



中国建设银行
China Construction Bank

2014 Annual Results Announcement

Beijing / Hong Kong
March 2015



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Key Financials

RMB (billion)	2014	2013	Y-o-Y Change
Total assets	16,744.1	15,363.2	 9.0%
Loans and advances to customers	9,474.5	8,590.1	 10.3%
Total liabilities	15,491.8	14,288.9	 8.4%
Deposits from customers	12,898.7	12,223.0	 5.5%
Total equity attributable to equity shareholders of the Bank	1,242.2	1,066.0	 16.5%
Net interest income	437.4	389.5	 12.3%
Net fee and commission income	108.5	104.3	 4.1%
Net profit	228.2	215.1	 6.1%
NIM	2.80%	2.74%	 0.06 pps
Capital adequacy ratio	14.87%	13.34%	 1.53 pps
NPL ratio	1.19%	0.99%	 0.20 pps



Business development

Financial performance

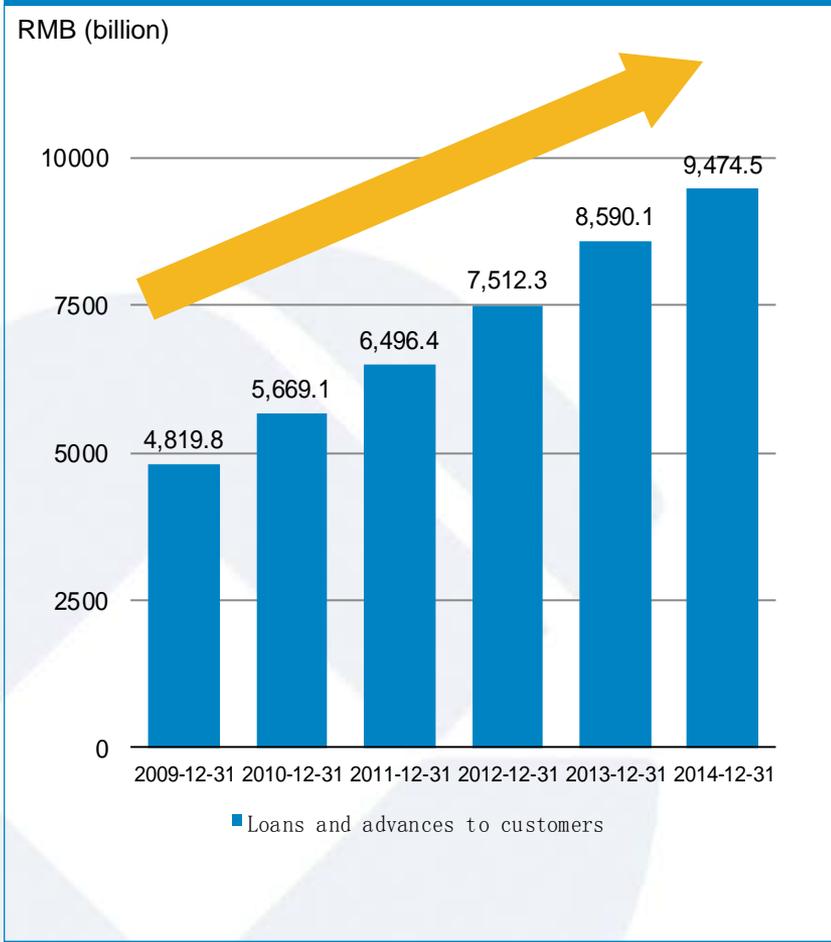
Risk management

Outlook

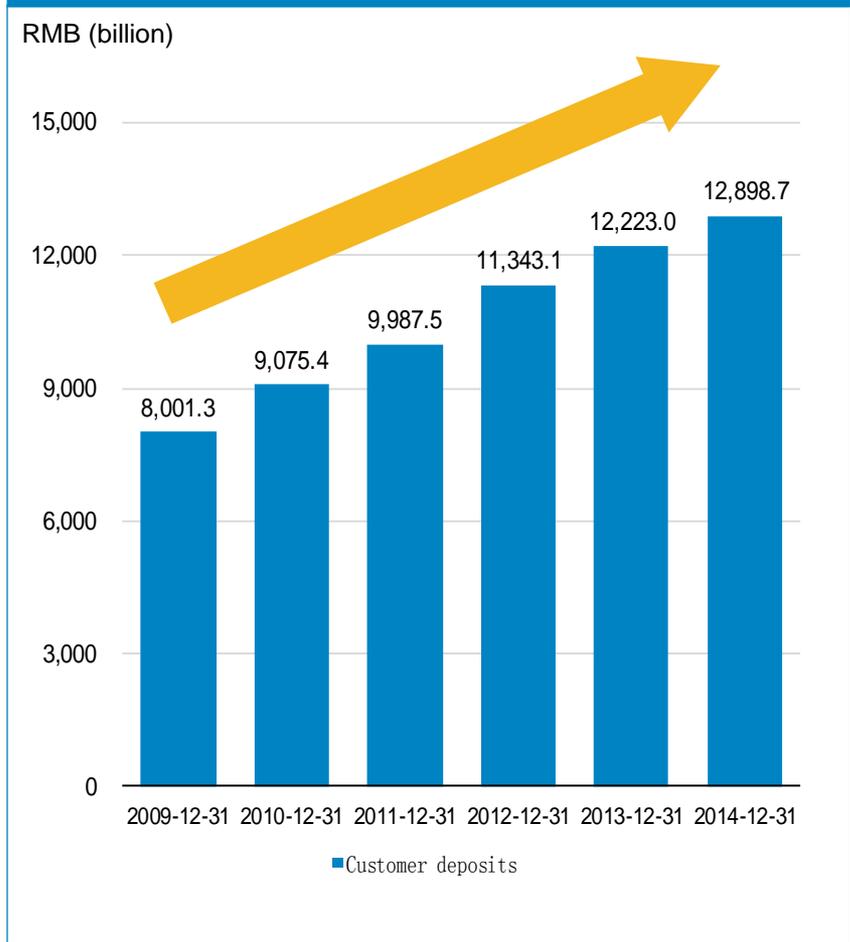


Steady growth of business scale

Loans and advances to customers up by 10.3%



Customer deposits up by 5.5%

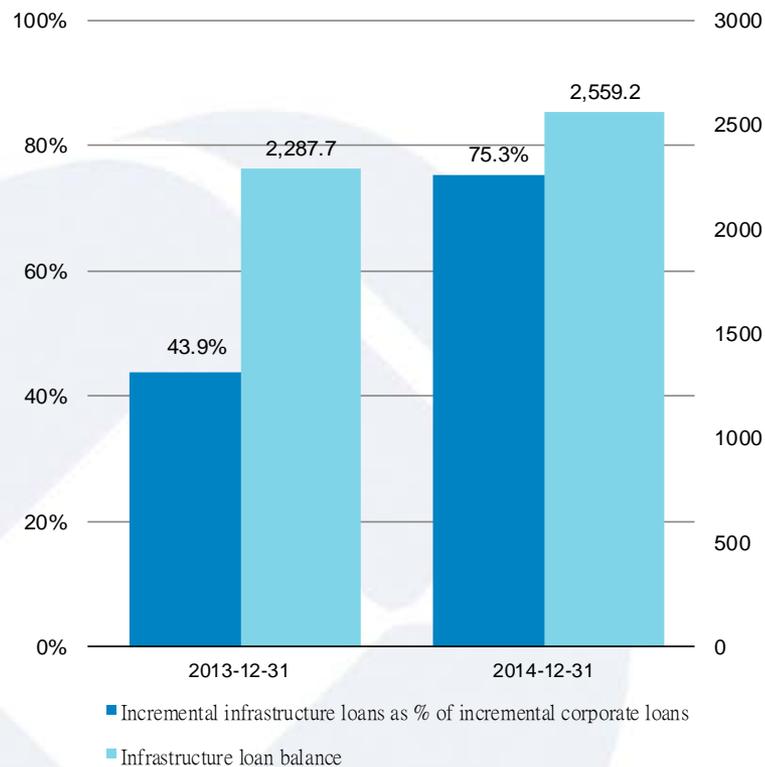




Reinforced advantages in infrastructure loans and residential mortgages

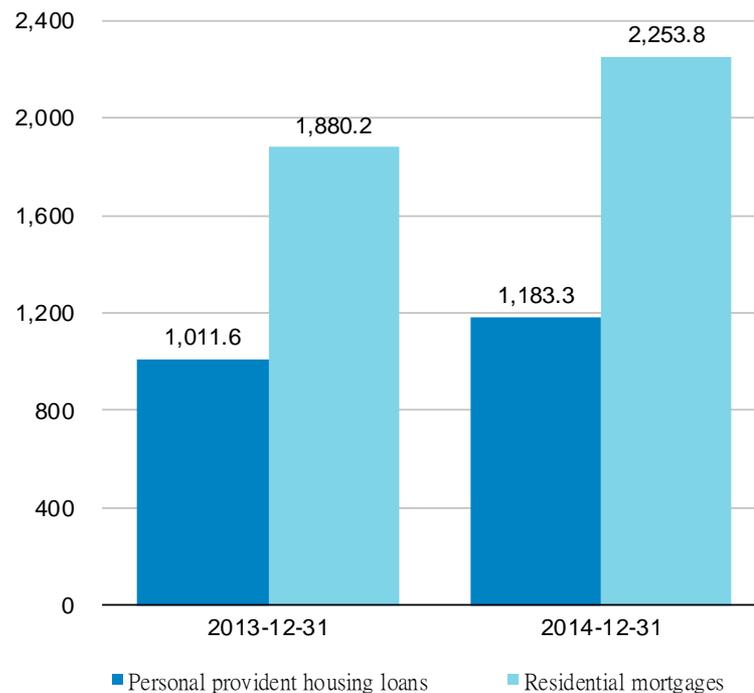
Infrastructure loans continued to grow

RMB (billion)



