



**中国建设银行**  
China Construction Bank

# 2012 Half-year Results Announcement

August 2012



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# Key Financials 1

(RMB Bn)	30 Jun 2012	31 Dec 2011	Change
Total Assets	13,505.75	12,281.83	 9.97%
Net Loans and Advances to Customers	6,876.58	6,325.19	 8.72%
Total Liabilities	12,636.34	11,465.17	 10.21%
Deposits from Customers	10,940.84	9,987.45	 9.55%
Total Equity Attributable to Shareholders	863.53	811.14	 6.46%
NPL Coverage Ratio	262.38%	241.44%	 20.94 pps
Core Capital Adequacy Ratio	11.19%	10.97%	 0.22 pps
Capital Adequacy Ratio	13.82%	13.68%	 0.14 pps
NPL Ratio	1.00%	1.09%	 0.09 pps



## Key Financials 2

(RMB Bn)	1H2012	1H2011	Change
Net Interest Income	169.69	145.71	 16.46%
Net Fee and Commission Income	49.24	47.67	 3.30%
Profit Before Tax	138.51	120.79	 14.67%
Net Profit	106.49	92.95	 14.57%
Earnings Per Share (RMB)	0.43	0.37	 16.22%
Net Interest Margin	2.71%	2.66%	 0.05 pps
Cost-to-income ratio <sup>1</sup>	32.73%	31.72%	 1.01 pps
ROAA	1.65%	1.65%	—
ROAE	24.56%	24.98%	 0.42 pps

Note1: Should PRC GAAP be applied, the cost-to-income ratio is 24.97%, representing a decrease of 0.89 percentage points compared with the same period last year; the costs would not include business tax and surcharges and other operating costs.



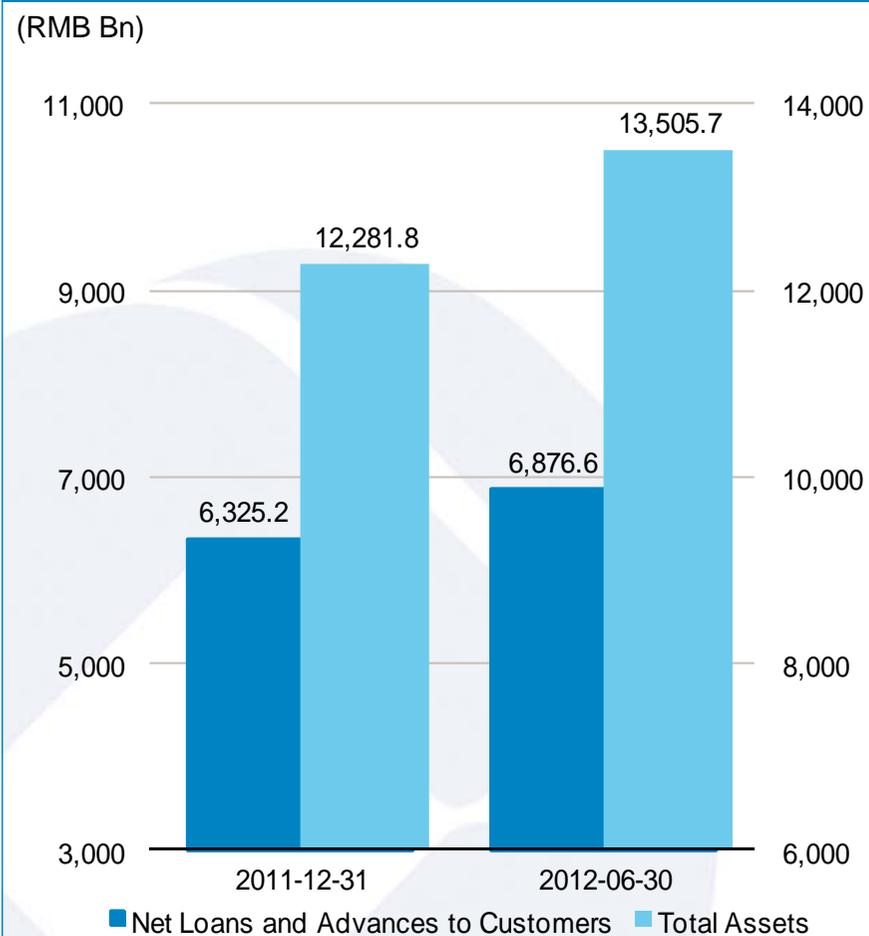
**Operating Performance**

**Outlook**

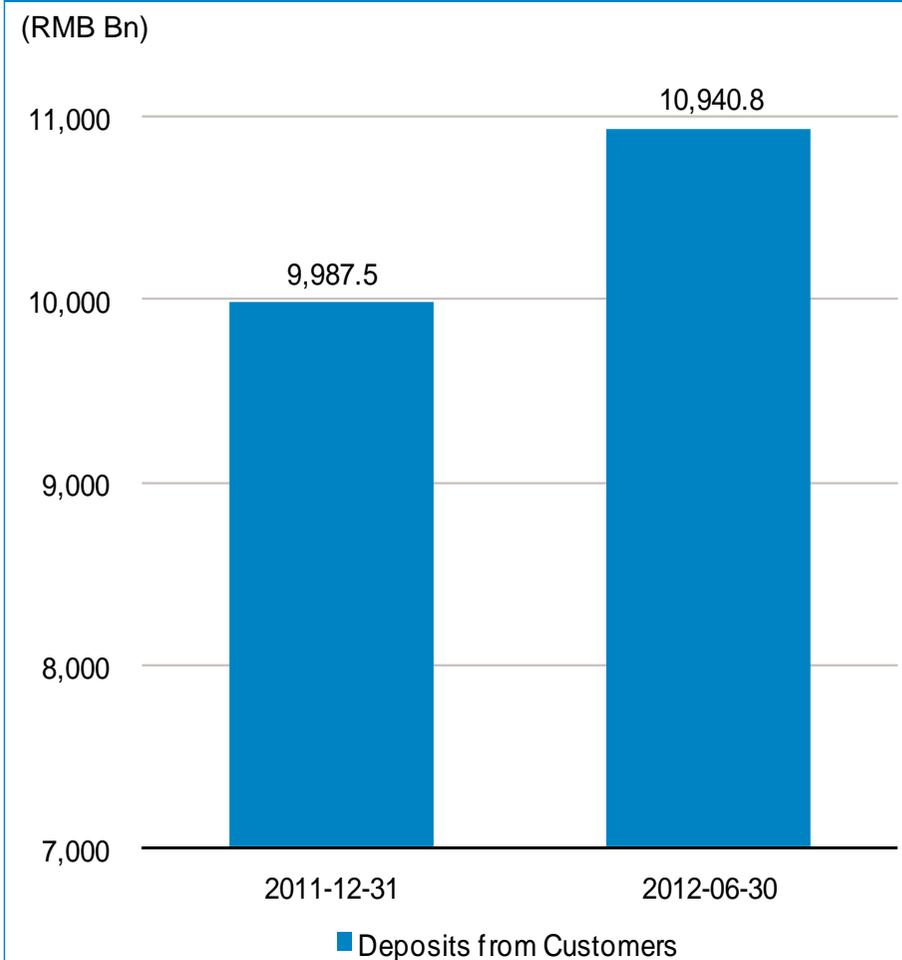


# Increase in Scale of Business — Asset Size, Deposits from Customers, and Loans to Customers

### Asset Size Exceeding RMB13,000 Billion and Loans to Customers Increasing by 8.7%



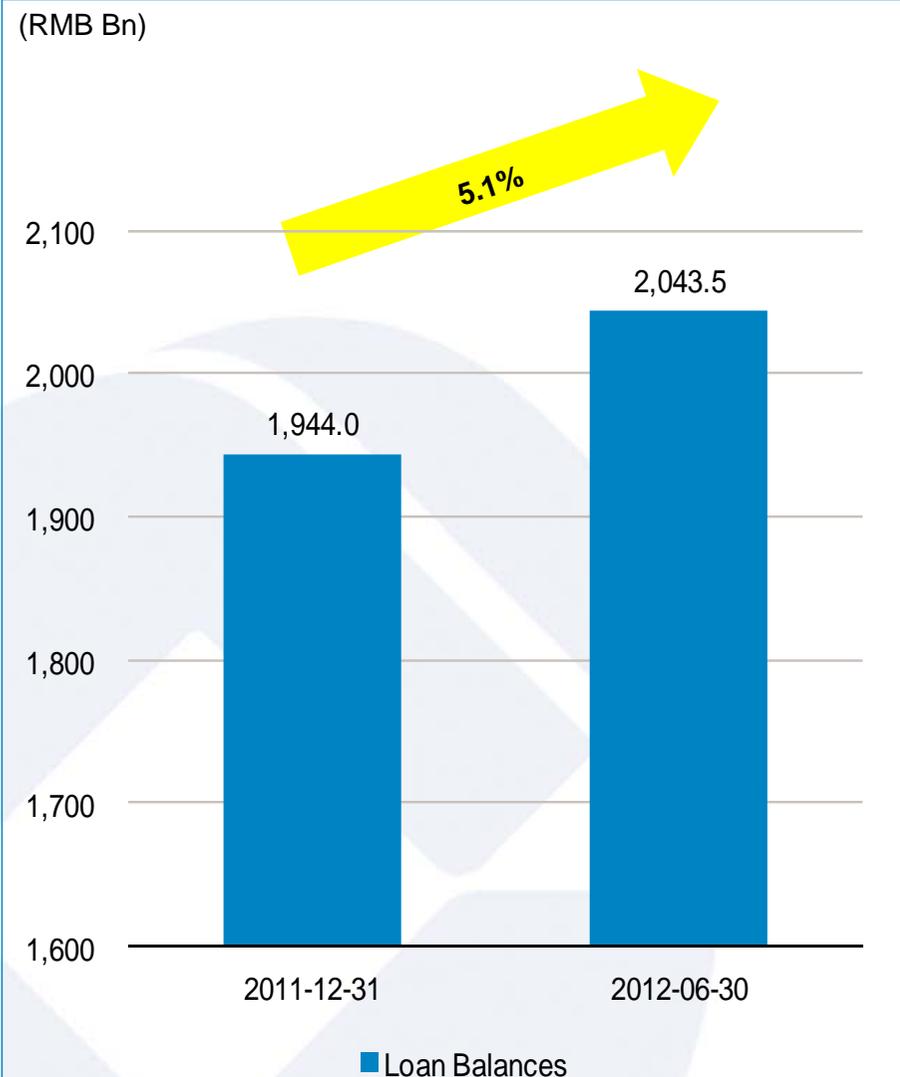
### Deposits from Customers Exceeding RMB10,000 Billion





