



中国建设银行
China Construction Bank

2013 Interim Results Announcement

Hong Kong
August 2013



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Key Financials 1

(RMB Billion)	30 Jun 2013	31 Dec 2012	Change
Total Assets	14,859.21	13,972.83	 6.3%
Net Loans and Advances to Customers	7,882.07	7,309.88	 7.8%
Total Liabilities	13,858.70	13,023.28	 6.4%
Deposits from Customers	12,149.44	11,343.08	 7.1%
Total Equity Attributable to Shareholders	992.37	941.67	 5.4%
Core Tier 1 CAR	10.66%	Not applicable	
Capital Adequacy Ratio	13.34%	Not applicable	
NPL Ratio	0.99%	0.99%	
Allowance to NPL Ratio	265.20%	271.29%	 6.09 pps

Note: Based on Measures for the Management of Capital Adequacy Ratios of Commercial Banks, the Core Capital Adequacy Ratio is 11.37%, as at the end of June, increased by 0.05 pps compared to the end of last year. Capital Adequacy Ratio is 14.18%, decreased by 0.14 pps, compared to the end of last year.



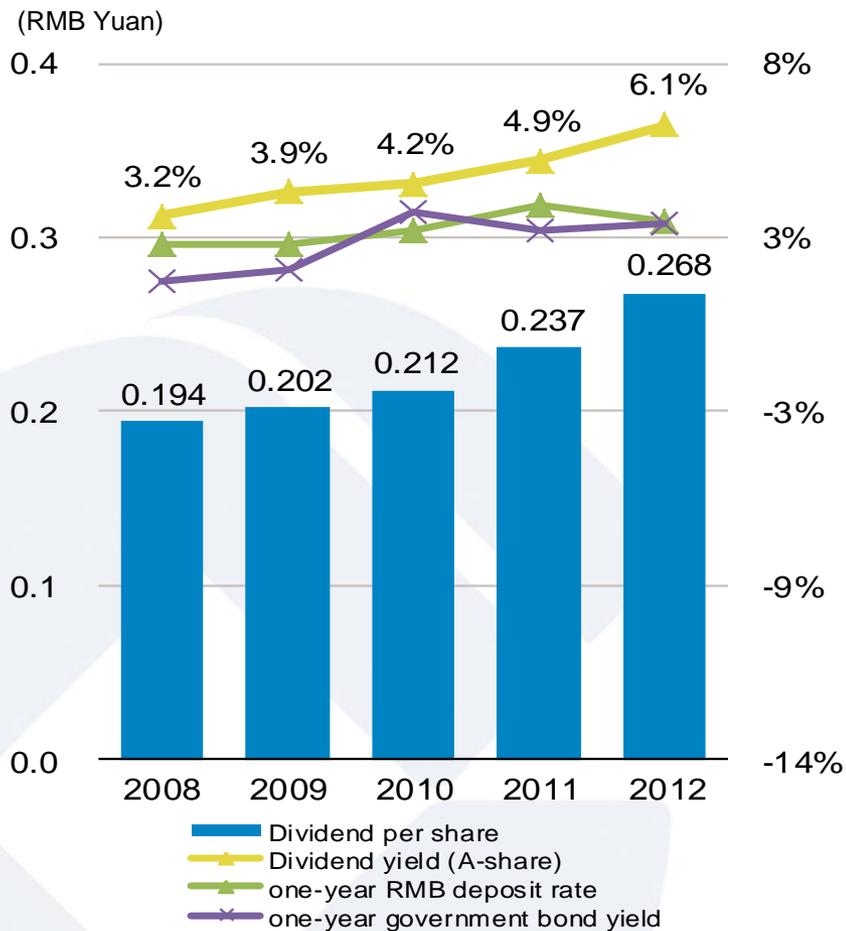
Key Financials 2

	1H2013	1H2012	Change
(RMB Billion)			
Net Interest Income	187.66	169.69	 10.6%
Net Fee and Commission Income	55.52	49.24	 12.8%
Profit Before Tax	155.19	138.51	 12.0%
Net Profit	119.96	106.49	 12.7%
Earnings Per Share (in RMB)	0.48	0.43	 11.6%
ROAA	1.66%	1.65%	 0.01 pps
ROAE	23.90%	24.56%	 0.66 pps
Cost-to-income Ratio	24.62%	25.27%	 0.65 pps



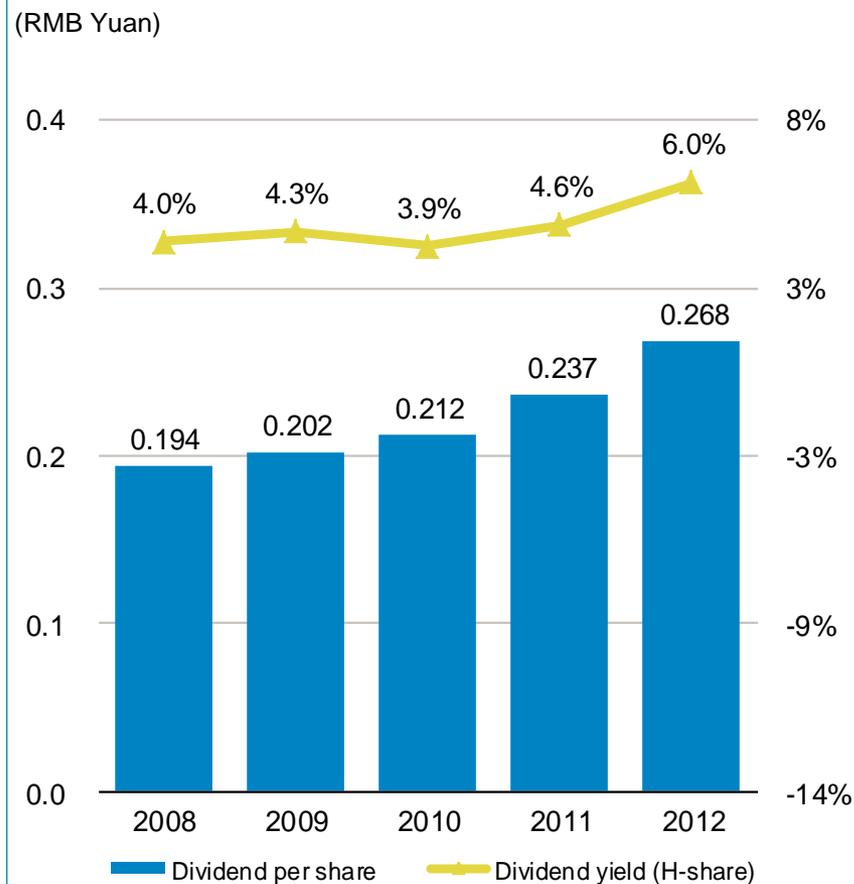
Generate rich returns for shareholders

A-share dividend yield



Note: Dividend yield is calculated by dividing dividend per share by the average share price of the year.

H-share dividend yield



Note: Dividend yield is calculated by dividing dividend per share by the average share price of the year. Dividend per share is translated using the RMB-Hong Kong dollar exchange rate on dividend date.



