



**中国建设银行**  
China Construction Bank

# 2015 Interim Results Announcement

Beijing/ Hong Kong



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# Key Financials

RMB (billion)	30 June 2015	31 December 2014	Change	
Total Assets	18,219.2	16,744.1	↑	8.8%
Loans and advances to customers	10,157.1	9,474.5	↑	7.2%
Total liabilities	16,906.7	15,491.8	↑	9.1%
Deposits from customers	13,697.0	12,898.7	↑	6.2%
Common equity tier 1 ratio	12.35%	12.12%	↑	0.23 pps
	January – June 2015	January – June 2014	Change	
Net interest income	224.6	211.3	↑	6.3%
Net fee and commission income	63.6	60.2	↑	5.8%
Net profit	132.2	131.0	↑	1.0%
Earnings per share	0.53RMB	0.52RMB	↑	1.9%
Cost to income ratio	23.23%	24.18%	↓	0.95 pps



**Transformation and Development**

**Financial Results**

**Risk Management**

**Outlook**



# Pushing forward strategic transformation

## Direction of transformation development

Integrated banking group

Multi-function services

Intensive development

Innovative bank

Smart bank

## Focus of transformation development

Promoting operation and management of assets and liabilities on a consolidated basis

Consolidating and developing wholesale business

Accelerating the development of retail business

Improving the quality of electronic banking business

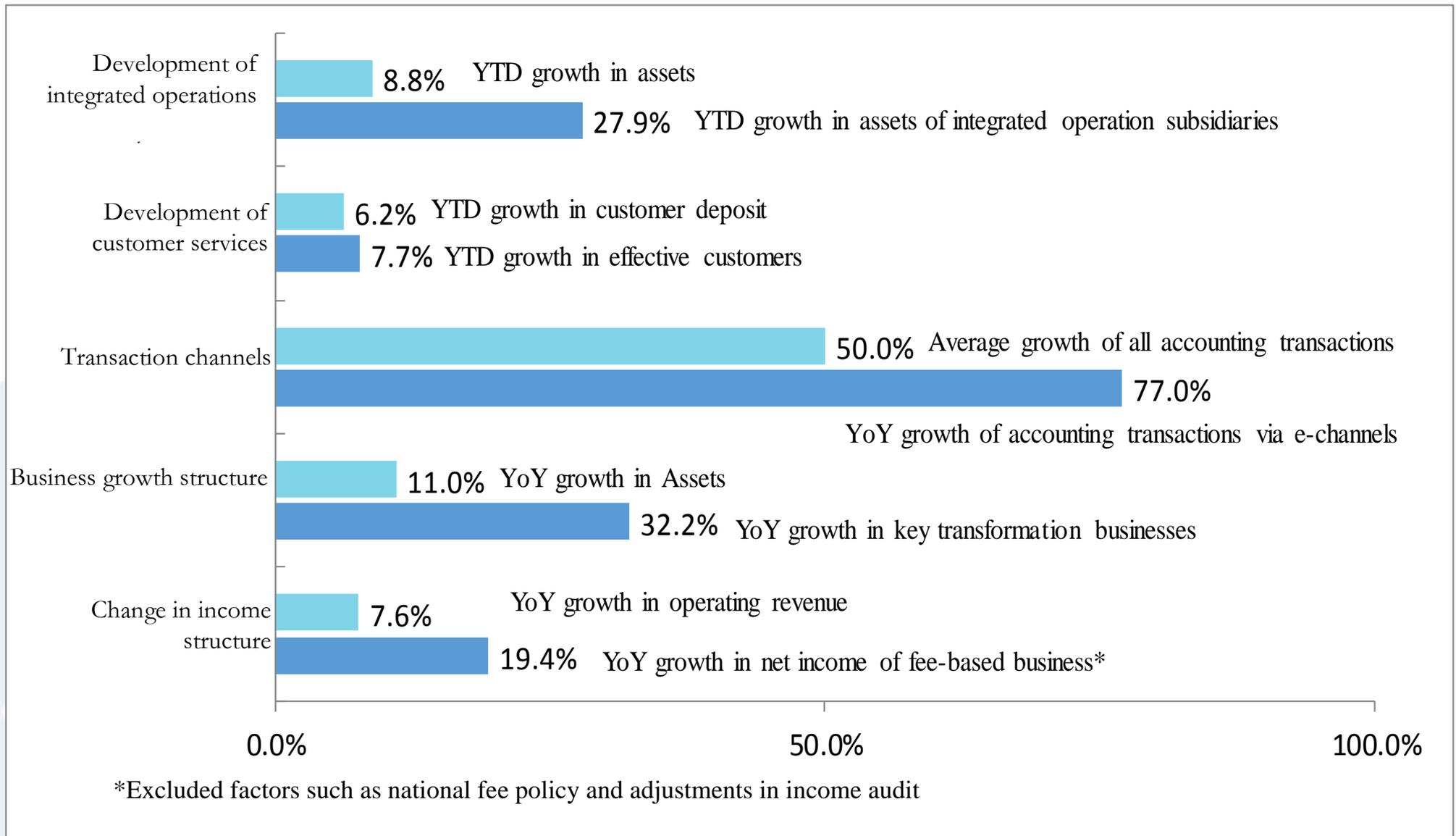
Enhancing asset management business for customers in an all-round way

Strengthening the competitiveness of subsidiaries

Accelerating the expansion of international business and overseas operations



# Significant progress in transformation development





# Promoted operation and management of assets and liabilities on a consolidated basis

## Strategies for promoting operation and management of assets

- ✦ Expanded integrated asset business
  - Promoted adjustment of loan structure
  - Enhanced the refined management standard of bond investment
  - Promoted the development of specialized interbank business
- ✦ Strengthened integrated financial services capability
  - Coordination between on and off balance sheet businesses
  - Promoted the development of asset management and investment custody business
- ✦ Strengthened collaborative development within the Group
  - Promoted offshore and onshore collaboration
  - Strengthened synergy between the parent company and subsidiaries

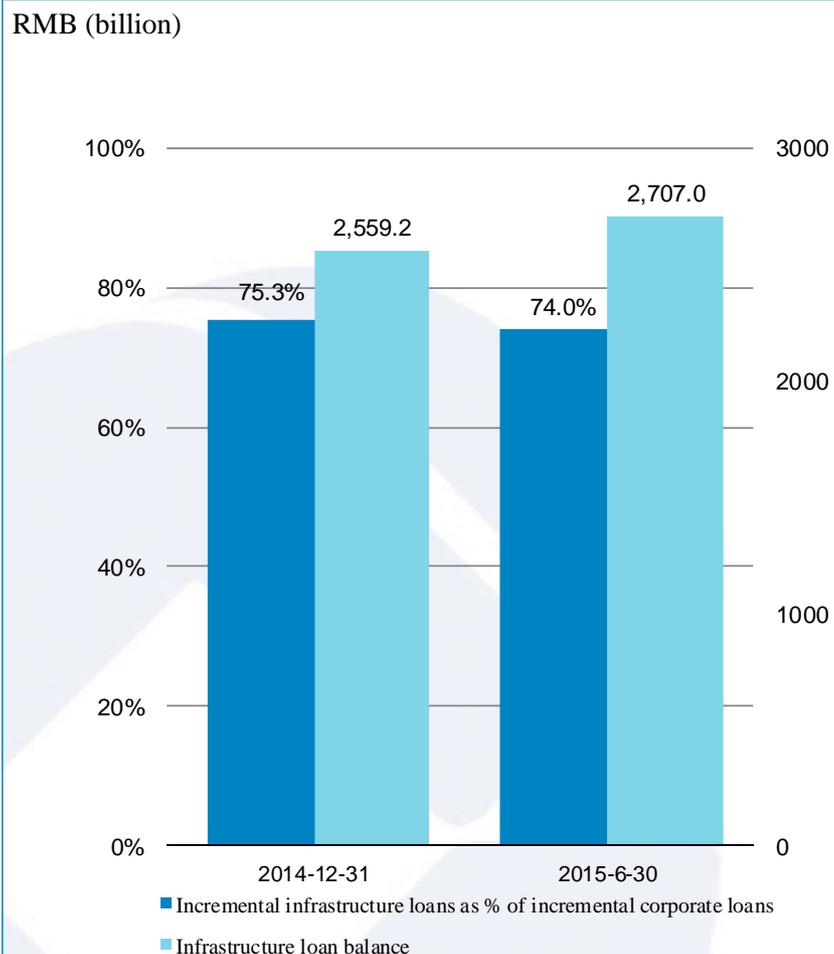
## Strategies for promoting operation and management of liabilities