# Optimizing Credit Structure — Support for Key National Projects and Emerging Industries of Strategic Importance

## Infrastructure Loans Increasing by 5.1%



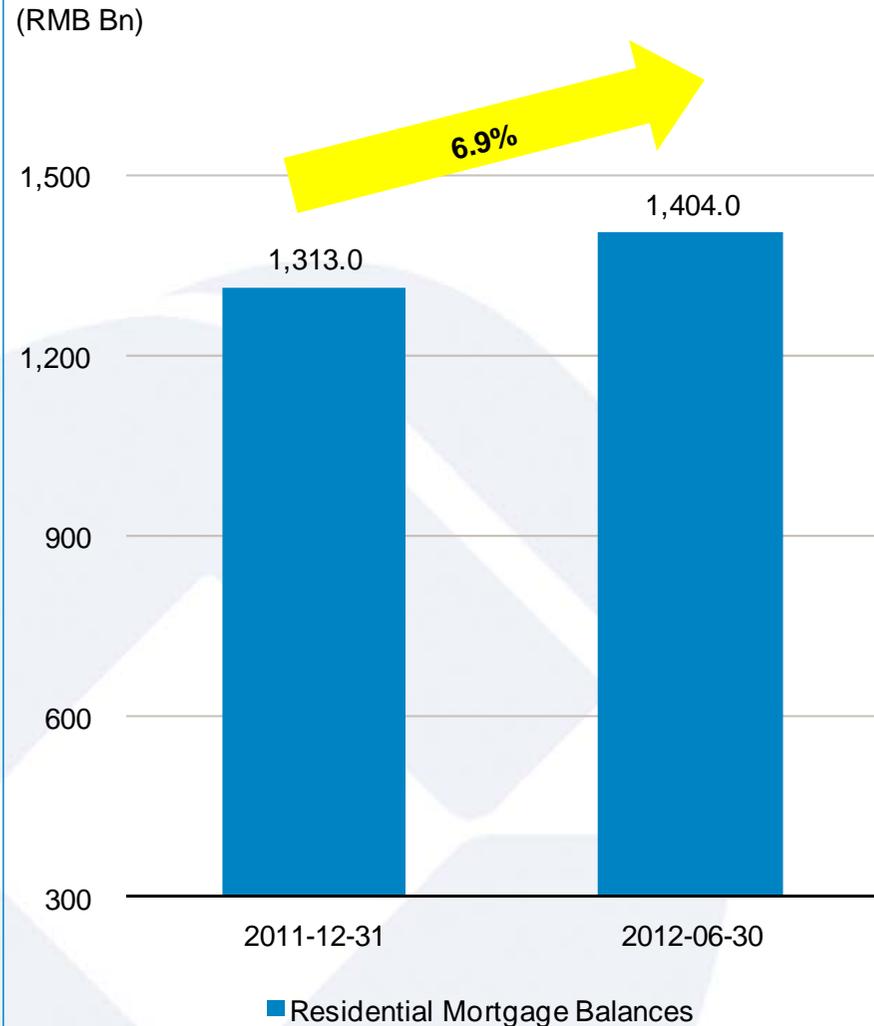
## Competing for Opportunities in Emerging Industries of Strategic Importance Such As:

- New energy, biotechnology and advanced technology equipment manufacturing industry
  - Traditional financial services
  - Supply-chain financing, financing for mergers and acquisitions, and other innovative products
- Energy-efficient and environmentally-friendly industry
  - Exit from high-pollution and high-energy consumption borrowers
  - Addition of new criteria over granting of credit limits to reject all non-environmentally-certified applicants
- Arts, media and cultural industries
  - Support key arts, media, cultural and creative industries
  - CCB arts, media and cultural industry fund
- E-commerce industry
  - Collaboration with well-known e-commerce platforms
  - Escrow payments services increased by 47.2%



# Optimizing Credit Structure — Strengthening Dominance in Residential Mortgage Loans

## Residential Mortgage Loans Increasing by 6.9%



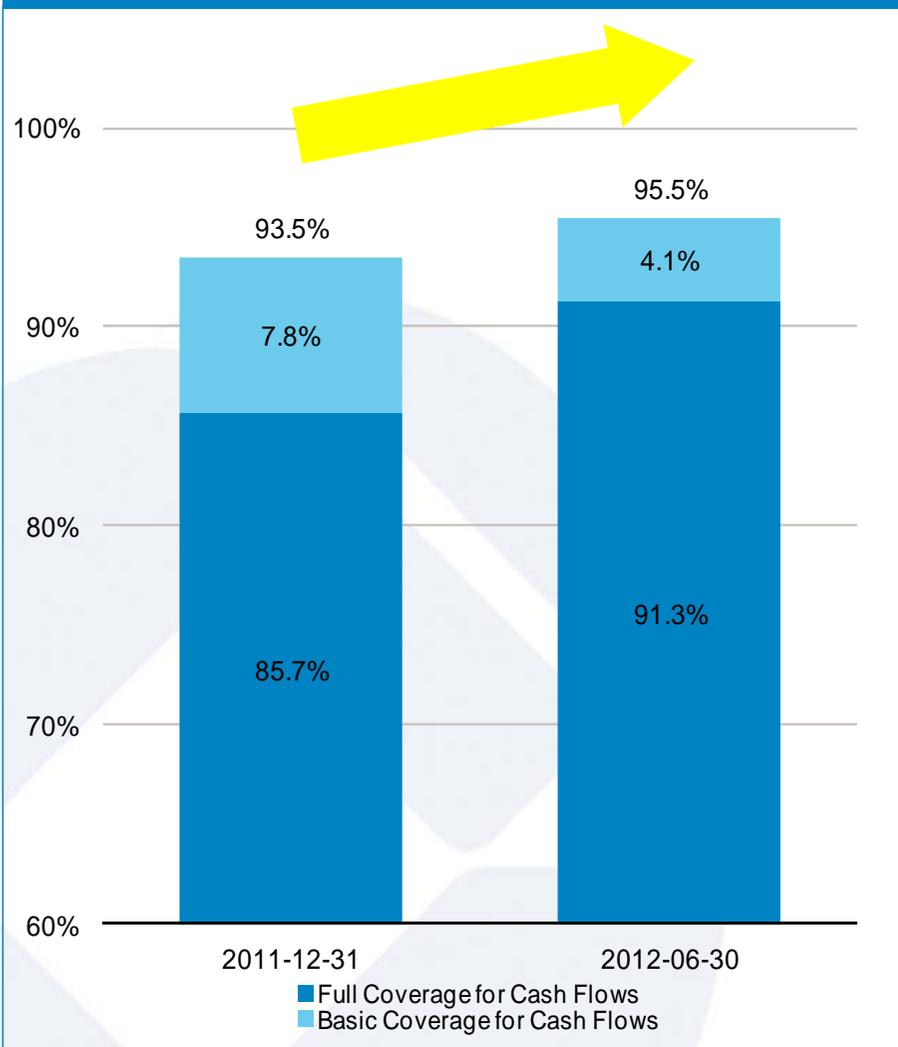
## Market Leader in the Residential Mortgage Market and Strengthening CCB's Position in the Housing-related Financial Market

- Out of the new loans issued, “One Loan Per Person” accounted for 99.7%, with an average down payment rate of 44%
- 50% of existing loans are secured by collaterals
- Differentiated and flexible pricing strategy
- Best in industry with an NPL ratio of 0.2%
- Strengthening CCB's position in the housing-related financial market
  - Market leader in entrusted residential loan market
  - Housing funds deposits increased by 13%
  - Housing provident fund loan increased by 8.2%
  - Social housing loans increased by 10%

