



中国建设银行
China Construction Bank

2014 Interim Results Announcement

Beijing / Hong Kong

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Key Financials 1

RMB (Billion)	30 June 2014	31 December 2013	Y-o-Y Change
Total Assets	16,399.8	15,363.2	 6.8%
Loans and advances to customers	9,190.6	8,590.1	 7.0%
Total liabilities	15,252.8	14,288.9	 6.8%
Deposits from customers	12,957.0	12,223.0	 6.0%
Total equity attributable to equity shareholders of the Bank	1,137.9	1,066.0	 6.8%
Capital adequacy ratio*	13.89%	13.34%	 0.55 pps
Common equity tier 1 ratio*	11.21%	10.75%	 0.46 pps
Non-performing loan (NPL) ratio	1.04%	0.99%	 0.05 pps
Allowances to Non-performing loan ratio (NPL)	248.87%	268.22%	 19.35 pps

Note: * Capital adequacy ratio was calculated in accordance with *the Measures for Capital Management of Commercial Banks (Trial)*, and in accordance with the advanced method in capital management on 30 June 2014



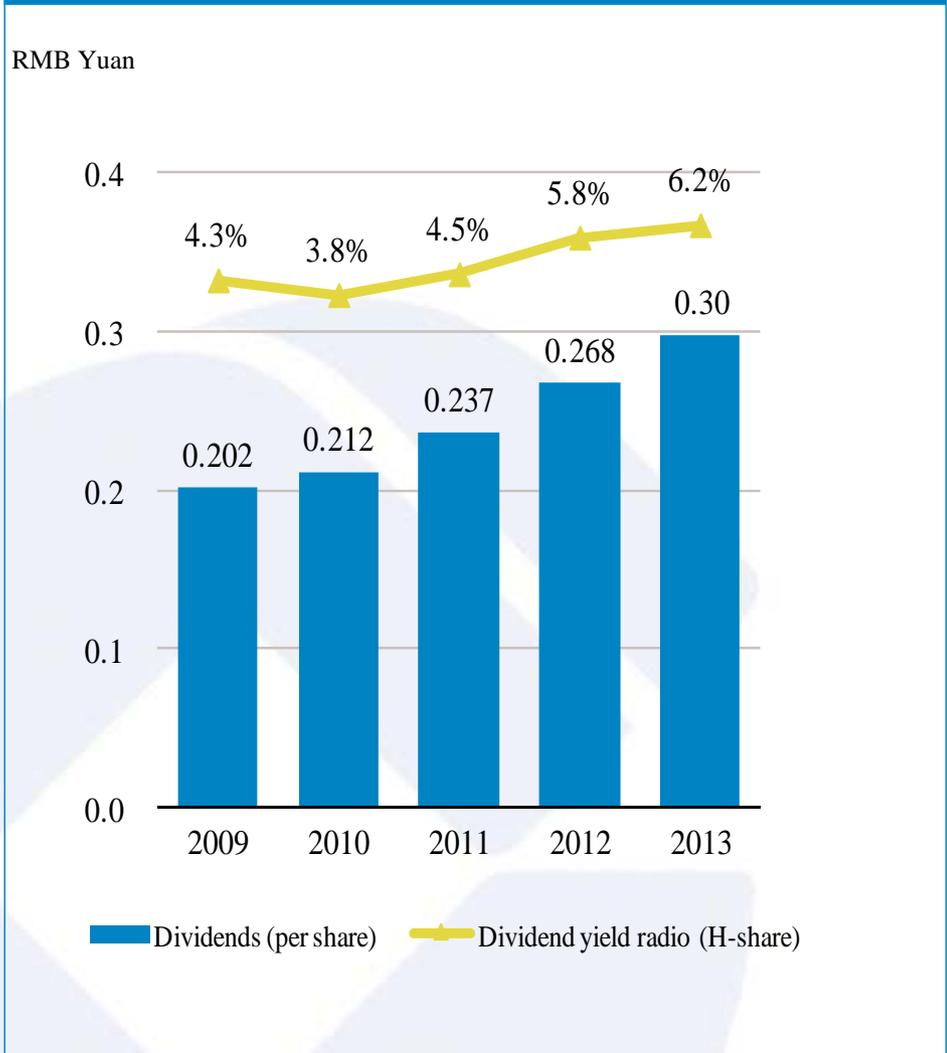
Key Financials 2

Key indicators	January – June 2014	January – June 2013	Y-o-Y Change
RMB (Billion)			
Net interest income	211.3	187.7	 12.6%
Net fee and commission income	60.2	55.5	 8.4%
Profit before tax	169.5	155.2	 9.2%
Net profit	131.0	120.0	 9.2%
Earnings per share (RMB Yuan)	0.52	0.48	 8.3%
Annualized Return on average assets	1.65%	1.66%	 0.01 pps
Annualized Return on average equity	22.97%	23.90%	 0.93 pps
Net interest margin	2.80%	2.71%	 0.09 pps
Cost to income ratio	24.18%	24.63%	 0.45 pps

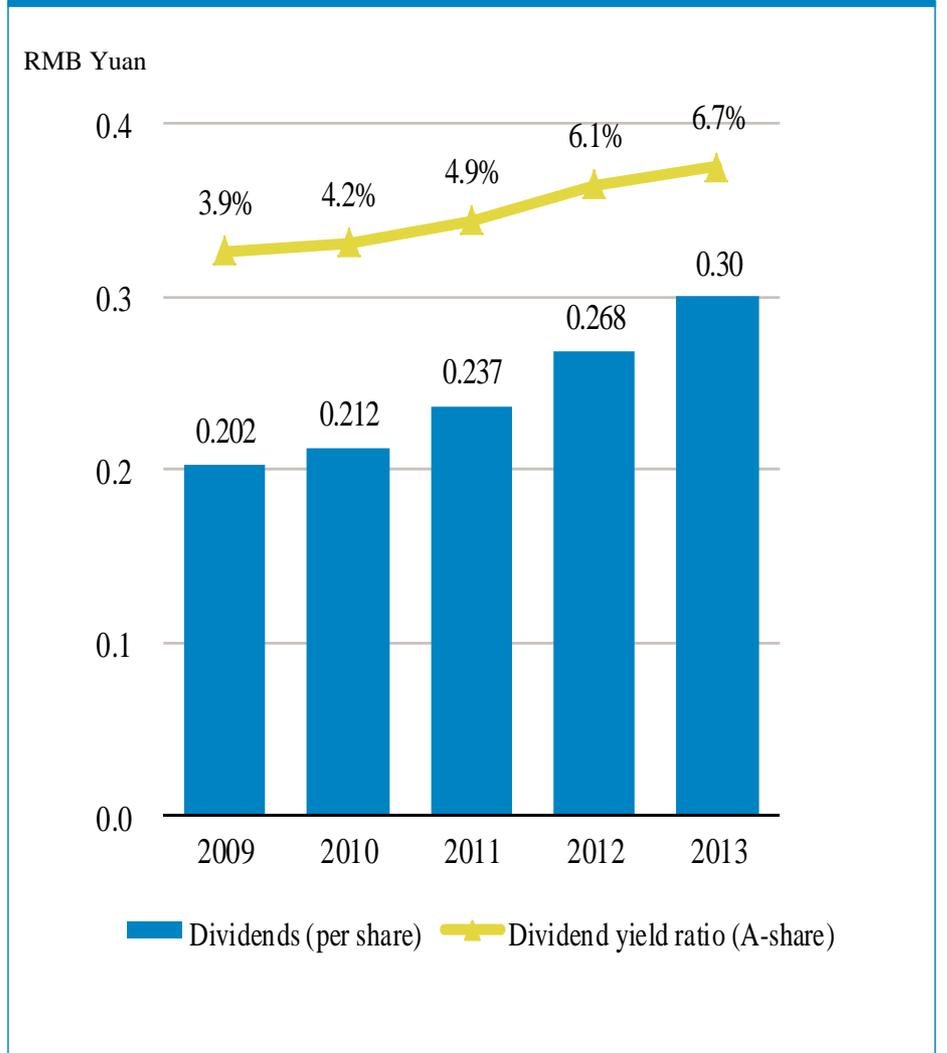


Continuous high returns to shareholders

Dividend yield ratio (H-share)



Dividend yield ratio (A-share)



Note: Dividend yield ratio 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.