Financial performance

Business developments

Risk management

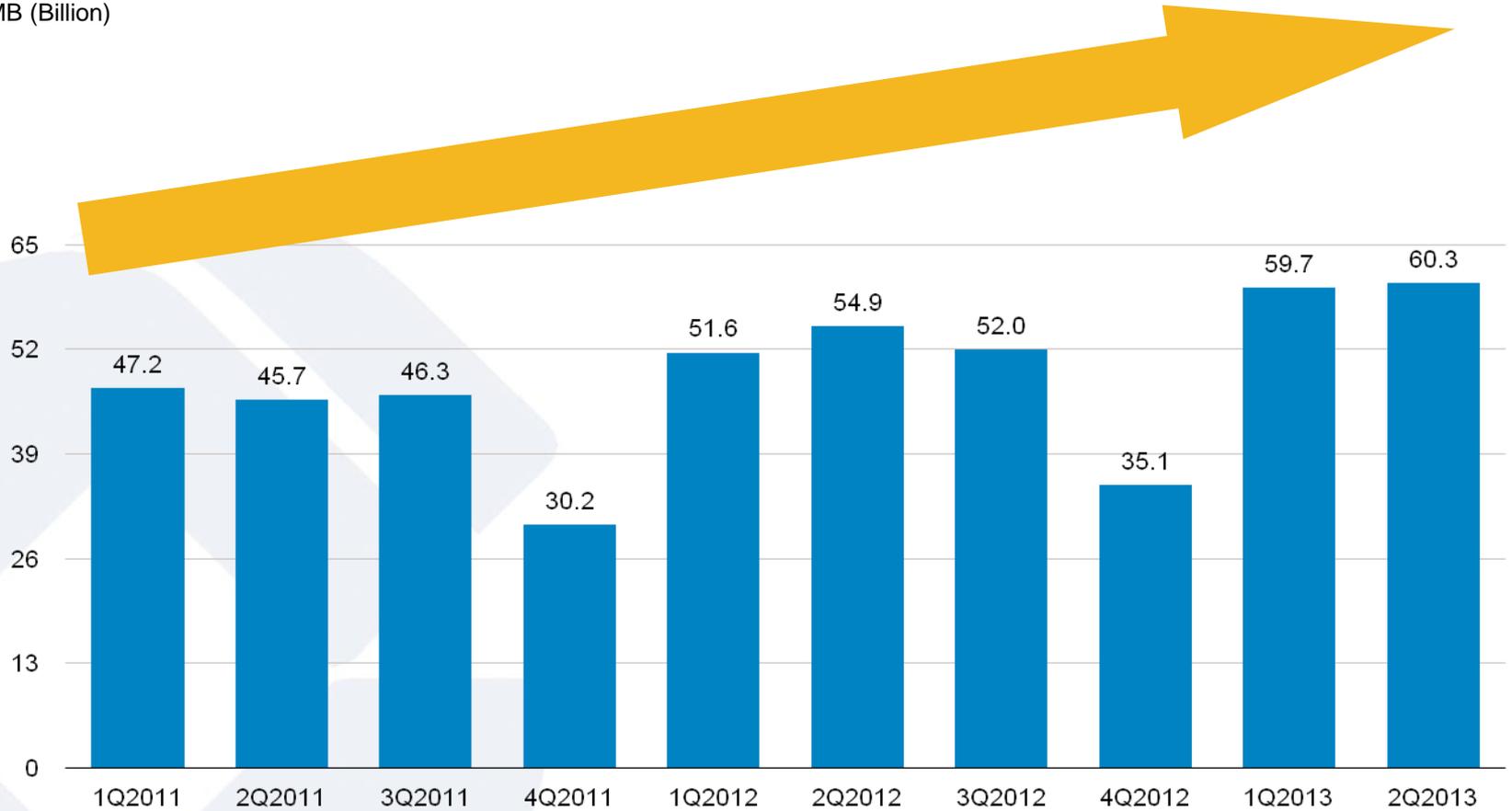
Outlook



Continuous improvement in profitability

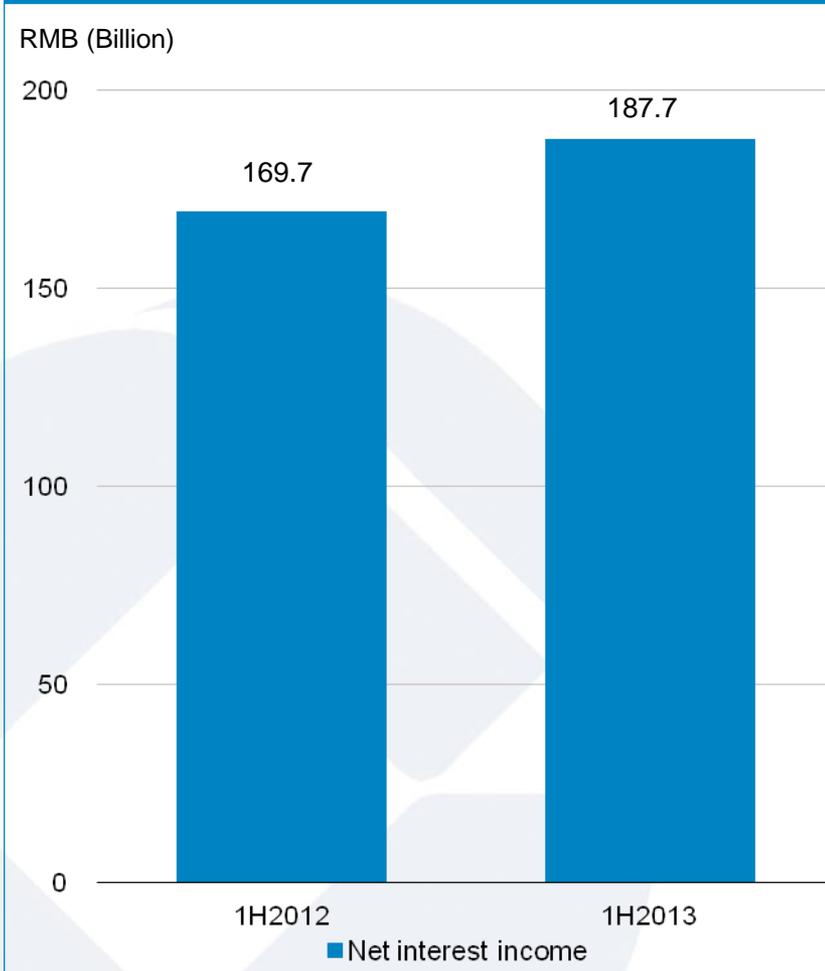
Net profit increased by 12.7% YoY

RMB (Billion)

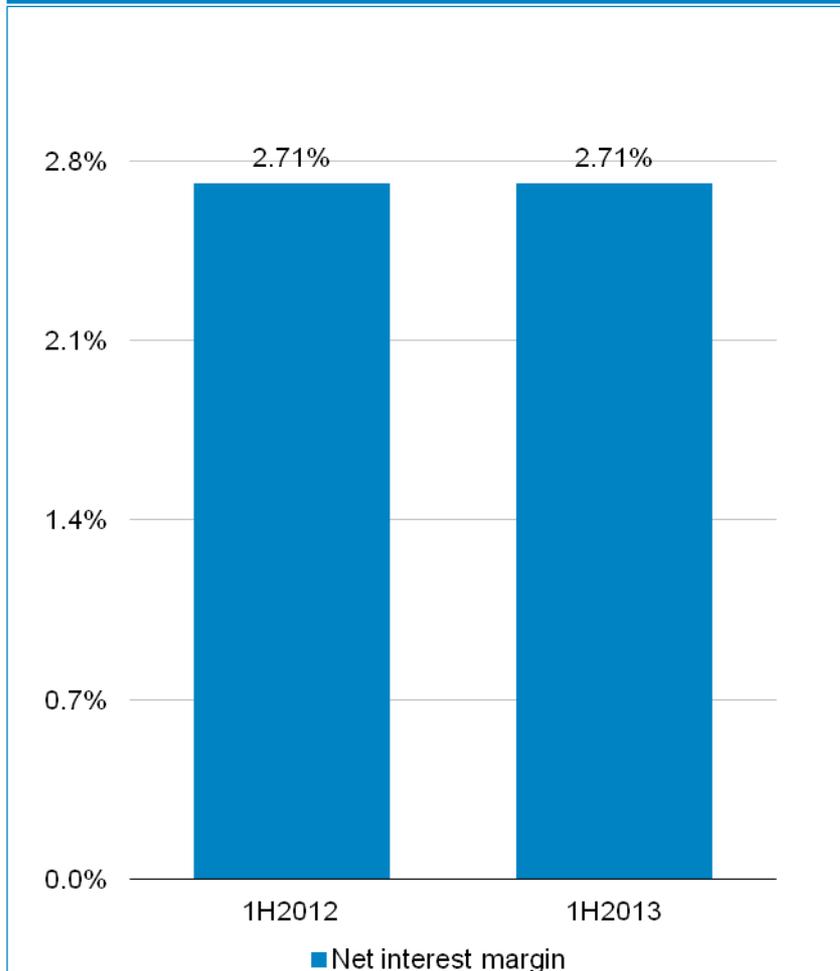


Net interest income growing continuously and NIM remaining stable

Net interest income increased by 10.6% YoY



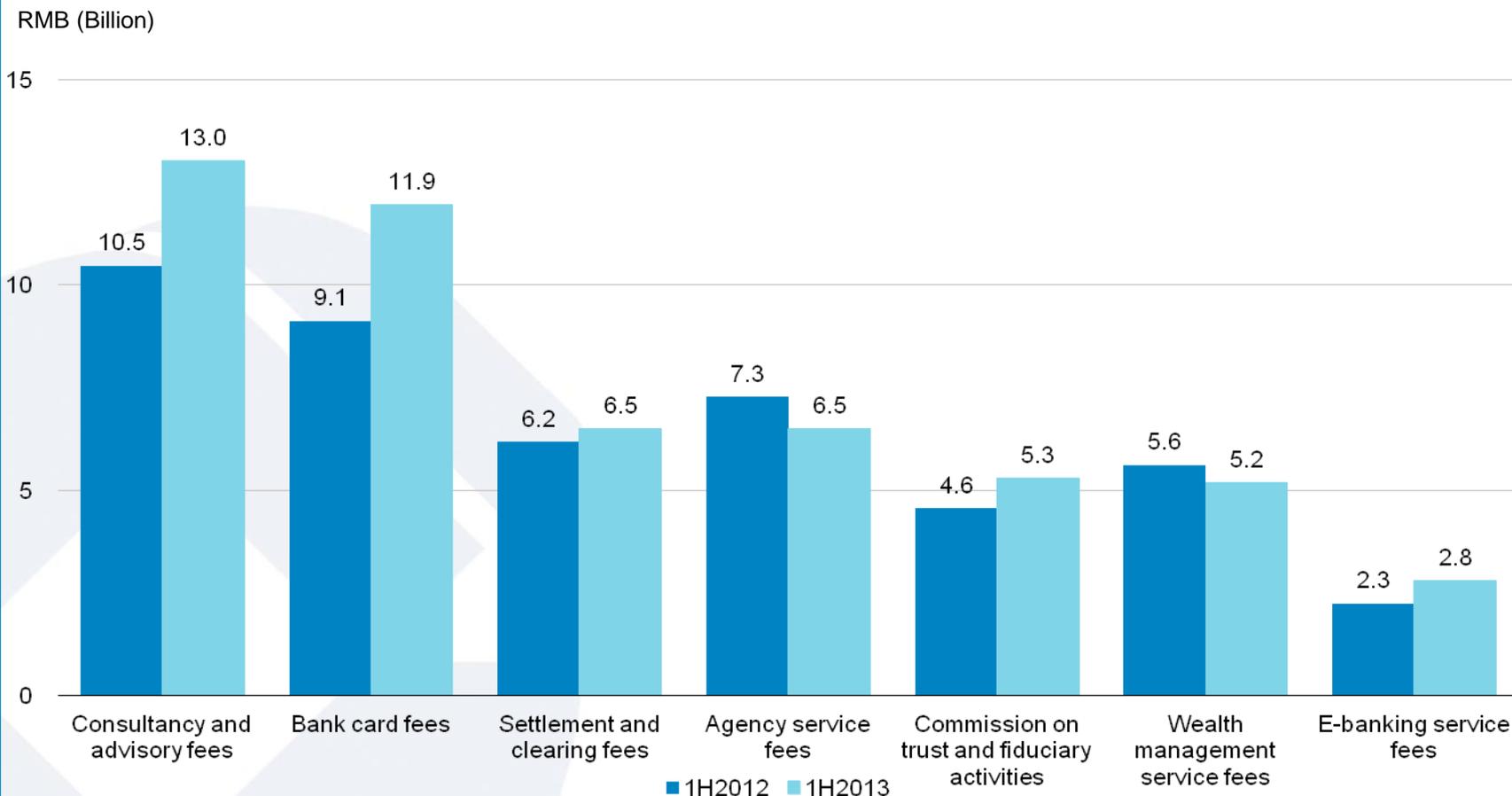
Net interest margin remained stable





Steady increase in fee and commission income

Net fee and commission income increased by 12.8%. The ratio of net fee and commission income to operating income increased by 0.4 pps to 22.0%.