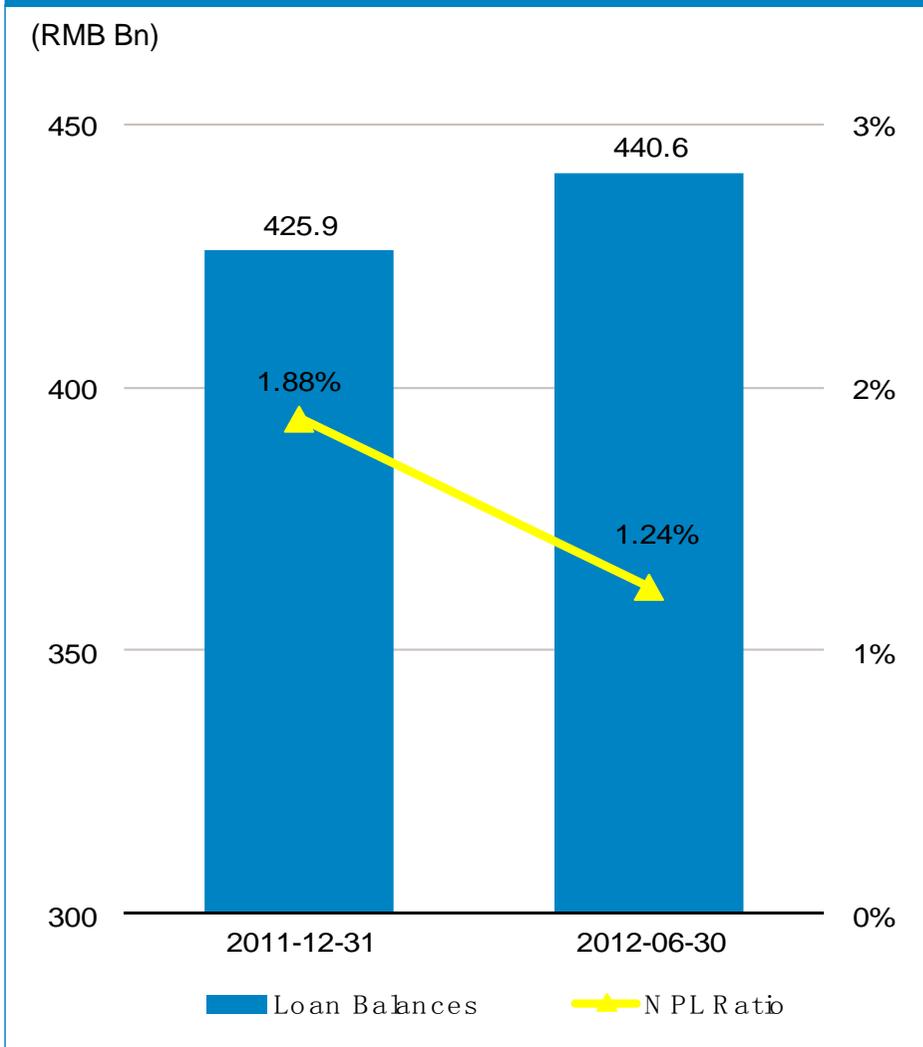


# Optimizing Credit Structure — Strict Control over Loans to Local Government Financing Vehicles and Real Estate

## Loans to Local Government Financing Vehicles with Basic Cash Flow Coverage and Above Accounted for 95.5%



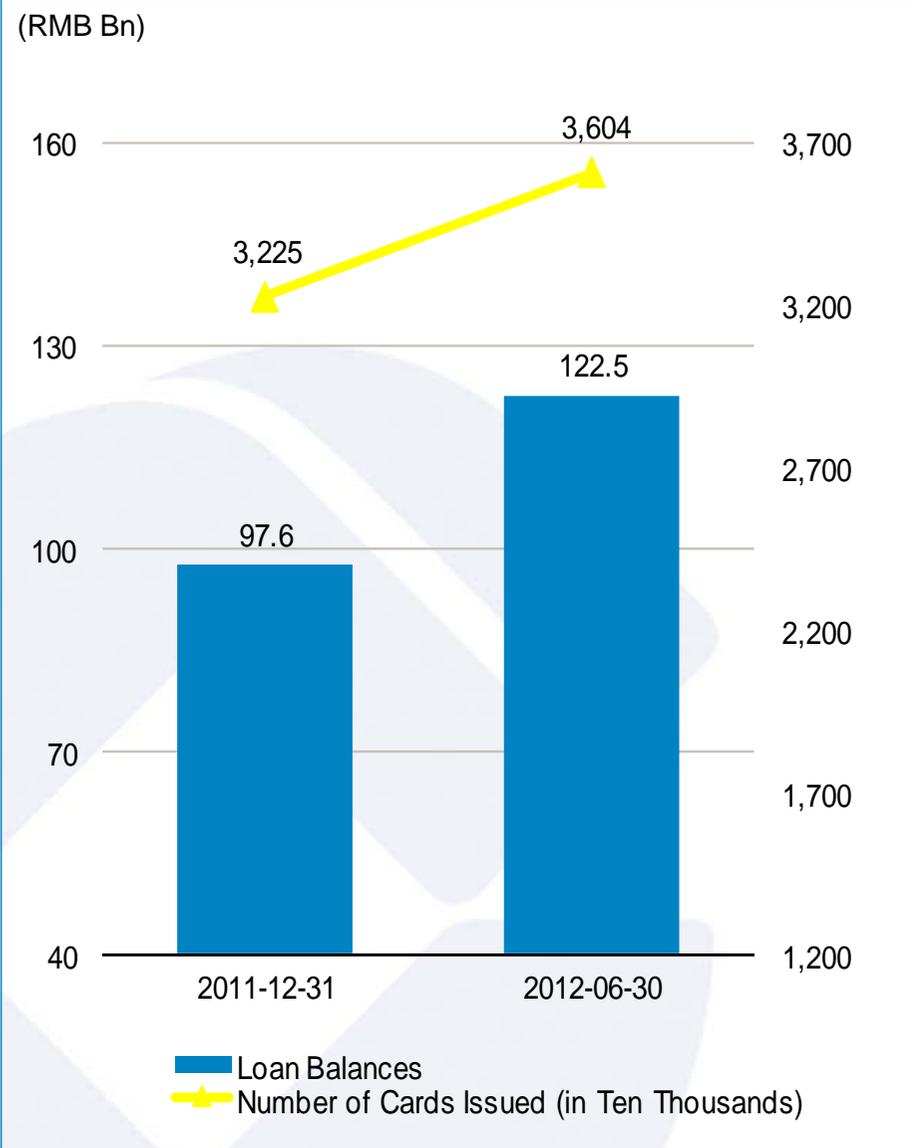
## Growth Rate of Real Estate Loans Being Lower than That of Corporate Loans, Representing Continual Improvement in Asset Quality



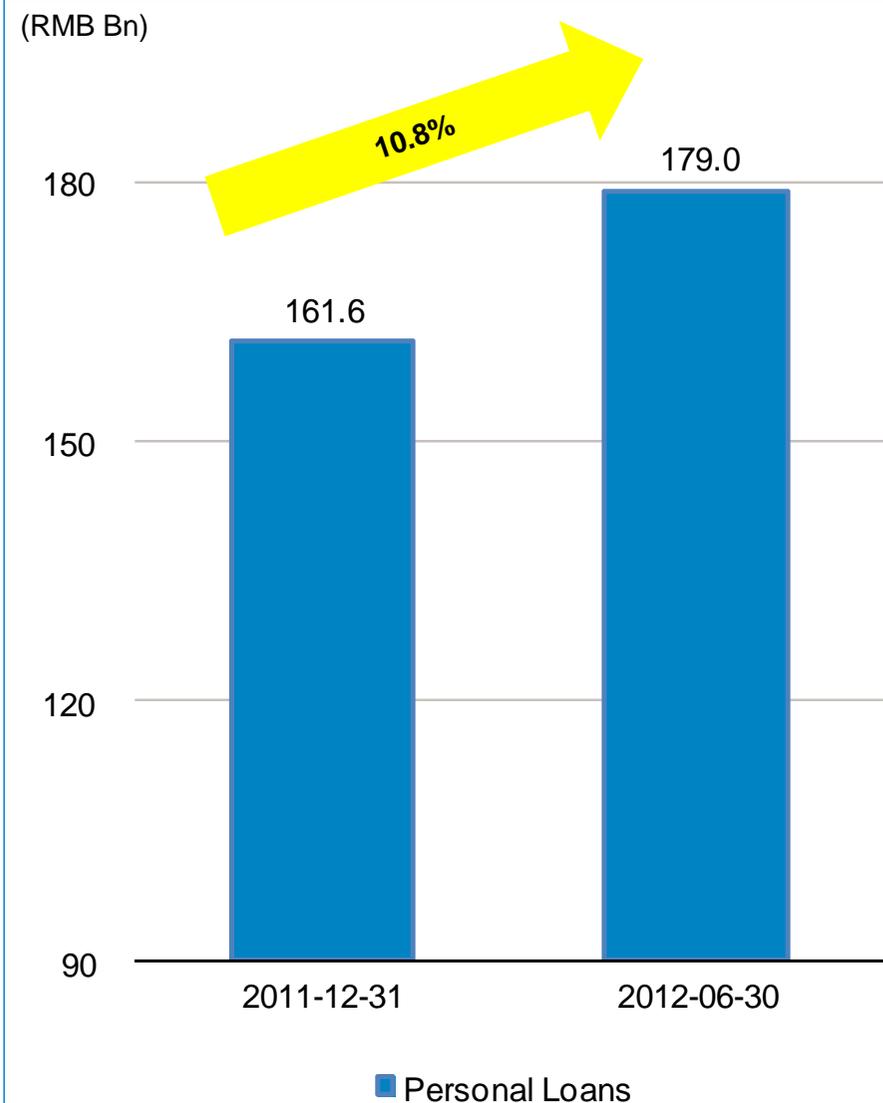


# Rapid Growth of Emerging Businesses — Consumer Finance

## Rapid Growth in Credit Card Loan Balances and Cards Issuances



## Rapid Growth in Personal Loans <sup>1</sup>

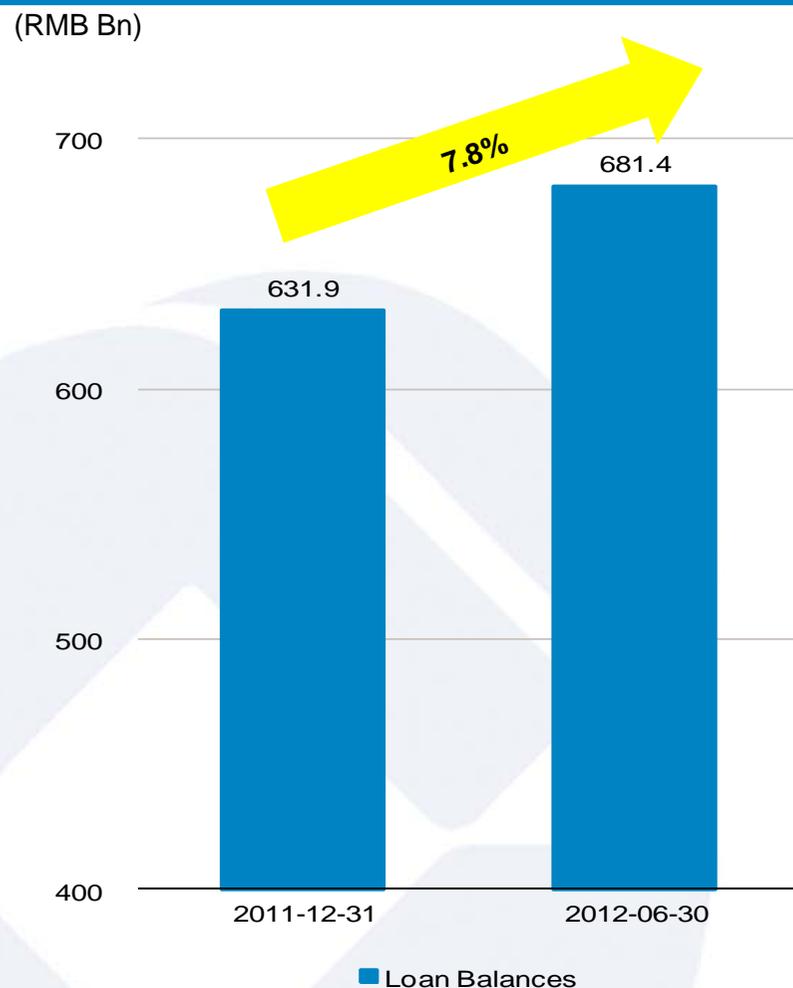


Note1: Personal loans include personal consumption loans, personal business loans and personal agricultural-assistance loans.