- ✦ Proactively enlarged customers' financial assets
  - Accelerated the development of wealth management, funds, insurance and trust businesses; and provided customers with on and off balance sheet financial services to strengthen customer loyalty
- ✦ Maintained stable growth in deposits
  - Ensure connection between banking systems and customer applications; developed extended service for intra-system fund revolving; made continuous improvement to deposit base
- ✦ Diversified sources of liability funds
  - Actively expanded non-deposit financial institution funds such as those of securities firms
  - Accelerated development of active liabilities such as trading liability and interbank deposit certificates



# No. 1 bank in infrastructure lending

## Continuous growth in infrastructure loans



## Development strategy and advantage in the infrastructure sector

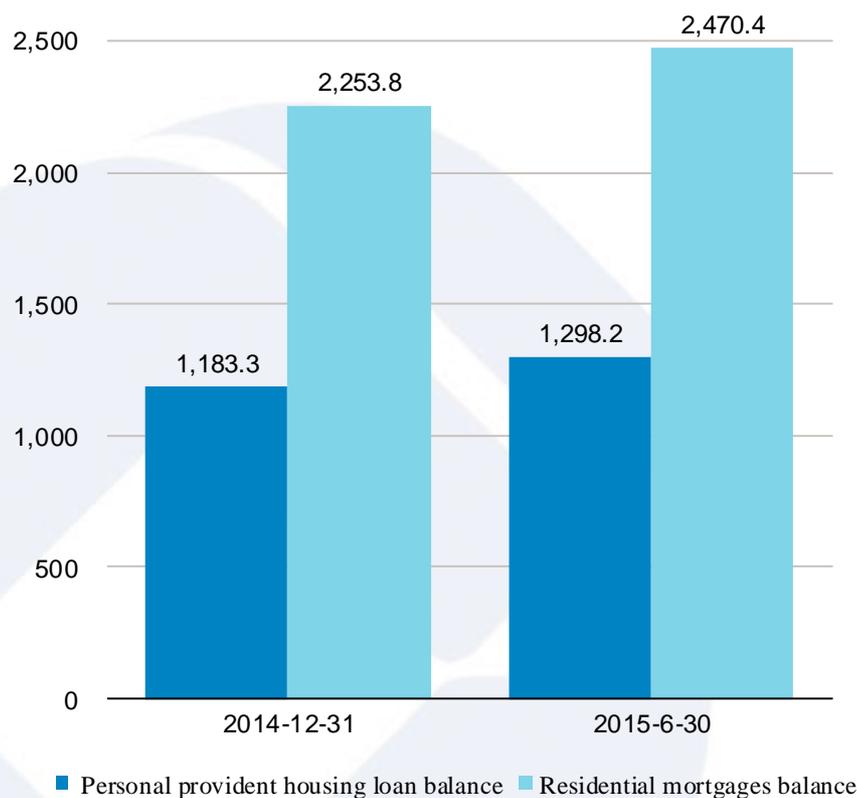
- Adjusted and optimized credit policy and procedures; enhanced efficiency of infrastructure-related financial services
- Supported important strategic projects such as One-Belt-One-Road and the coordinated development of Beijing-Tianjin-Hebei
- Provided full fledged integrated financial services
- Innovation in PPP financing products
- The only bank qualified for cost advisory service for infrastructure



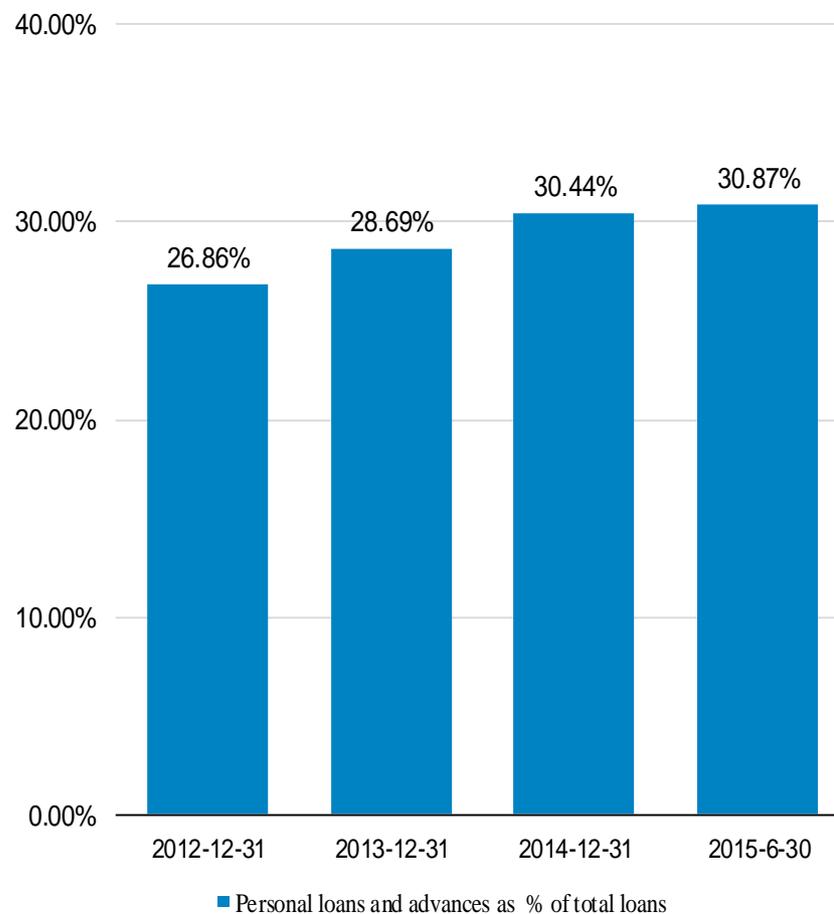
# No. 1 bank in personal housing finance

## Ranking 1<sup>st</sup> among peers in personal housing finance

RMB (billion)