Maintained No. 1 among peers in residential mortgages and personal provident housing loans

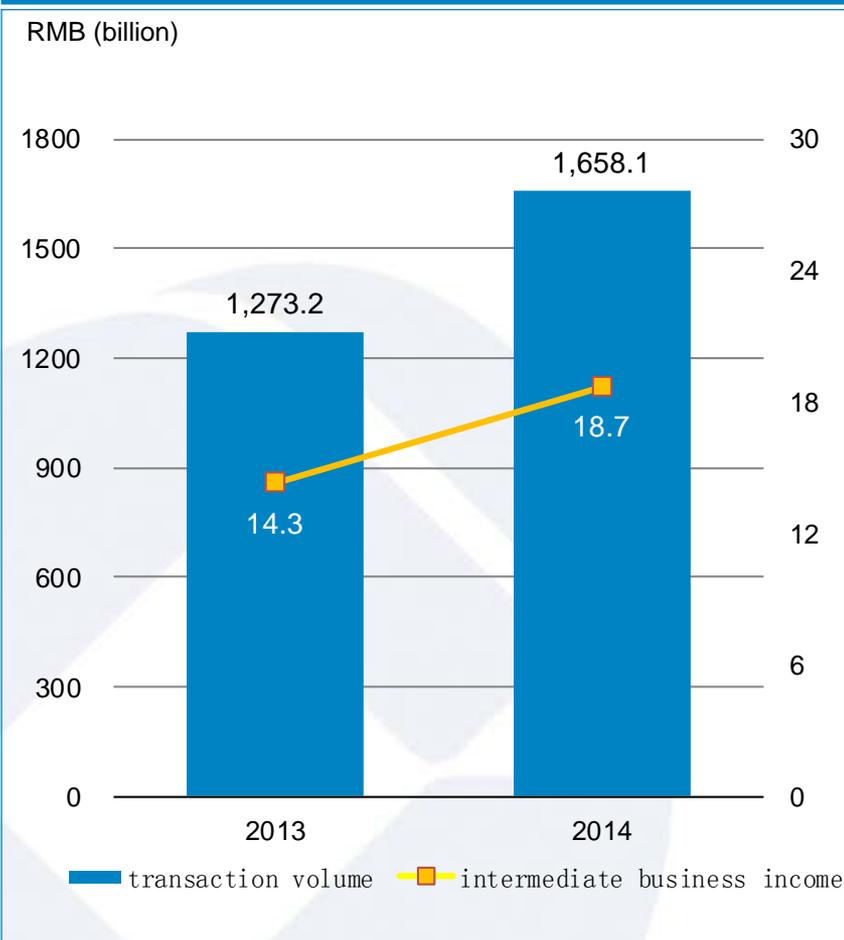
RMB (billion)





Rapid development of emerging businesses – credit cards and private banking

Number of credit cards over 65 million and transaction volume grew rapidly



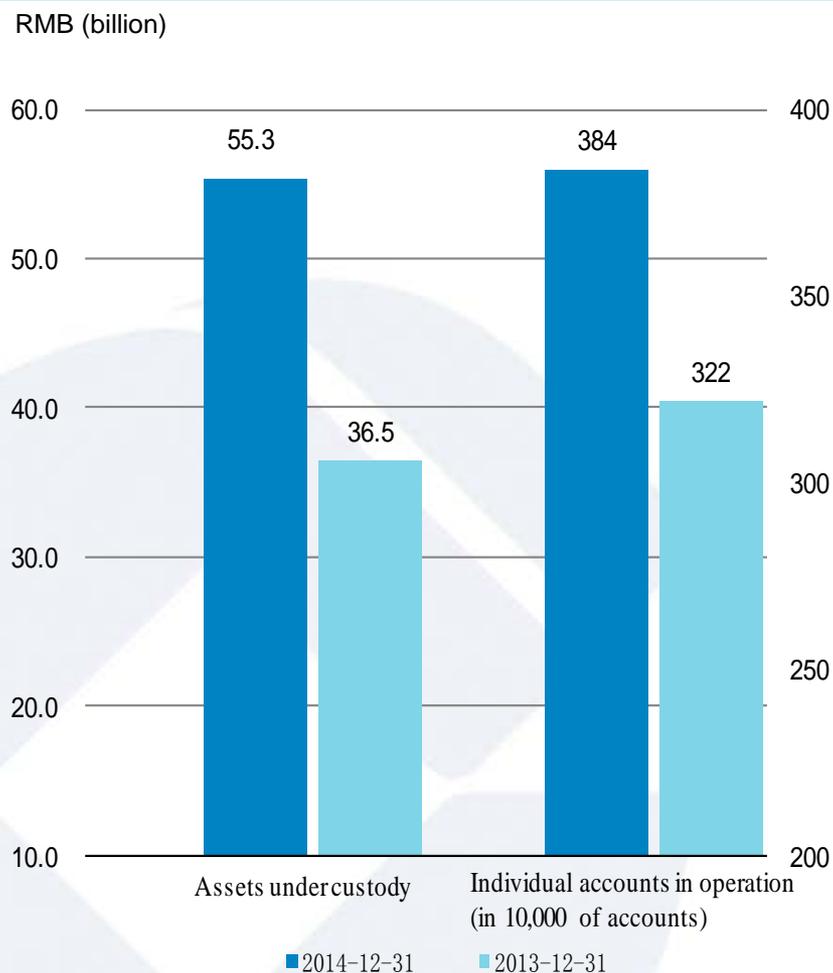
Built a first-class brand in private banking

- ◆ Proactively promoted global integrated financial services for private banking customers
- ◆ Produced remarkable innovation in private banking offerings
 - Developed family trust, asset allocation and other asset management businesses
 - Promoted the “Gold Housekeeper”, “Private Connections” and other innovation in integrated financial products
 - Offered consulting services including investment immigration and inheritance of family fortunes
- ◆ Significantly enhanced the capability to create integrated value in private banking business
- ◆ Consistently strengthened the operations & management of private banking business



Rapid development of emerging businesses – pension and investment custody services

No. 1 among peers in pension assets under custody and incremental individual accounts



Leading position in investment custody business

- Ranked first among peers in incremental individual accounts and market share of initial offering of investment funds
- Ranked first among peers in the number of product launched and assets in operation for annuity and pensions
- Insurance assets under custody reached growth rate of over 60%
- RQFII under custody achieved growth rate of 490%
- Received the “Top Rated Custodian in China” award from the U.K. magazine Global Custodian for five consecutive years



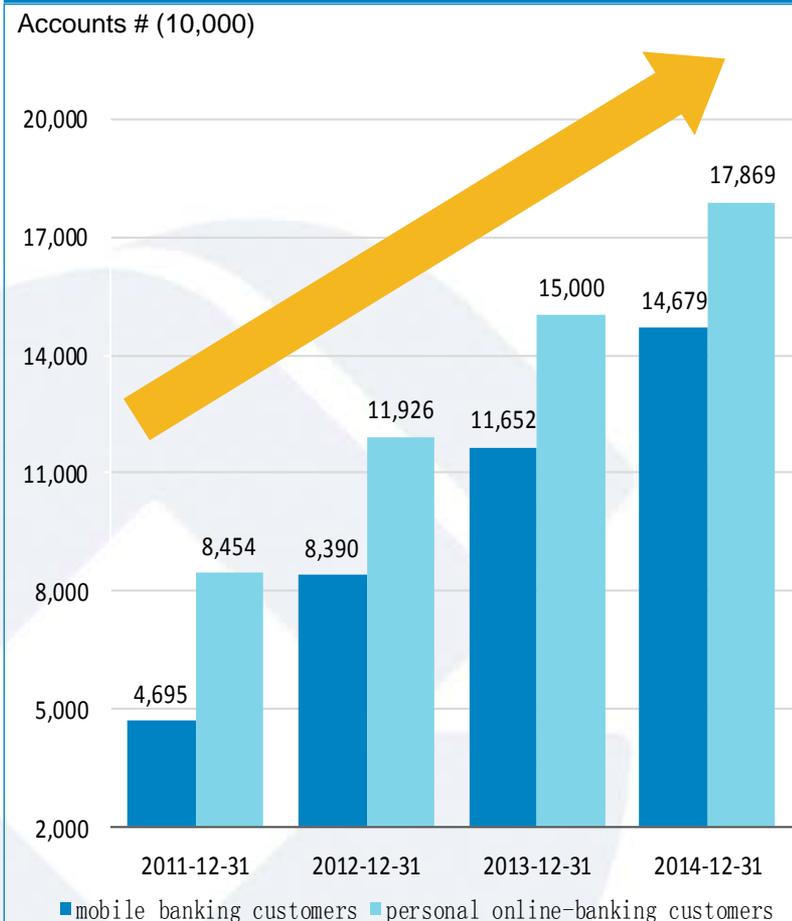
E-finance – all channels for Internet finance products





E-finance – rapid growth of Internet finance customers

Personal online banking customers reached 179 million, mobile banking customers reached 147 million



