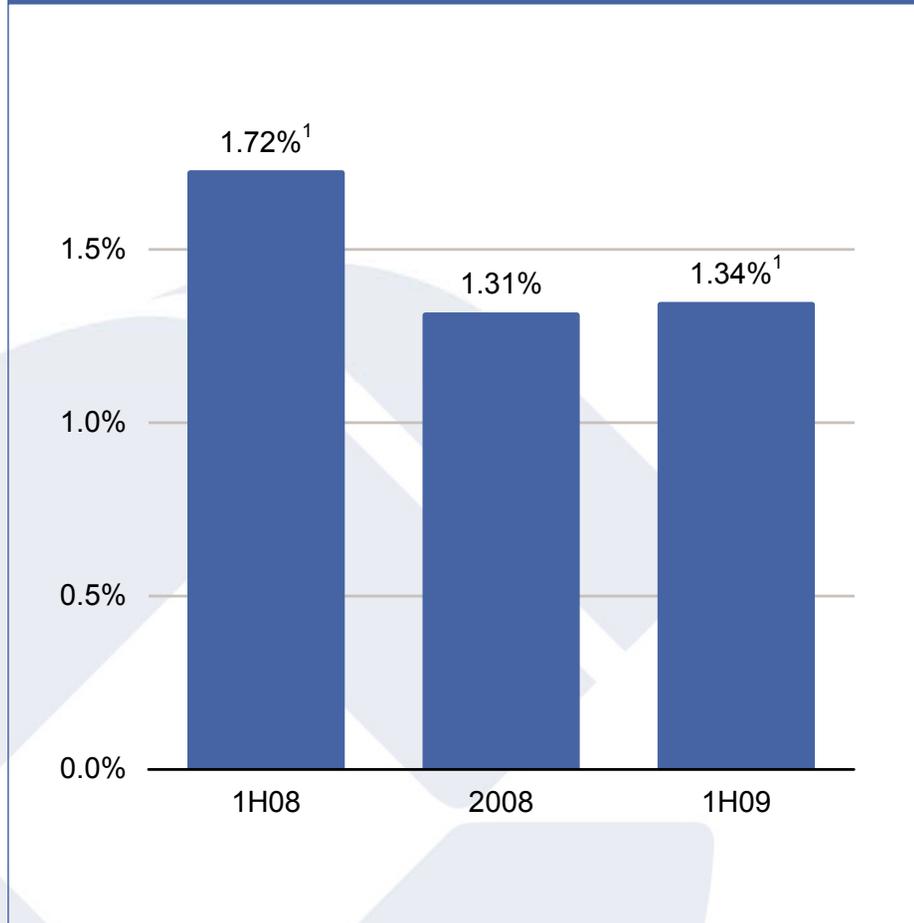




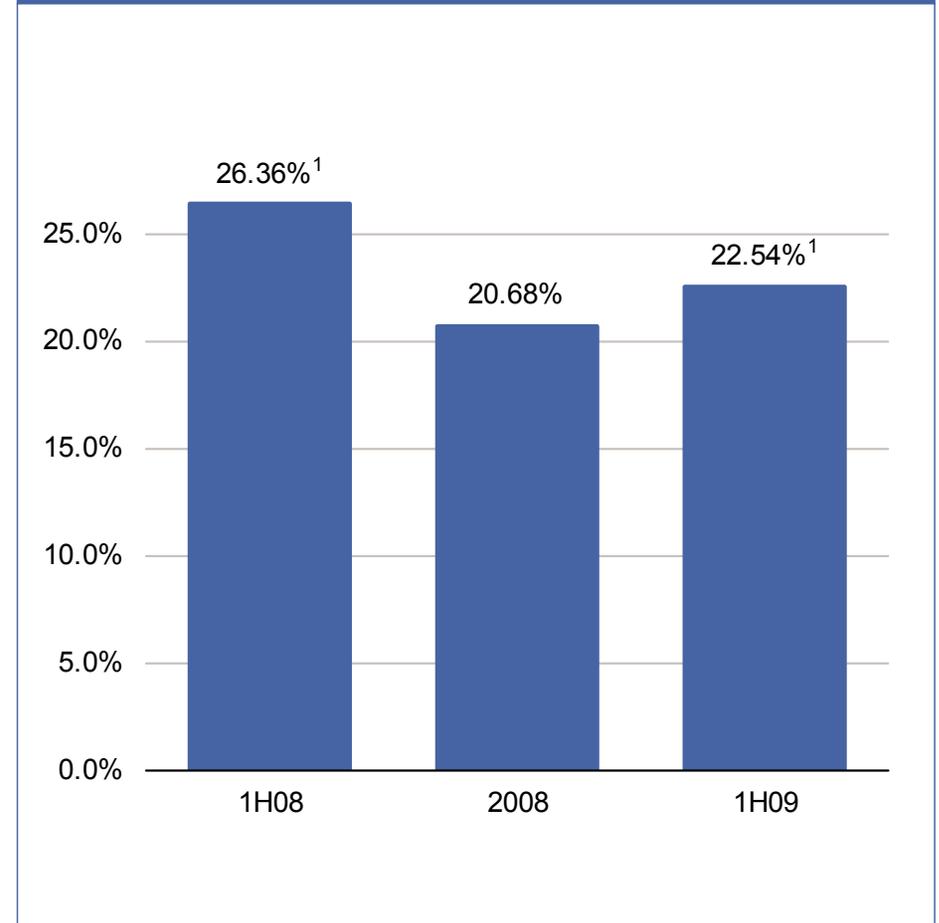
Profitability Stabilized and Recovering

Rising ROAA and ROAE

ROAA Up by 0.03% From 2008



ROAE Up by 1.86% From 2008

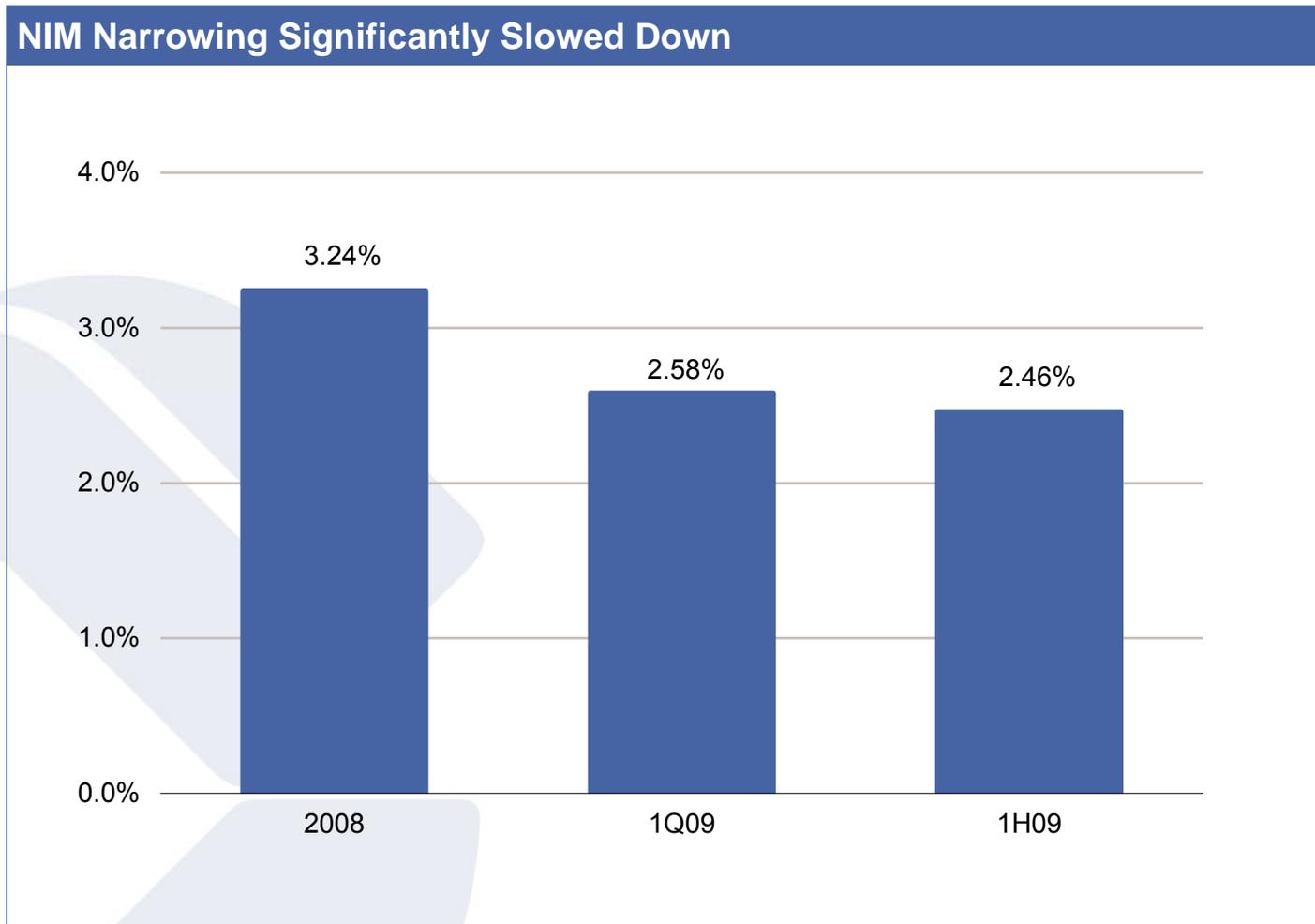


(1) Annualized data



Profitability Stabilized and Recovering

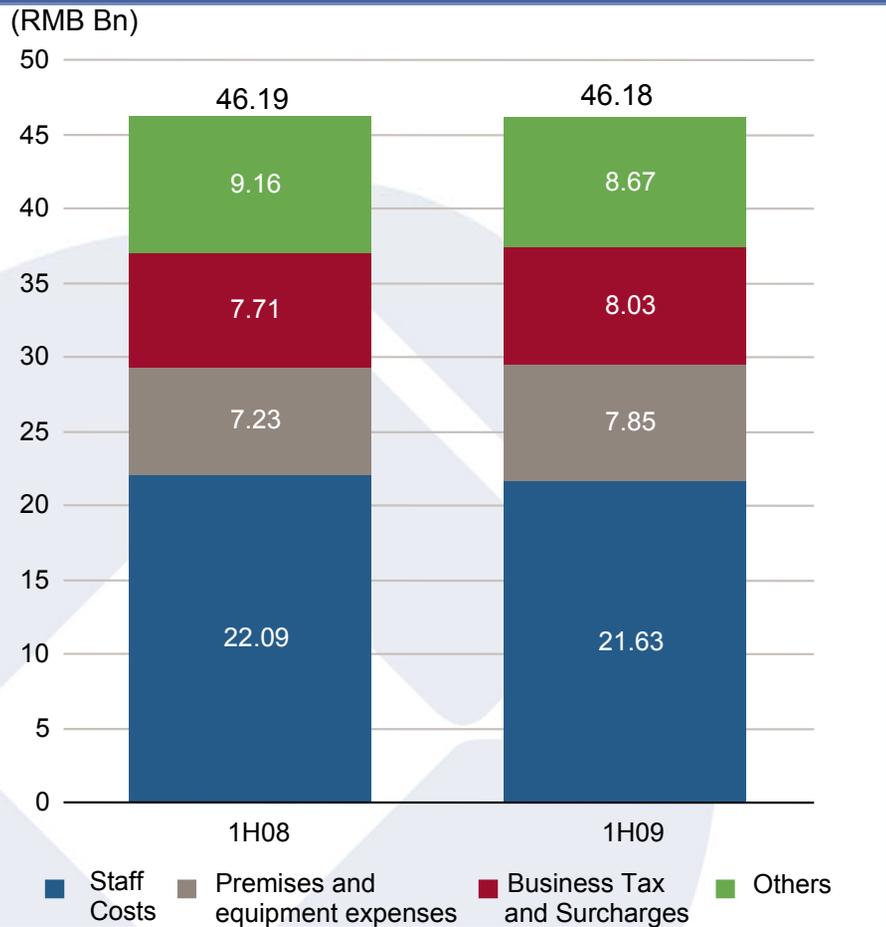
NIM Narrowing Significantly Slowed Down



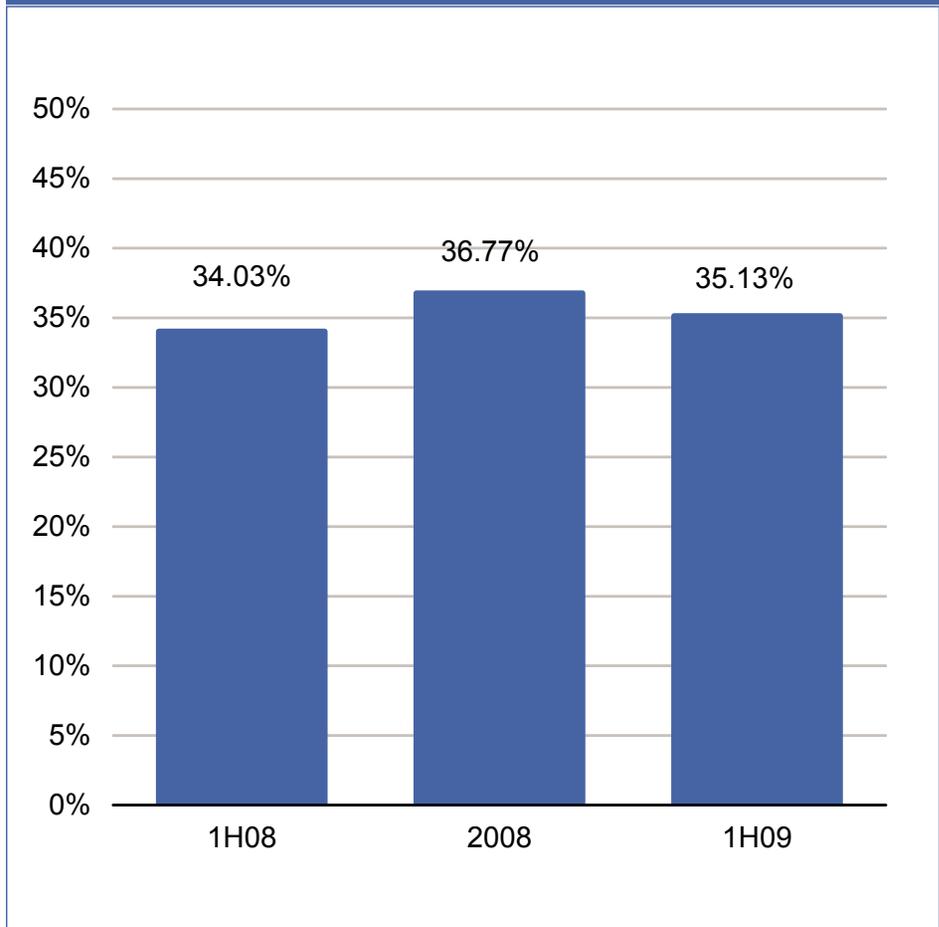


Cost Structure Further Optimized

Staff Costs Down by 2.08% YoY



Cost / Income Ratio Down by 164bps From 2008





Actively Taking on Social Responsibilities and Participating in Charity Work



- 20-Year Special Contributions Award by China Foundation for Poverty Alleviation



- The Most Responsible Enterprise Award



- Award for Outstanding Contributions (Financial Institutions)
- Award for Financial Product's Social Contributions in 2008



- Excellence in Corporate Social Responsibilities



- Rupert Hoogewerf Top 50 Corporate Social Responsibilities in 2009

- Issued RMB 11.9Bn recovery loans in the aftermath areas of Sichuan Earthquake