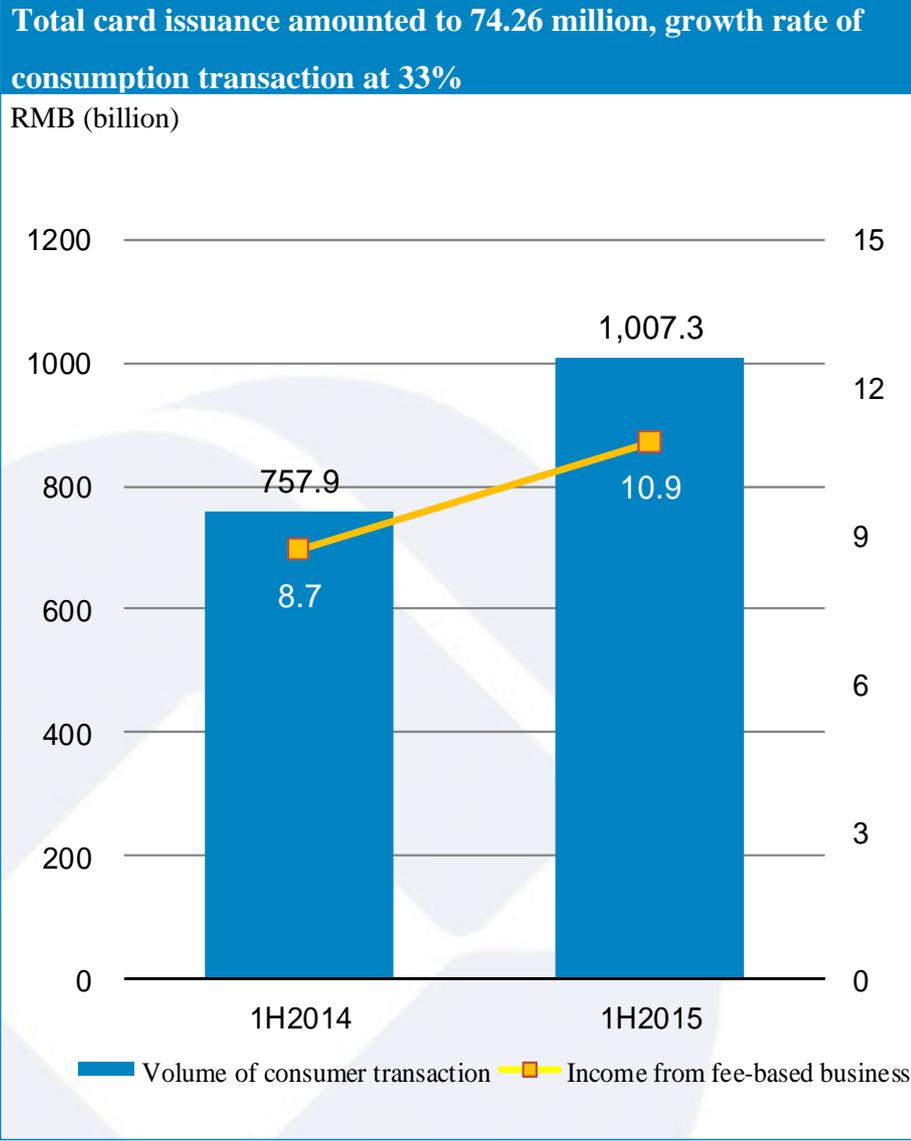


## Proportion of personal loan continued to rise





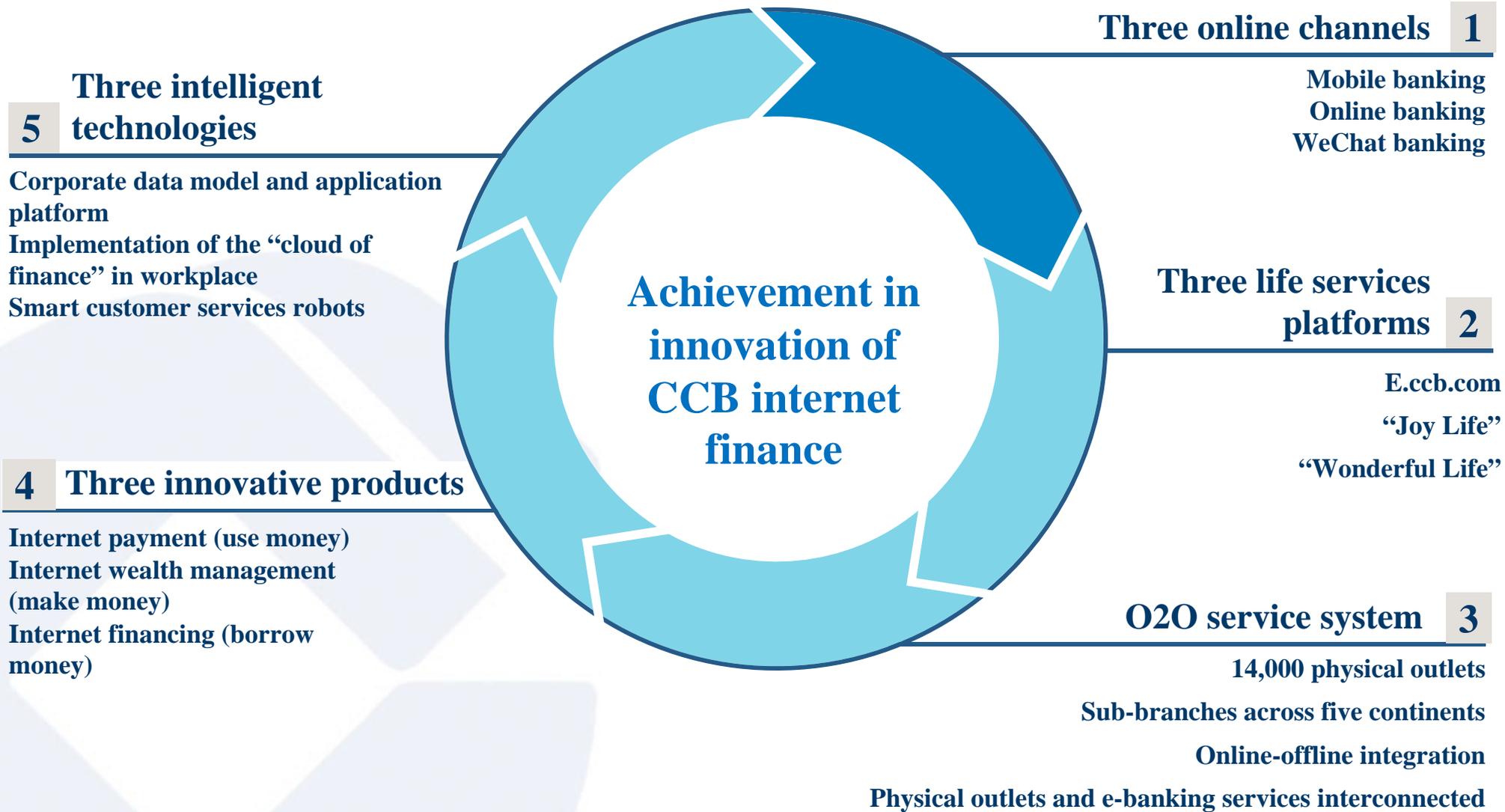
# No. 1 bank in terms of credit card customer base



- Development strategy for credit card business**
- Established a service circle for consumer finance
  - Promoted the use of credit cards in ETC, health care, education and social securities and other areas related to people’s livelihood
  - Launched promotion campaigns for major brand cards
  - Developed revolving instalment business
  - Made use of internet channels in the business process
  - Increased application and promotion of card-less payment and mobile payment
  - Continued to develop the “Smart Customer Service” platform



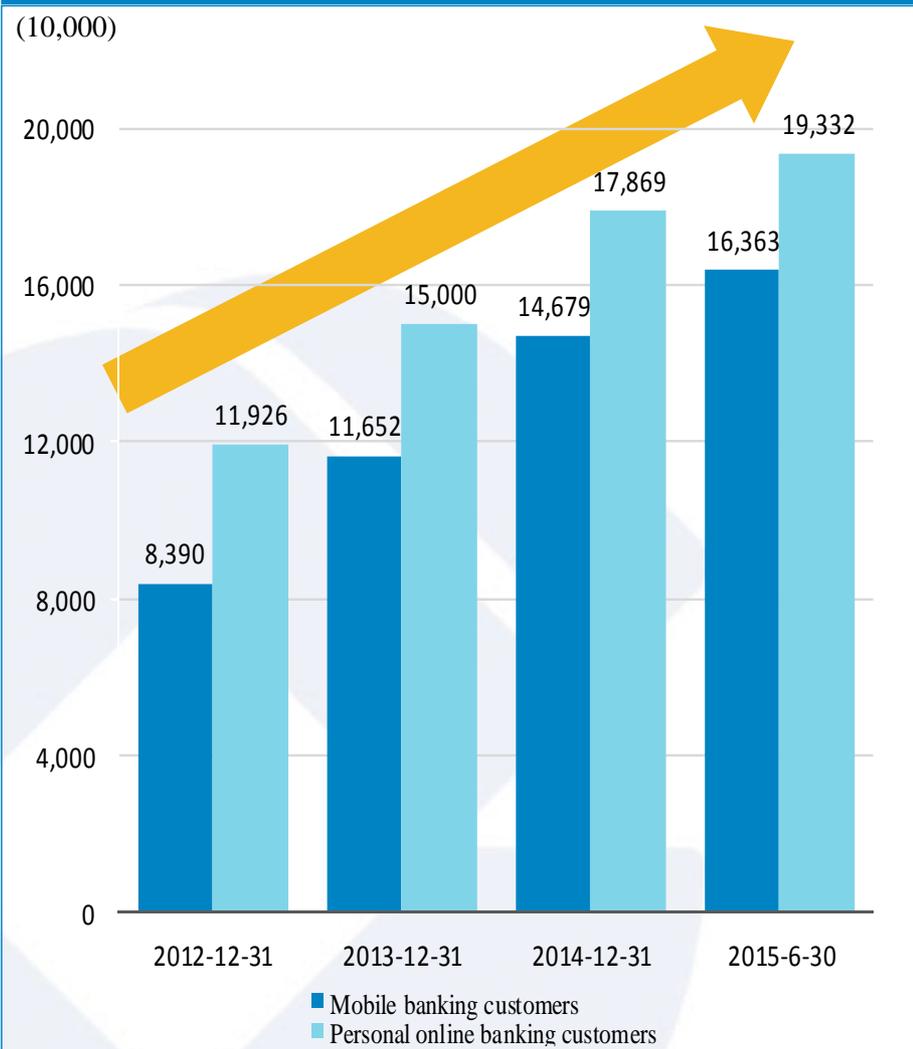
# Best internet finance bank – comprehensive service circle for internet finance