# Rapid Growth of Emerging Businesses — SME Business

## Growth rate of loans to SME Ranked First Among the Big Four Banks



## Strict Control Over Risk of Loans to SME

- ⊕ Optimize credit industry and customer structure
- ⊕ Increase proportion of loans secured by collaterals
- ⊕ Regular review of collaterals
- ⊕ Improve business collaboration with guarantee companies
- ⊕ Optimize early-warning risk notification tools
- ⊕ Monitor quality of loans

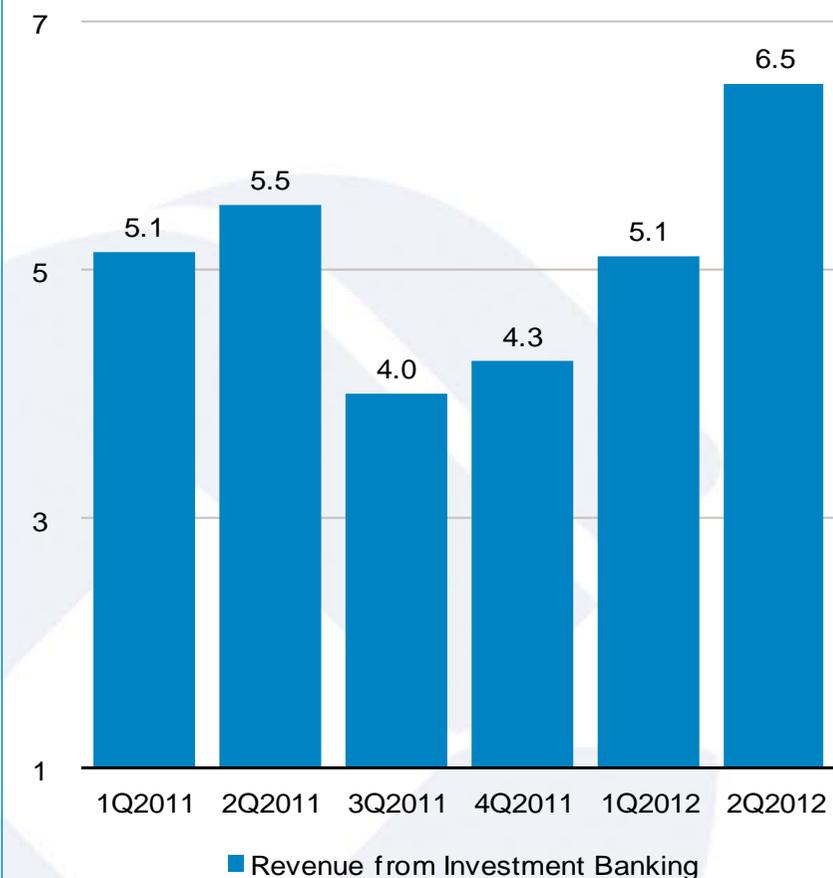
Note: The afore-mentioned SME data is being presented in accordance with the classification methodology issued in 2011 by the State Ministries



# Rapid Growth of Emerging Businesses — Investment Banking and Investment Custody Business

## Revenue from Investment Banking Increased by 8.8% Over the Same Period 2011

(RMB Bn)



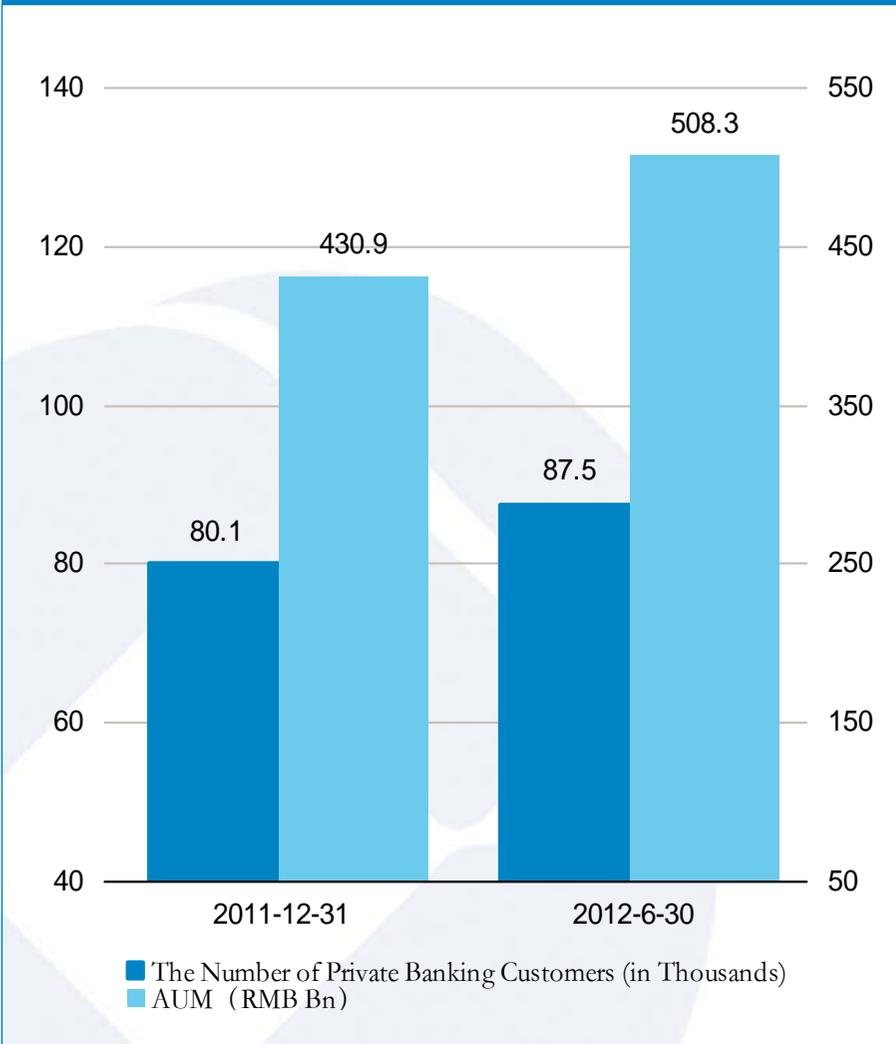
## Continually Improved Market Competitiveness of the Investment Banking and Investment Custody Businesses

- ◆ Innovate and introduce "Public Private Public (PPP)" financial advisory business
- ◆ Newly-introduced consultation and advisory fees ranked first in the industry
- ◆ Amount of underwriting for debt financing instruments, number of transactions, and the related revenue from such sources ranked first in the industry
- ◆ Securities investment funds under custody increased by 10.1%
- ◆ Insurance assets under custody increased by 16.5%
- ◆ Brokerage assets under custody increased by 17.7%



# Rapid Growth of Emerging Businesses — Wealth Management and Private Banking

## Customers Increased by 9.2% and Asset Under Management Increased by 18.0%



## Comprehensive Business Transformation of Private Banking

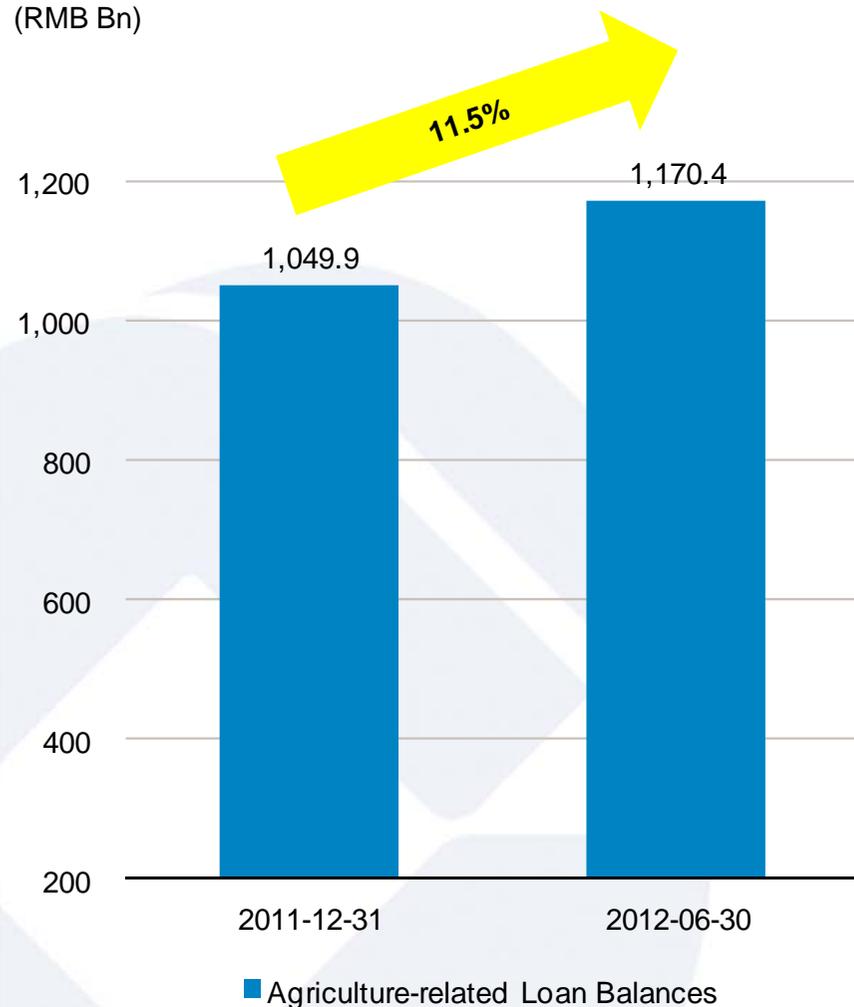
- Private banking and wealth management centers numbered 260
- Fortune cards and private banking cards increased by 44.4%
- Innovatively introduced services such as wealth stewards, wealth management planning, verification of asset ownership, wealth management transactions, emigration, overseas studies, etc.
- Online private banking services



# Rapid Growth of Emerging Businesses — Agriculture-related Loans and Livelihood Sector Finance

## Agriculture-related Loans Increased by 11.5%

(RMB Bn)