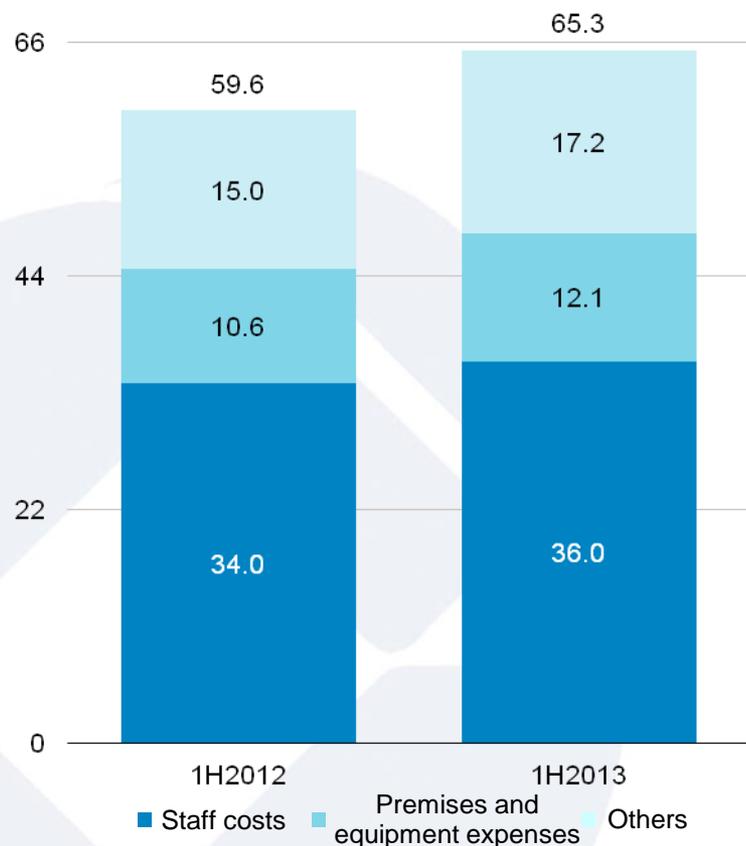




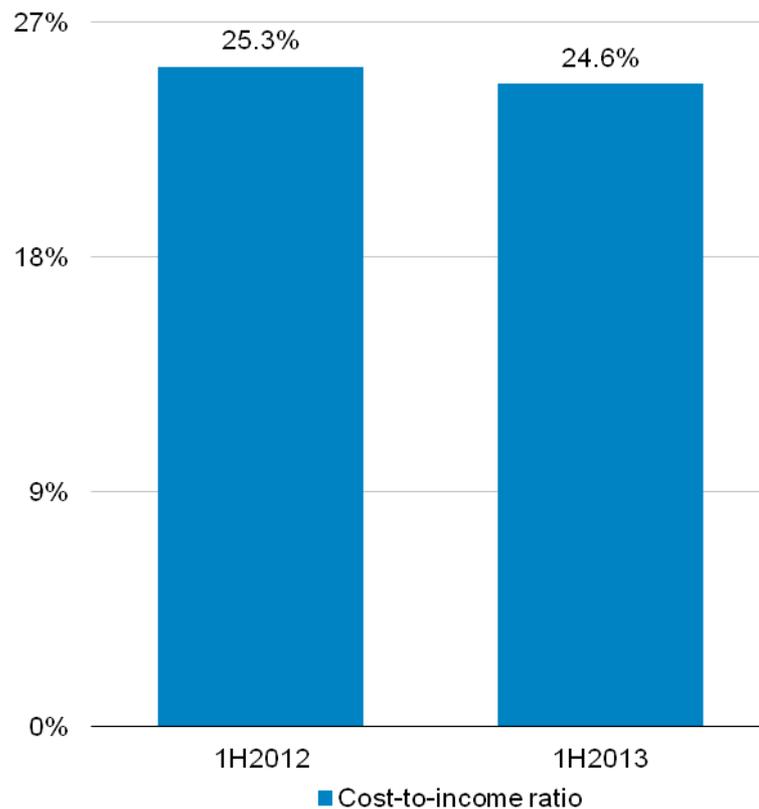
Operating efficiency continued to improve

Effective control of operating costs

RMB (Billion)



Cost-to-income ratio continued to decline



Note: excluding business tax and surcharges.



Financial performance

Business developments

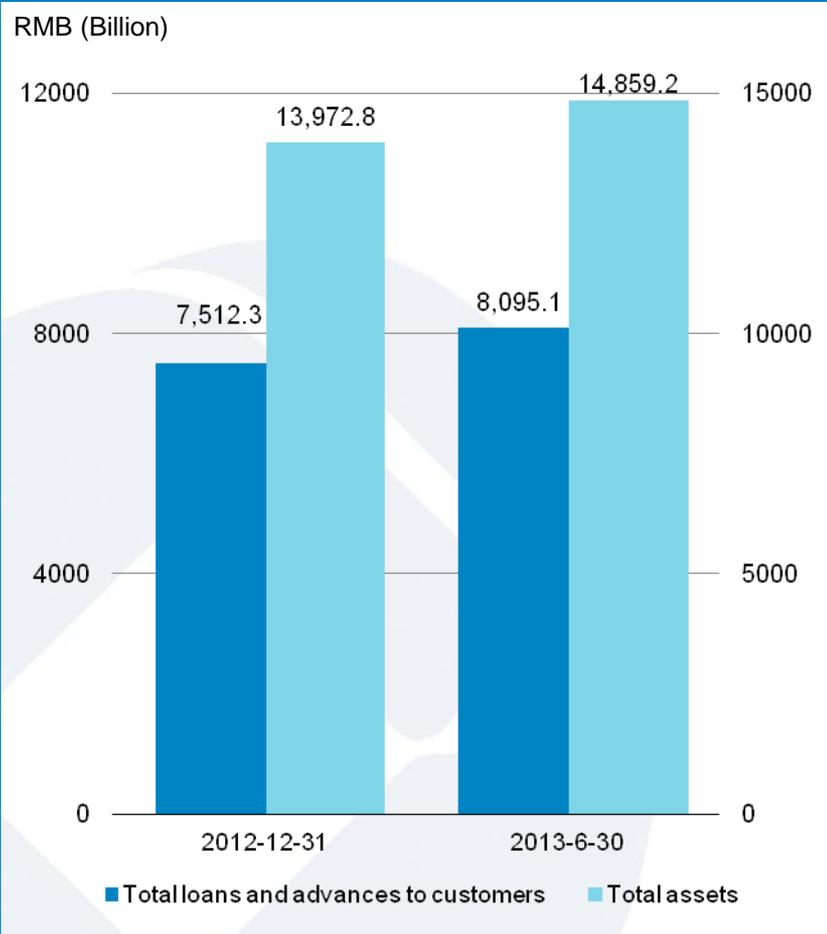
Risk management

Outlook

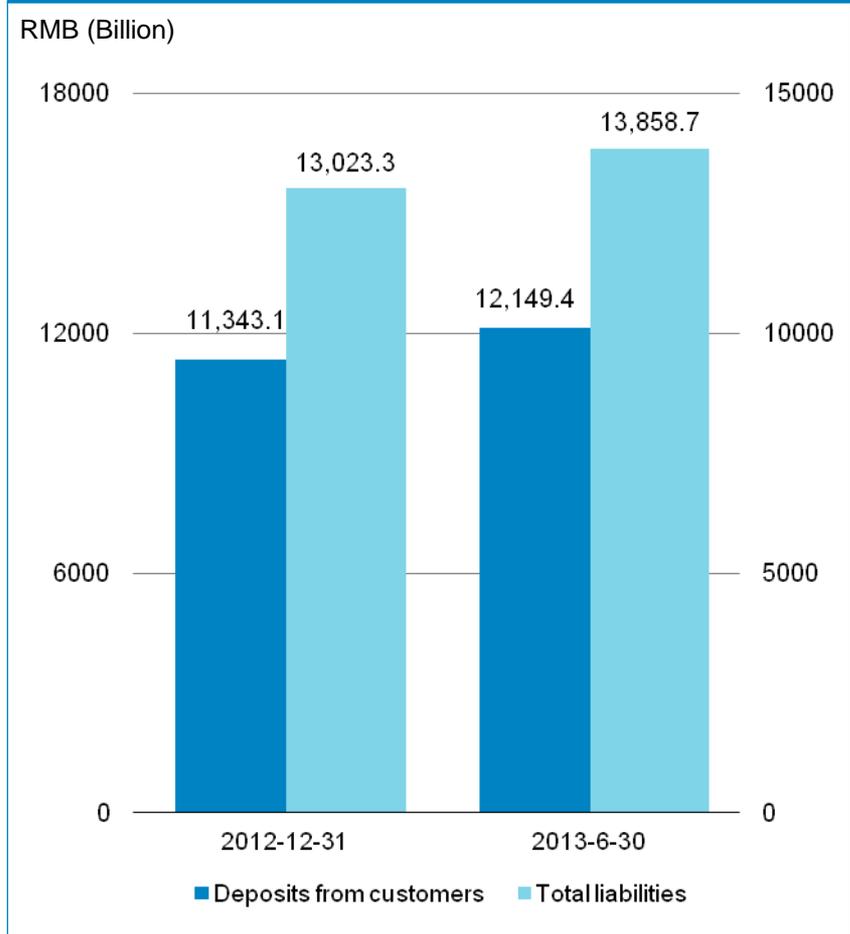


Breakthrough in scale of business

Asset size amounted to approximately RMB 15 trillion. Loans and advances to customers increased by 7.8%.