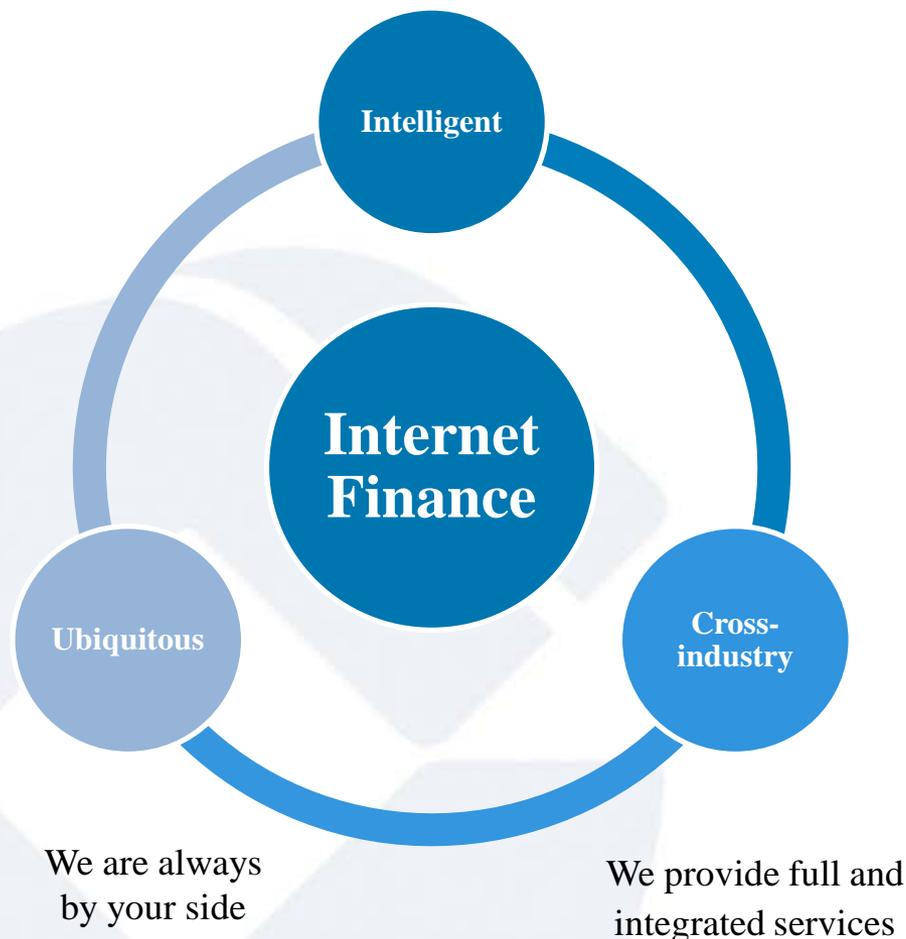
Number of Internet finance customer led peers

- Online banking and self-service channels accounted for 88% of total transaction volume
- Number of customers, transaction volume, and APP downloads from customer-ends of mobile banking ranked first among peers
- Number of Alipay user and transaction volume on Alipay ranked first among peers
- Online payment volume of railway tickets (through 12306) ranked first among peers



E-finance – the innovative Internet model of ‘being intelligent, ubiquitous and cross-industry’

We understand your needs better



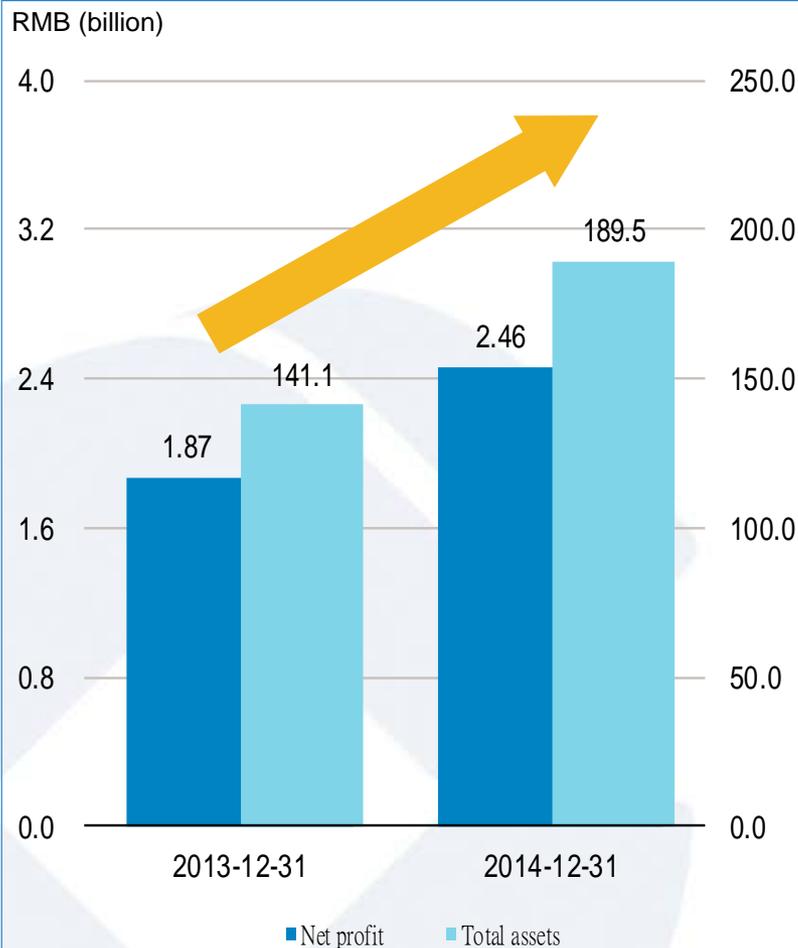
Rapidly promoted innovation model

- 🔗 **Intelligent Customer Service:** full-channel deployment of robot intelligent service, achieving higher handling volume than 400 (credit cards) and 95533 (manual customer service hotline)
- 🔗 **WeChat Banking:** the first-to-market among the major five banks in China, ranking first in number of customers and business volume
- 🔗 **E.ccb.com (CCB E-commerce business platform):** the first E-commerce platform in all Chinese banks, recording 51,000 online merchants, 8 million members, and a total transaction volume of RMB 46.28 billion



Further progress in integrated operations

Total assets and profits of subsidiaries grew rapidly



Integrated operation platform has been further improved, subsidiaries gained positive growth in market

- ☑ Gained significant progress in pension business and indemnificatory housing
- ☑ Officially launched CCB Futures
- ☑ CCB Trust's assets under custody rose to No.3 among peers
- ☑ CCB Life's premium revenue ranked first among banking peers
- ☑ Volume of CCB Principal Asset Management's mutual fund business entered top 9 in the industry
- ☑ Volume of CCB Financial Leasing's incremental leasing assets was among top 3 in the industry
- ☑ Number of IPOs underwriting at CCBI led the market among Hong Kong peers



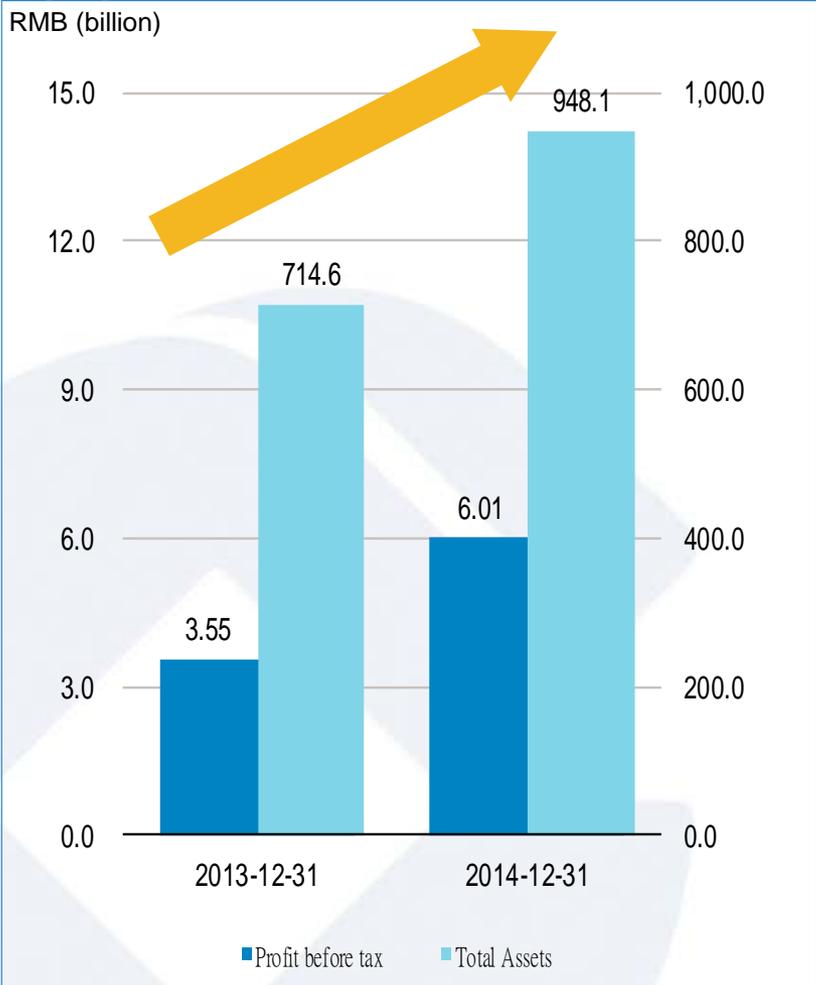
Further expansion of overseas network





New progress in overseas business development

Total asset of overseas commercial banking grew rapidly



Accelerated development of overseas business

- ⦿ Accelerated the application to establish branches
 - Opened the Macau branch, the New Zealand subsidiary bank, the Toronto branch and the Brisbane branch
 - Secured approval to set up subsidiaries in London, Paris, Amsterdam, Barcelona and Cape Town
 - Successfully completed the acquisition of Banco Industrial e Comercial S.A. of Brazil (BIC's 72% stake)
- ⦿ Secured the RMB clearing bank license in London, and the off-share RMB clearing system continued to evolve
- ⦿ Settlement volume of cross-border RMB under cash basis YoY increased by 62%
- ⦿ Overseas entities successfully issued a number of off-shore RMB bonds
- ⦿ Strengthened integrated services across domestic and overseas markets in special economic zones