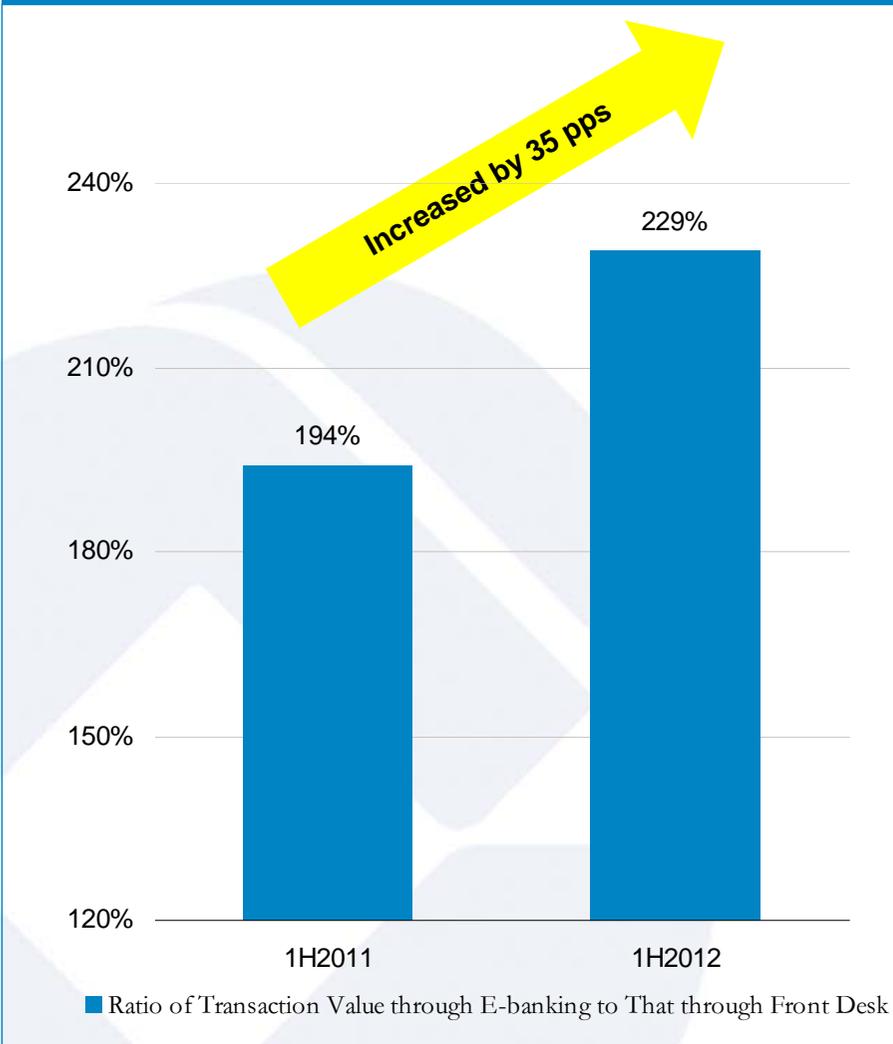
## Further Promotion of Livelihood Sector Financial Services

- Deposits from livelihood sectors increased by 9.9%
- Issued the first financial features-linked resident's health card in China
- Social housing services
  - Social housing development loans increased by 62.3%
  - Provident fund project loans outperform peers
- Pension business
  - Operations for fiduciary assets increased by 20.8%
  - Contracted pension customers increased by 20.6%



# Rapid Growth of Emerging Businesses — Electronic Banking

## The Ratio of Transaction Value through Electronic Banking to That through the Front Desk Reached 229%



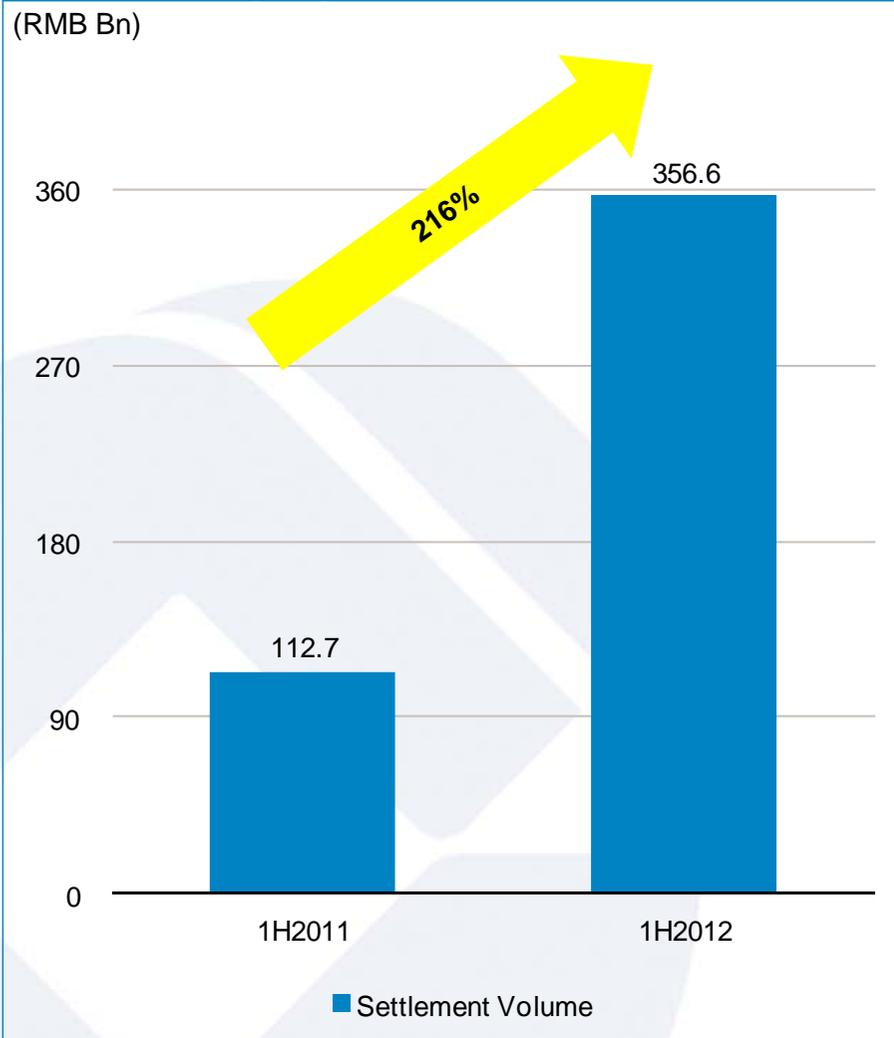
## Electronic Banking Ranked First Among Peers in a Myriad of Indicators

- Number of online corporate banking customers increased by 24.5%, transaction volume increased by 27.9%
- Number of online internet banking customers increased by 20.3%, transaction volume increased by 2.0%
- Number of mobile phone banking customers increased by 38.8%, transaction volume increased by 94.5%
- Number of telephone banking customers increased by 14.5%
- Introduction of e-commerce financial services platform-good mix of businesses