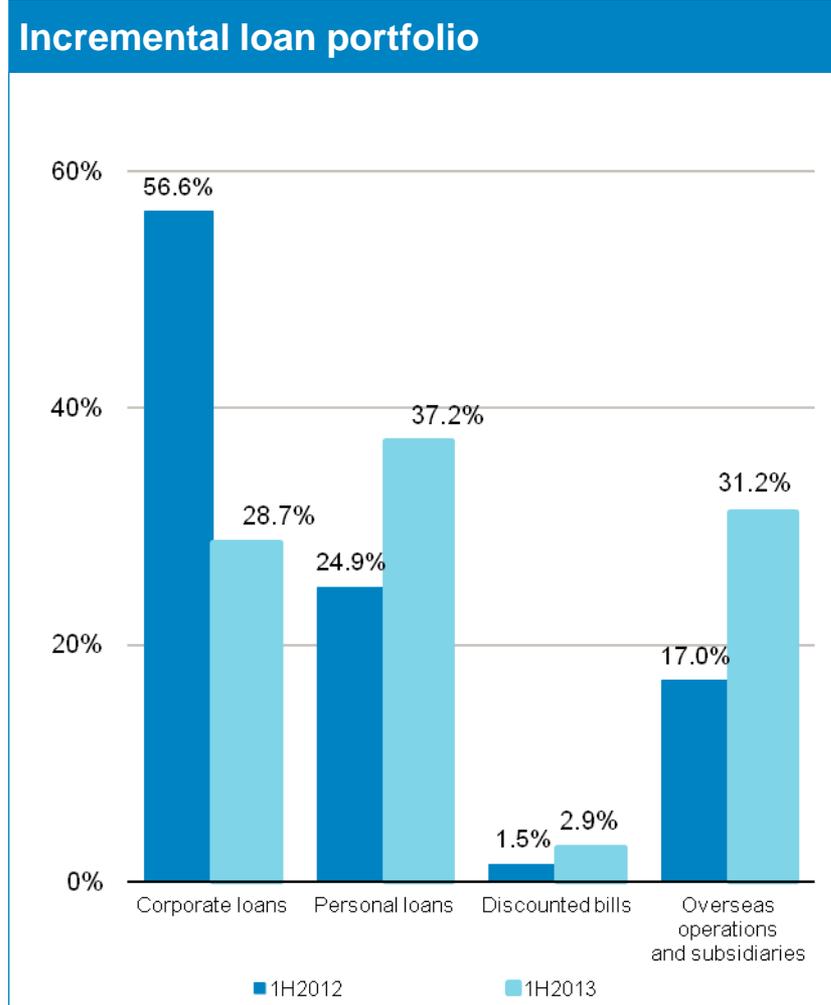
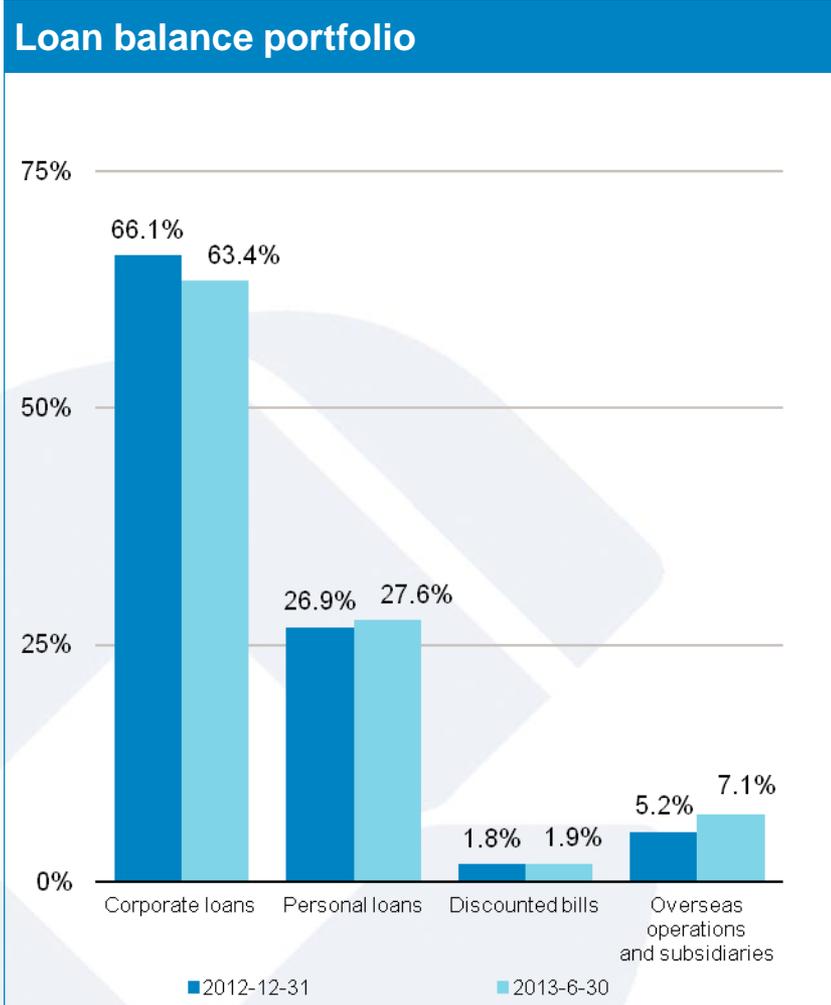


Total liabilities exceeded RMB 14 trillion. Deposits from customers increased by 7.1%.





Notable effect of credit restructuring 1

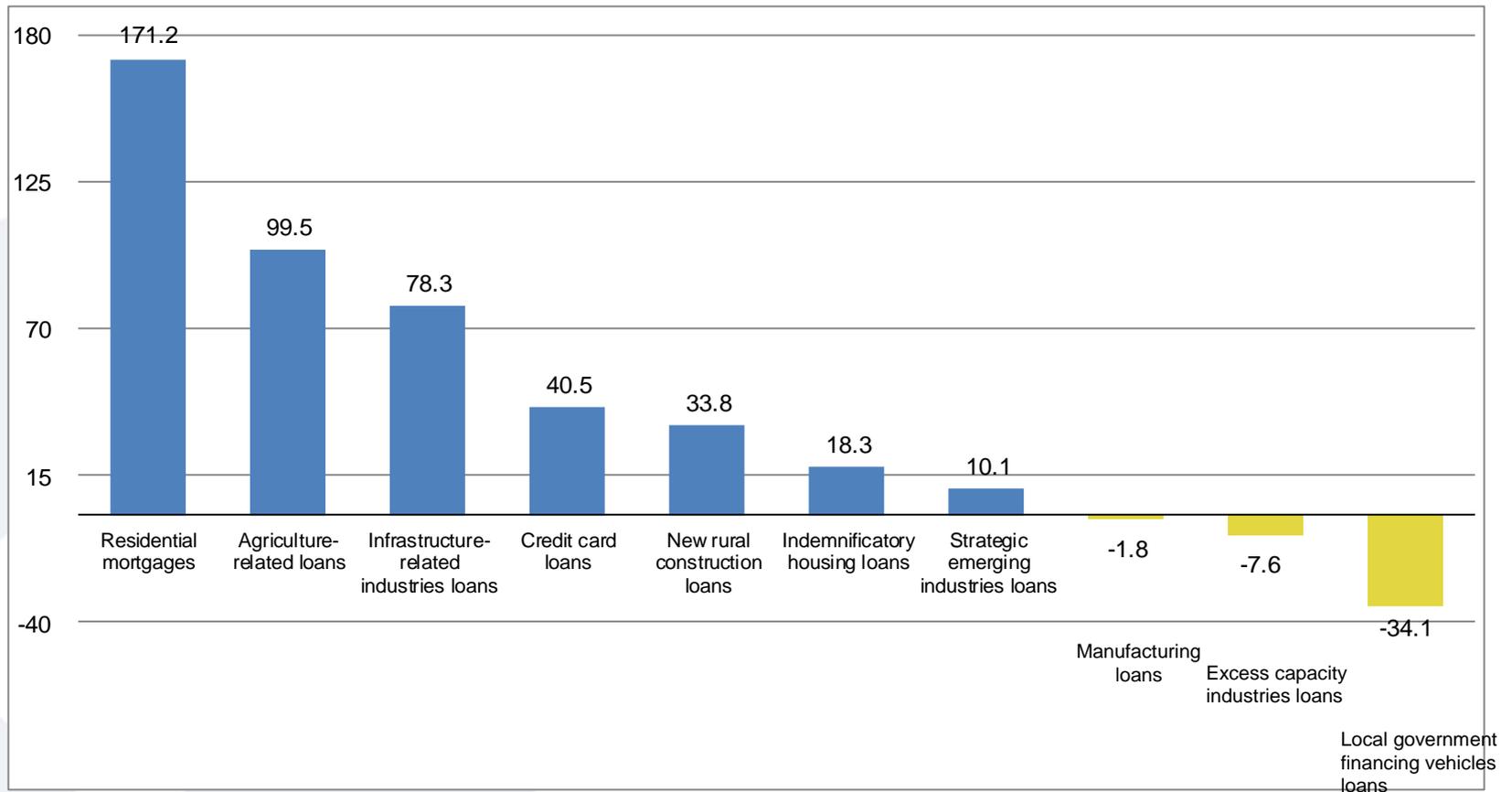




Notable effect of credit restructuring 2

Increased loan amounts of domestic related industries, products and areas

RMB (Billion)

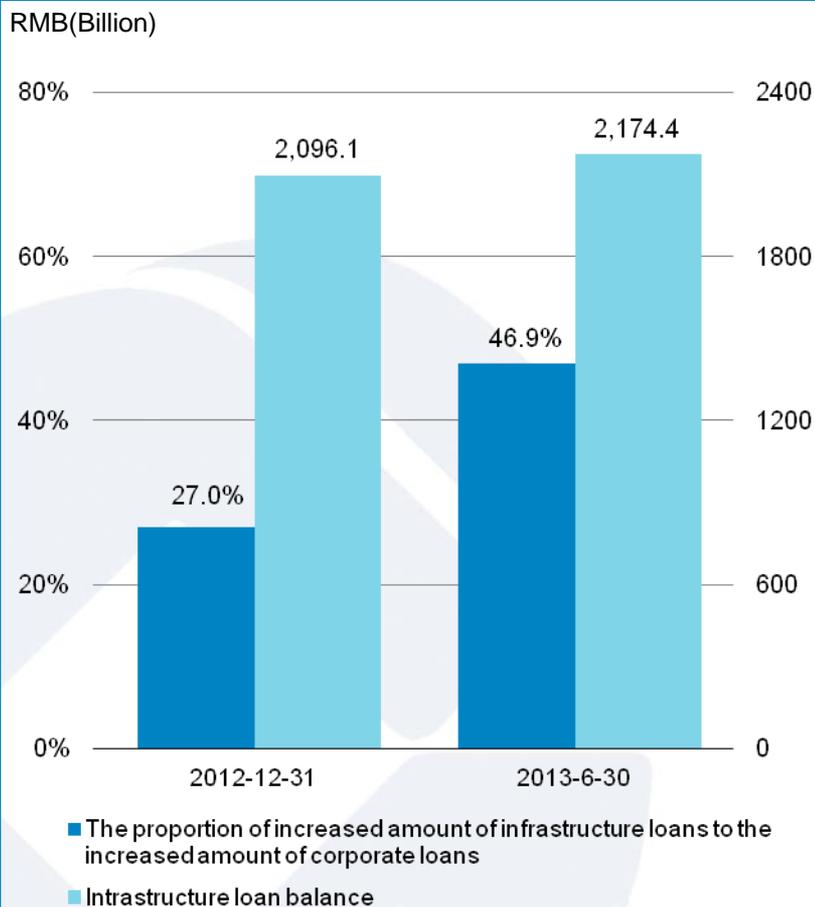


Note: Excess capacity industries include steel, cement, coal chemical industry, glass, wind power equipment, polysilicon and shipbuilding.