Continued to strengthen infrastructure

Upgraded operation infrastructure

- ❖ Strengthened customer base
 - Corporate customers increased by 110,000
 - Individual customers increased by 11,880,000
 - RMB settlement accounts increased by 680,000
- ❖ Integrated branch coverage improved
 - Integrated branches reached 13,700
 - Integrated tellers accounted for 80%
 - Integrated sales teams reached 17,500
- ❖ Over 14,500 branches and 30 categories of counter real-time business achieved centralization at headquarter, increasing efficiency by 60%
- ❖ Gradually implemented phase II of the “New Generation Core System” , to be followed by launch of phase III

Accelerated the transformation to Smart Banks

- ❖ CCB’s Transformation Development Plan proposed to accelerate the building of Smart Banks
 - Offered services and operated in the Smart way
 - Provided products and channels in the Smart way
 - Enhanced capabilities in big data collection, management, analysis and application
- ❖ In 2014, CCB continued to deploy Smart Banks in 11 cities including Beijing, Shanghai and Guangzhou , following the launch of the first Smart Bank in Shenzhen
 - Optimized branch business procedures via core intelligent devices and systems
 - Highlighted the brand new customer experience of “self-service, intelligence and wisdom” at branches
 - Integrated innovative applications such as the smart appointment number calling pre-treatment and Virtual Teller Machine (VTM)



Business development

Financial performance

Risk management

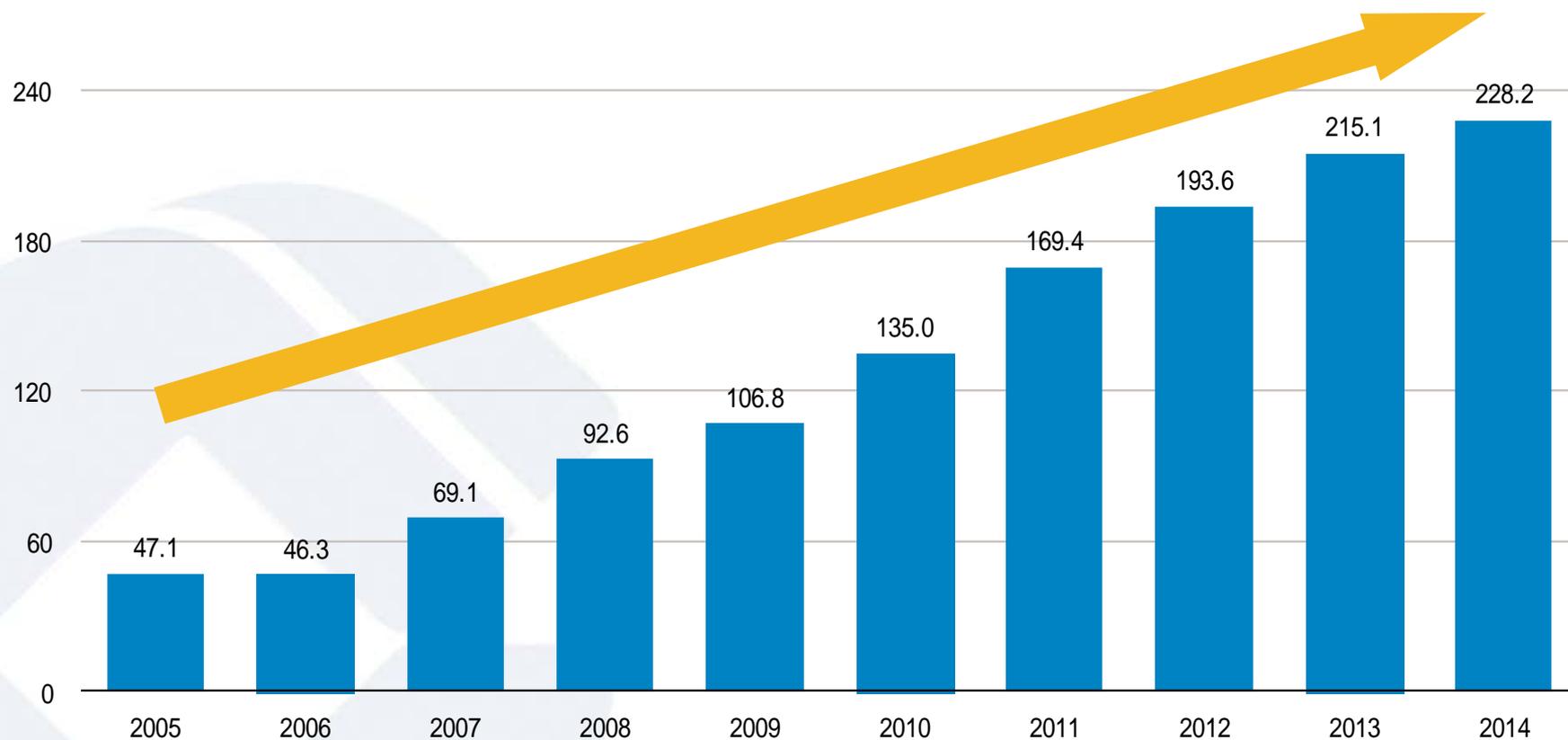
Outlook



Continued to strengthen profitability

Net profit sustained steady growth

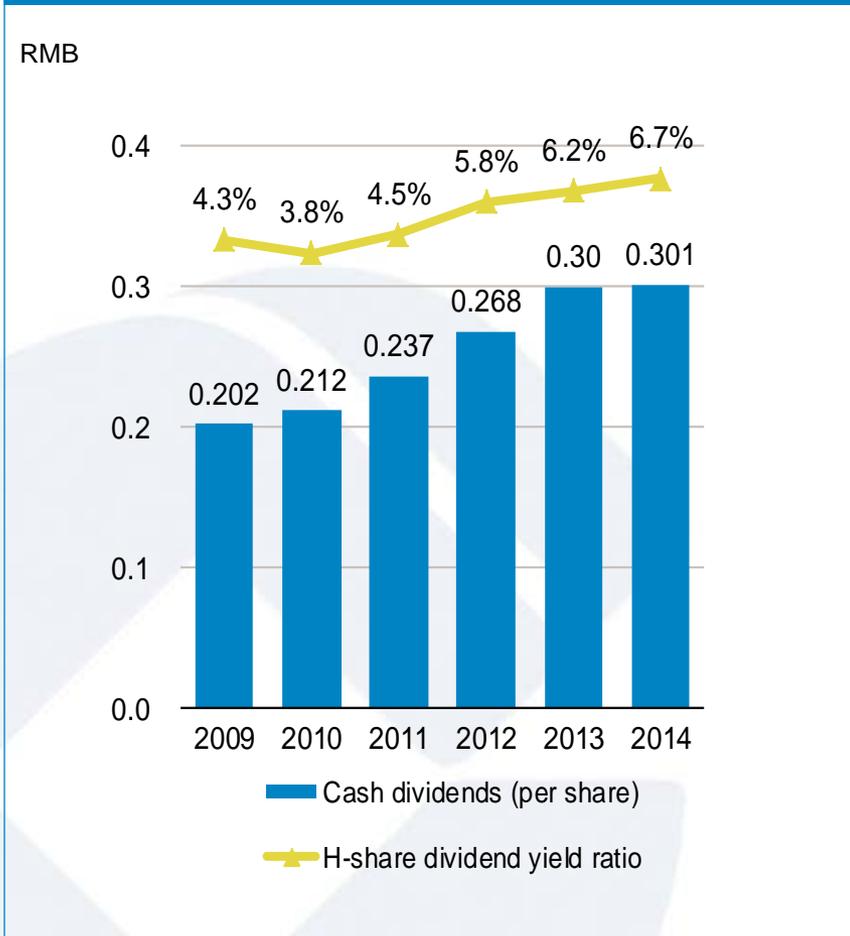
RMB (billion)