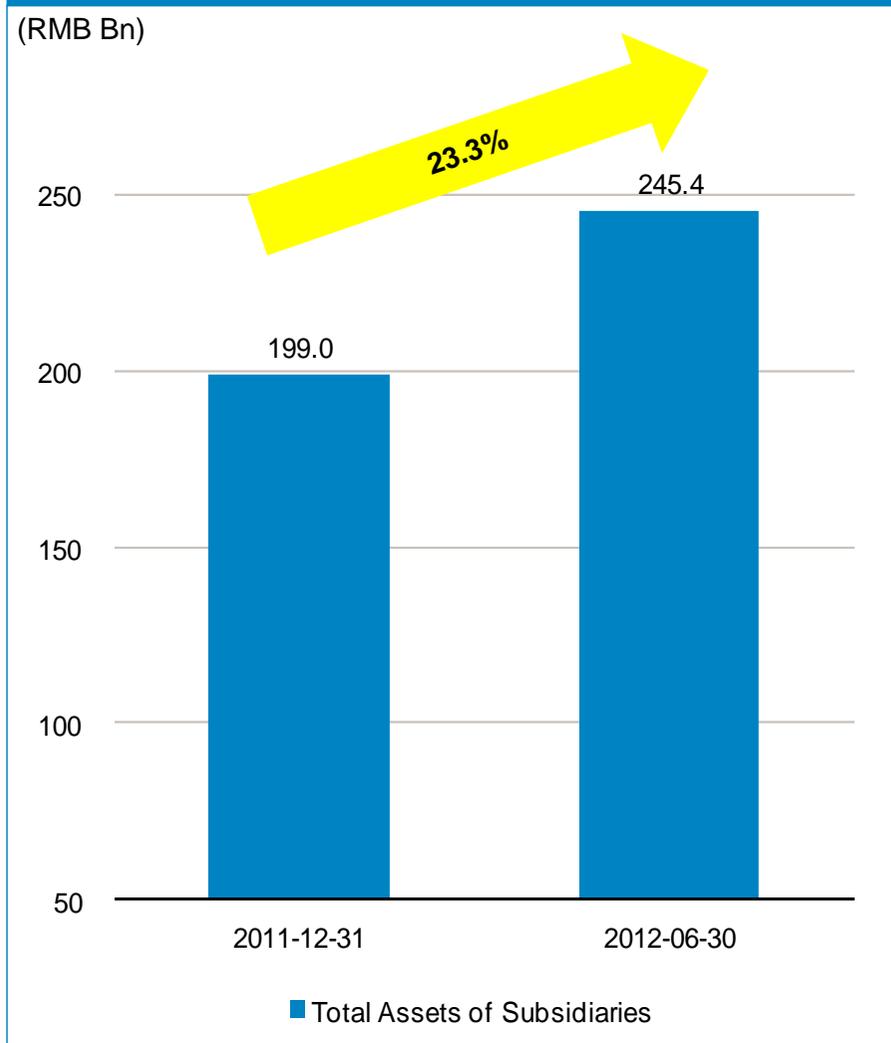


# Enhancing the Global and Integrated Service System

## Cross-border RMB Settlement Business Increased Rapidly



## Total Assets of Subsidiaries Increased by 23.3%

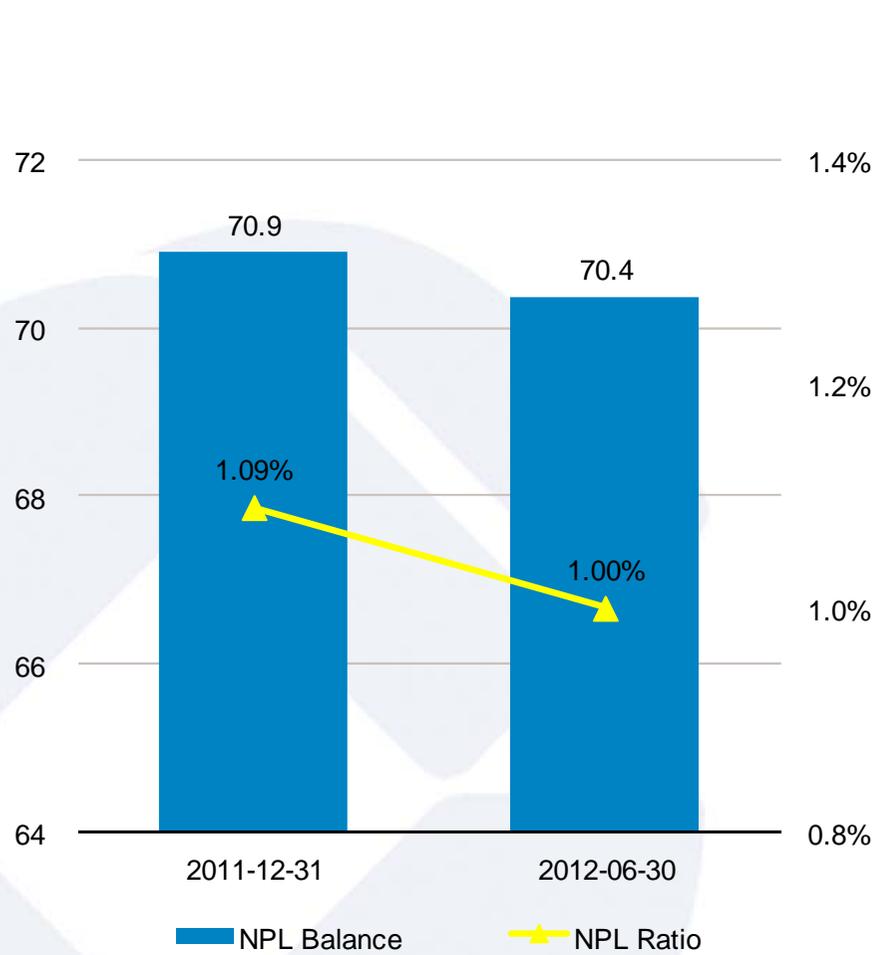




# Continuous Improvement in Asset Quality

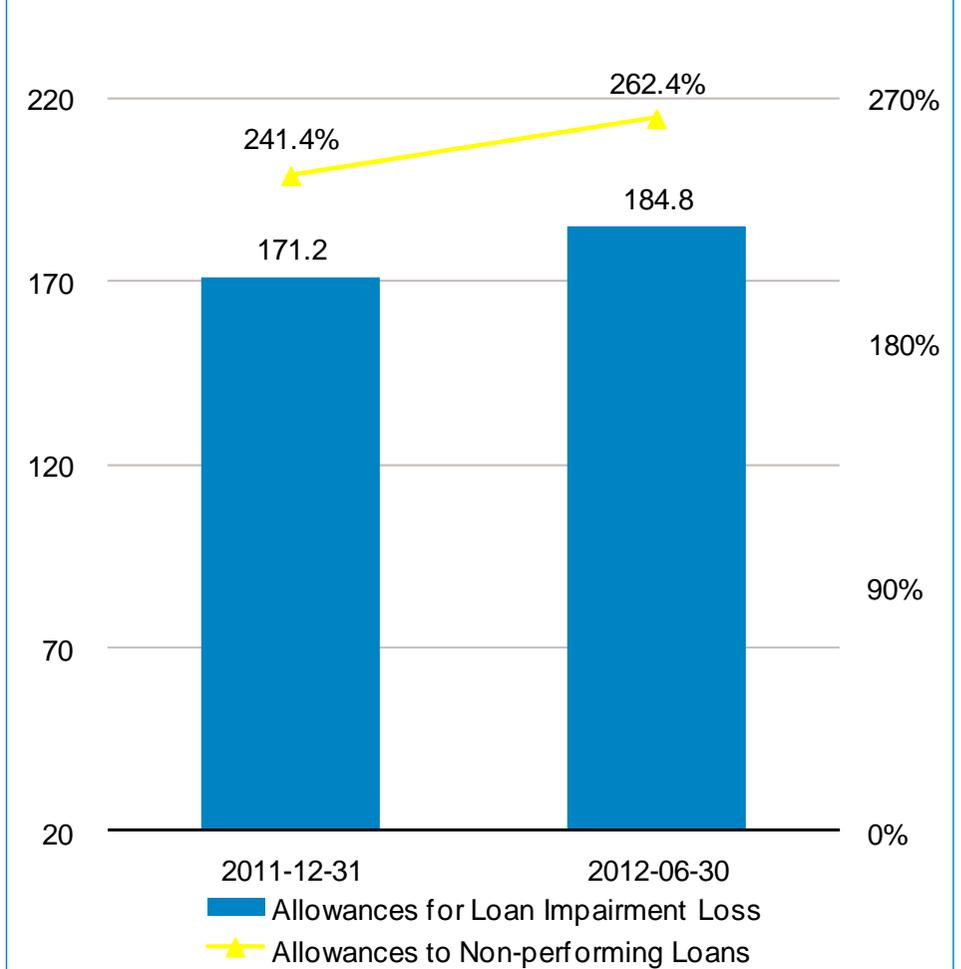
## Decrease in NPL Balance and NPL Ratio

(RMB Bn)



## Adequate Provision for Loan Impairment Loss

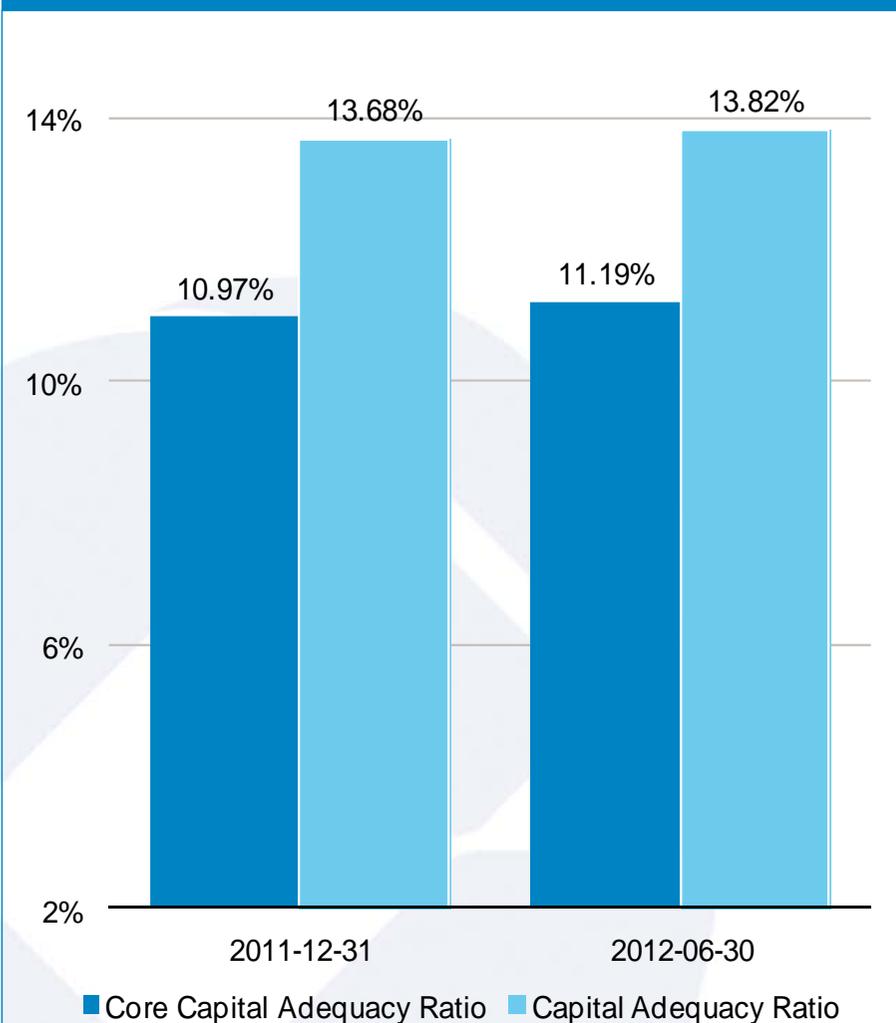
(RMB Bn)





# Promoting Capital-intensive Management

## Stable Increase in Capital Adequacy Ratio



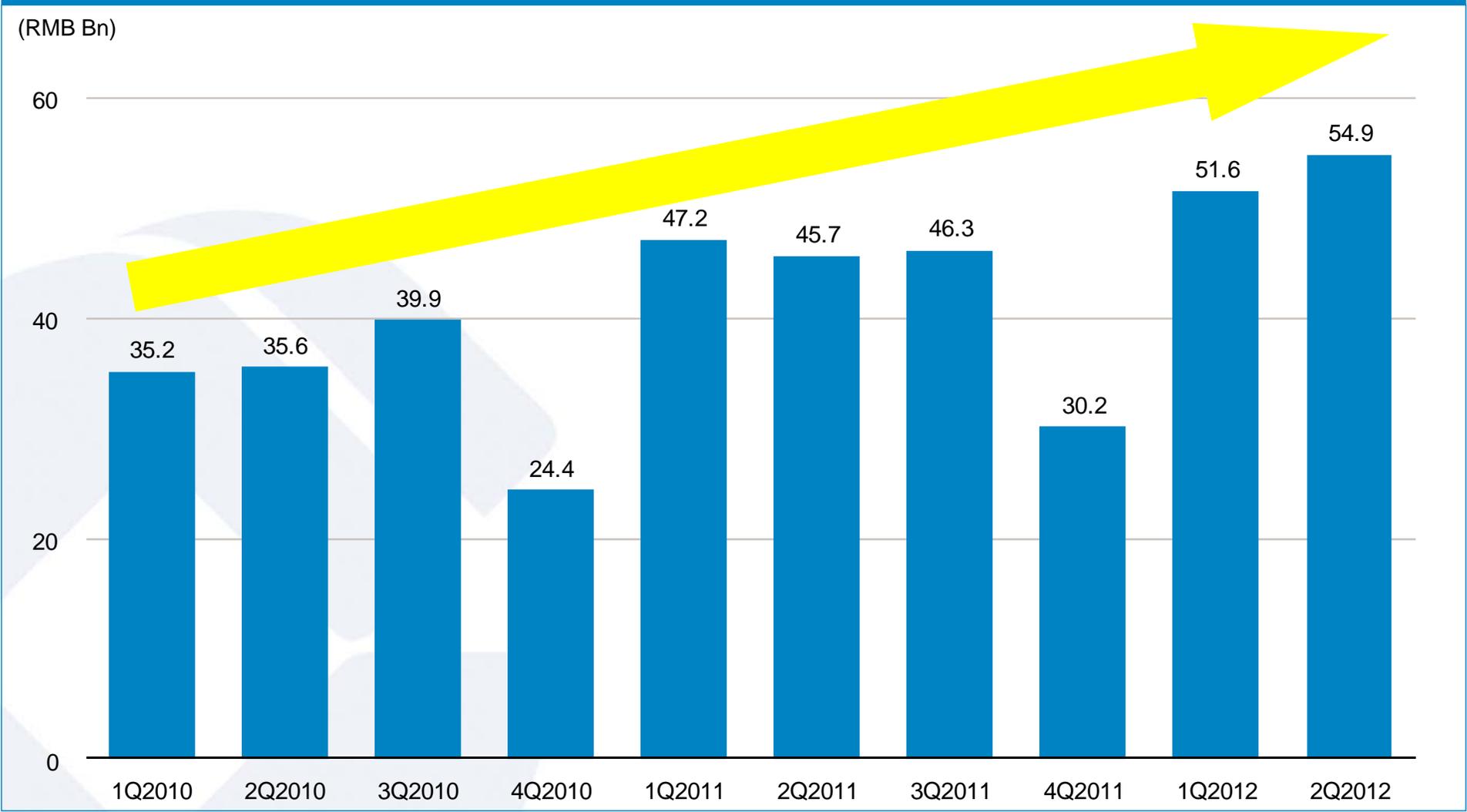
## Intensify Capital Management

- Improve profitability and increase capital accumulation internally
- Control growth in risky off-balance sheet exposures and improve efficiency in capital allocation
- Improve capital allocation structure, and enhance the precision level over the measurement of capital
- Promote preparation for "Measures for the Capital Management of Commercial Banks (Trial)" and the New Basel Capital Accord