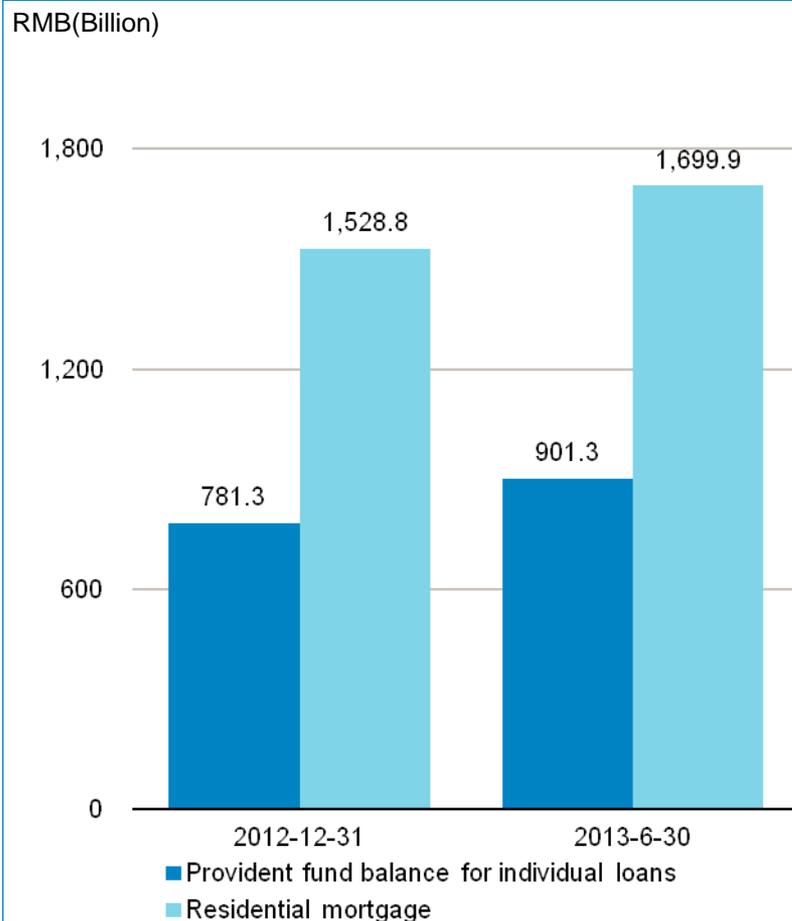


Traditional strong areas remained robust— Infrastructure and Residential mortgage

Infrastructure loans continued to grow



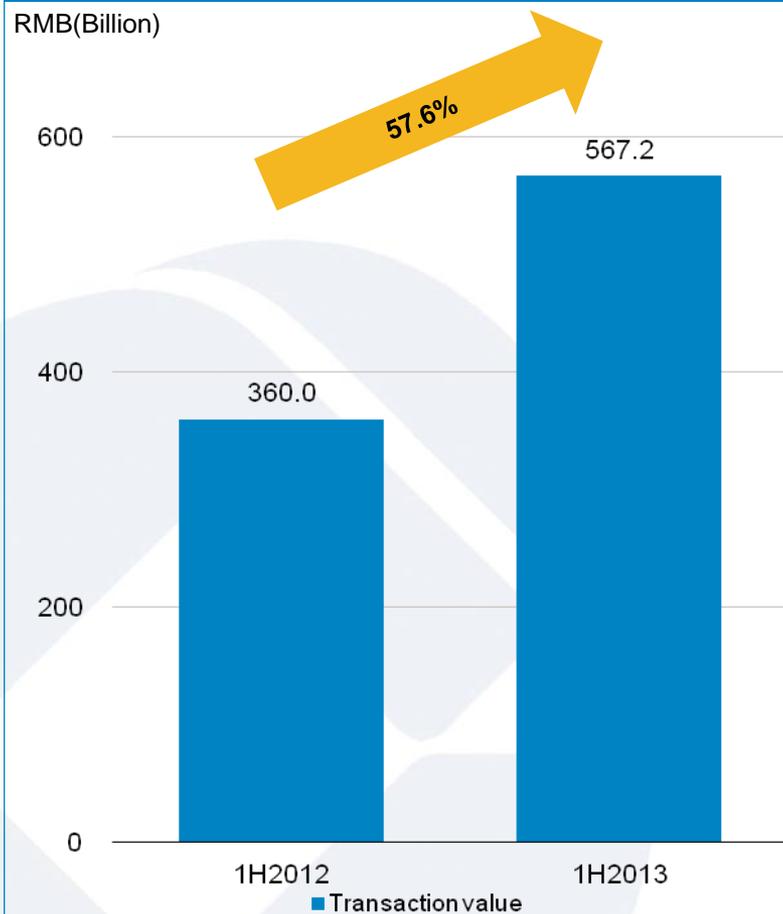
Residential mortgage, provident fund balance for individual loans remained NO.1 among peers



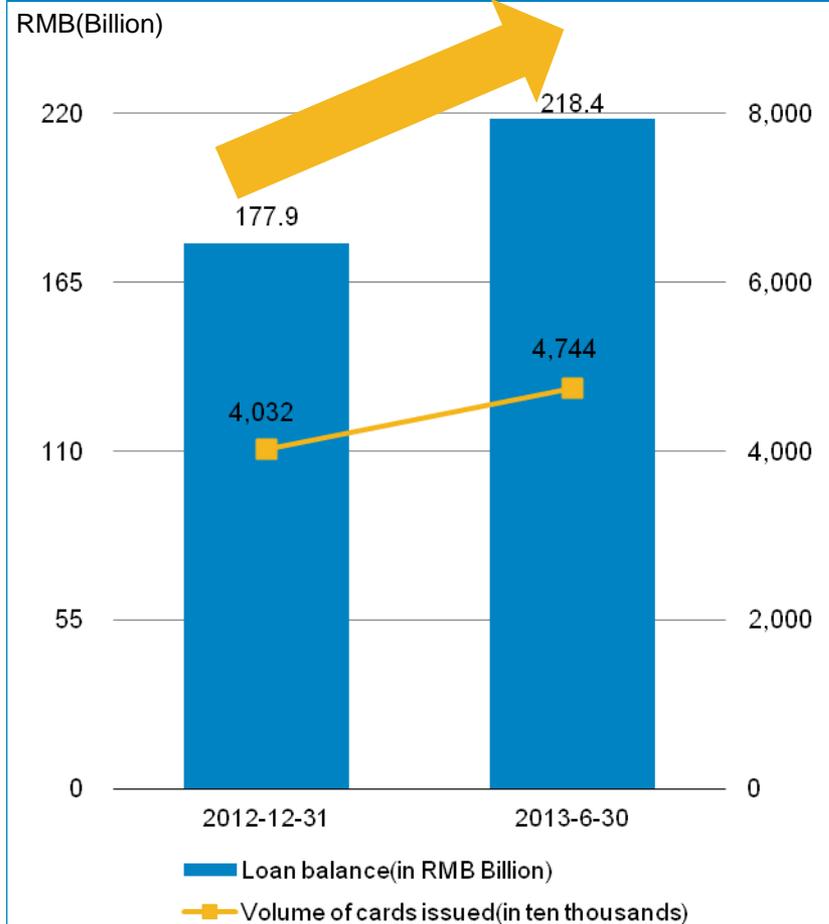


Seized the opportunity in emerging business — credit card

Transaction value increased by 57.6%



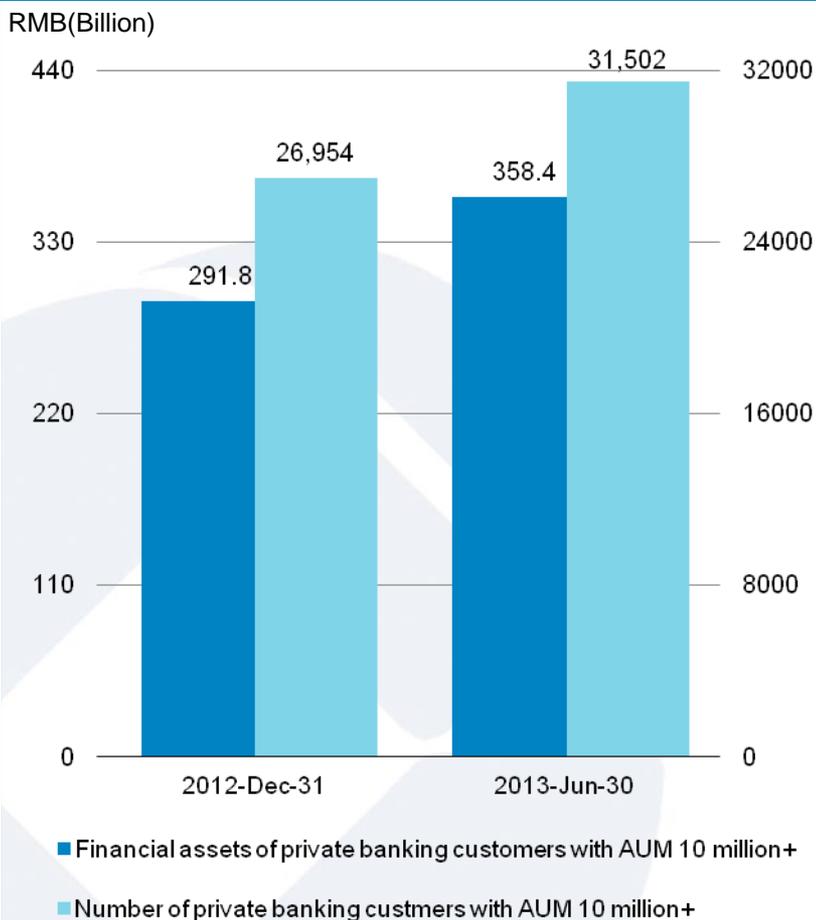
Loans increased by 22.8%, volume of cards issued increased by 17.7%