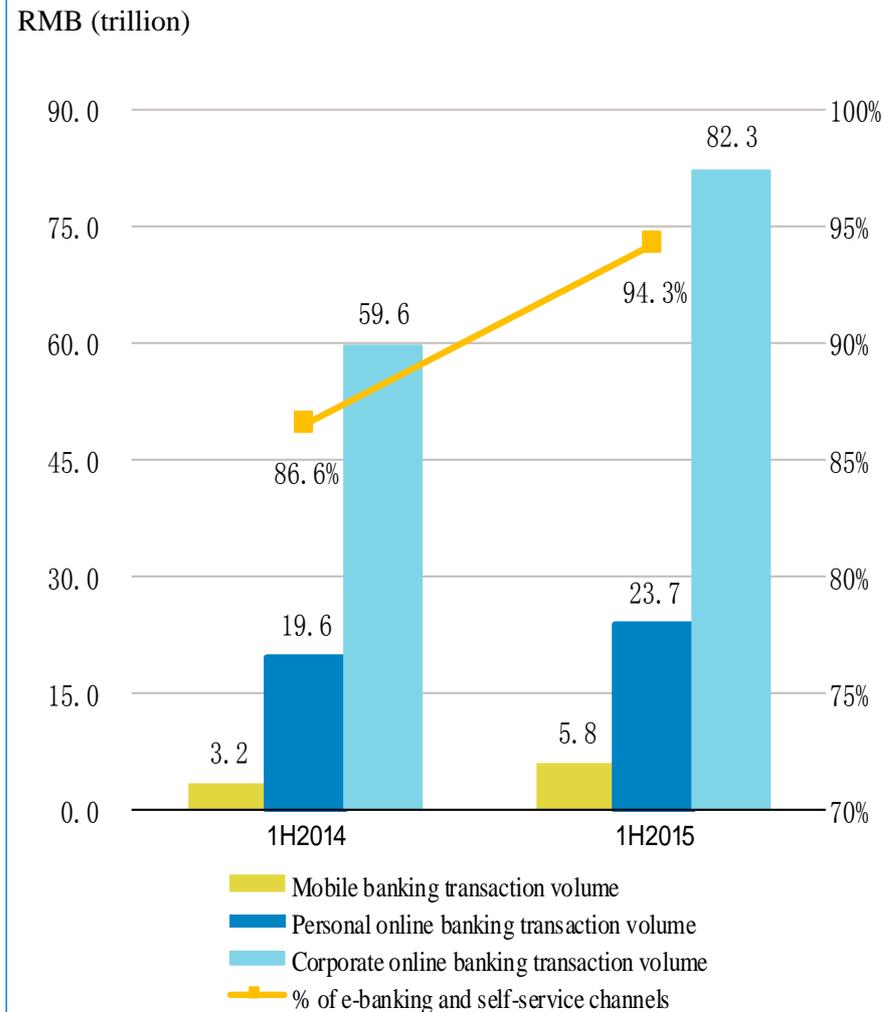


# Best internet finance bank – outstanding online financial customer base

More than 190 million personal online banking customers & 160 million mobile banking customers



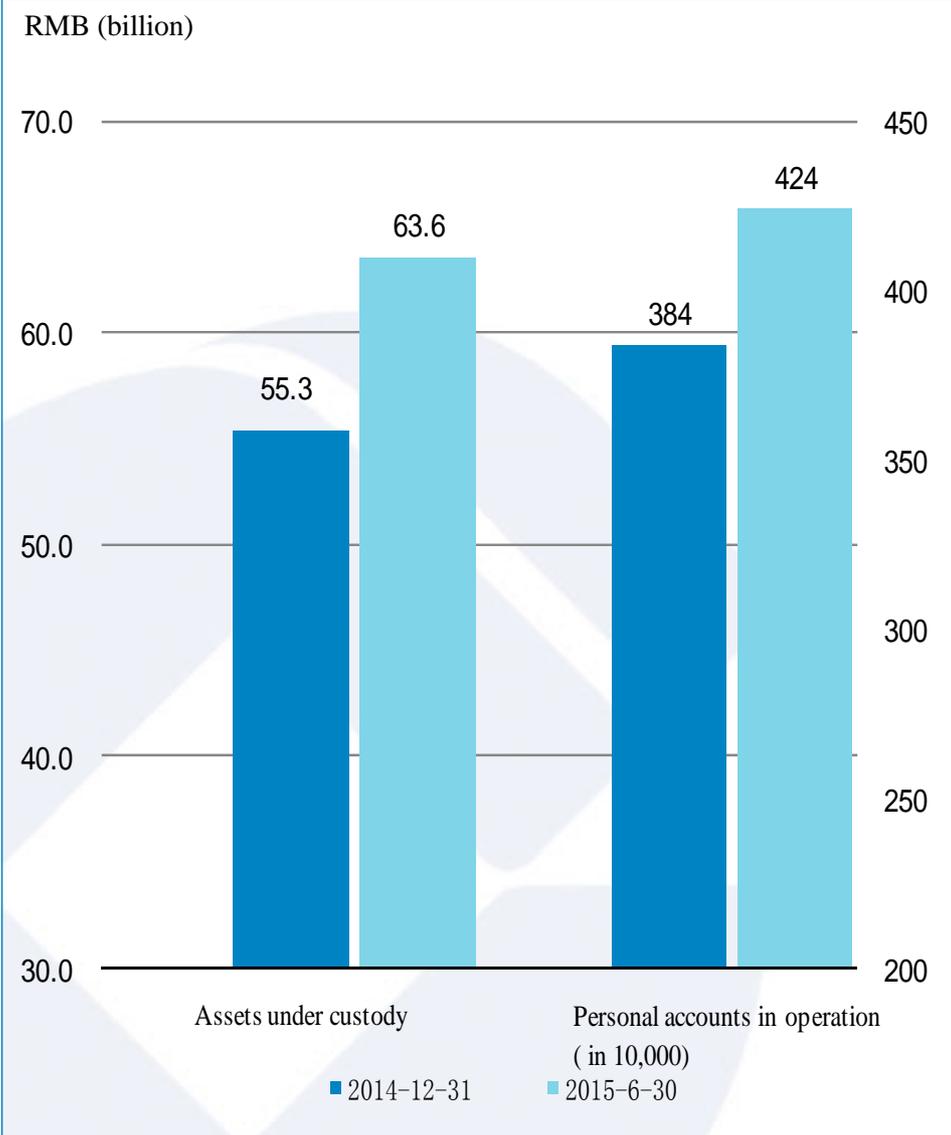
Rapid growth in e-banking business





# Outperformed peers in pension and investment custody business

## Steady growth in personal pension accounts and assets under custody



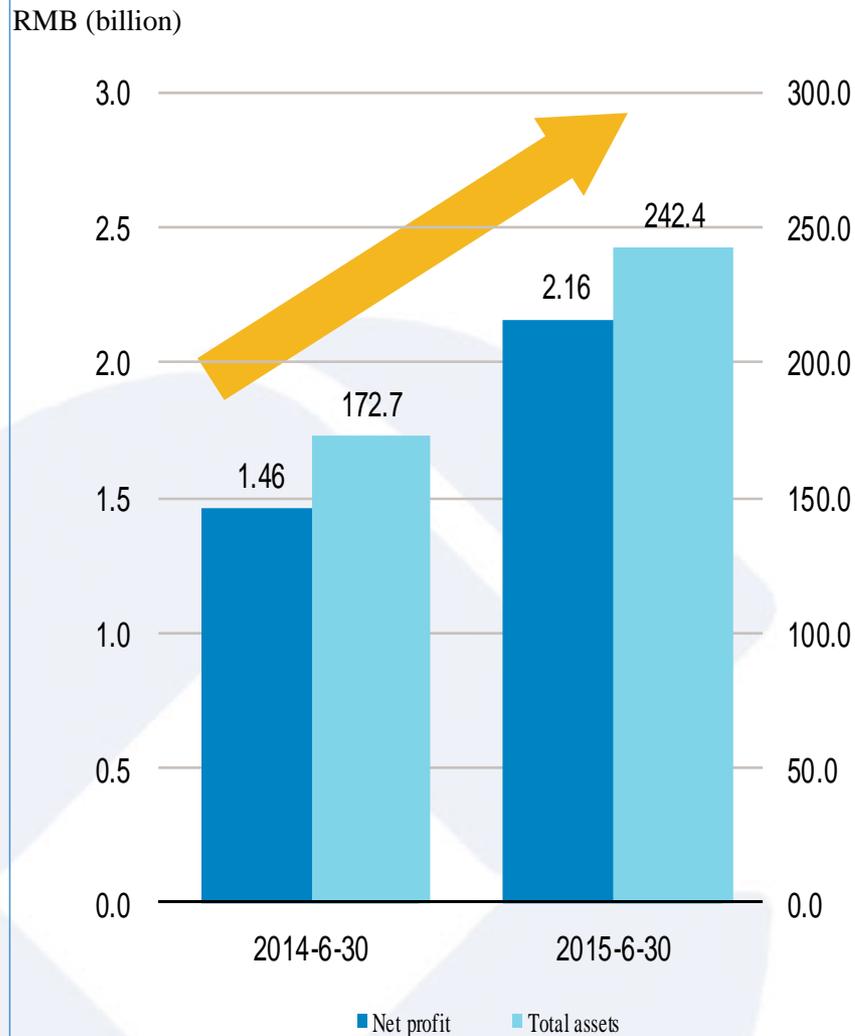
## No. 1 among peers in investment custody service