- Sponsored 12,955 financially needy high school students with a total of RMB 19.43 MM

- Provided RMB 3.87MM of subsidy to 1,389 financially needy mothers or wives of heroes

- Assisted in building 24 libraries and 19 sports fields for primary schools in rural areas

- Supported "Rural Project in China - Green PC Poverty Alleviation Plan"



External Recognition



Best Domestic Bank



Excellence in Risk Management Award



Outstanding Domestic Retail Bank



Corporate Governance Asia Annual Recognition Award



Best Corporate Loan Bank

Best Mortgage Bank

The Banker

Ranked #12 among Top 1000 Global Banks

Ranked #9 among Top 500 Global Financial Brands



Ranked #23 on Top 2000 Global Listed Enterprises



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Opportunities and Challenges

Opportunities

- ❖ China's economy accelerates the pace of industrialization, urbanization, informatization and internationalization
- ❖ Domestic economy indicates stabilized recovery with more positive factors observed in the economic operation
- ❖ Government continues to implement proactive fiscal policy and moderately loosen monetary policy
- ❖ Government exerts great effort to push forward the adjustment and upgrading of industry structure
- ❖ Global climate and energy cooperation will affect the evolution of global economy and finance

Challenges

- ❖ Global economic recovery yet to come
- ❖ Foundation for China's economic recovery is still unstable and domestic demand still inadequate
- ❖ Volatility in the domestic capital market and property asset price, with rising inflation expectation
- ❖ Gradual growing conflict due to excessive capacity in selected sectors, NPL ratio is under the pressure of rebounding
- ❖ Gradual narrowing of interest spreads

Key Points in the Optimizing Credit Lending Structure

- ❖ Quality infrastructure projects
 - National key projects, e.g. railway, highway, power, urban infrastructure, etc.
- ❖ Small enterprises loans
 - Optimize “Quick Finance” and “Road to Growth” brand names
 - Pilot Scheme for “Small Credit Loans for Small Enterprises”
- ❖ Rural areas
 - Including nine major sectors, such as cash crop plantation and agricultural products processing, etc.
 - Regional specialized agriculture and animal husbandry
- ❖ Services in the areas of people’s livelihood
 - Cooperation in education, healthcare, social security and environmental protection
 - Individual housing mortgage loans and low-risk consumer credit
- ❖ Credit support for enterprises transforming from export-oriented-goods to the domestic market



Continue to Implement Proactive and Prudent Operation Strategy

- ❖ Keep a close watch on the international and domestic economic dynamics
- ❖ Insist on the quantitative control of loans and the pace of loan growth
- ❖ Continue to adjust and optimize business mix
- ❖ Exercise stringent control of entry and exit credit criteria, improve post-lending management
- ❖ Strengthen pricing power and stabilize level of credit spreads
- ❖ Promote process optimization and product innovation
- ❖ Reinforce overall risk management and internal control



Q & A



Thank You