Seized the opportunity in emerging business — private banking and investment banking

First-class brand of private banking



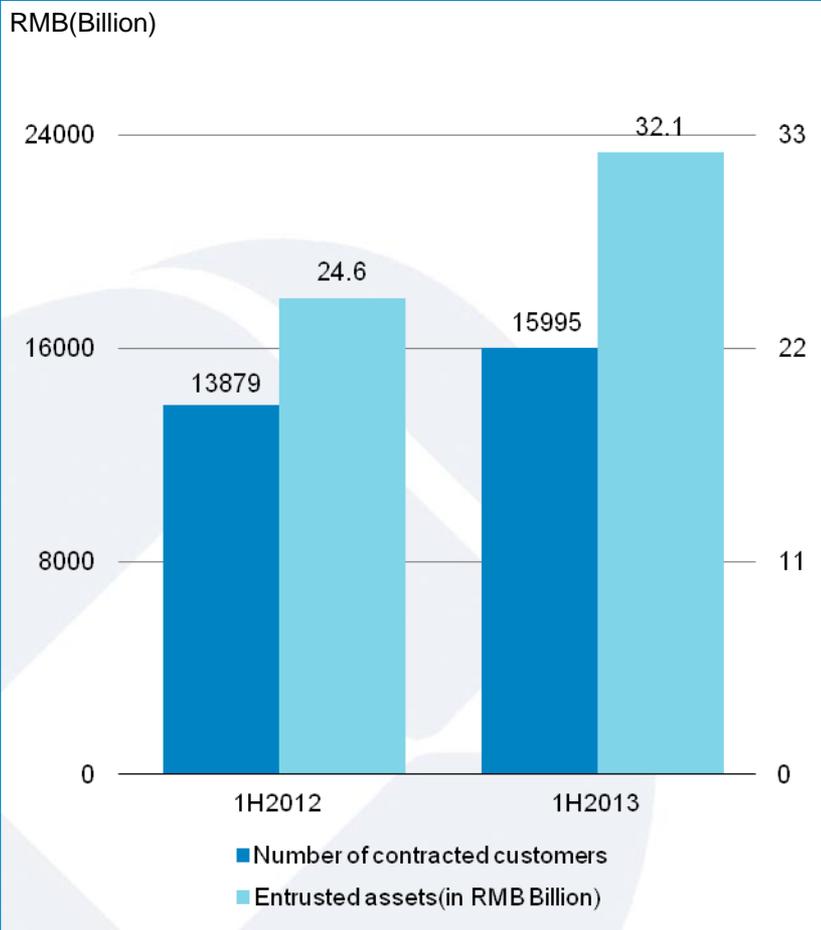
Investment banking business developed steadily

- ◆ New financial advisory business ranked first among peers
- ◆ Bonds underwriting business ranked first among peers
- ◆ Innovation of business development model
 - Launch merger and acquisition funds
 - Collaboration with agricultural development funds
- ◆ Product innovation
 - Promoting urbanisation related wealth management business
 - Taking the lead in underwriting business of asset-backed notes
 - Participating in corporate loans securitisation pilot project



Seized the opportunity in emerging business — pension business and investment custody business

Number of pension business customers increased by 15.2%, entrusted assets increased by 30.5%



Continuously improved Investment Custody Businesses

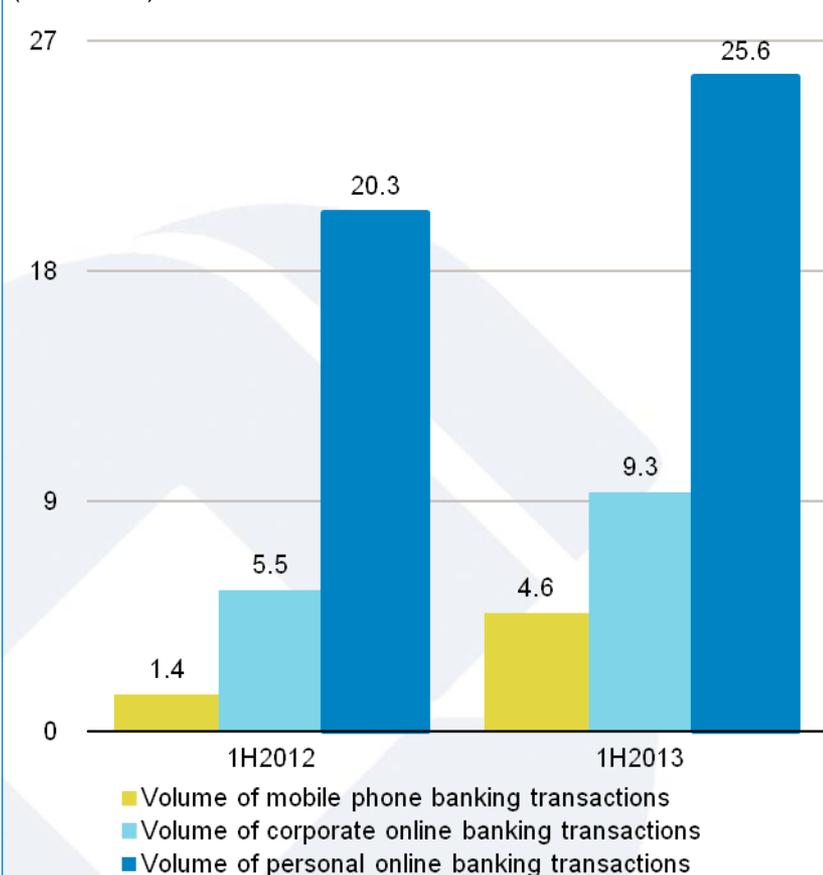
- Custody fee increased by 13.0% yoy
- New issuance and market share of securities investment fund under custody ranked first
- Number of new QFII customers and the newly approved investment quota ranked first among the big four banks
- Assets under custody increased by 12.2%
- Product innovation
 - Government bond ETF
 - Cross border ETF
 - Gold ETF
 - Currency ETF



Seized the opportunity in emerging business —E-banking business

Volume of E-banking transactions increased rapidly

(100 Million)



Leading the race in online finance

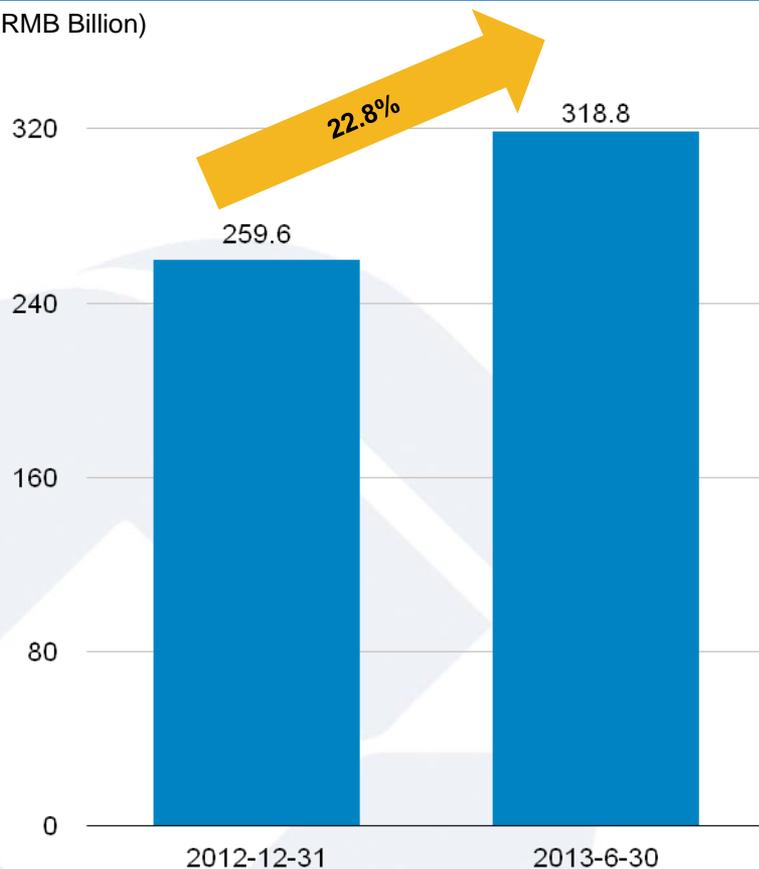
- “e.ccb.com” enhanced its development
 - Number of tenants increased by 75.1%
 - Number of registered members increased by 120.2%
 - Cumulative turnover for corporate malls of RMB 6.3 billion
 - Merchant financing approximately increased by 198.3% compared with the beginning of the year
- Main business indicators improved rapidly
 - Number of personal online banking customers increased by 13% and the transaction value increased by 37.4%
 - Number of corporate online banking customers increased by 19% and the transaction value increased by 33.5%
 - Number of mobile phone banking customers increased by 20% and the transaction value increased by 150.9%



Integrated operations made new strides

Total assets of subsidiaries increased by 22.8%

(In RMB Billion)