- Investment custody volume exceeded RMB 5 trillion
- Growth of 49.7% in securities investment funds under custody; market leader in terms of number of funds under custody and newly launched funds
- The only bank in the first batch of agents qualified for distribution of Hong Kong funds in the mainland
- Growth of 71.5% in pension products of enterprise annuity under custody



# The most comprehensive integrated operation platform

## Rapid growth in assets and profit of integrated operation subsidiaries



## Further strengthened the advantage of possessing non-banking financial license; development of subsidiaries maintained good momentum

- Actively prepared for the establishment of a pension management company
- Inclusion of SGB in the multi-level housing policy system
- Premium of CCB Life recorded year-on-year growth of 113%
- Trust assets under management of CCB Trust amounted to RMB 659 billion
- Assets balance of CCB Financial Leasing grew by 33%
- No. of IPO projects in which CCB International acted as the book runner and the underwriting amount ranked first among Chinese bank-affiliated investment banks
- Assets under management of CCB Principal Asset Management amounted to RMB 381.9 billion
- The average daily equity interest of CCB Futures' customers was up by 60% compared to beginning of the year



# Global network for financial services



Over 130 overseas outlets across 24 countries and regions

Two overseas RMB clearing banks, with a clearing network covering 43 countries and regions

1,479 correspondent banks offering financing services that cover 139 countries and regions



# Strong customer base and innovation capability

## Reinforced business foundation

- Strong customer base
  - Total no. of corporate customers amounted to 3.737 million
  - Organization RMB settlement accounts amounted to 5.27 million
  - No. of individual customers amounted to 490 million
- Integrated outlet coverage further expanded
  - No. of integrated outlets reached 14,400
  - Proportion of integrated tellers reached 84%
  - Integrated sales teams covered approximately 97% of integrated outlets
- The core IT system construction of the New Generation creates new momentum for transformaton of the Bank
  - Consolidated on-and-off line all channel services
  - Product factory with flexible configuration
  - Preliminary establishment of a process bank

## Established innovative banks and smart banks

- Sound mechanism for product innovation
  - Pushed forward strategic product innovation
  - Promoted the application of innovative products; offered policy support to resources allocation and assessment & incentive reward
  - Strengthened planning management; accomplished 386 innovations in the first half of the year
- 12 smart banks
  - Established new model for organic integration of traditional banking services and innovative technology
  - Optimized business procedures at outlets by developing core smart facilities and systems
  - 37 innovative functions such as smart appointment number calling pre-treatment and Virtual Teller Machine (VTM)



# The most socially responsible bank

<b>Green credit</b>	As at end-June 2015, the Bank's green credit balance was close to RMB 600 billion, achieving significant results in energy saving and emission reduction
<b>Small &amp; micro enterprises and agriculture-related loans</b>	As at end-June 2015, the Bank's small & micro enterprises loan balance was RMB 1,215.6 billion and balance of agriculture-related loans was RMB 1,810.9 billion
<b>Relief offering</b>	Lowered corporate financing costs and offered relief on certain corporate and personal charges to promote inclusive finance
<b>Public welfare projects</b>	Donation to the Tibet earthquake stricken area and Taiwan dust explosion victims, continue to be social responsible in areas of risk and poverty relief initiatives, education and health care by launching key public welfare projects.
<b>International communications</b>	The Bank actively joined international organizations such as APEC and B20, to strengthen interaction and cooperation with the international market and foster mutual access



**Transformation and Development**

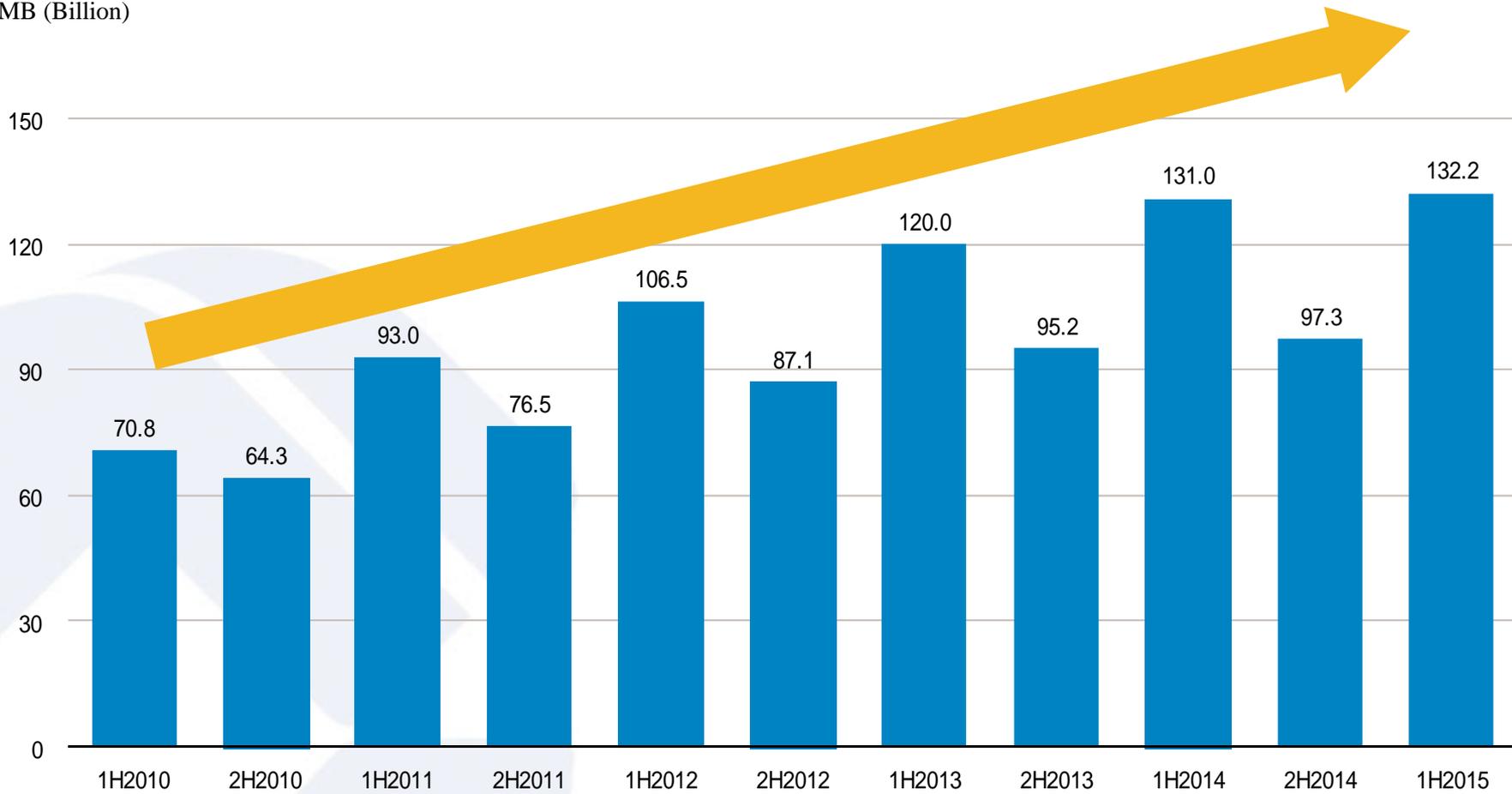
**Financial Results**

**Risks Management**

**Outlook**

## Net profit up by 1.0% YoY

RMB (Billion)