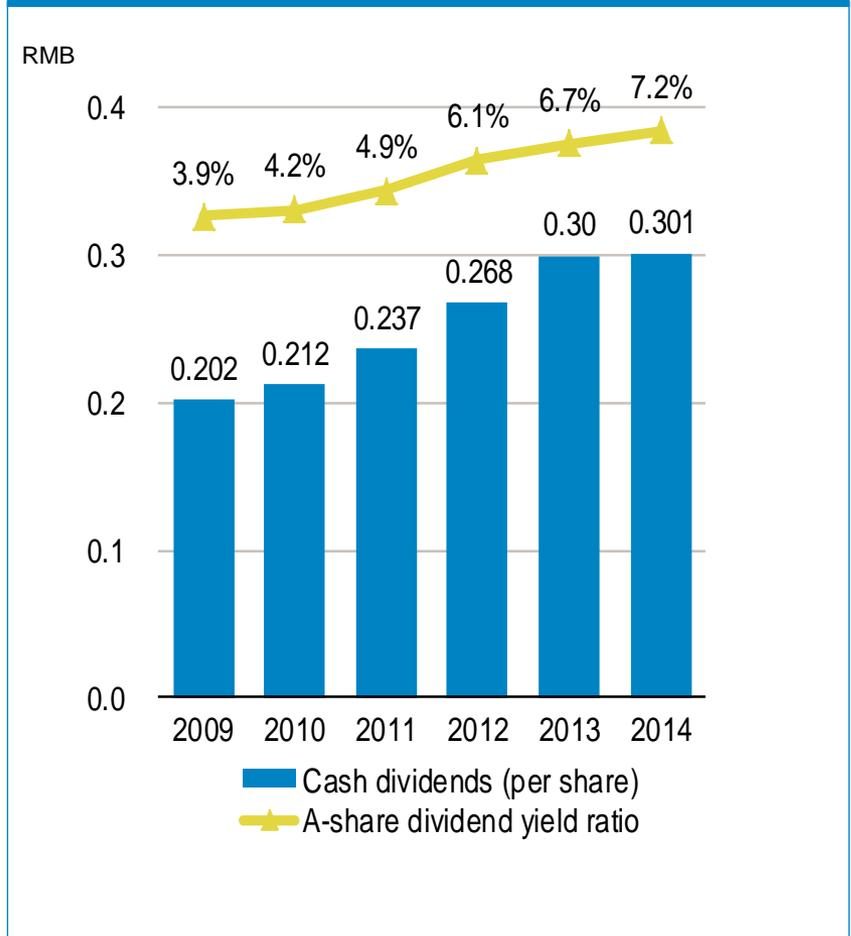


Sustained high returns to shareholders

H-share dividend yield



A-share dividend yield



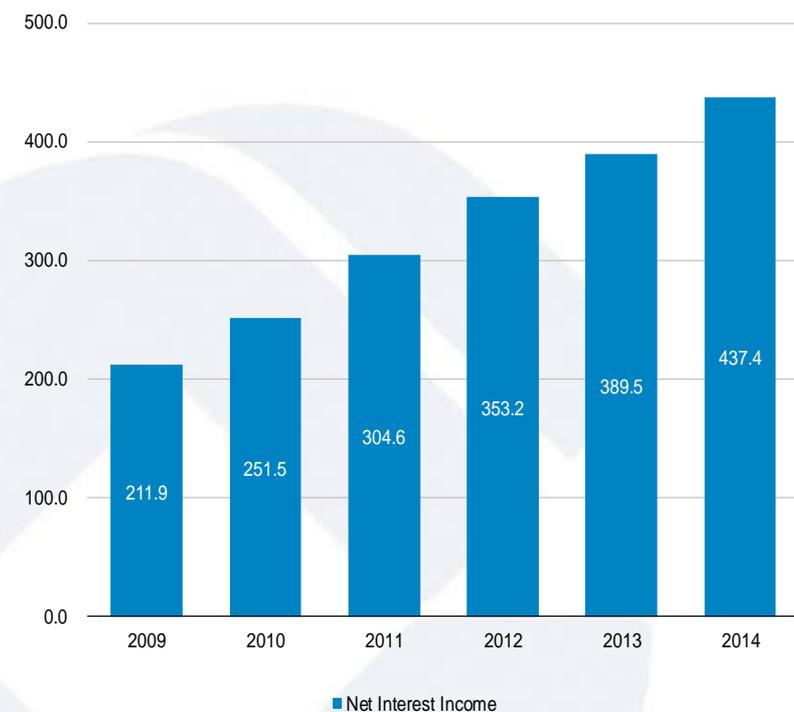
Note: Dividend yield is calculated by dividing dividend per share by the average share price of the year.
 The Board recommends a cash dividend for 2014 of RMB0.301 per share (including tax), subject to the approval of 2014 annual general meeting.



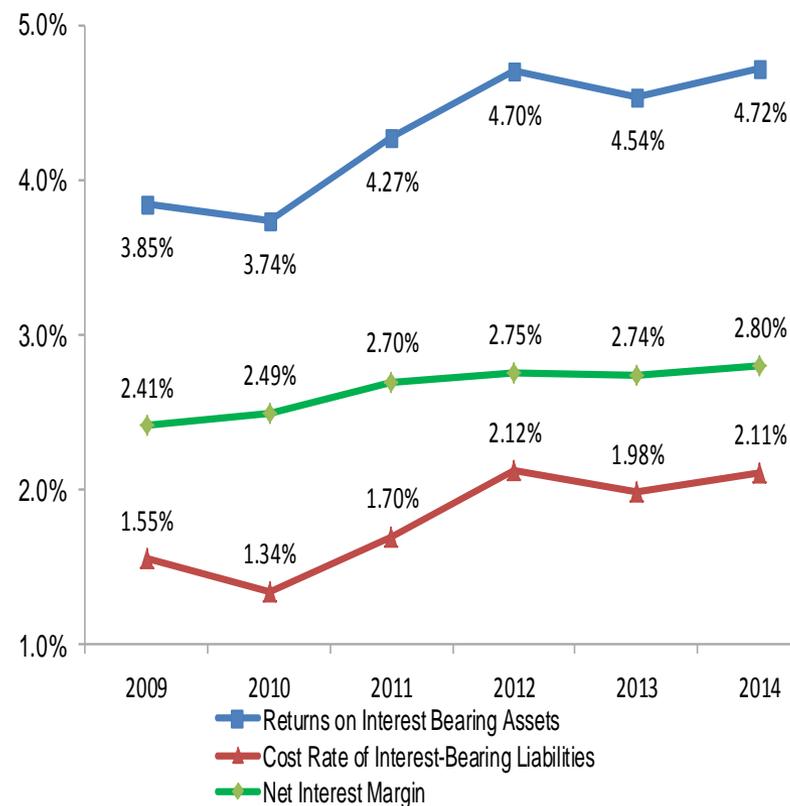
Grew net interest income continuously

Net interest income in 2014 up by 12.3% YoY

RMB (billion)



NIM achieved steady growth

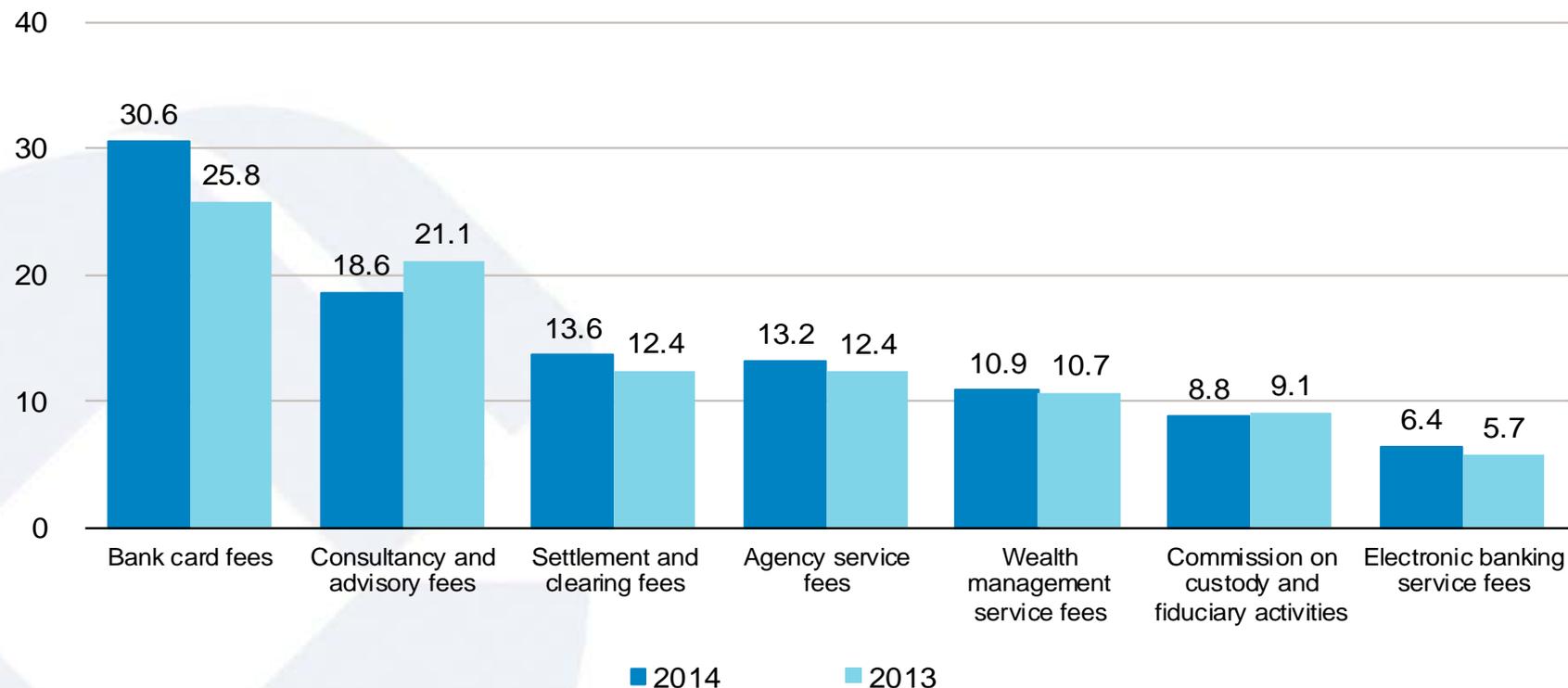




Maintained stable growth in net fee income

Net fee and commission income grew by 4.1%

RMB (billion)