# Stable Increase in Net Profit

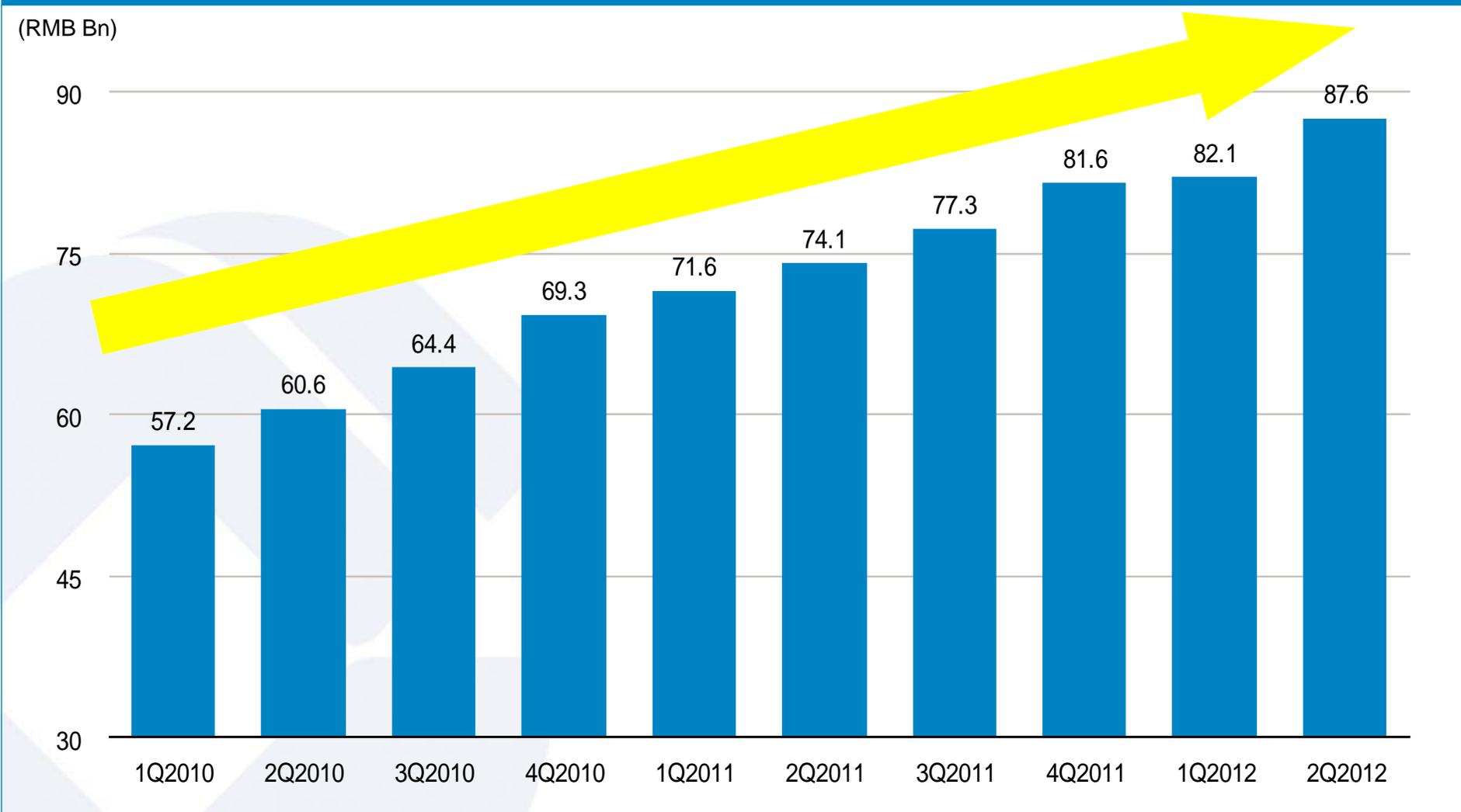
Net Profit Increased by 14.6% in the First Half of 2012





# Continual Increase in Net Interest Income

Net Interest Income Increased by 16.5% Over the Same Period in 2011

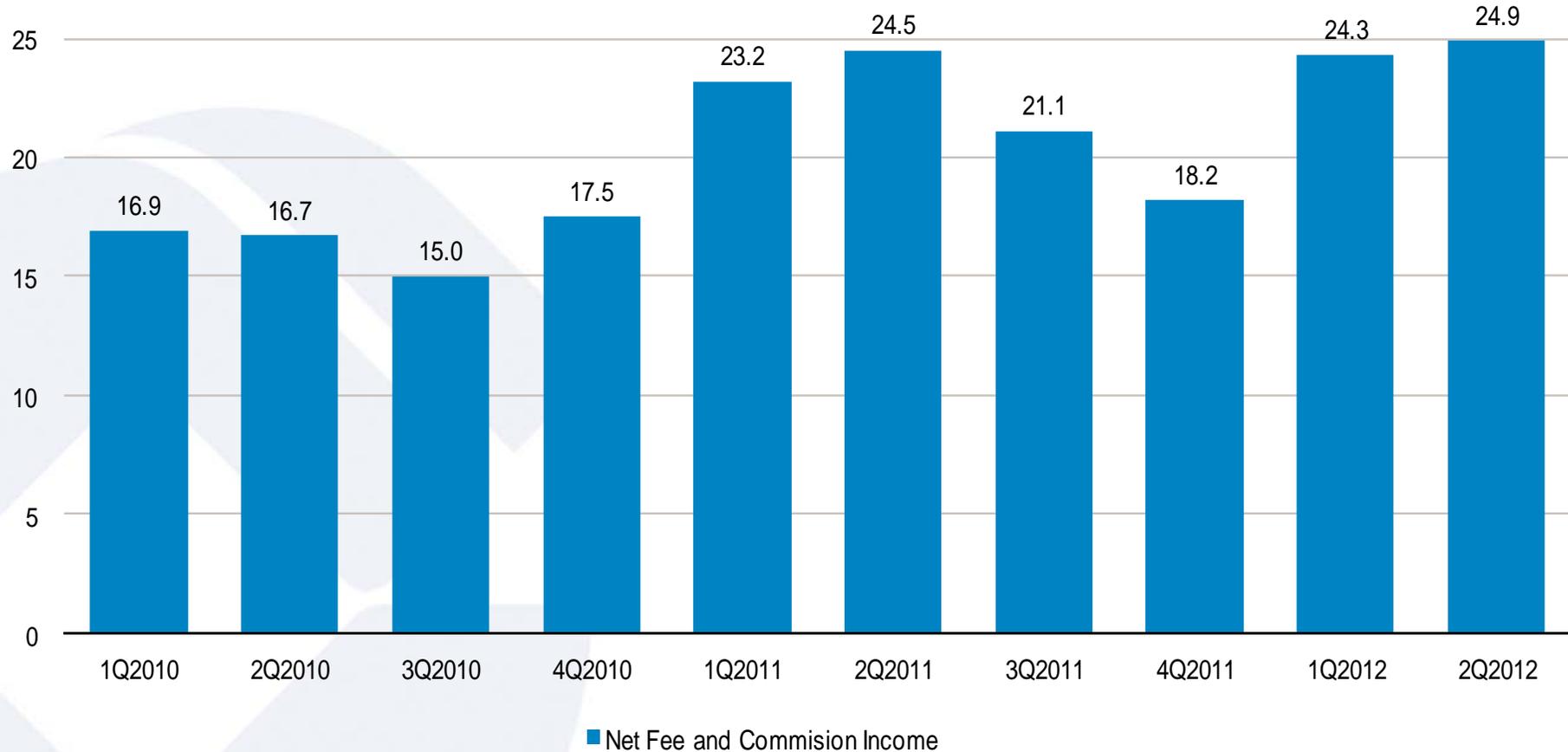




# Leading the Industry in Growth Rate of Net Fee and Commission Income 1

## Net Fee and Commission Income

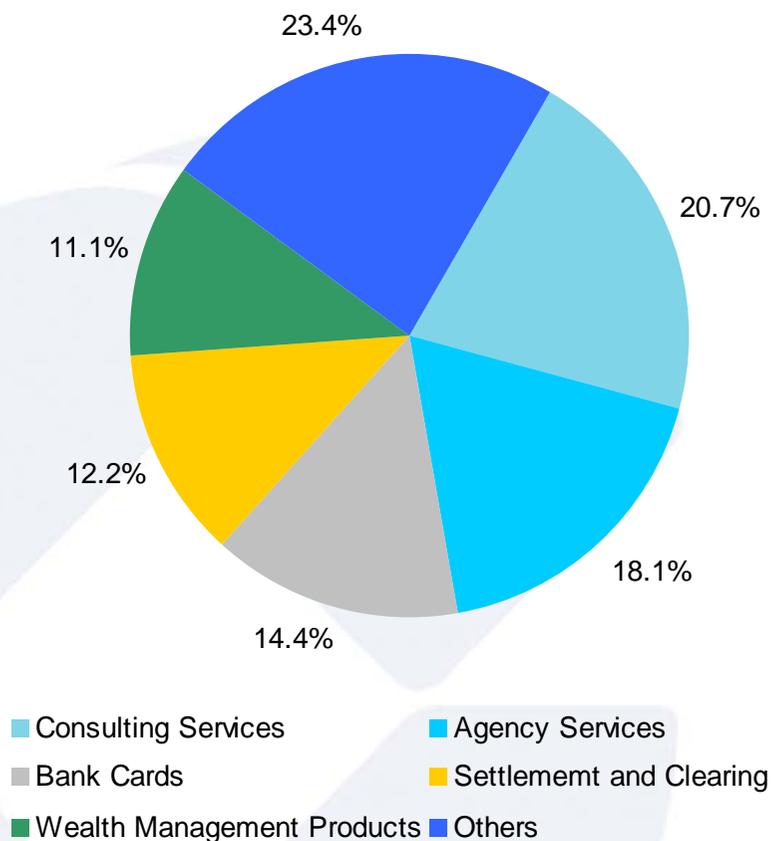
(RMB Bn)