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Risk management

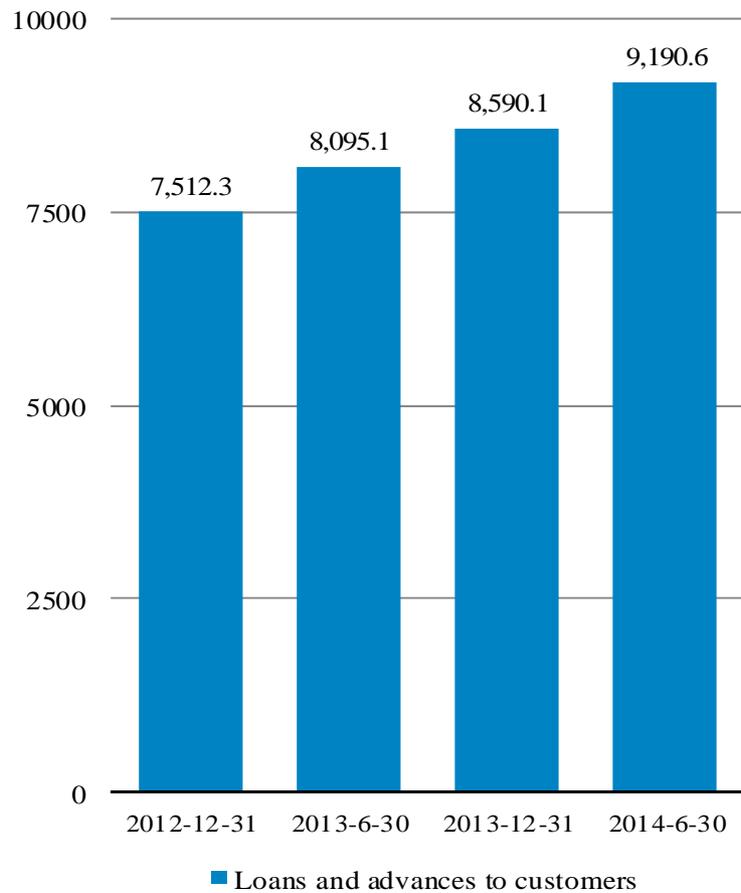
Outlook



Steady growth of business scale

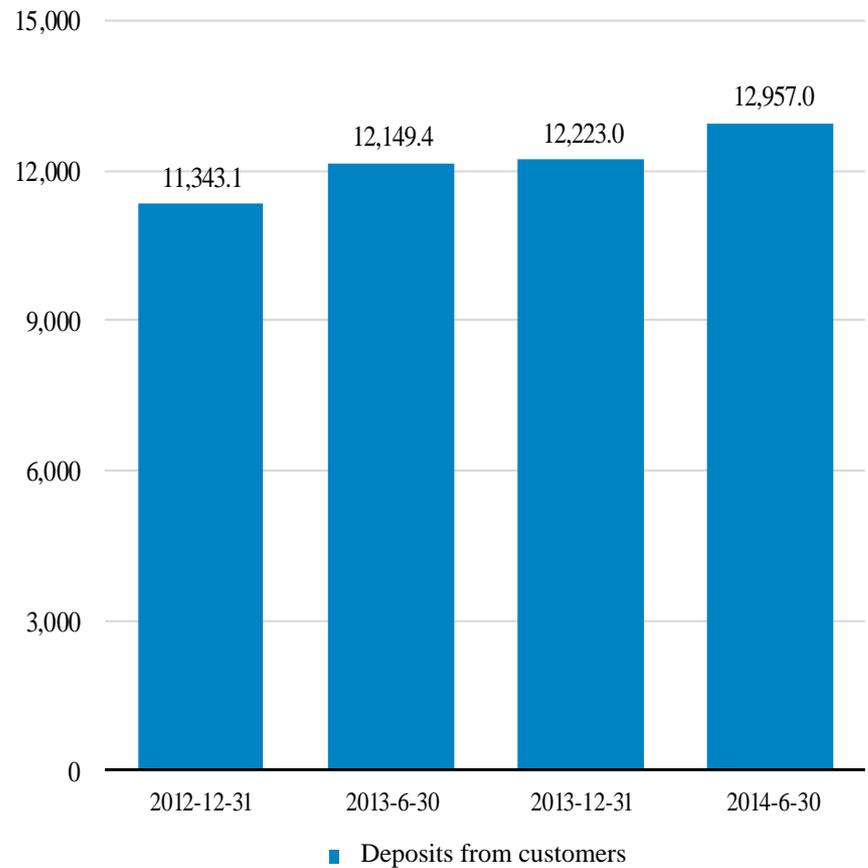
Loans and advances to customers up 7.0%

RMB (Billion)



Deposits from customers up 6.0%

RMB (Billion)

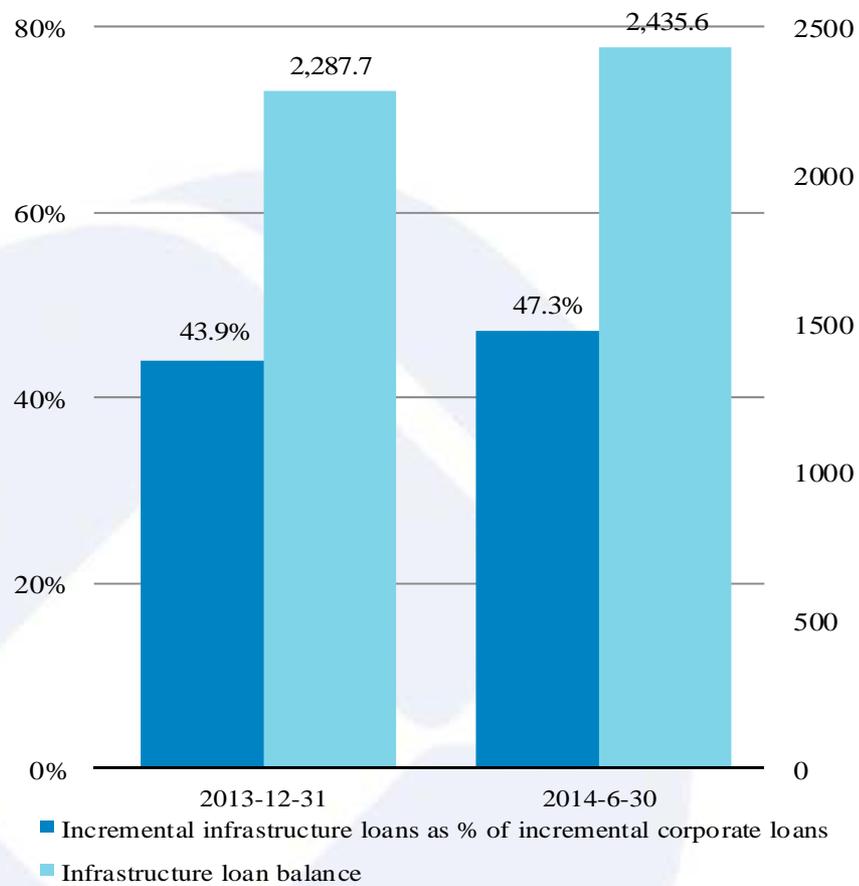




Reinforced advantages in infrastructure loans and personal housing financial service

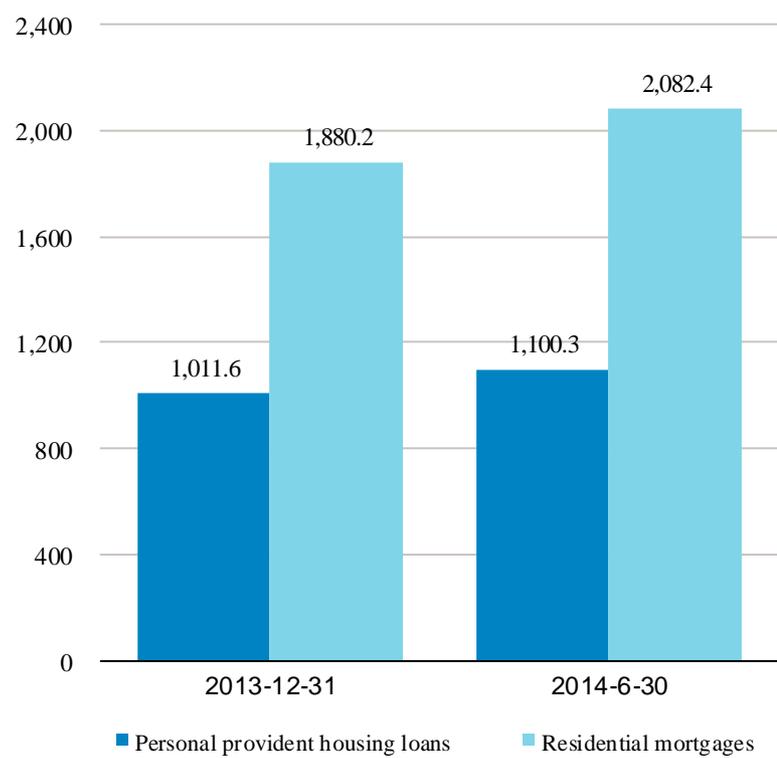
Infrastructure-related loans continued to grow

RMB (Billion)



Maintained first place among peers in personal housing financial service

RMB (Billion)

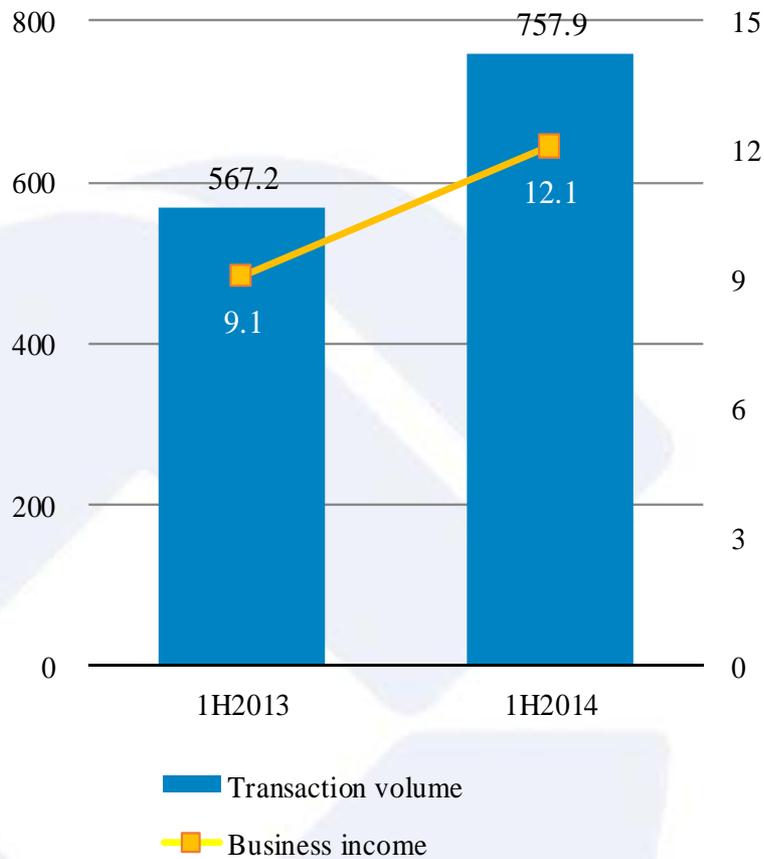




Rapid development in emerging businesses – credit cards and private banking

Number of credit cards exceeded 60 million, and transaction volume increased by 33.6%

RMB (Billion)