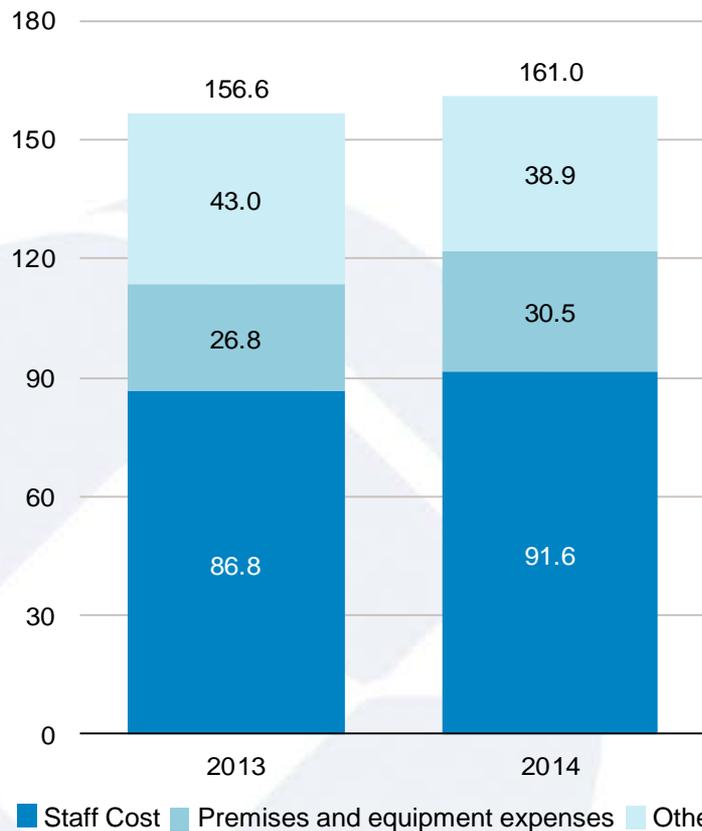




Controlled costs effectively

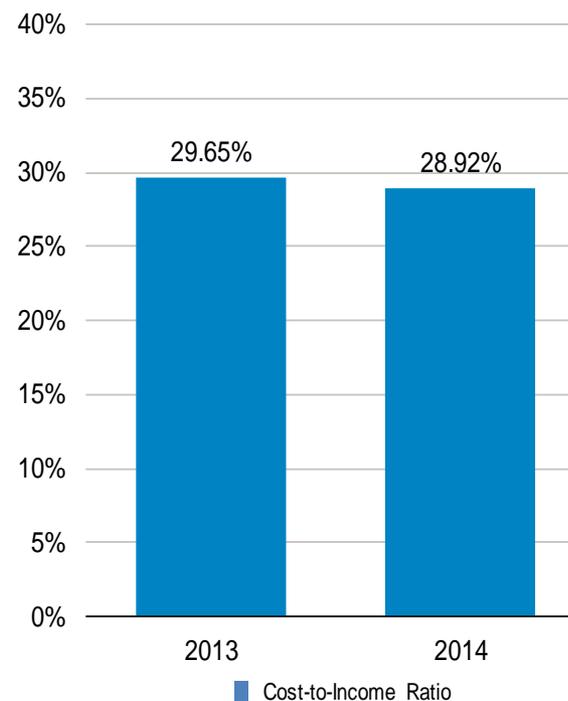
Operational cost effectively controlled

RMB (billion)



Note: After deductions of business taxes and surcharges and other business costs

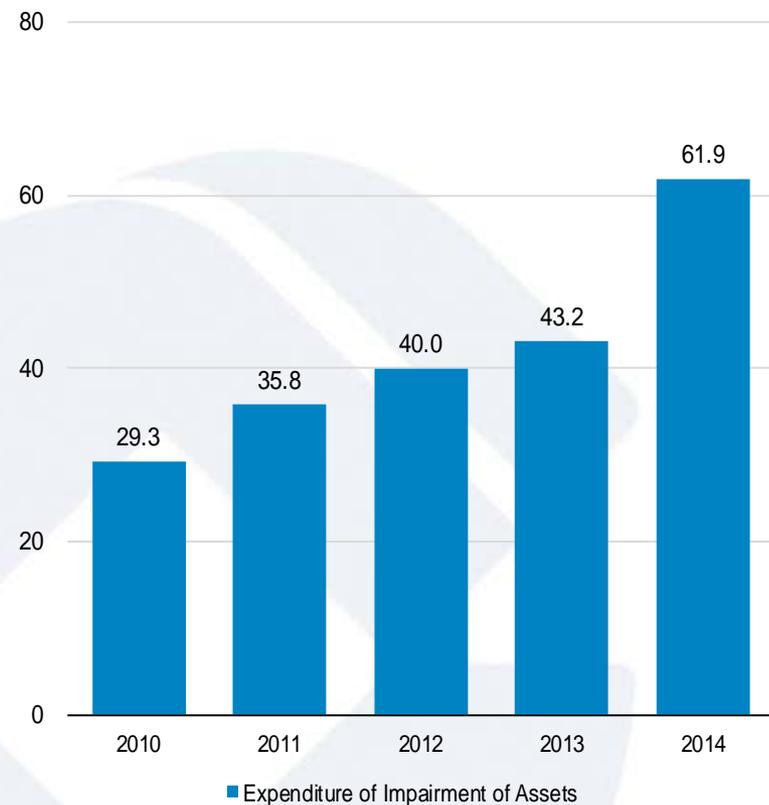
Cost-to-income ratio declined



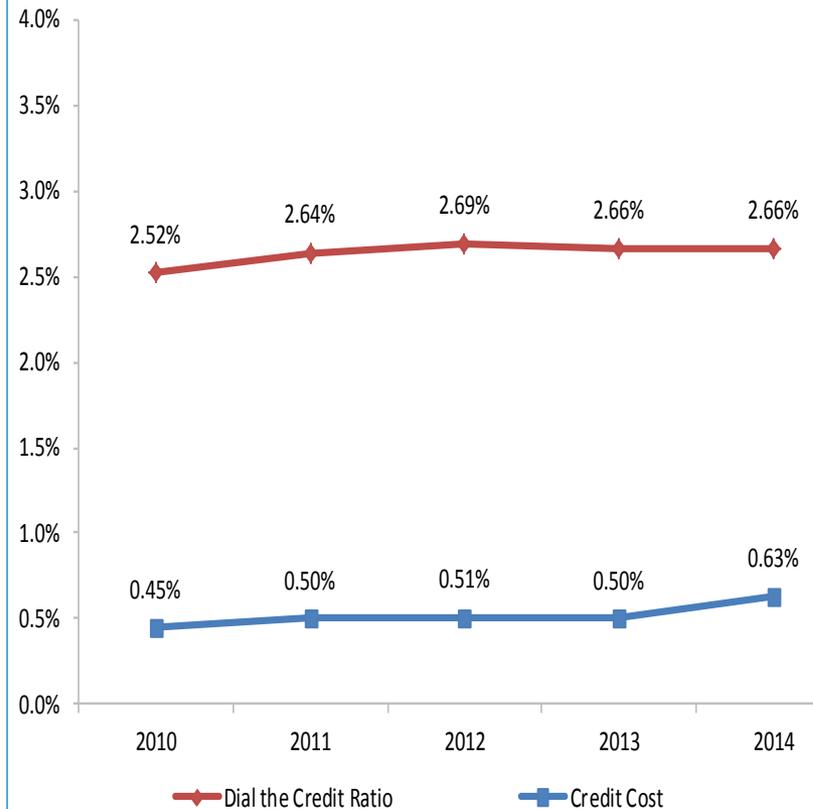
Strengthened provision

Asset impairment loss up 43.3% YoY

RMB (billion)



Provision to loans ratio remained high





Business development

Financial performance

Risk management

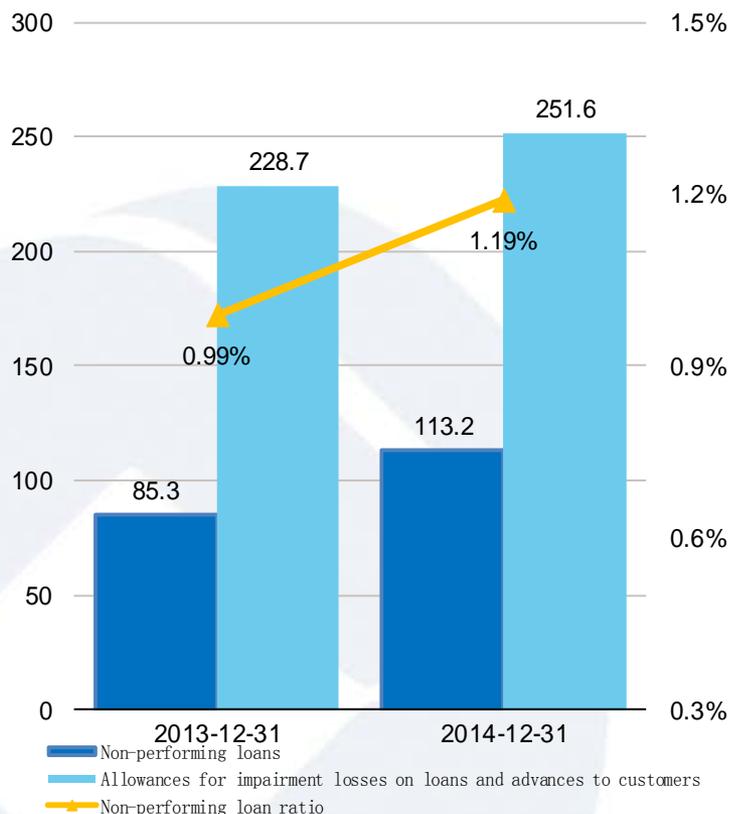
Outlook



Controlled asset quality

Credit risk controllable

RMB (billion)