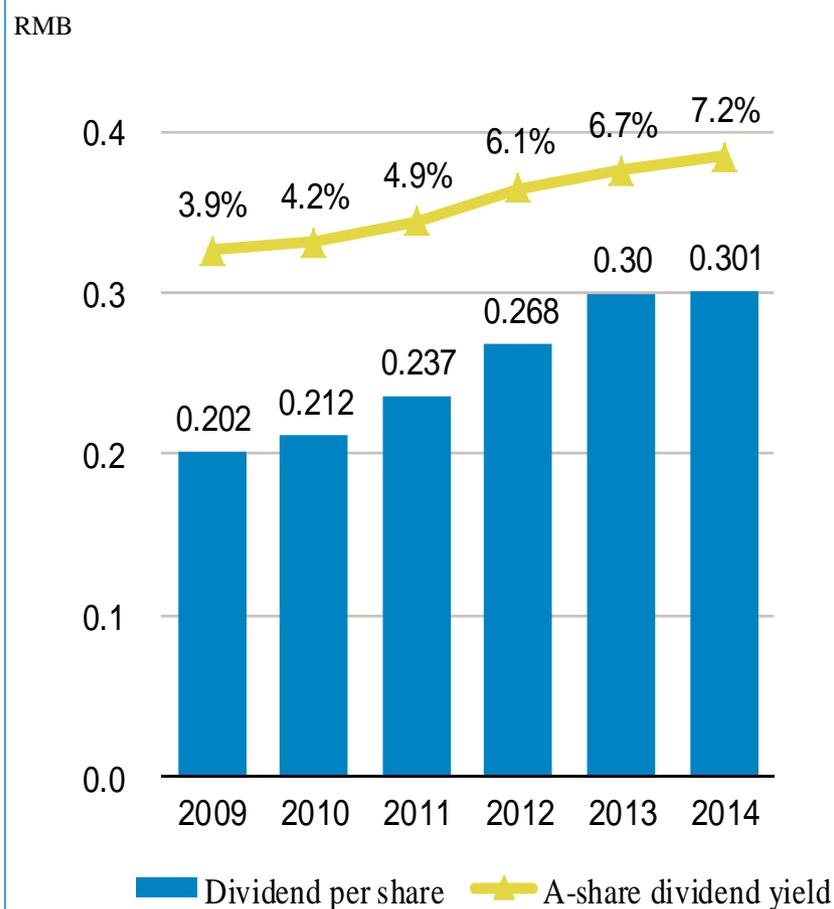


# Sustained high returns to shareholders

## H-share dividend yield



## A-share dividend yield



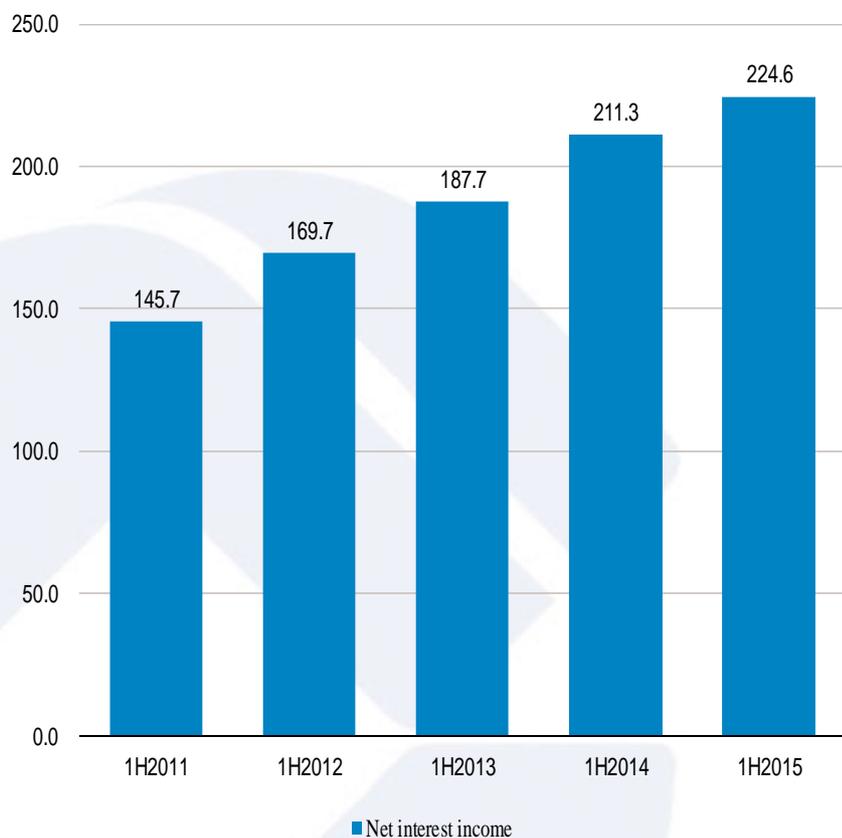
Note: Dividend yield is calculated by dividing dividend per share by the average share price of the year.



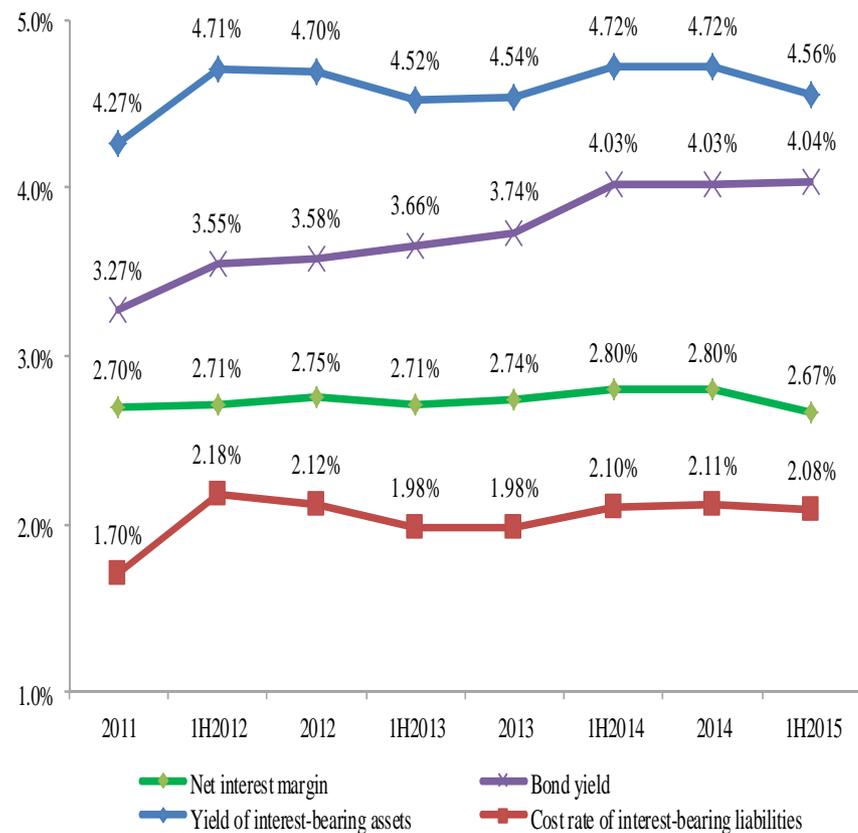
# Net interest income continued to grow

## Net interest income up by 6.3% YoY

RMB (Billion)