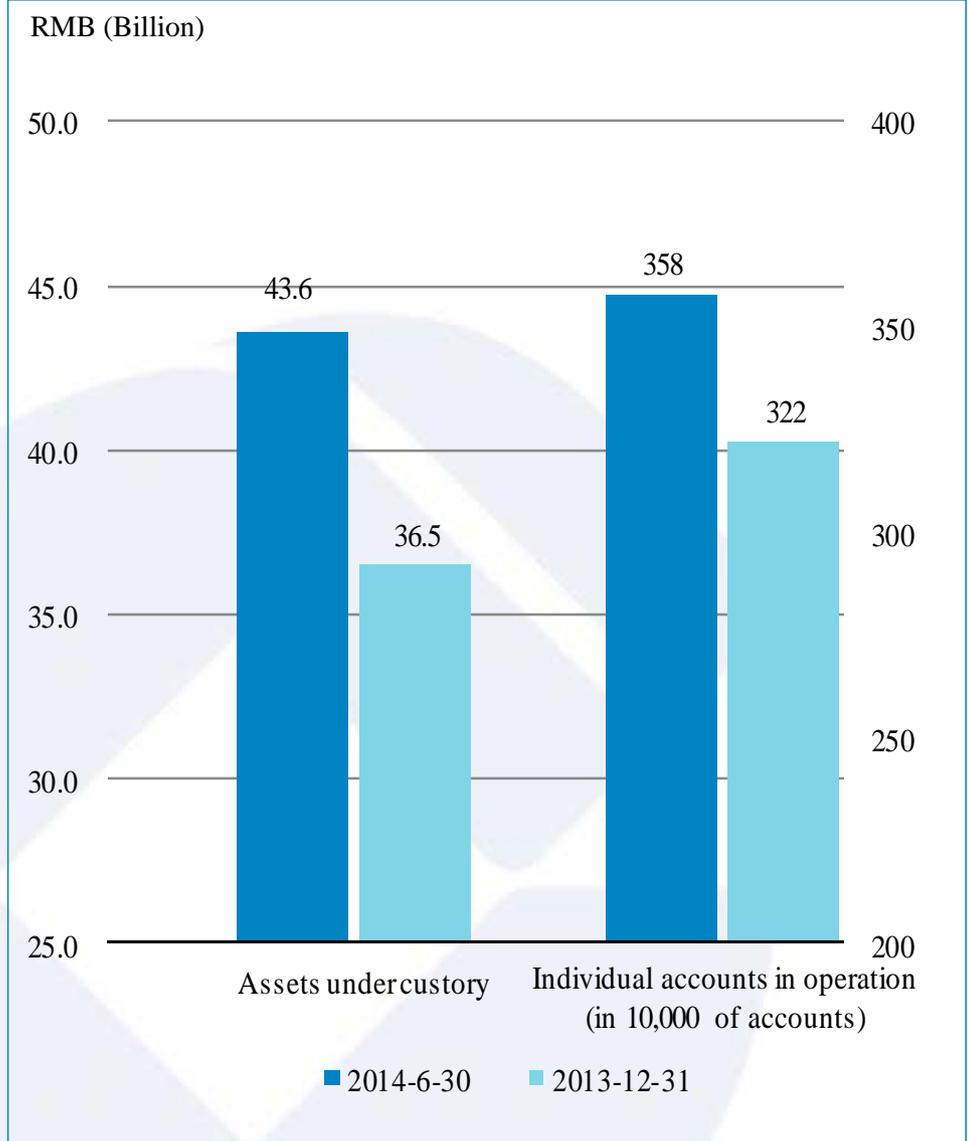
Establishing a first-class private banking brand

- ❖ Establishing a comprehensive operational and service platform on private banking business
- ❖ Building the "Golden Steward" brand in cash management service
- ❖ Launching family trusts service for private banking clients
- ❖ Expanding financial service for overseas immigration investment
- ❖ Providing asset and debt reporting service for private banking clients
- ❖ Accelerating issuance of financial IC cards



Rapid development in emerging businesses – pension and investment custody service

No. 1 among peers in the growth of personal pension accounts and assets under custody

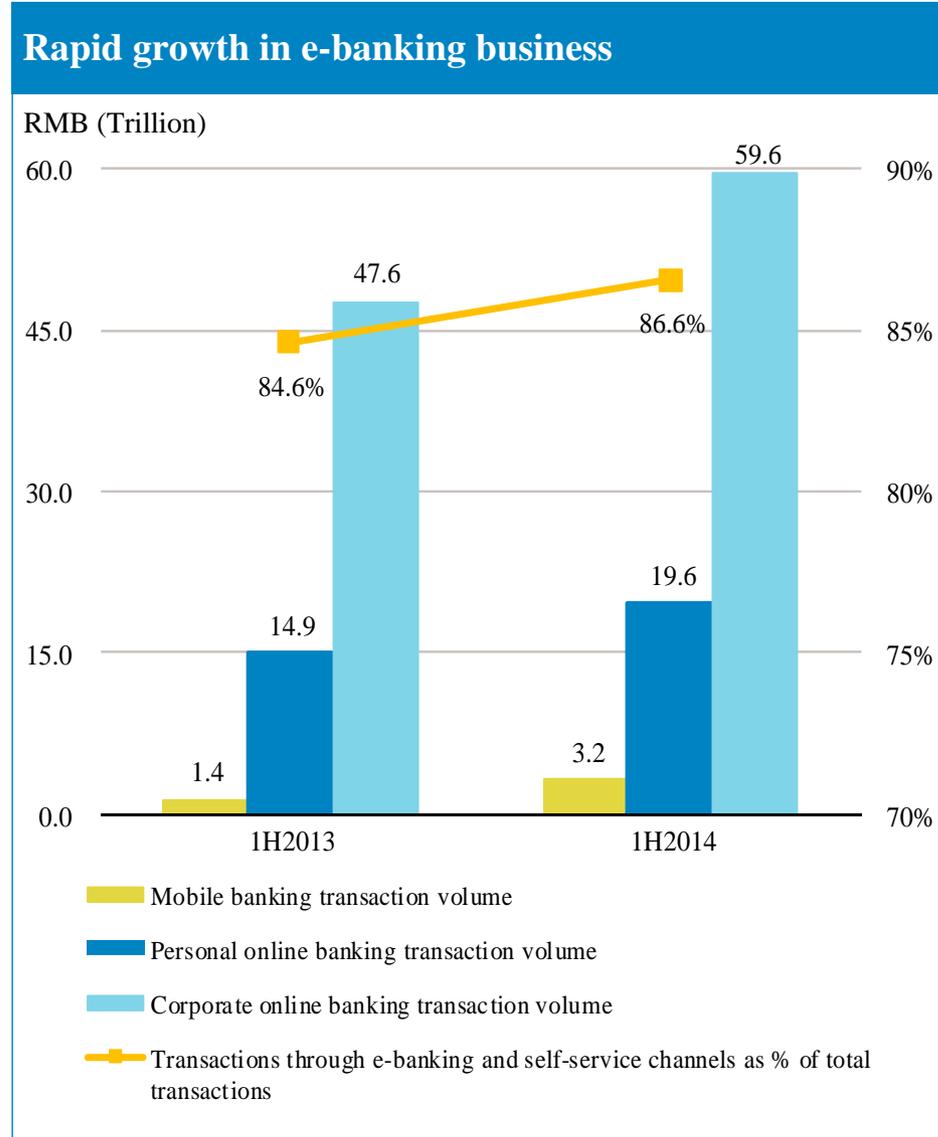
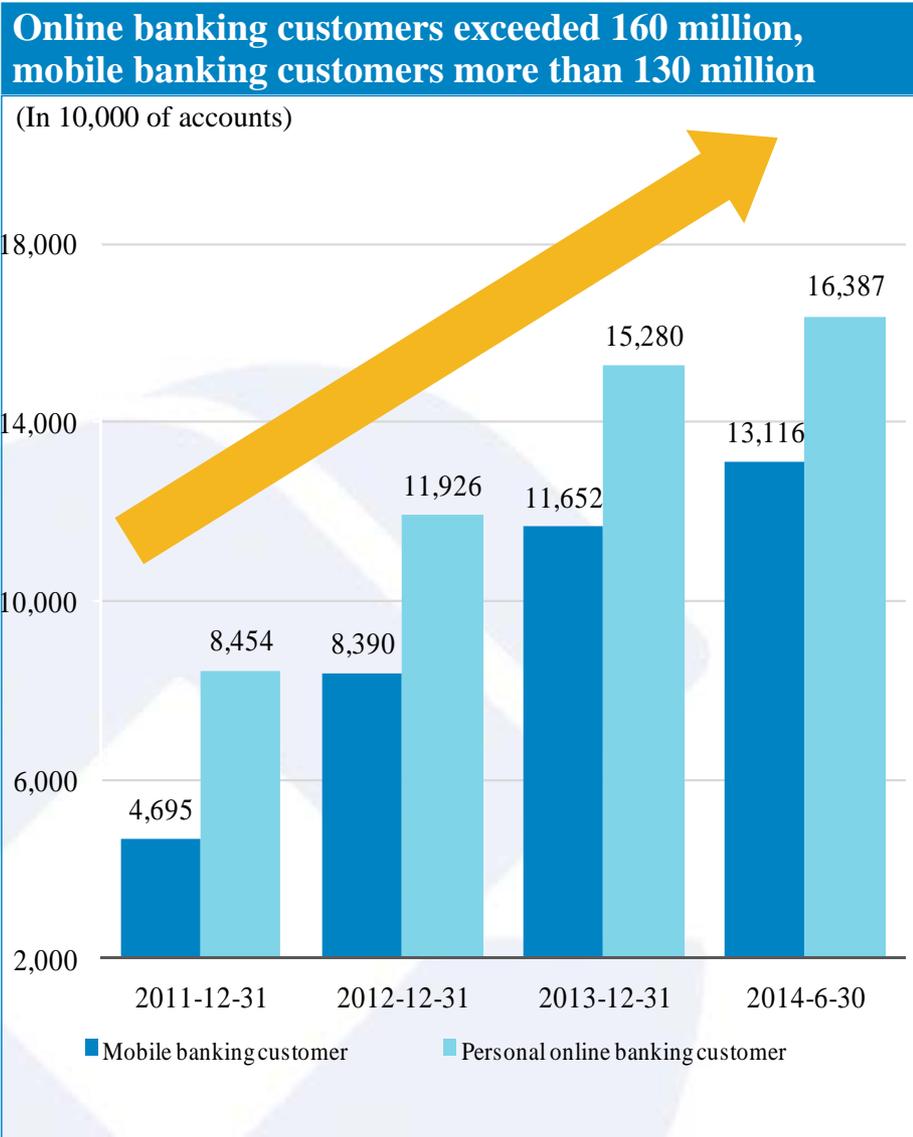


No. 1 among peers in investment custody service

- ◆ Ranked first in the market in terms of added amount of securities investment funds under custody
- ◆ Ranked second in the market in terms of the asset size of securities investment funds under custody
- ◆ Ranked first in the market in terms of the added insurance assets under custody
- ◆ Volume of RQFII under custody rose by 128%, became one of the first Chinese banks to offer RQFII custody service in Singapore
- ◆ Awarded “Best Custodian Bank in China” for five consecutive years by *Global Custodian* magazine