Risk control measures

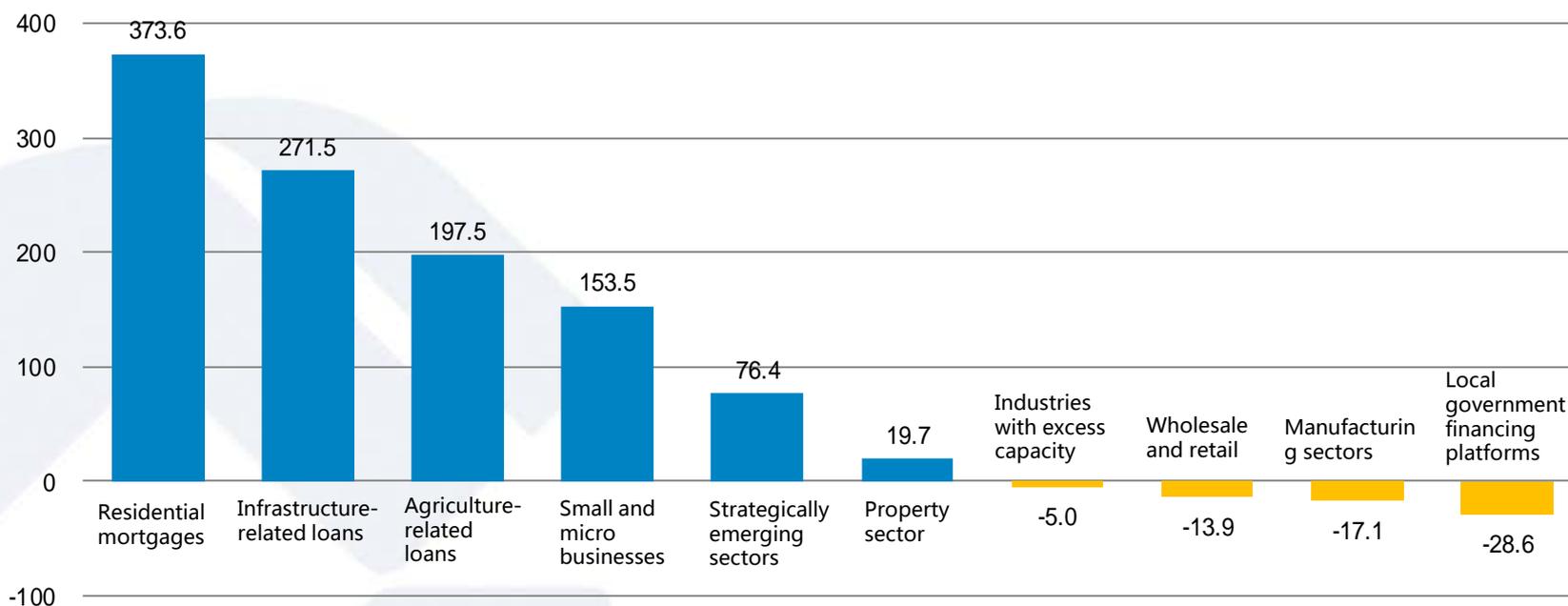
- Strengthened unified risk management across the Bank
- Established long-term risk management and control systems
- Pushed forward credit structure adjustment
- Strengthened special inspection of high-risk fields
- Moved forward with gateways for risk management and control
- Reinforced the resolving of major risk projects
- Strengthened the disposal of non-performing loans



Achieved significant progress in credit structure adjustment

Incremental loans in related sectors in 2014

RMB (billion)

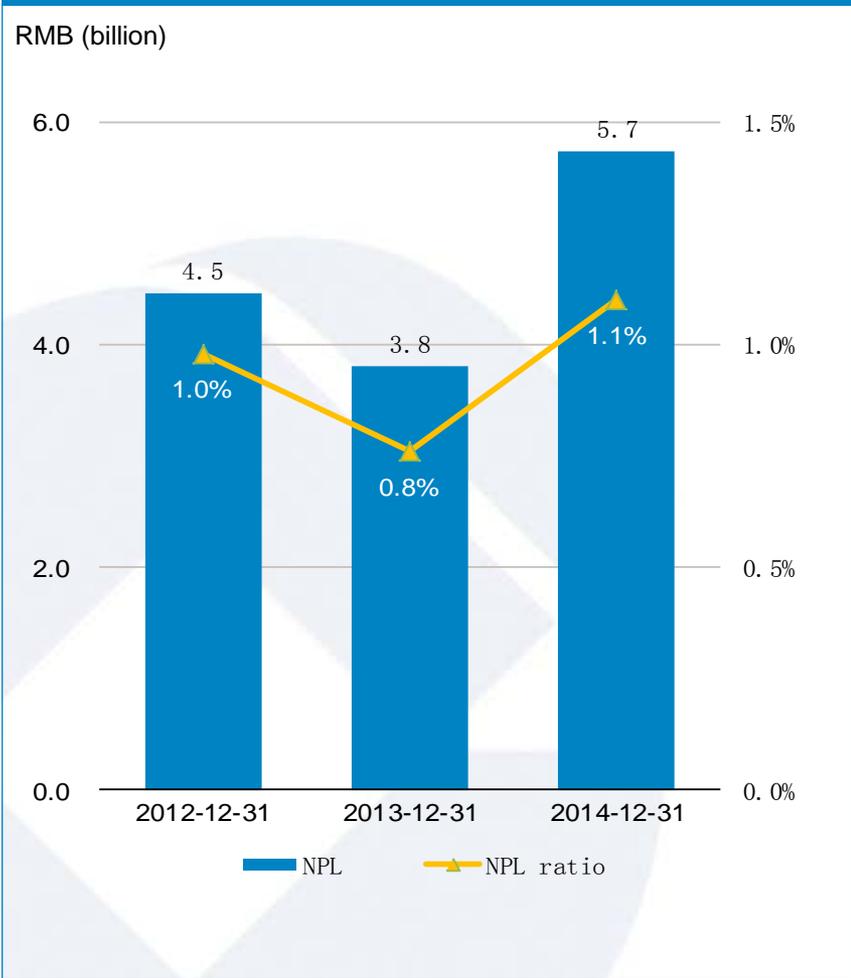


Note: Industries with excess capacity include steel, cement, electrolytic aluminum, plate glass, and shipping.



Stable asset quality of property lending

Relatively stable asset quality in property lending



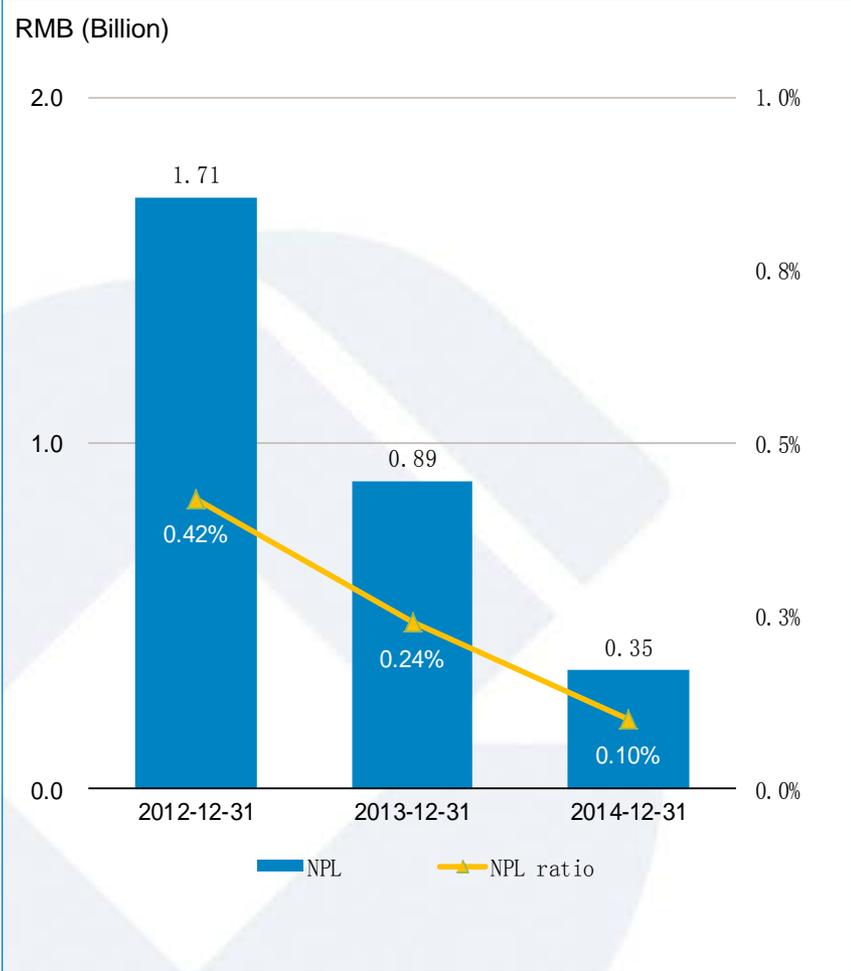
Risk management measures

- Controlled overall volume
- Optimized structures of regions, clients and products
- Strengthened market research and monitoring
- Adopted client-list management for clients
- Conducted closed-off fund management