# Leading the Industry in Growth Rate of Increased Net Fee and Commission Income 2

## Structure of Fee and Commission Income



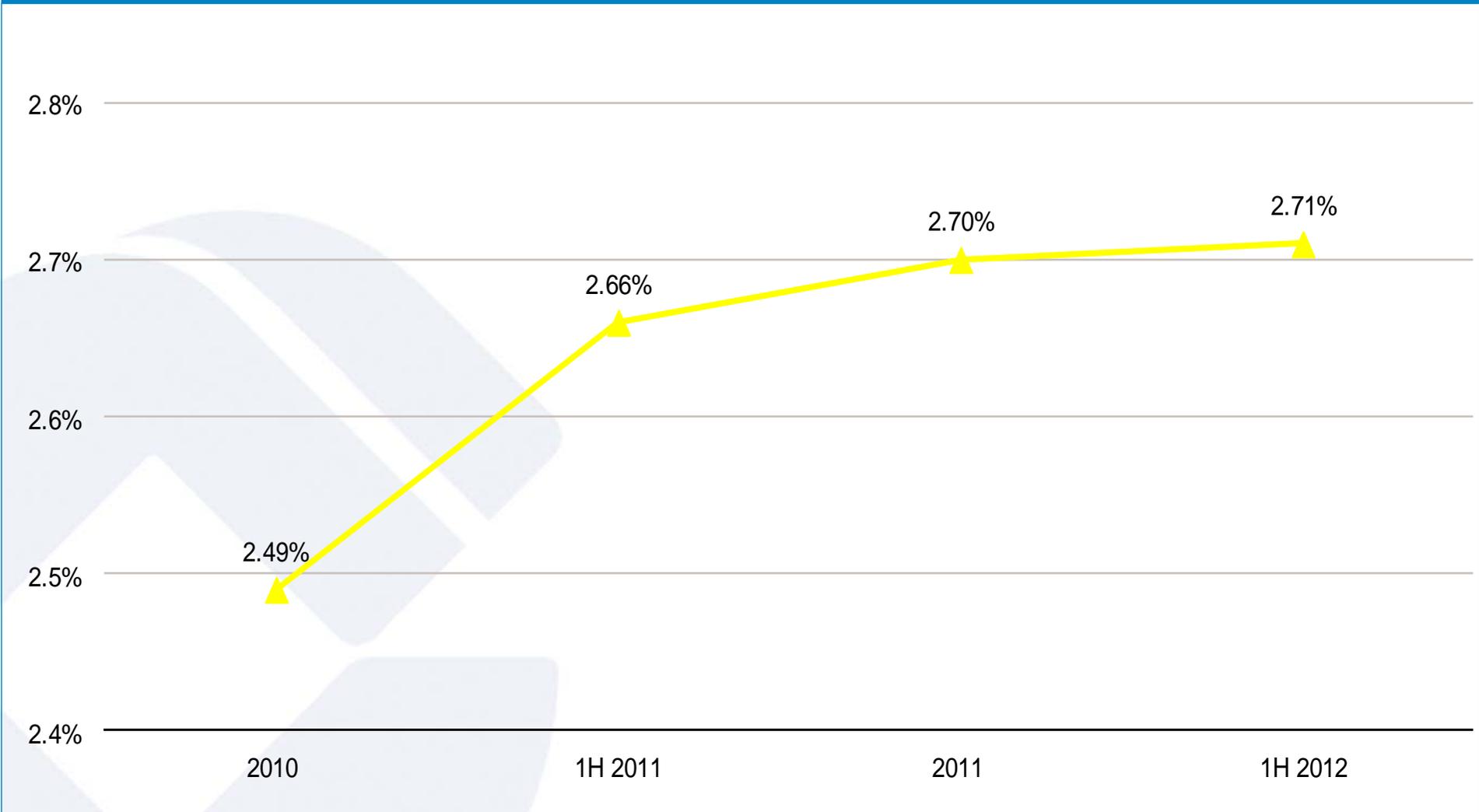
## Rapid Growth in Key Intermediary Products

- Revenue from syndicated loans increased by 86.9%
- Revenue from price review consulting services increased by 43.2%
- Revenue from wealth management products increased by 53.4%
- Revenue from credit cards increased by 38.6%
- Revenue from new financial advisory services increased by 12.5%



# Maintaining Leading Position in Financial Performance — Net Interest Margin Increased Over the Same Period in 2011

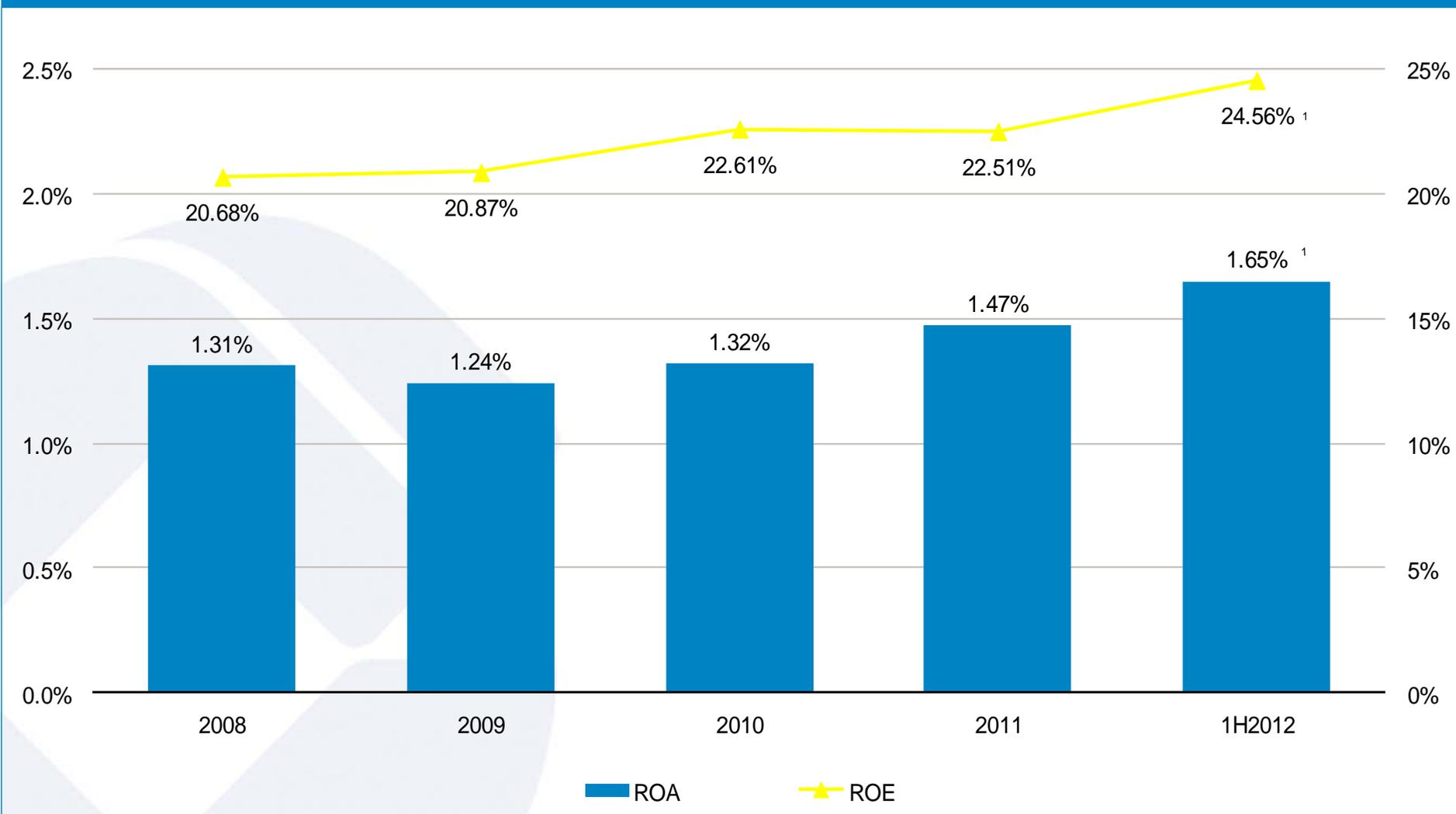
NIM Increased by 0.05% Compared with the Same Period in 2011





# ROA and ROE Outperforming Peers

## ROA and ROE Increased Stably



Note1: Annualised data



**Operating Performance**

**Outlook**



# Outlook — Opportunities and Challenges

## Opportunities

- China's development remains at an important stage with strategic opportunities
- The nation has placed greater priority on stable growth and national financial stability
- Continue to implement proactive fiscal policy and stable monetary policy
- Accelerate economic restructuring, actively bolster domestic consumption
- Protect and improve people's livelihood

## Challenges

- The world economy may experience prolonged slow growth
- Threats of a declining domestic economy persists
- More stringent regulatory requirements over capital adequacy and fees income for commercial banks
- Acceleration in interest rate liberalization
- More intense competition within the industry



# Outlook — Response Initiatives

## Promoting “Comprehensive, Multi-functional and Intensive” Strategic Transformation and the “Three Big and One High” Strategy, Improving Market Competitiveness and Achieving New Improvements

- Comprehensive strategic transformation
  - Building an “Comprehensive” bank: Market inter-reliance, complementary operations, effective multi-channel businesses, control the spread of risks
  - Building a “multi-functional” bank: Provide comprehensive and diversified financial services to customers
  - Building an “intensive” bank: Enhance operations, reduce operating costs, improve operational efficiencies
- Continue to promote the “large industries, large systems, large cities and high-end customers” strategy
  - Enhance resource allocation to complement the “large industries, large systems, large cities and high-end customers” strategy
  - Promote supply-chain financing, and provide comprehensive financial services to complement the “large industries, large systems, large cities and high-end customers” strategy
- Improve the overseas development plan
  - Development goals: Establish “local bank” in overseas locations; provide global financial services, progressively realize international development, and develop a competitive and modern commercial bank
  - Institutional development: Being flexible in choosing to set up or adopt a M&A strategy in accordance with each individual country’s regulatory requirements and actual situation of commercial banks; strengthen presence in the Asia-Pacific region, expand the network in Europe and North America, and explore new markets
  - Business strategy: Follow-up and localized operation



# Q&A