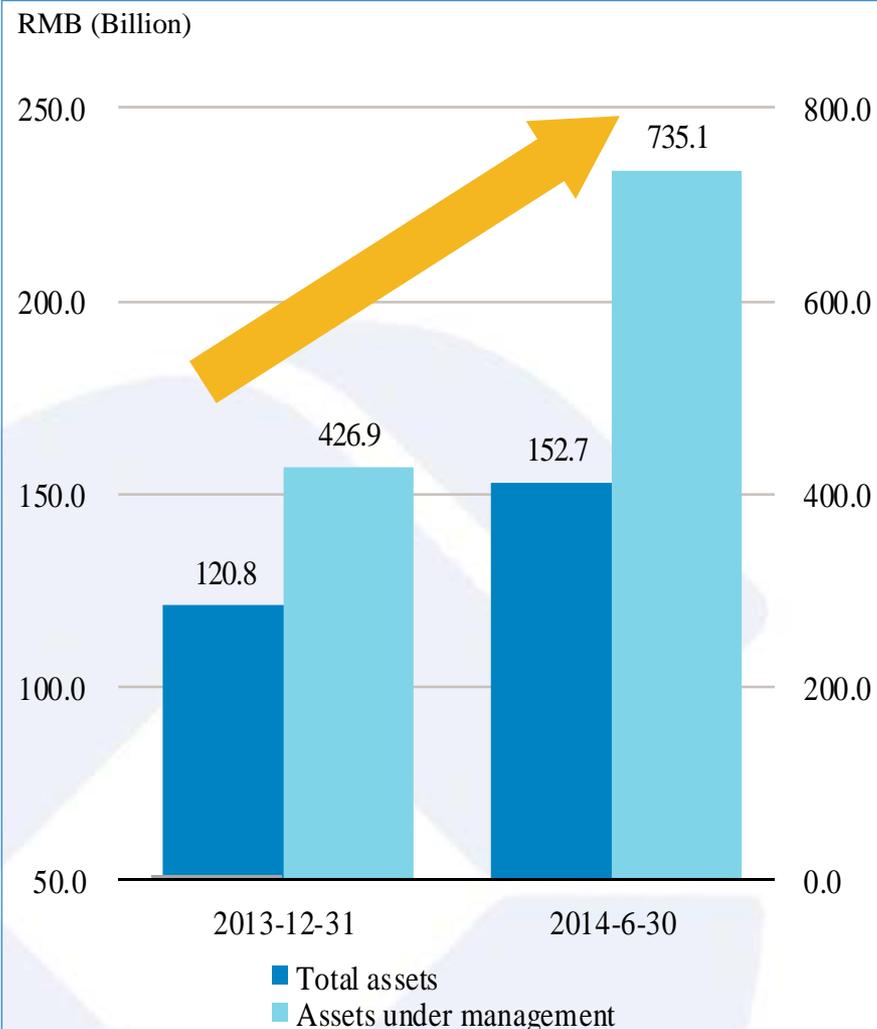
Rapid development in emerging businesses – e-banking





New progress in integrated operation and overseas business

Rapid growth in assets of domestic subsidiaries



Rapid growth in overseas business

- ◆ Designated as the London RMB clearing bank
- ◆ Accelerated application for establishment of overseas entities
 - Opened Macau Branch
 - Received business licenses for Toronto Branch and New Zealand subsidiary
 - Received temporary permit for Chile Branch
- Received CBRC approval of establishing London Branch
- Actively pushed forward application of four branches under CCB Europe
- ◆ Established RMB business centers in Xinjiang Uygur Autonomous Region, Xiamen City and Guangxi Zhuang Autonomous Region



Reinforced business foundation

Upgraded operation base

- ◆ Enhanced customer base
 - An increase of 72,000 effective corporate customers
 - An increase of 260,000 basic settlement accounts
 - An increase of 9.21 million personal customers
- ◆ Expanded coverage of integrated outlets
 - 13,100 comprehensive outlets
 - Comprehensive outlet staff accounted for 73% of the total
 - 13,500 comprehensive marketing teams
- ◆ Accomplished Phase I of the “new generation core banking system” and pushed forward Phase II gradually

Achieved innovation-driven development

- ◆ Achieved remarkable results in product innovation
 - Printed and distributed *the Temporary Management Measures in New Product Innovation Projects*
 - Completed 357 projects of product innovation in 1H2014
 - Product innovation became the new source of income growth
- ◆ Launched first “Smart Bank Outlet” in Shenzhen, Guangdong province
 - Intelligent robot took over some roles of bank outlet’s lobby manager
 - Intelligent pre-processing terminals transformed traditional business processing procedures
 - Provided e-banking service area and remote banking VTM
 - Intelligent interactive platforms enabled customers to design wealth management plan easily and efficiently
 - Mobile financial service area allowed customers to use multiple advanced payment methods



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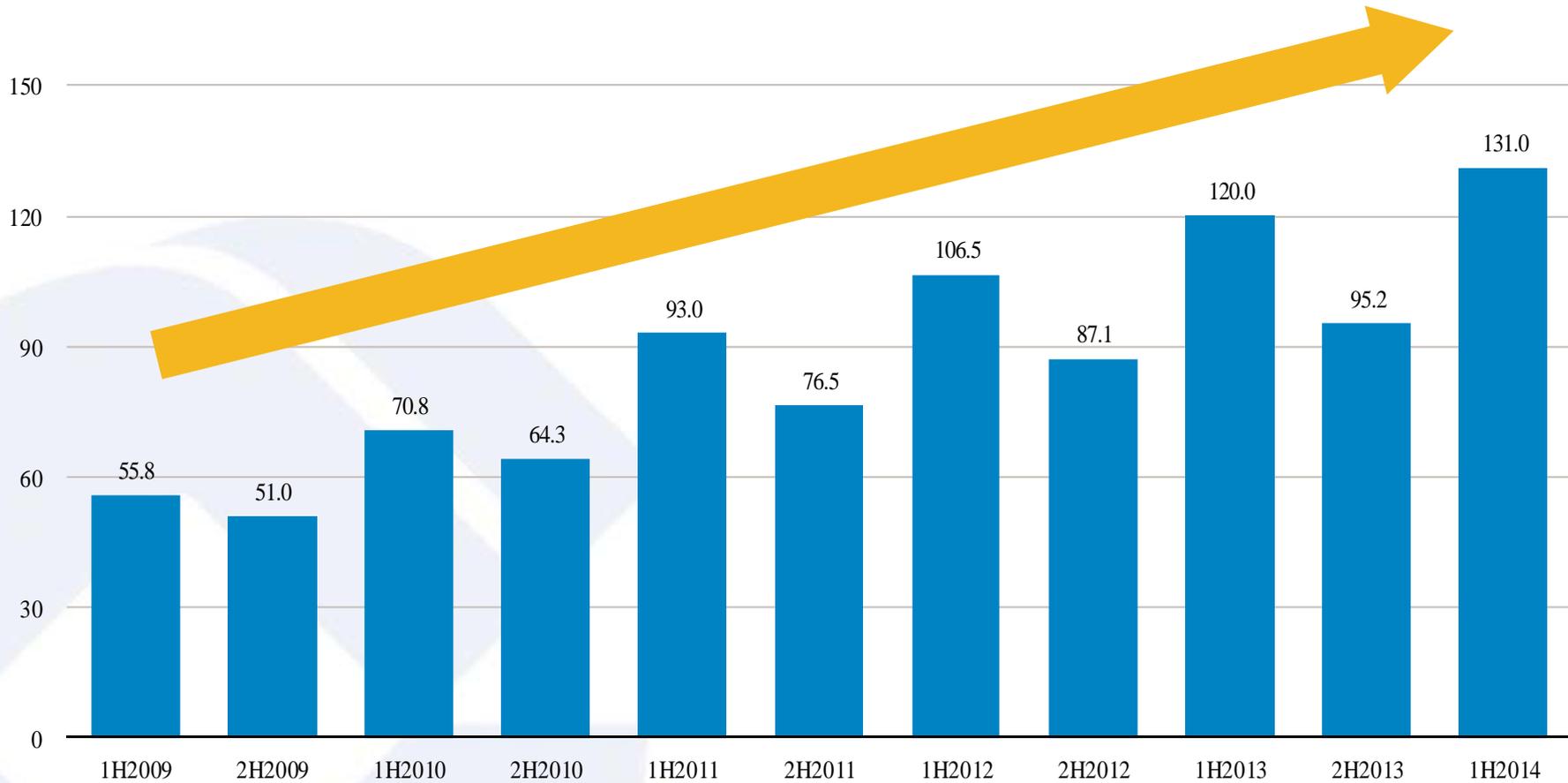
Outlook



Profitability continued to improve

Net profit grew by 9.2% YoY

RMB (Billion)