■ Total assets of subsidiaries

Subsidiaries' profitability continued to improve significantly

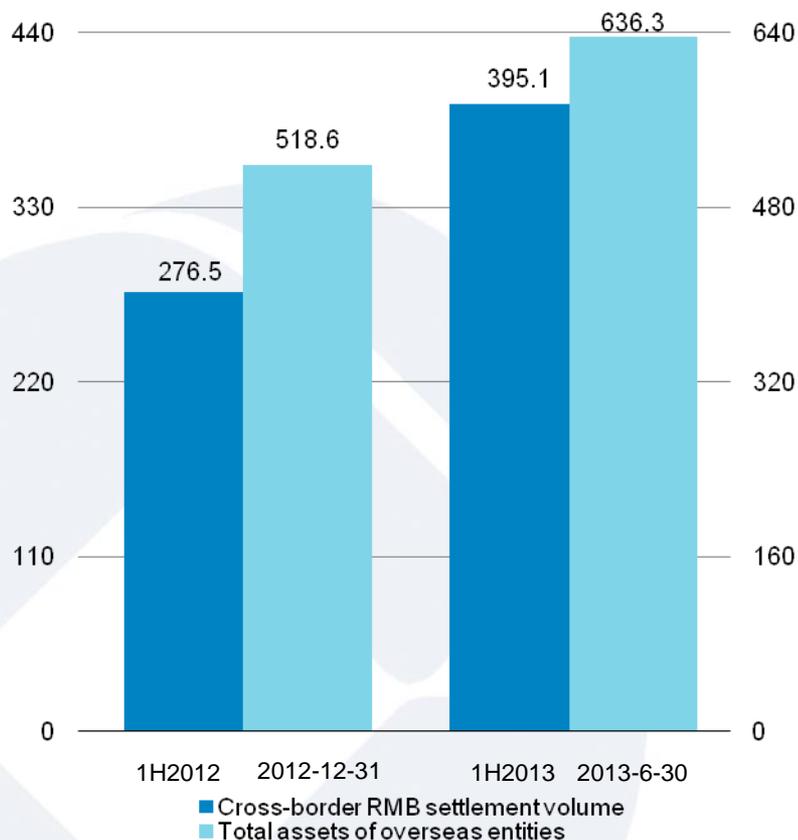
- CCB Asia's net profit increased by 44.3%
- CCB Life's net profit increased by 256.6%
- CCBFLCL's net profit increased by 161.1%
- Sino-German's net profit increased by 76.7%
- CCBI's net profit increased by 88.8%
- Rural Bank's net profit increased by 21.9%



Accelerated development of overseas business

Total assets of overseas entities increased by 22.7%, cross-border RMB settlement in volume amount increased by 42.9%

(In RMB Billion)



Breakthrough developments in overseas entities establishment

- Accelerated establishment of overseas entities
 - Opening of Russia, Dubai subsidiary and Taipei branch
 - Approval of the opening of Osaka branch
 - Progressing in the application of setting up of operations in Toronto, Luxembourg etc
 - Smooth integration and business restructuring of Hong Kong and Macao entities
- Total of 14 overseas entities, covering 14 countries and regions
- International settlement volume increased by 14.2% YoY
- Providing global financial services for customers expanding overseas
- Joining the working group of offshore RMB market promotion of city of London



Financial performance

Business developments

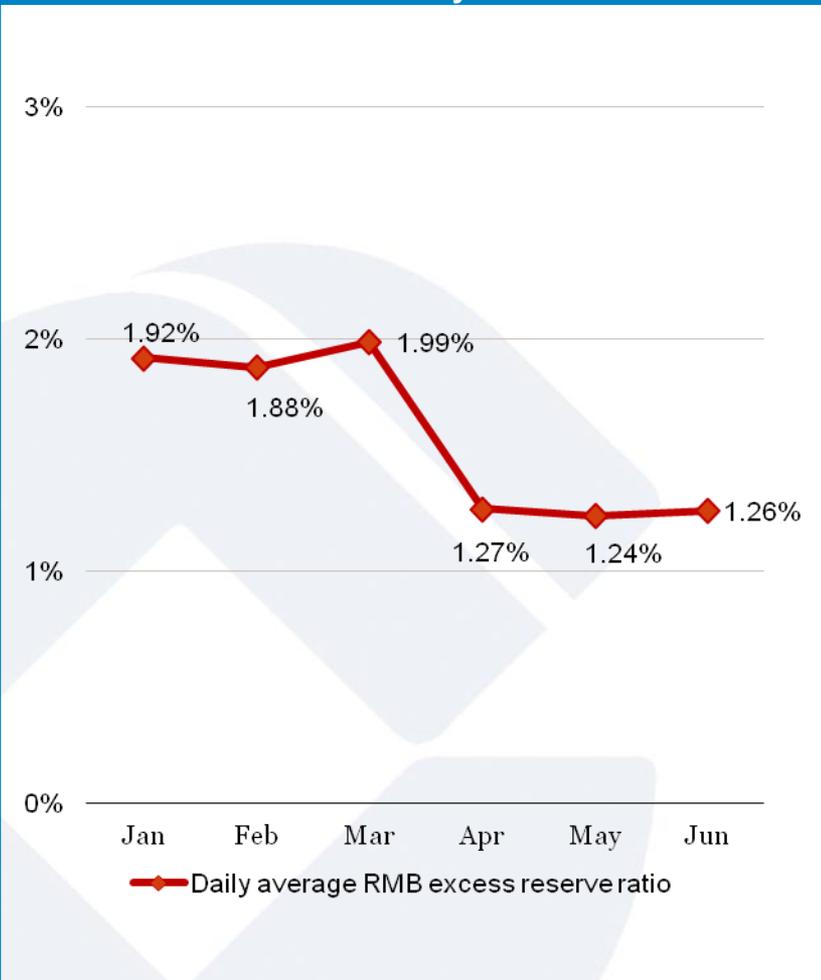
Risk management

Outlook



Strengthening liquidity risk management

Adequate daily average RMB excess reserve ratio of 1.59% for the first half of the year



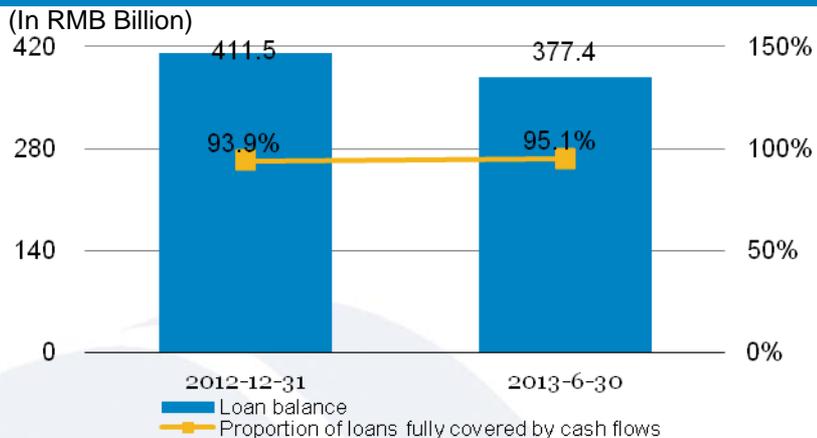
Liquidity remained stable

- ◆ Good performance of RMB liquidity indicators
 - Liquidity ratio exceeded regulatory standard by 26.9 pps
 - Loan-to-deposit ratio lower than regulatory standard by 9.9 pps
- ◆ The liquidity of foreign currency assets is adequate, with the excess reserve ratio of 11.6% at the end of June
- ◆ Measures to strengthen liquidity management
 - Expand source of funding, improve liabilities stability
 - Proper control of inter-bank asset
 - Regularly monitor the net assets liabilities exposure under various maturities
 - Strengthen the forecasting on large liquidity demand
 - Periodic stress testing

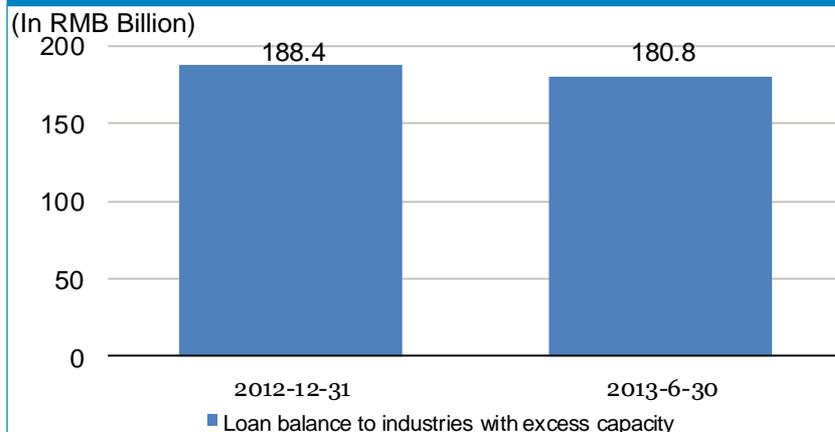


Stringent control over credit risk

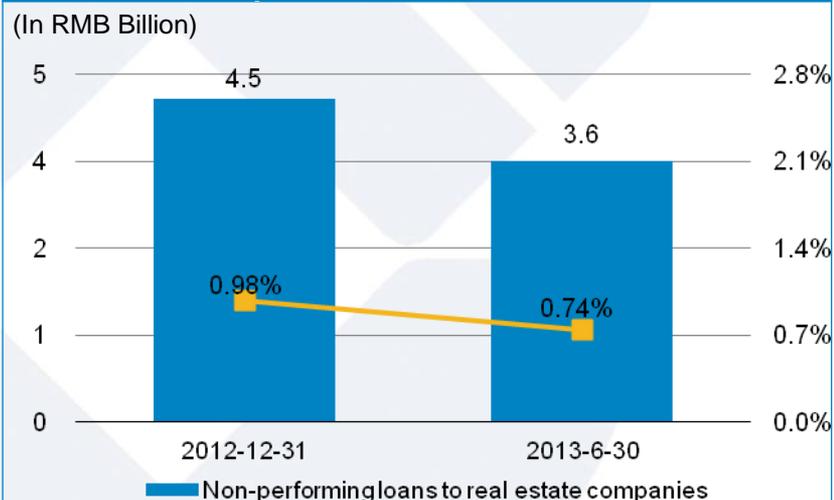
Loans to local government financing vehicles decreased, proportion of loans fully covered by cash flows increased