## Among the leading large banks in net interest margin

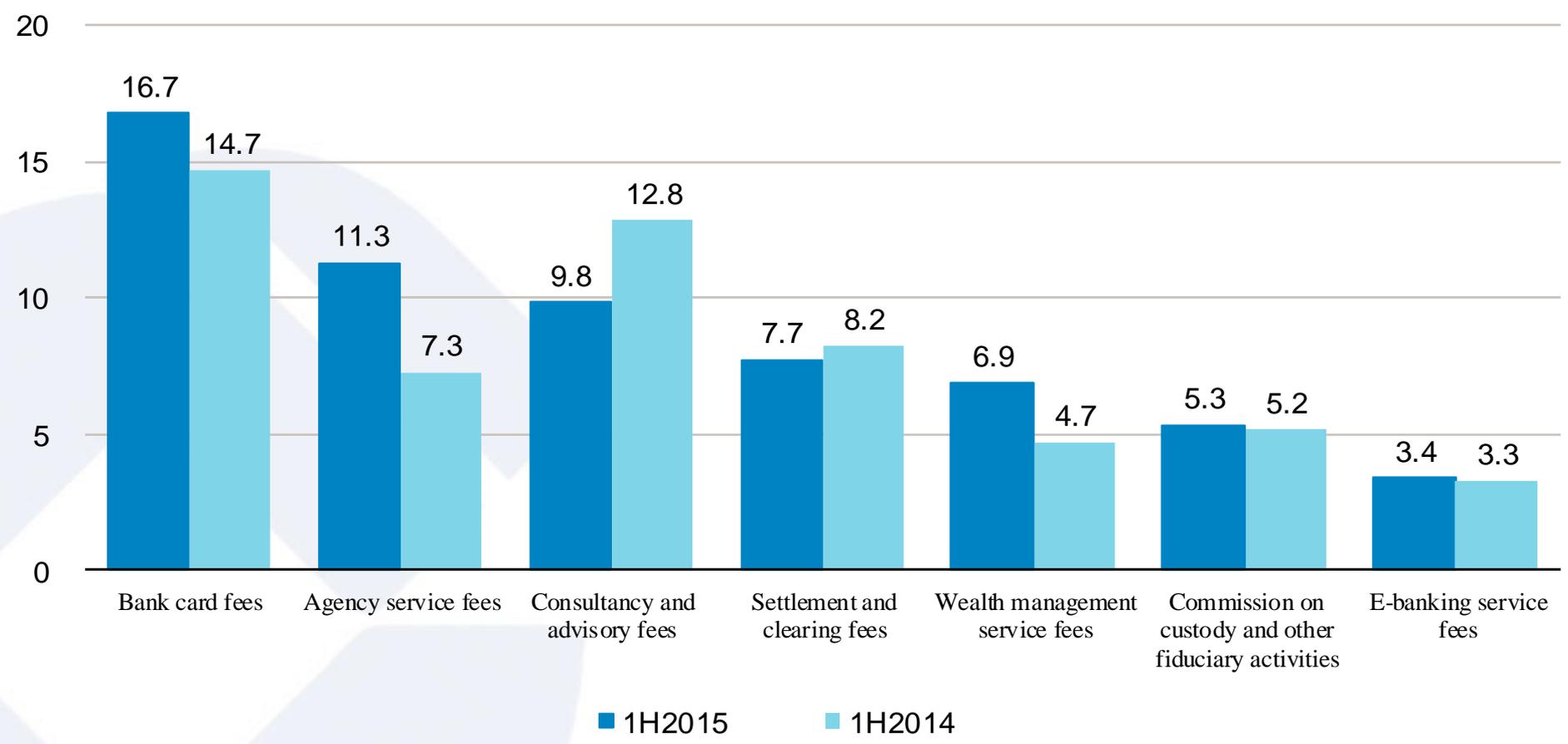




# Stable growth in fee income

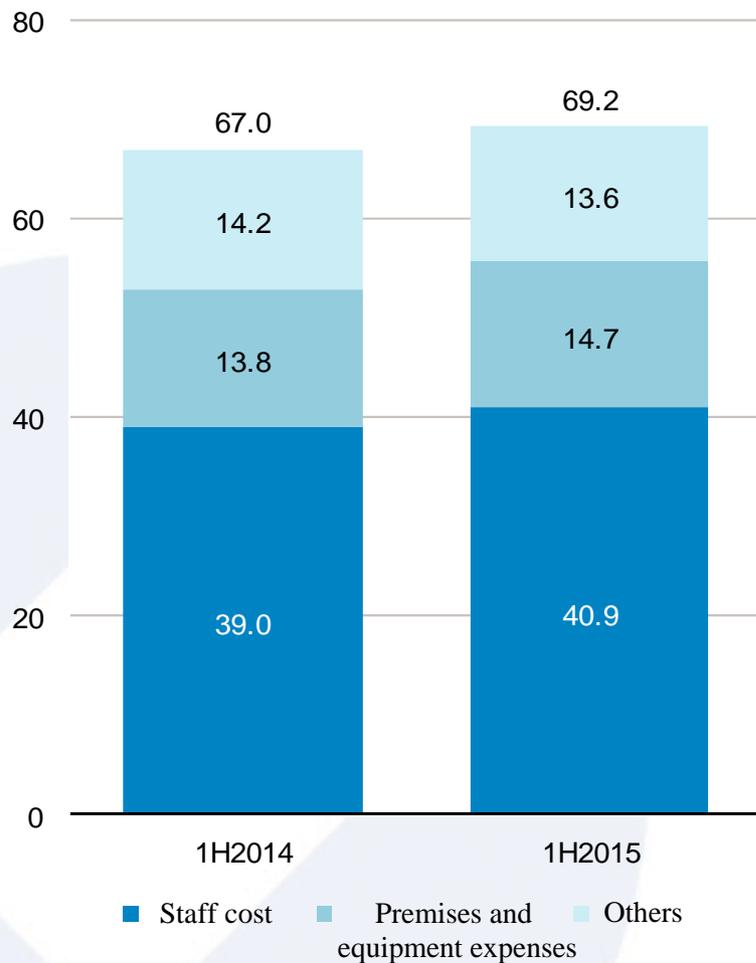
Net fee and commission income up by 5.8%, in a leading position among large banks

RMB (Billion)



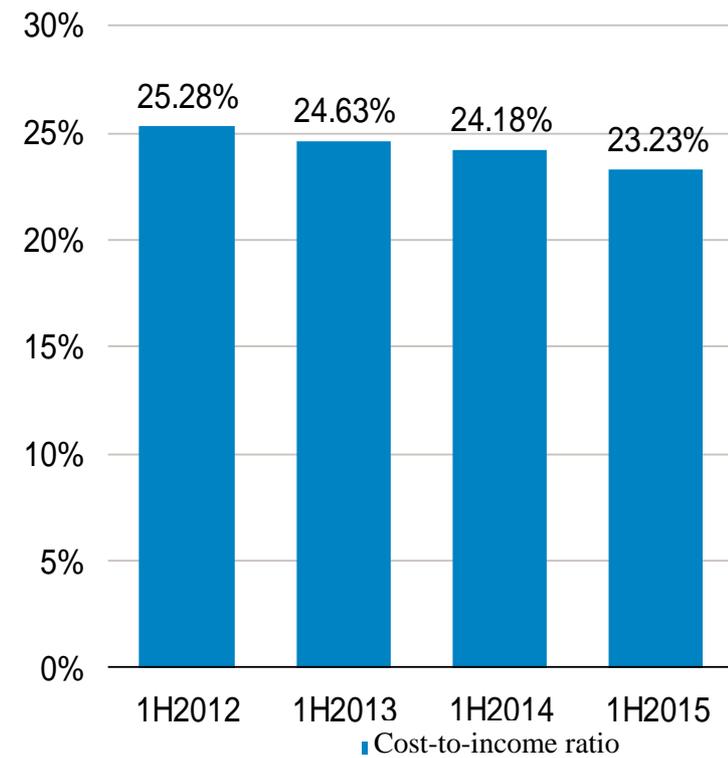
## Effective control of operating costs

RMB (Billion)