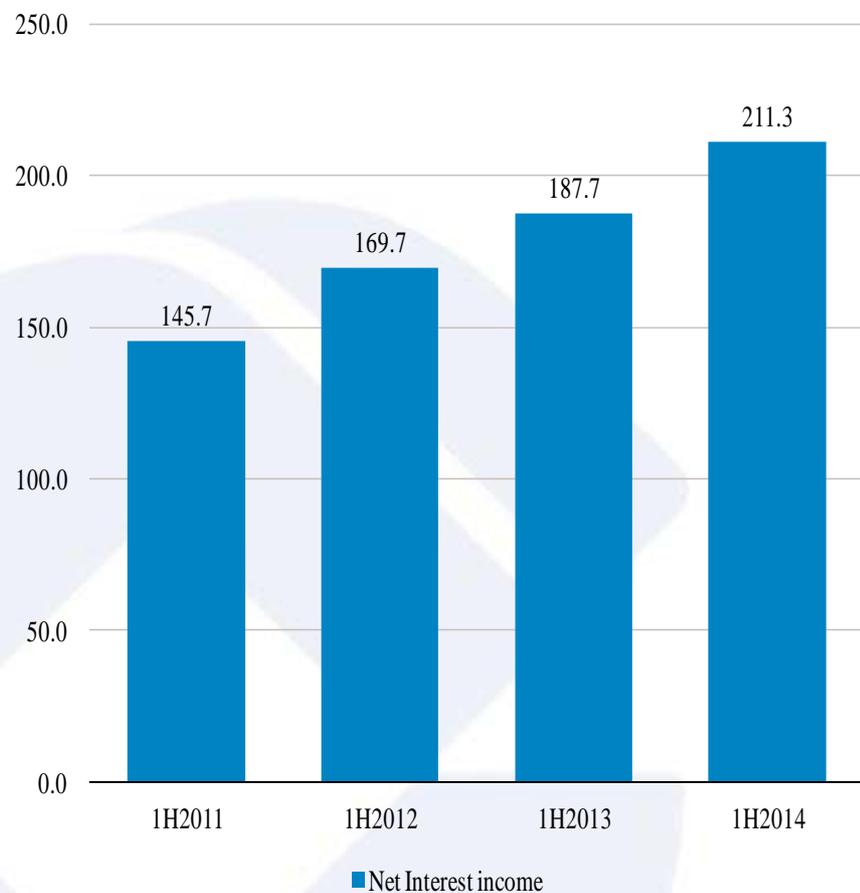




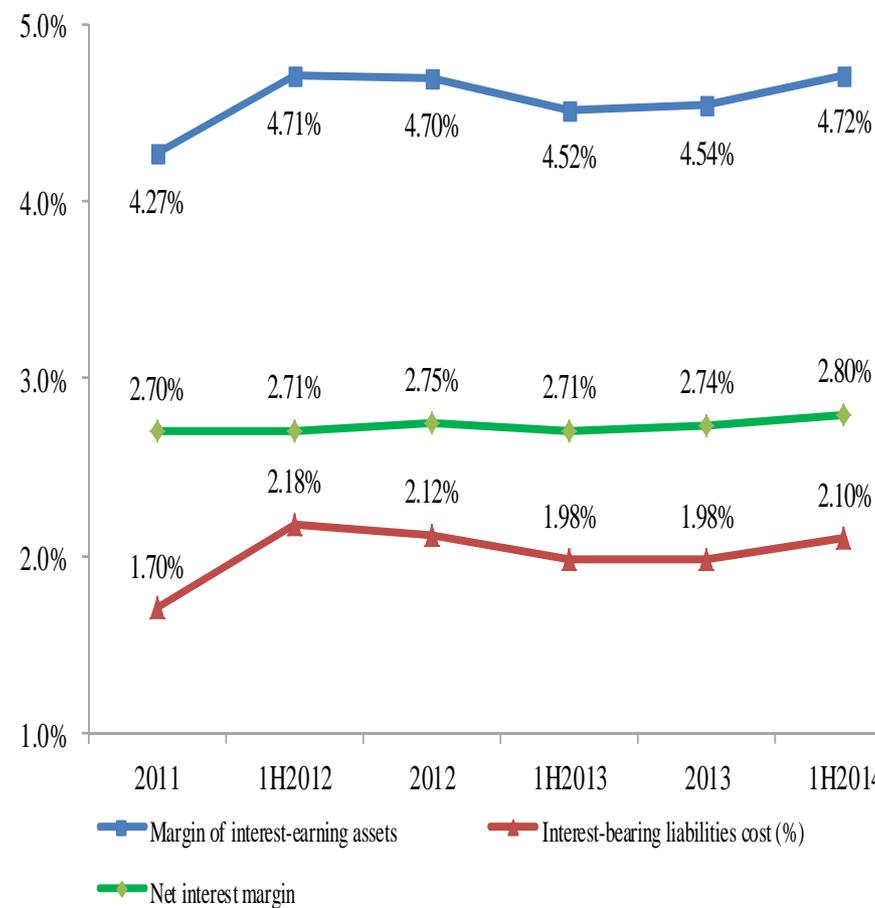
Net interest income continued to grow

Net interest income grew by 12.6% YoY

RMB (Billion)



Net interest margin (NIM) grew steadily

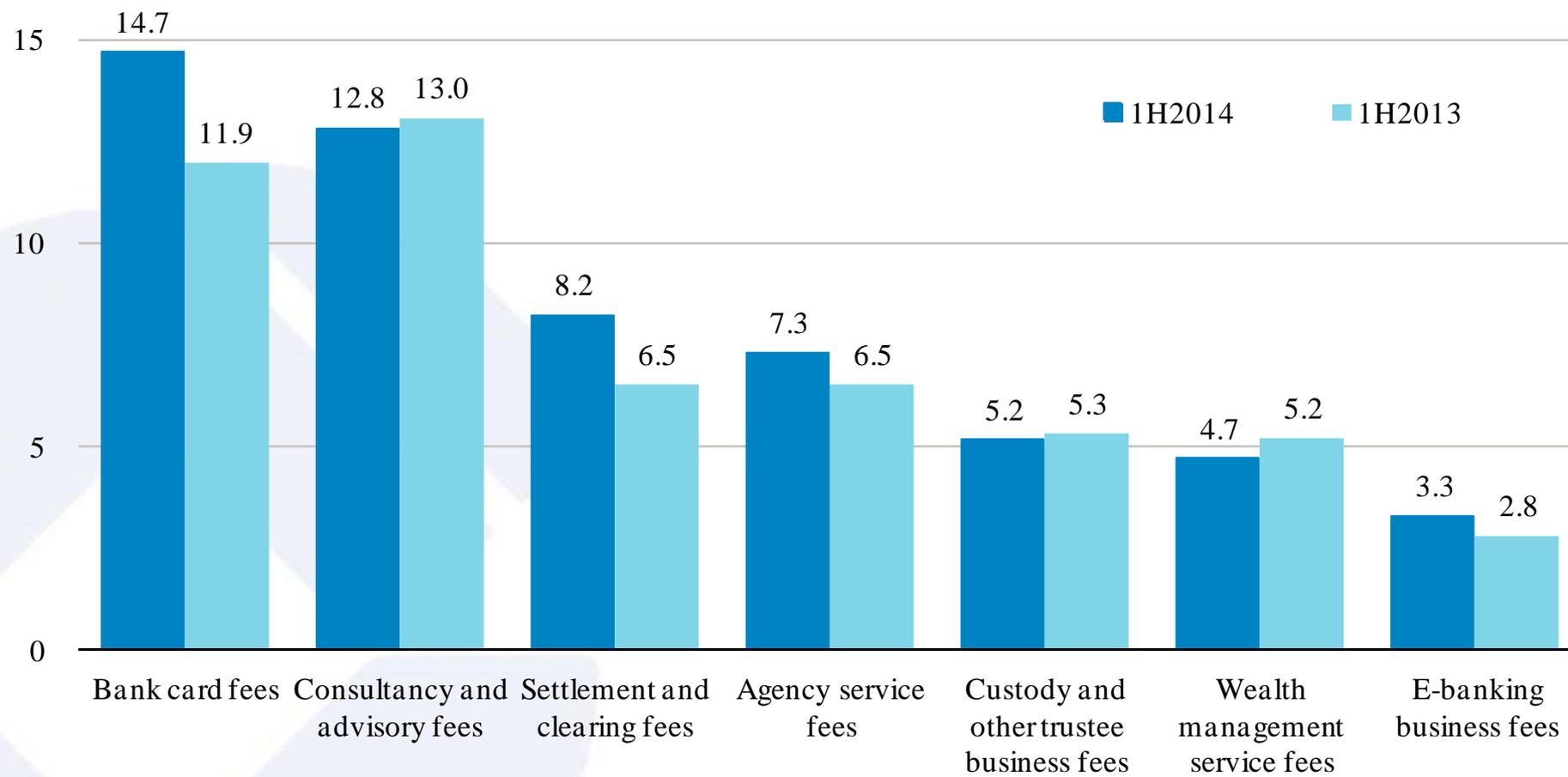




Fee-based business grew steadily

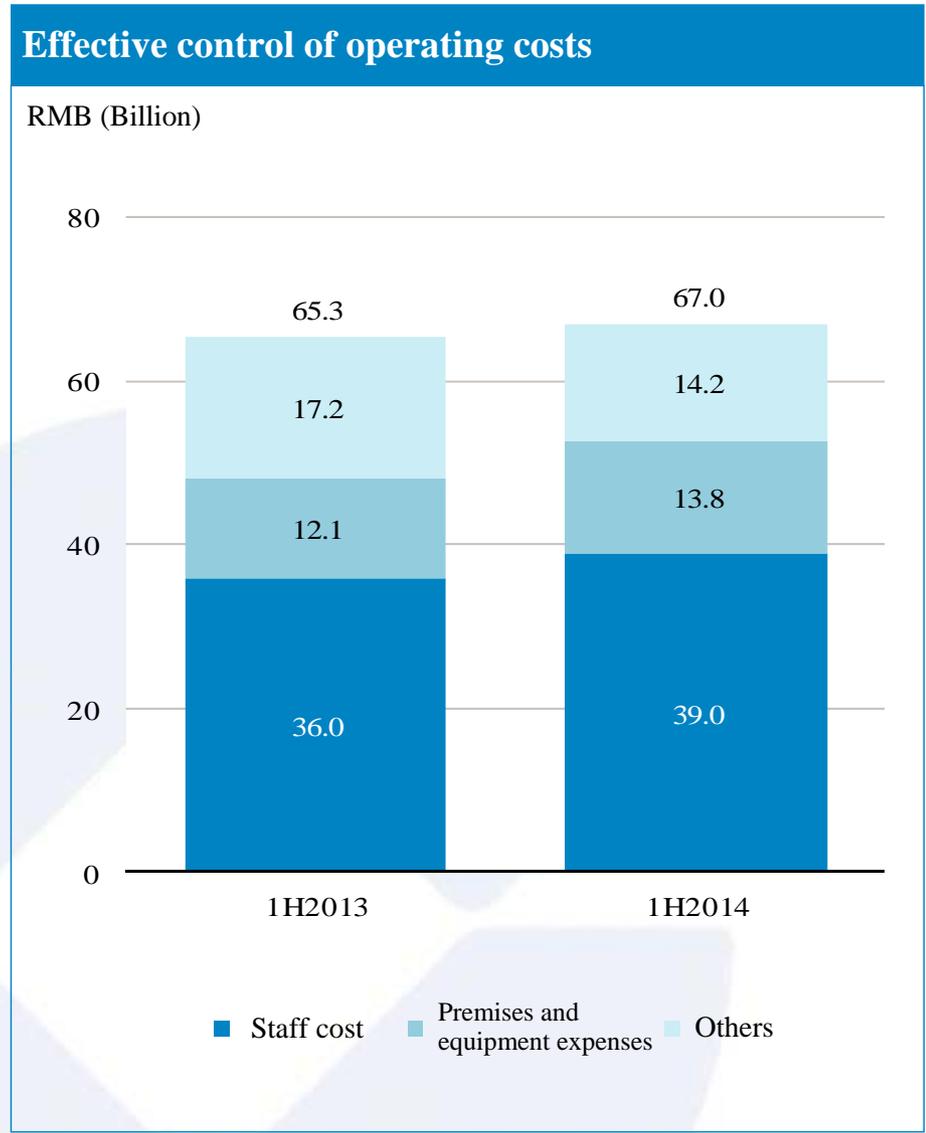
Net fee and commission income grew by 8.4% YoY, accounting for 21.75% of operating income

RMB (Billion)