Loan balance to industries with excess capacity kept decreasing



Asset quality of loans to real estate companies continued to improve



Risk control over loans to small and micro businesses

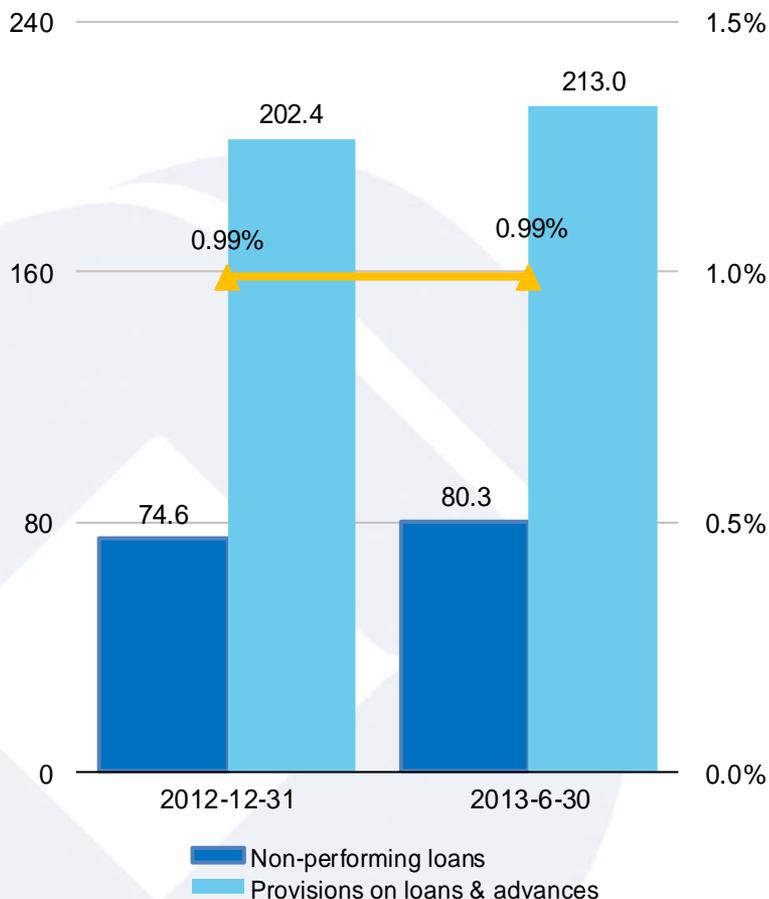
- Performing analysis of regions, industries and customer groups
- Improvement over customer selection, tightening of lending criteria over customers and industries
- Leveraging on early stage risk warning tools and strengthening risk monitoring
- Enhancing the disposition of non-performing loans



Stable Asset Quality

Asset quality remained stable

RMB (Billion)



Stringent risk control

- Optimise credit structures
- Implement overall responsibility system of risk management
- Enhance development and application of risk measurement tools
- Improve appraisal mechanism of risk management
- Promote implementation of advanced method on capital measurement
- Advance construction of “New Generation Core Banking System”

Enhance disposal of non-performing loans

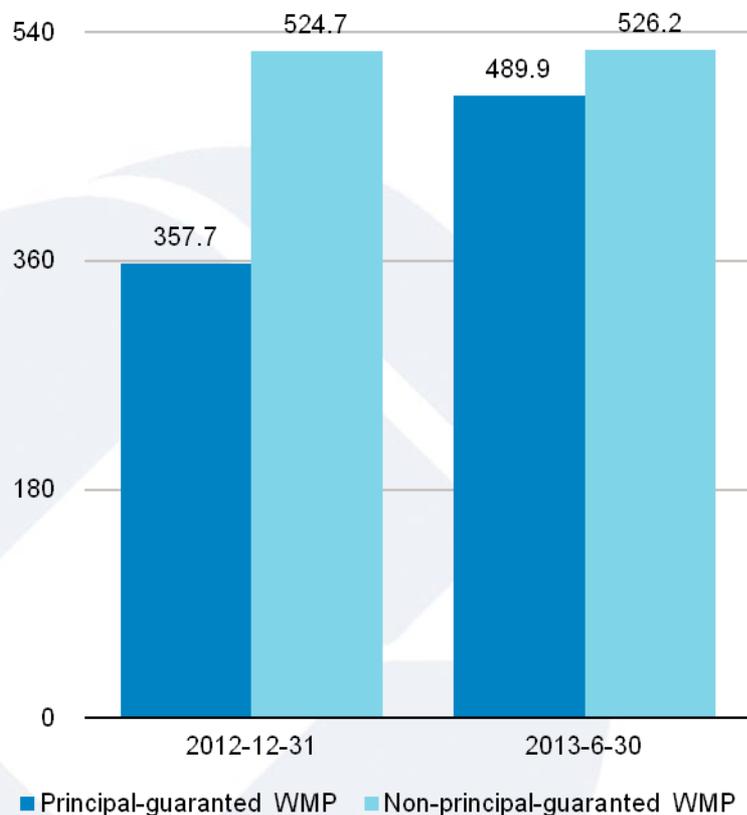
- Write-offs increased by 359.8% YoY
- Cash collections increased by 14.6% YoY



Effectively controlled the risk of wealth management business

Develop wealth management business prudently and ensuring compliance, proportion of principal-guaranteed product is increased

RMB (Billion)



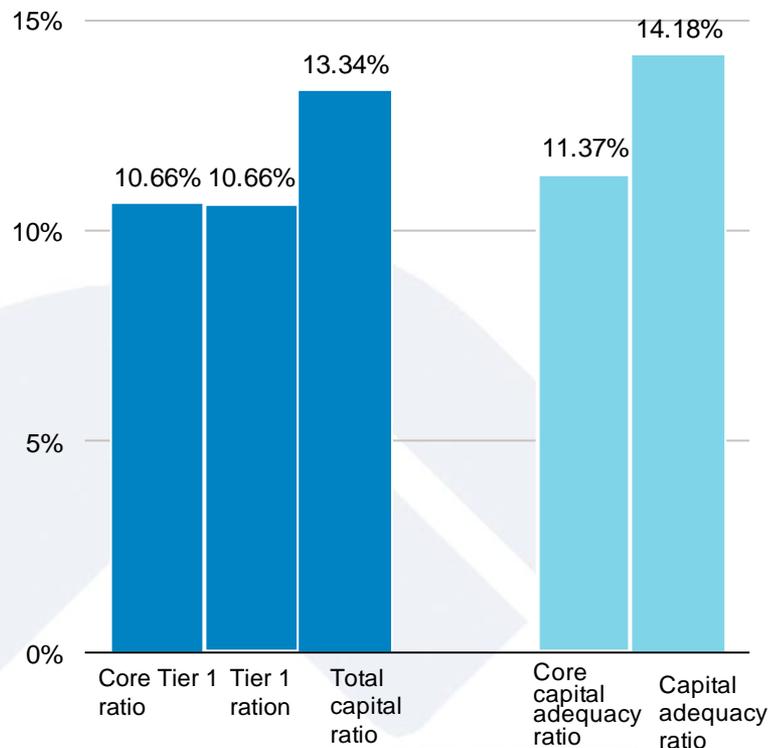
Ratio of non-standardized credit assets is in accordance with regulatory rules

- Within the Bank's overall credit management
- Rigid controls over use of funds, prohibiting from investing in industries that were restricted by the government.
- Continuous risk assessment
- Improvement over collateral management on WMP and information disclosure
- Impairment provisions on WMP



Enhancement over capital efficiency management

Capital adequacy ratios remained stable



■ Capital adequacy ratio calculated under “Measures for Capital Management of Commercial Banks (trial)”

■ Capital adequacy ratio calculated under “Measures for the Management of Capital Adequacy Ratio”

30 June 2013

Positive interaction among Capital, risk and business

- Deepen business structural adjustment
- Optimise off-balance sheet risk assets structure
- Apply to implement advanced capital measurement method
- Research on new capital instruments
 - Issuance of write-down type eligible capital instruments in the amount of up to RMB 60 billion by the end of 2015
 - Plan to issue RMB 22 billion this year to replenish Tier 2 capital, in order to increase the capital adequacy ratio



Public recognition



- ◆ #50 in Fortune Global 500, rising 27 positions
- ◆ #2 in China CSR Top 100 listing for financial institutions



- ◆ #6 in Top 1,000 World Banks, rising 2 positions, #2 in being the Most Profitable Bank
- ◆ #10 in Top 500 World Banks Global Brand, #2 in China
- ◆ Top 10 in Global Retail Banking
- ◆ #1 in Top 10 Asia-Pacific Bank Brand in 2012



- ◆ #13 in Global 2000 Leading Companies, rising 4 positions



- ◆ The best real estate investment bank



- ◆ Risk management leader for bank card



- ◆ The best institution for social responsibility of the year
- ◆ Outstanding project for public welfare and charity of the year



Financial performance

Business developments

Risk management

Outlook



Outlook – Opportunities and Challenges

Challenges

- ❖ In-depth restructuring of world economy
- ❖ Challenging and complex domestic economic environment
- ❖ Policy tightening and more stringent regulatory requirements
- ❖ Intensification of financial disintermediation, acceleration in interest rate liberalisation
- ❖ Cross business competition among banks and e-finance

Opportunities

- ❖ Economic recovery is showing up in developed economies
- ❖ China's economy remains at a stage with strategic opportunities, with stable development as a whole
- ❖ Economic restructuring, upgrading and transformation are breeding new opportunities
- ❖ Continuous implementation of proactive fiscal policy and stable monetary policy



Outlook – Corresponding Measures

Further promote “comprehensive, multi-functional and intensive” strategy, optimise systems and mechanisms, reinforce innovation, and seize the opportunity amid economic transformation and structural adjustment.

- ❖ Deepen strategic transformation and structural adjustment
- ❖ Innovation drives business development
- ❖ Adjustment of risk management system
- ❖ Improvement over credit mechanism and optimization of credit processes
- ❖ Further emphasis over risk control
- ❖ Reinforce the foundation for development



Q&A



Thank you!