Strict risk control of loans to local government financing platforms

“Double-reduction” of NPLs in loans to local government financing platforms



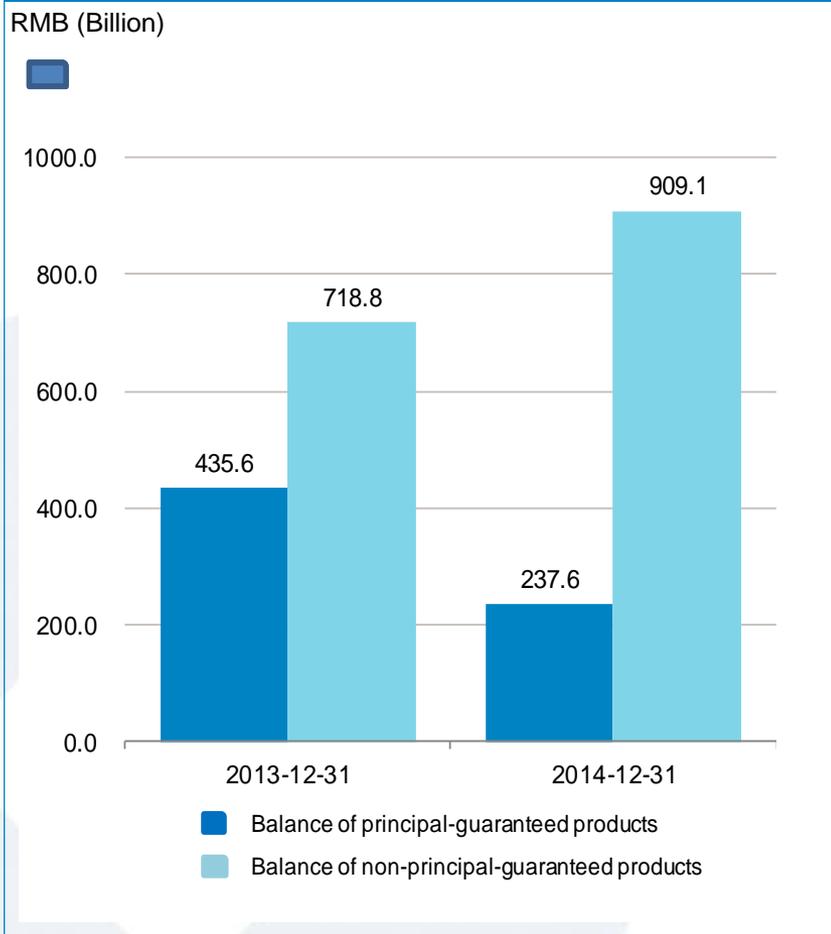
Risk management measures

- Controlled total volume, categorized management, applied targeted treatment, and resolved risks step-by-step
- Ensure orderly progress in key projects in progress
- Enabled the transition of platform clients with adequate funding and strong operations into regular corporate clients
- Supported the entry of social capital and provided a package of services
- Identified the source of debt funding of platforms with no capacity for transition



Steady development of WMP

Prudent and compliant development of WMP

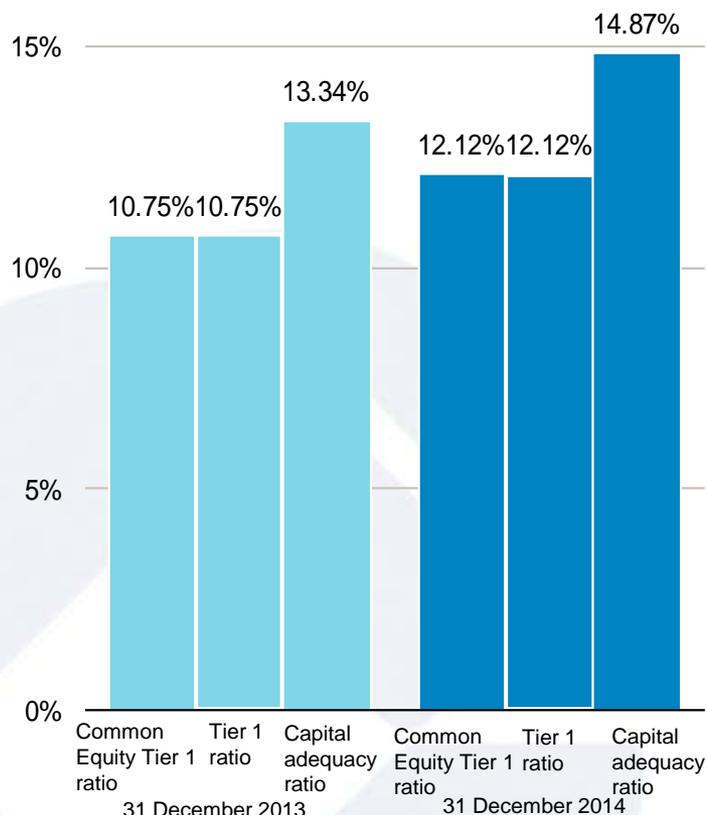


Risk control measures

- Established specialized asset management organizations
- Set strict entry standards for institutions and products
- Managed under bank-wide unified credit granting
- Stridently controlled the use of wealth management funds
- Complied with information disclosure
- Conducted regular pressure test and strengthened liquidity management
- Made provision for impairment losses of wealth management business

Continued to enhance capital management

Outstanding CAR among peers



■ CAR was calculated in accordance with the Measures for Capital Management of Commercial Banks (Trial); CAR was calculated in accordance with Advanced Measurement Approach since Q2 2014, parallel period rules applicable.

Enhanced capital management capabilities

- ❖ Issued new capital instruments:
 - ✓ Tier-2 capital bonds
 - Issued RMB 20 billion of bonds in domestic market in August 2014
 - Issued RMB 2 billion of bonds in Hong Kong in November 2014
 - ✓ Preferred shares
 - Plan for non-public issuance of no more than RMB 60 billion of preferred shares in domestic market
 - Plan for non-public issuance of no more than RMB 20 billion equivalent of preferred shares in overseas market
- ❖ Approved the implementation of Advanced Measurement Approach
- ❖ Carried out the application and implementation of Advanced Approach to Internal Credit Risk Rating and Advanced Measurement Approach to Operational Risks



Business development

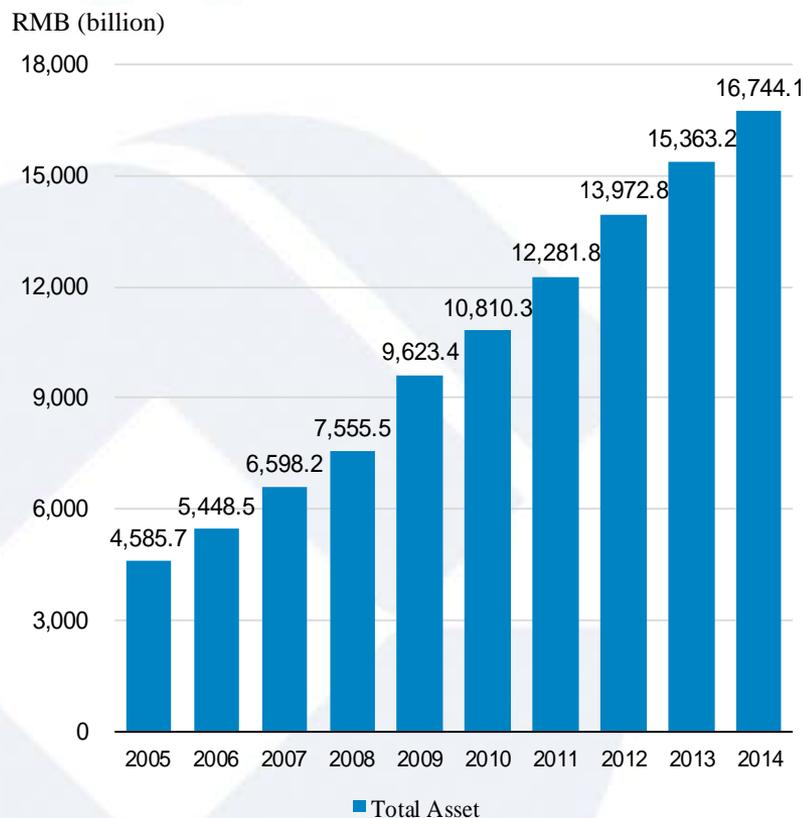
Financial performance

Risk management

Outlook



60th Anniversary of the Founding of CCB



A history of honor and success

- Established in 1954, CCB performed China's financial functions. The Bank was rooted in infrastructure and construction with specialized and dedicated services
- In 1979, CCB built to become a national specialized bank, launching services including construction loans and deposit savings in succession
- In 1994, CCB carried out market-oriented reforms, and focused to develop banking business
- In 2003, CCB began restructuring, and started to build a modern corporate system for financial institutions
- Since 2012, CCB has been implementing the strategic transformation goals towards growing into a bank that is integrated, multi-functional, and intensive in operations



Opportunities and challenges

Opportunities

- ◆ The U.S. economy recorded robust performance, and increasingly strengthened its foundation for recovery
- ◆ China's economy still operates within a reasonable range
- ◆ Significant national strategies and reforms are gradually implemented
- ◆ The economy is evolving towards a stage where the mode of operations are more advanced, the division of labor more complex, and the structure of economy more rational
- ◆ China is comprehensively deepening reforms, and reform dividends are expected to gradually release

Challenges

- ◆ The Global economy continues a weak recovery in an unbalanced manner
- ◆ The domestic economy has entered the “new normal”, where cyclical and structures interweave with mutual impact
- ◆ Competition among peers and across industries intensify
- ◆ Growth of banking industry profits has slowed and asset quality is under pressure



Counter measures

Commit to deepening reforms, and accelerate the pace of strategic transformation

- ❖ In line with the requirements places on the Bank's capabilities to serve the construction of the national economy, to prevent financial risks, and to participate in international competition
- ❖ To accelerate transformation to become an integrated banking group with multifunctional services, intensive operation, innovative banking, and smart banking
- ❖ To promote major transformations seven areas, including macro assets and liabilities management, wholesale banking, retail banking, e-banking business, integrated customer assets management, branches and overseas business
- ❖ To deepen reforms in structure and mechanisms, strengthen risk management, reinforce multiple support and infrastructure such as in information technology and big data application capabilities



Awards and recognitions

The Banker

- 2nd in the "Top 1000 World Banks" (tier-one capital)

FINANCIAL TIMES

- 29th in the "FT Global 500"
- 3rd in the "FT Emerging 500"

Forbes

- 2nd in the "Forbes Global 2000"



- Best Mobile Bank

FORTUNE

- 38th in the "Fortune Global 500"
- 9th in the "Fortune China 500"



- The Best Large Retail Bank in China for 2015
- The Strongest Bank in China for 2014
- China Country Awards 2014 — Retail Banking



Q&A



Thanks