Cost efficiencies under control



Note: Excluding business taxes and surcharges

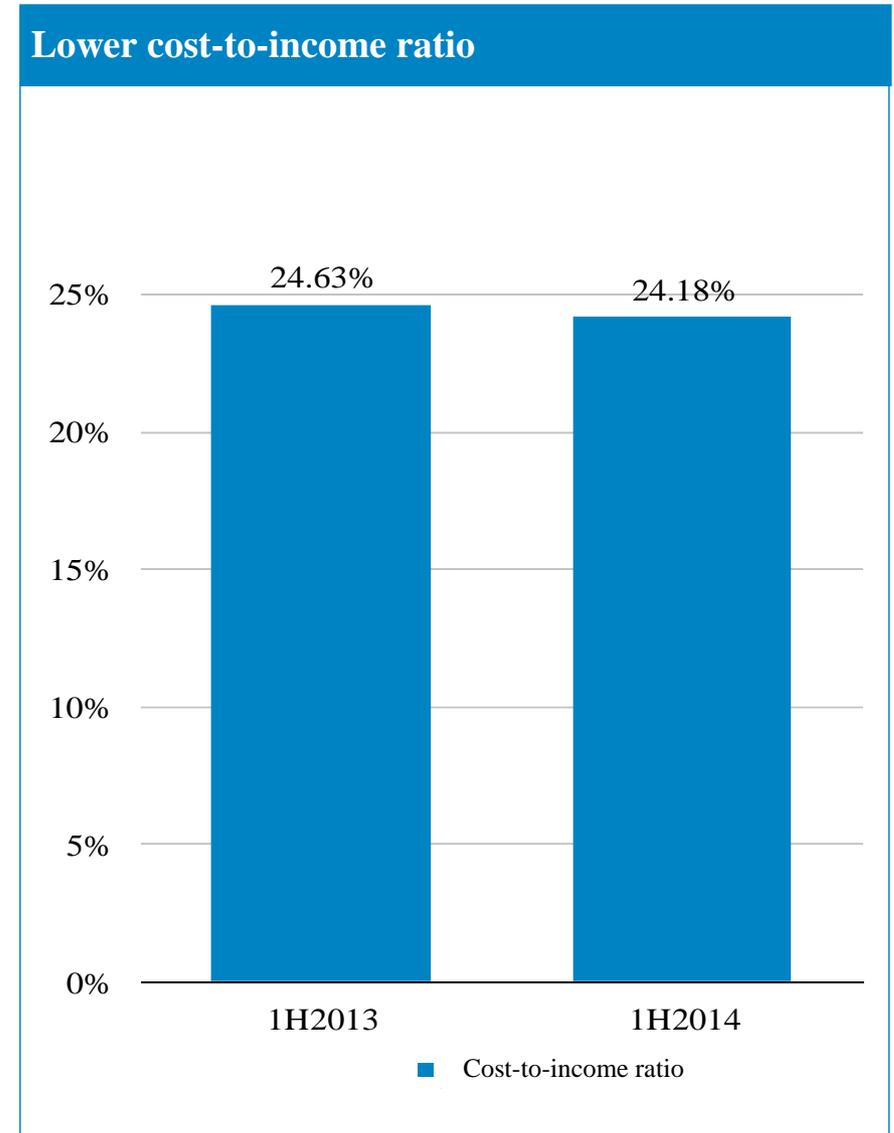




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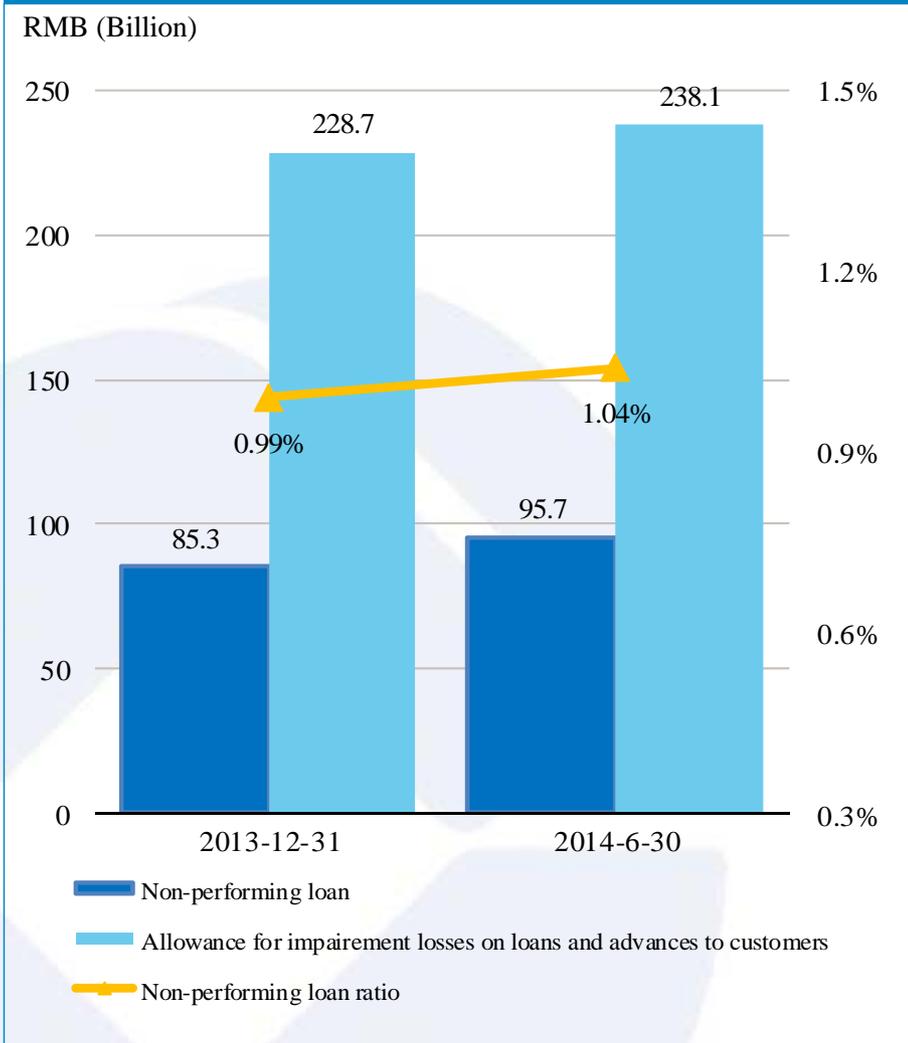
Risk management

Outlook

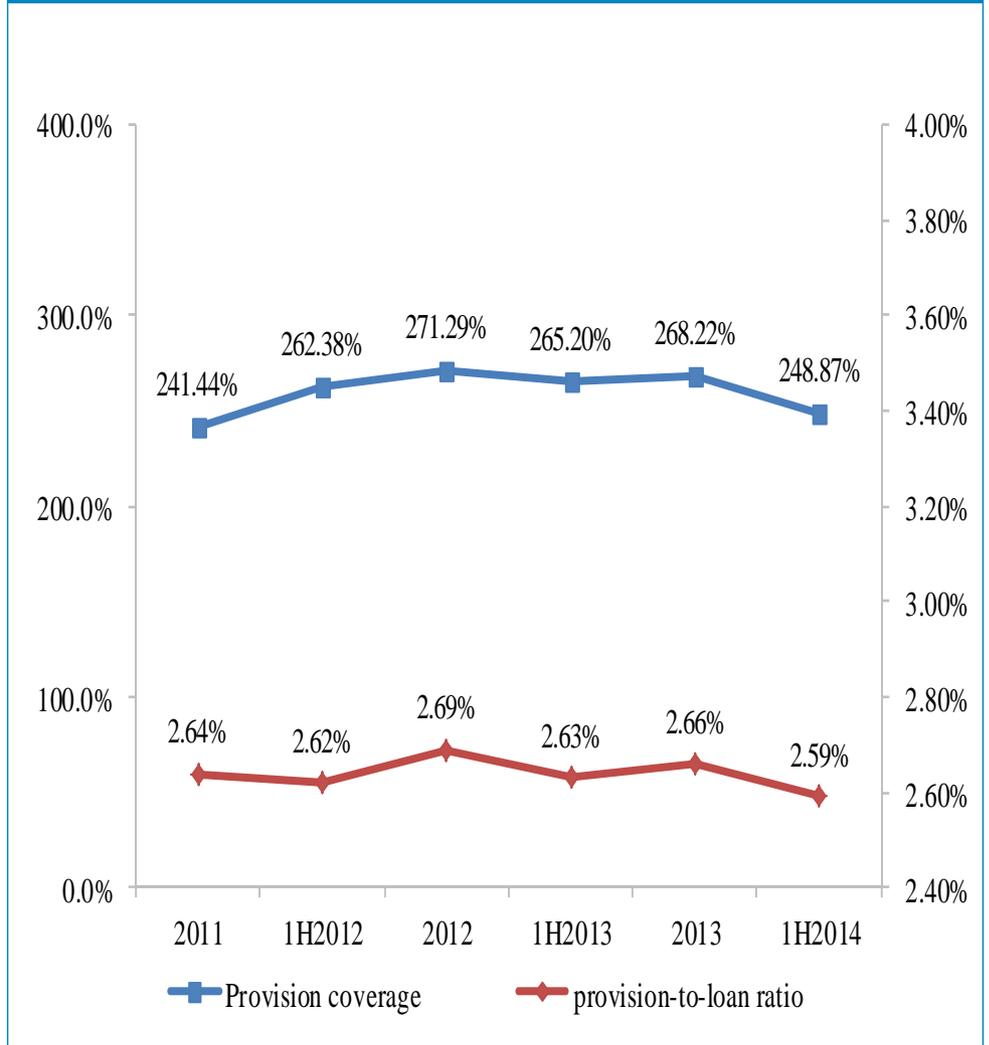


Asset quality remained stable

Asset quality remained generally stable



Provision at sufficient level

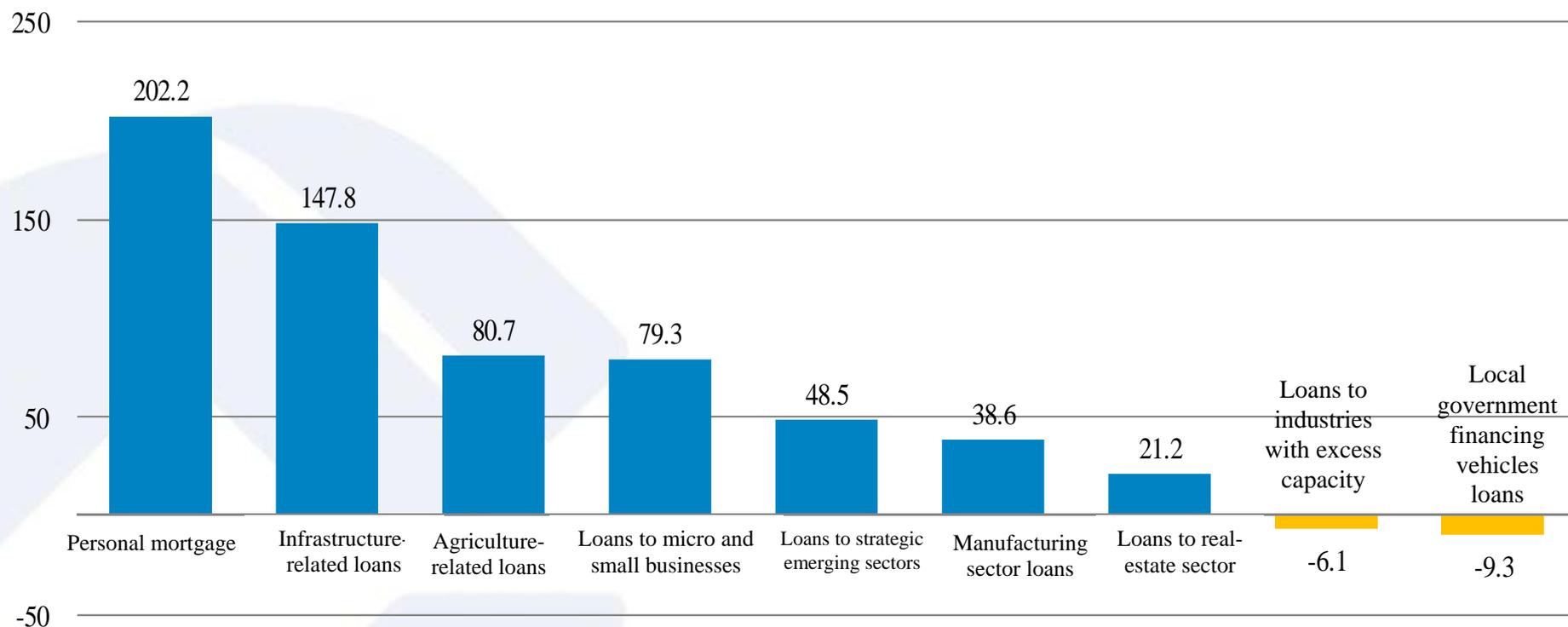




Significant improvement in credit structure

Growth of loan balance in domestic sectors

RMB (Billion)

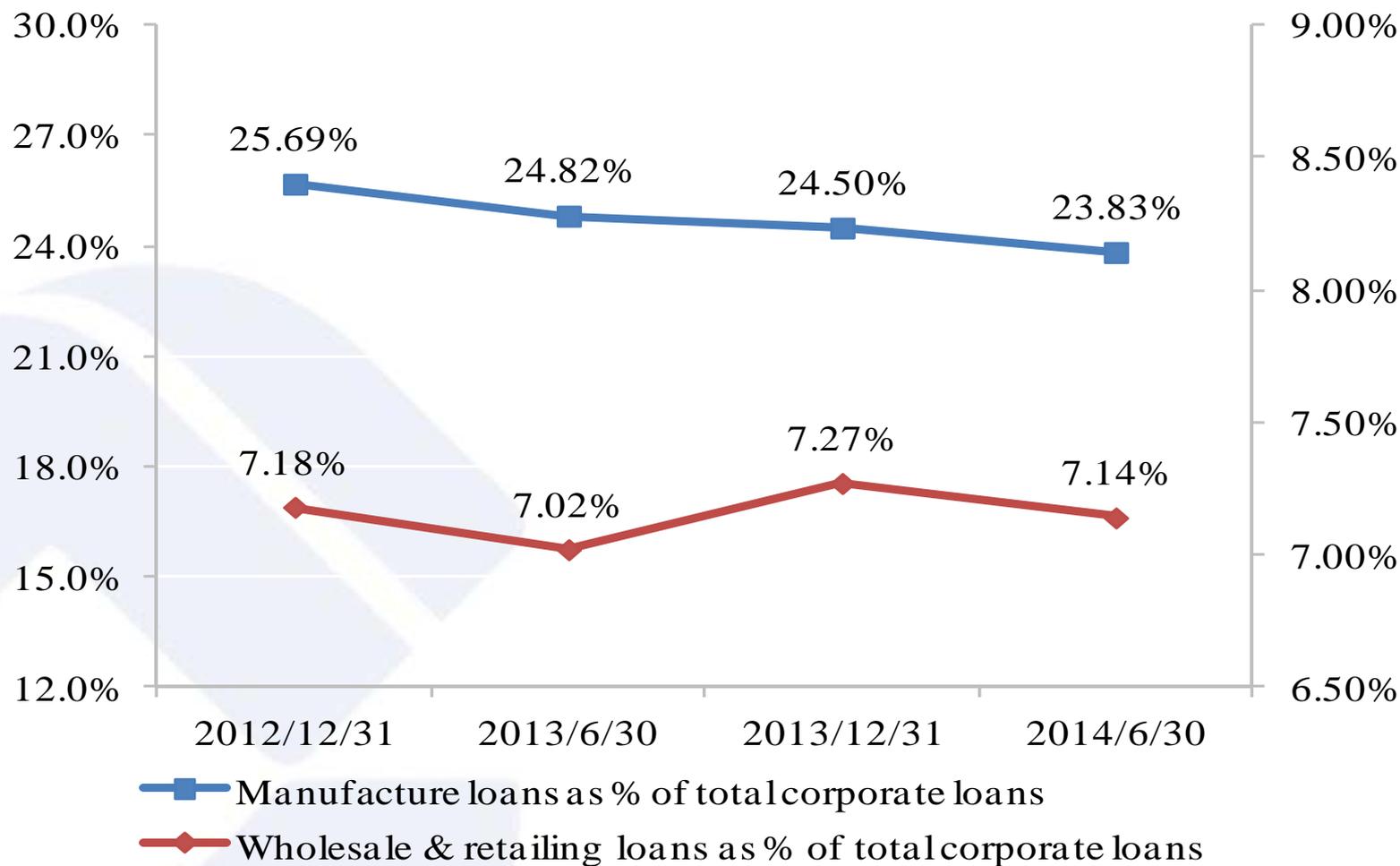


Note: Industries with excess capacity include steel, cement, electrolytic aluminum, plate glass and shipbuilding.



Significant improvement in credit structure(Continued)

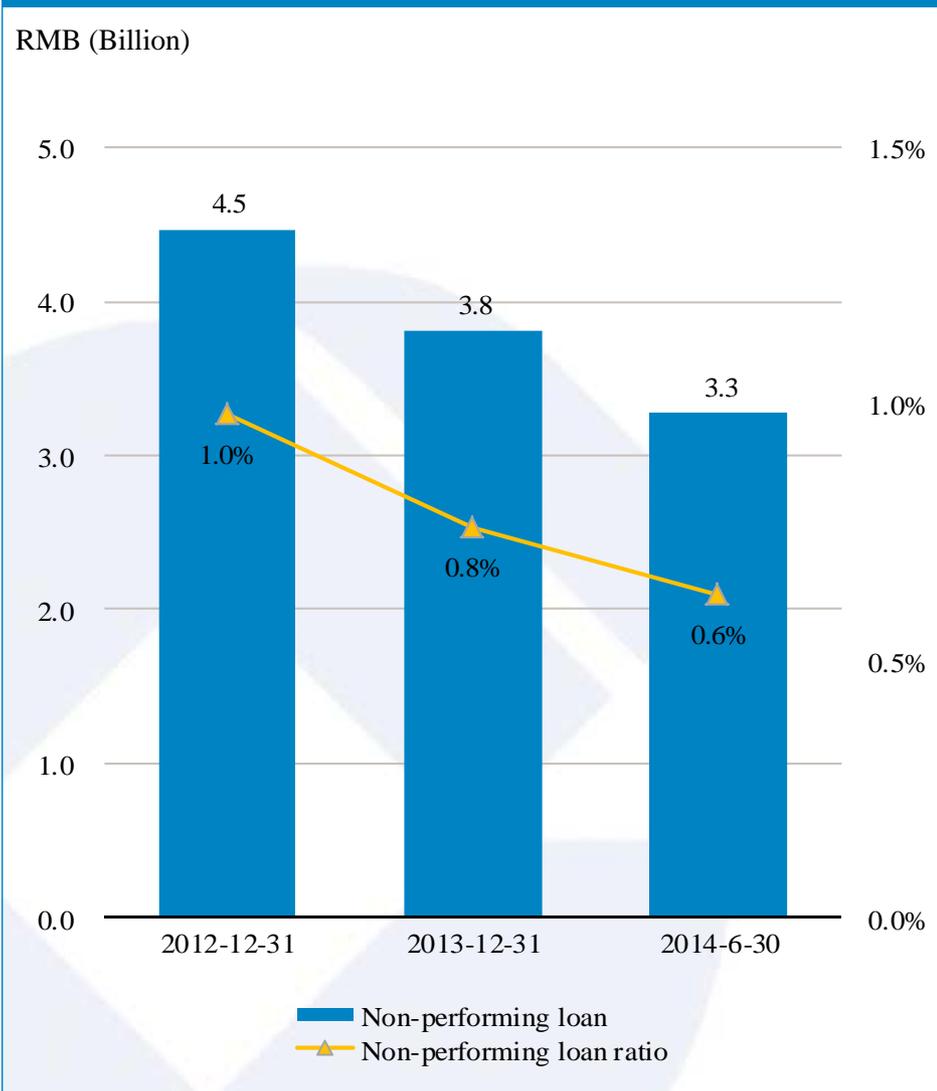
Decline in the proportion of loans to manufacturing and wholesale & retail sectors in total





Sound quality of property lending

“Double” declines in corporate property lending



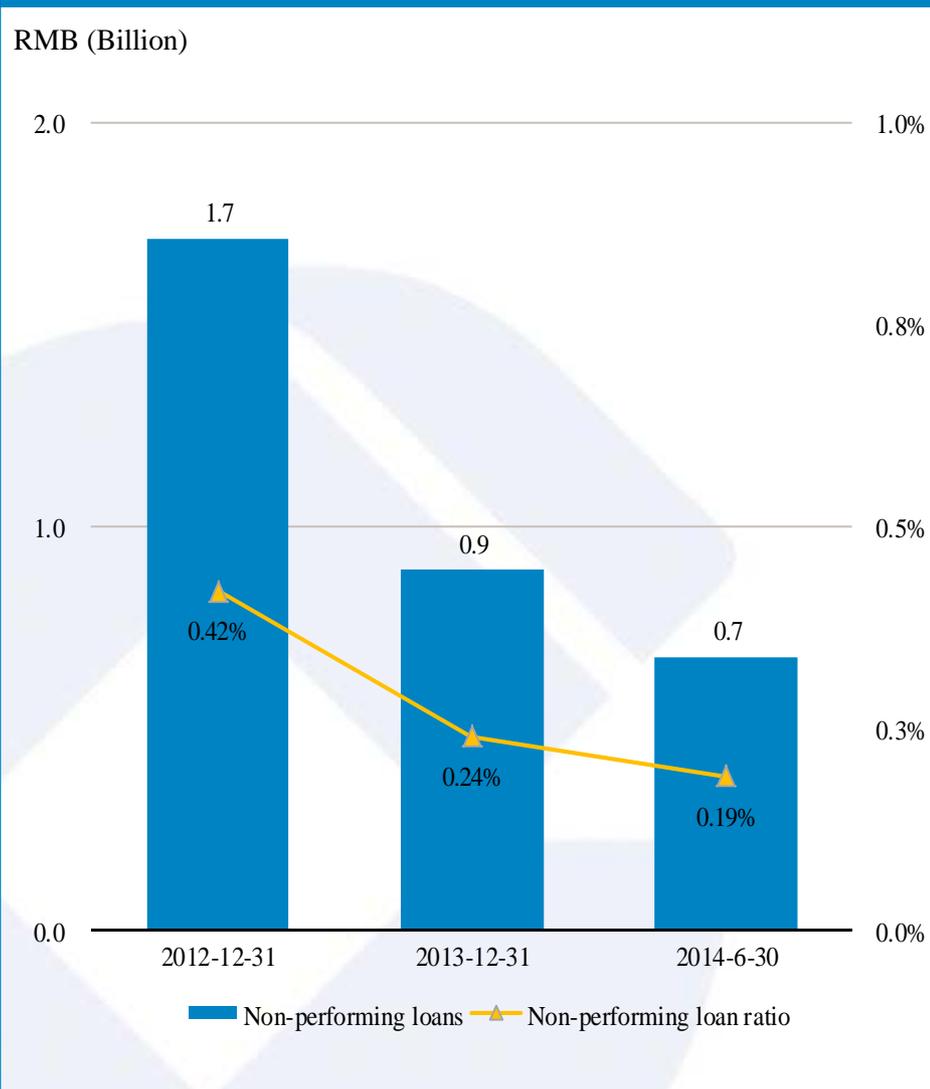
Risk management measures

- ◆ Overall volume control
- ◆ Optimized structure of regions, customers and products
- ◆ Enhanced market research and monitoring
- ◆ Adopted client-list management for clients
- ◆ Strengthened monitoring on a regular basis



Strict risk management over local government vehicles loans

“Double reduction” in local government vehicles loans

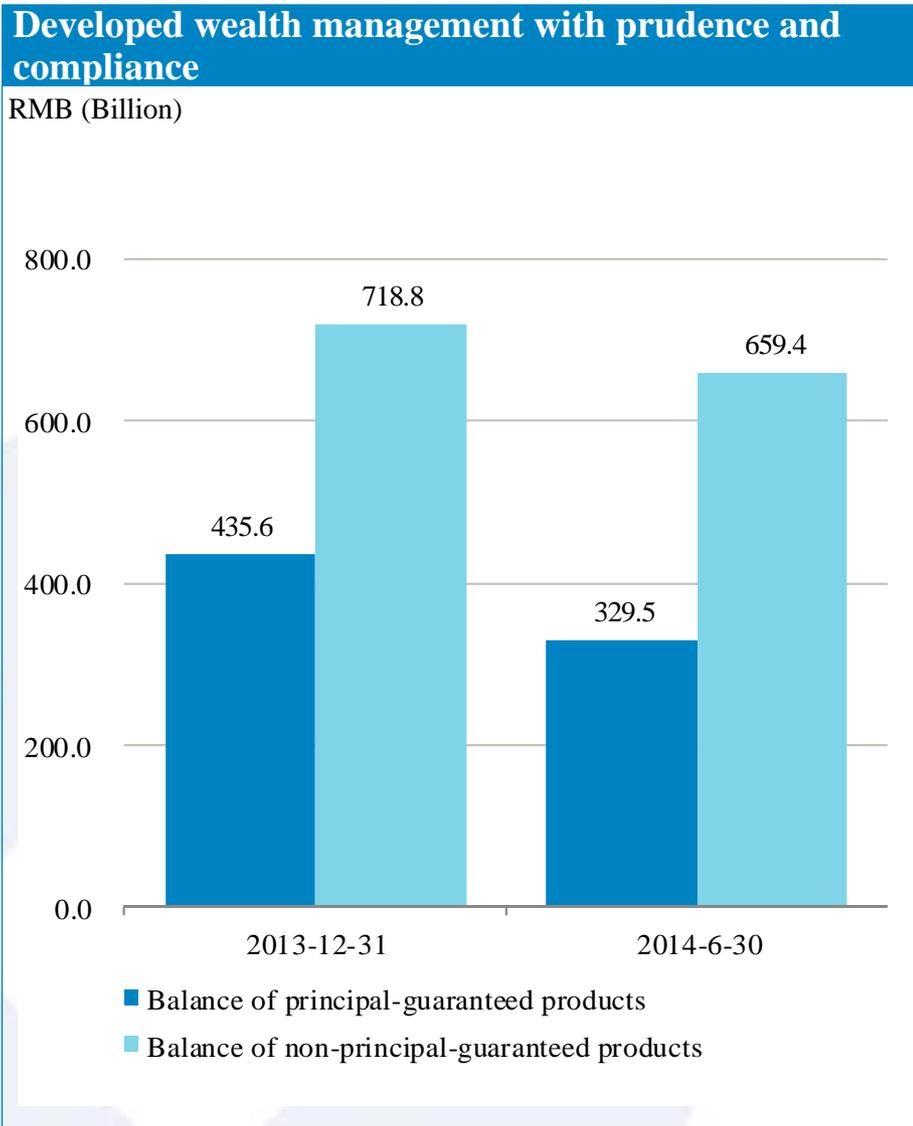


Risk management measures

- 
 Controlled overall volume, adopted classified management, treated each case on its merits, and resolved issues step by step
- 
 Implemented unified credit granting from the headquarters
- 
 Customized repayment schedules of maturing loans for each local government vehicle
- 
 Reduced local government vehicle customers who did not have enough cash flow to exit
- 
 Enhanced monitoring on fiscal conditions of the local governments where the local government vehicles belong to



Solid development of wealth management business



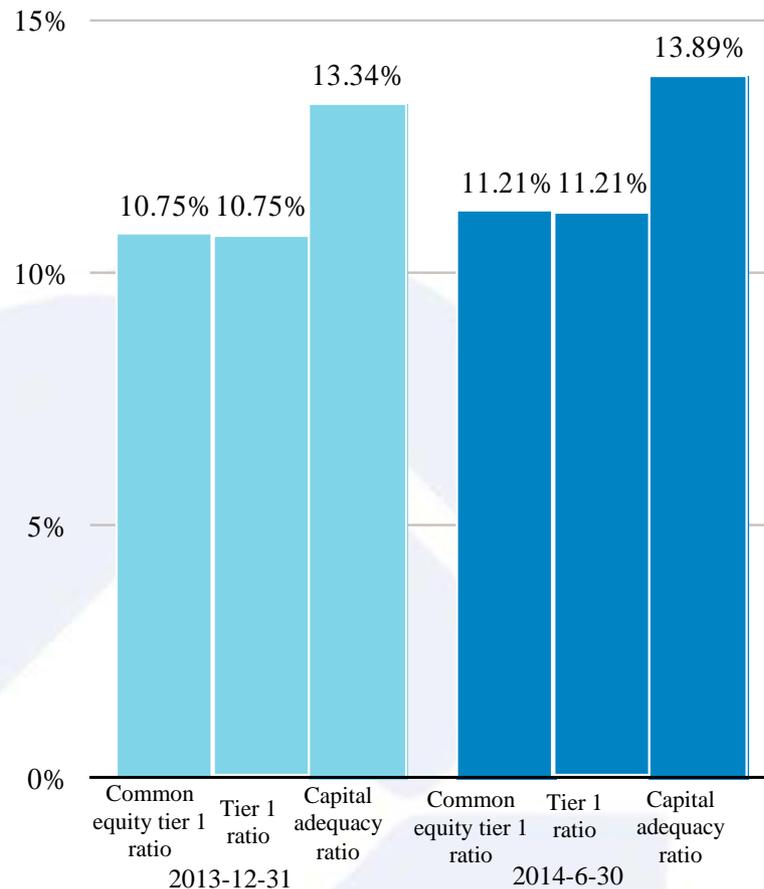
Risk management measures

- ❖ Established assets management unit
- ❖ Set strict entry standards for institutions and products
- ❖ Inclusion of unified credit risk evaluation system
- ❖ Adopted strict control over usage of wealth management funds
- ❖ Ensured compliant information disclosure
- ❖ Adopted regular stress testing and enhanced liquidity management
- ❖ Arranged allowance for impairment losses from wealth management business



Continued reinforcement of capital management

Outstanding capital adequacy ratio among peers



■ Capital adequacy ratio was calculated in accordance with the Measures for Capital Management of Commercial Banks (Trial), and in accordance with the advanced method in capital management on 30 June 2014

Enhanced capital management capability

- ⊕ Approved implementation of advanced measurement method in capital management
 - Internal rating of non-retail credit risk
 - Internal rating of retail credit risk
 - Internal modeling for market risk
 - Standard method for operational risk
- ⊕ Pushed forward the application for advanced internal rating method in credit risk and advanced measurement method in operational risk
- ⊕ Launched tier 2 write-down capital instrument
 - Issued RMB 20 billion of the instrument in the mainland China in mid August
 - Scheduled to issue RMB 2 billion of the instrument in Hong Kong in September



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Opportunities and challenges

Opportunities

- ◆ The global economic outlook is expected to improve
- ◆ Chinese economy gradually runs stable
- ◆ Economic restructuring and transformation is taking effect gradually
- ◆ Full-around reform continue to deepen, reform bonus gradually releases
- ◆ Sound monetary policy, with abundant liquidity

Challenges

- ◆ The world economy is still undergoing a volatile process
- ◆ The domestic economy is still under great downward pressure, accompanied by cyclical and structural factors
- ◆ Financial sector sees increasing competition from industry peers as well as competitors from other sectors
- ◆ The banking sector enters the a period of “gear-change” after rapid growth

Adhere to the strategy of “integration, multifunction and intensiveness” and become “a bank that is most capable of value creation”

- ❖ To design transformation development plan and to accelerate strategic transformation
- ❖ To adjust credit structure in a proactive manner
- ❖ To push forward the overall development of overseas business and electronic banking business
- ❖ To improve the ability of identifying high-quality customers
- ❖ To enhance innovation
- ❖ To reinforce risk management and control



Awards and recognitions

TheBanker

- ◆ #2 in the “Top 1000 World Banks” (tier 1 capital)
- ◆ #9 in the “The Banker / Brand Finance® Banking 500”
- ◆ #2 in the “Chinese Bank Rankings”



- ◆ Best Public Charity Contributor with Fulfillment of Social Responsibility of the Year (2013)

Forbes

- ◆ #2 in the “Forbes Global 2000 Leading Companies”



- ◆ Winner of The Asset Excellence in Management and Corporate Governance 2013 - Platinum
- ◆ Best Custody Specialist Award 2014 – QFII Custodian

FORTUNE

- ◆ #38 in the “Fortune Global 500”
- ◆ #9 in the “Fortune China 500”



- ◆ China Retail Banking Awards 2014
 - Best small and micro-financial products
 - Best credit card product / business
 - Best mortgage and housing loan business



Q&A Session



Thank You