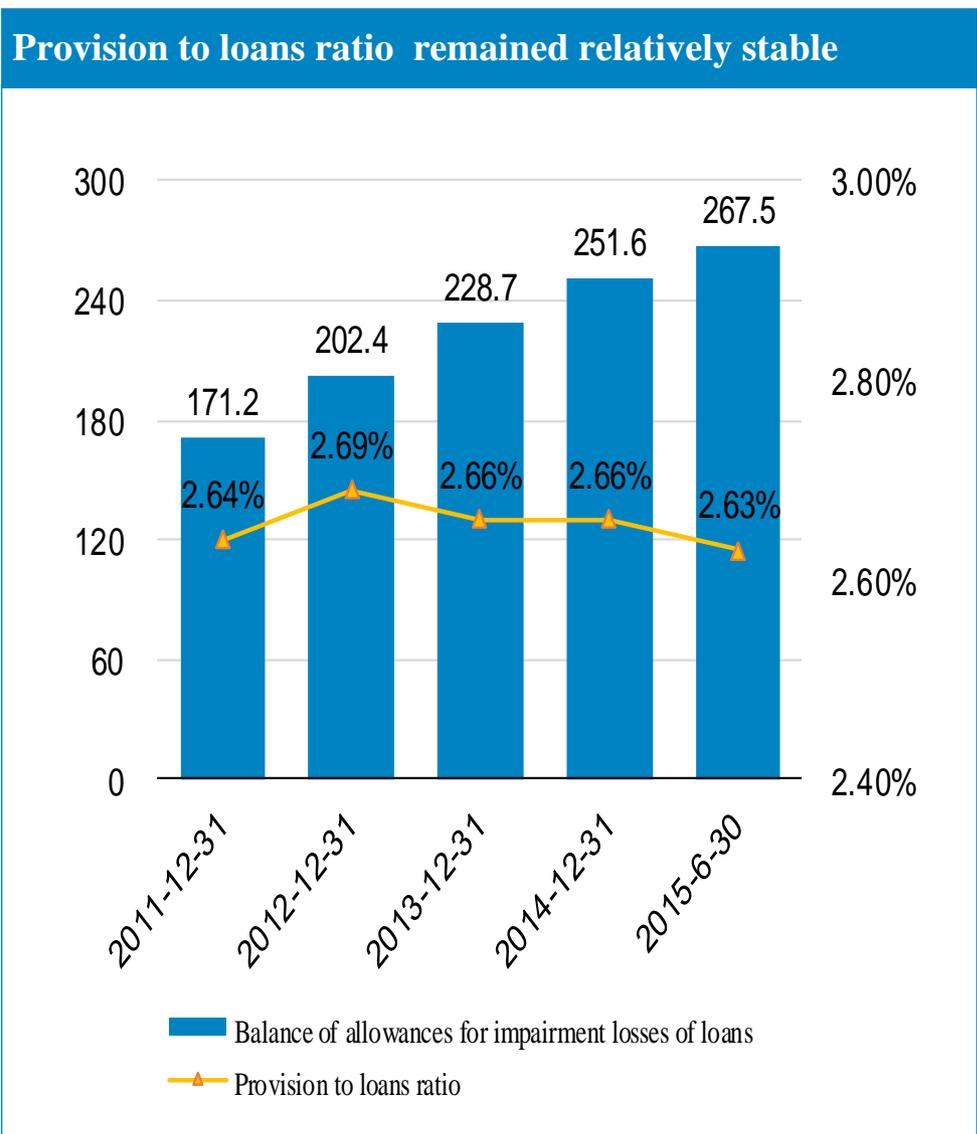
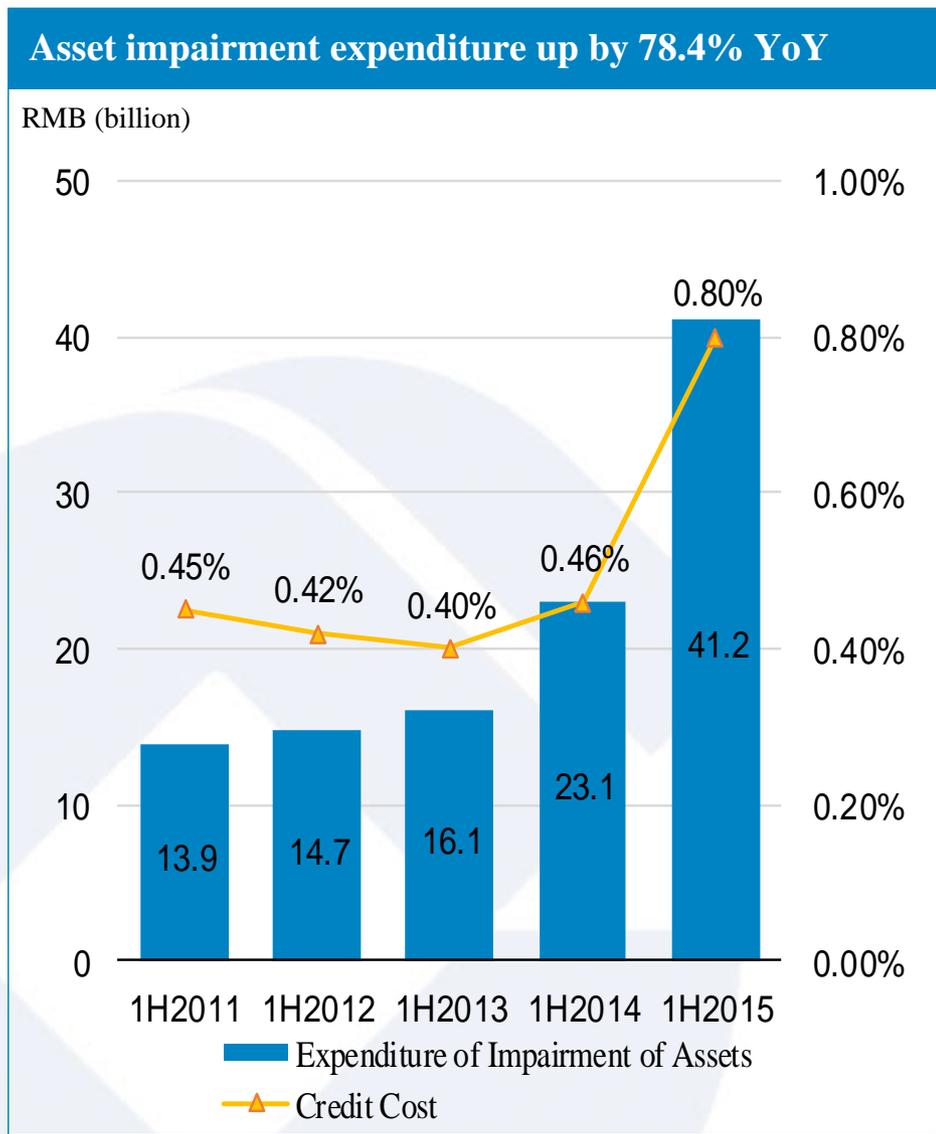
Note: Excluding business taxes and surcharges

## Cost-to-income ratio continued to decrease





# Provision at sufficient level





**Transformation and Development**

**Financial Results**

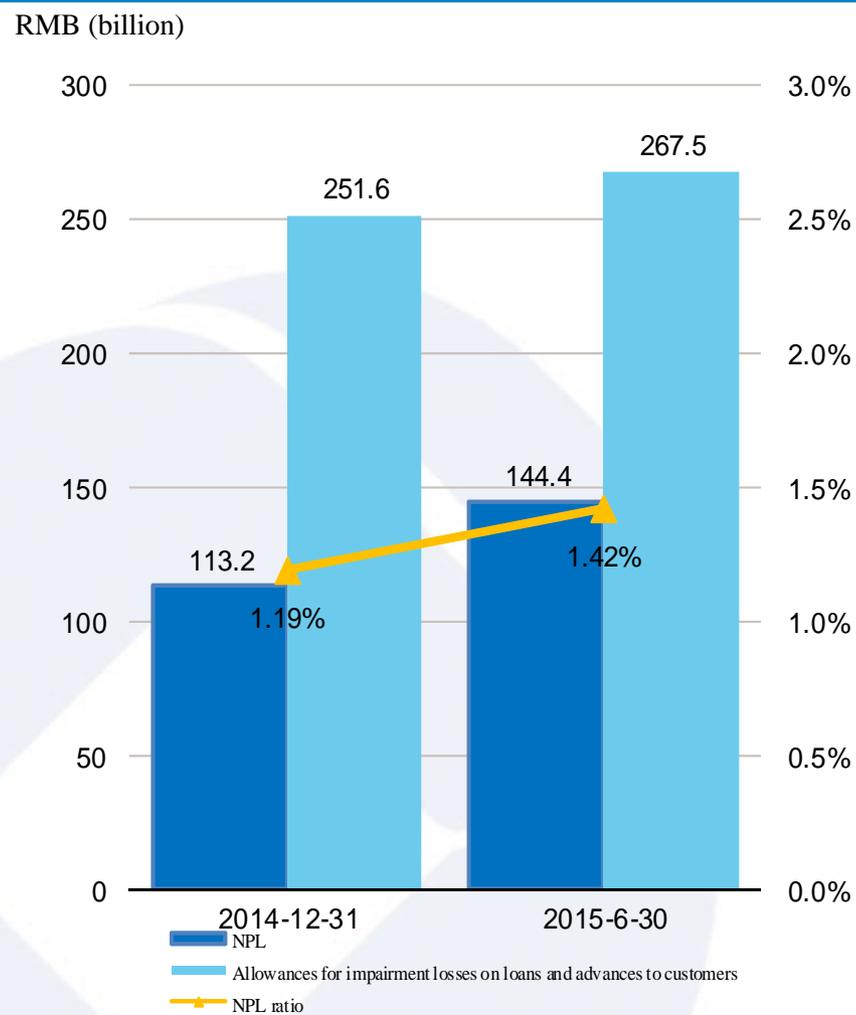
**Risk Management**

**Outlook**



# Strong risk management capability

## Maintained relatively stable asset quality



## Risk management measures

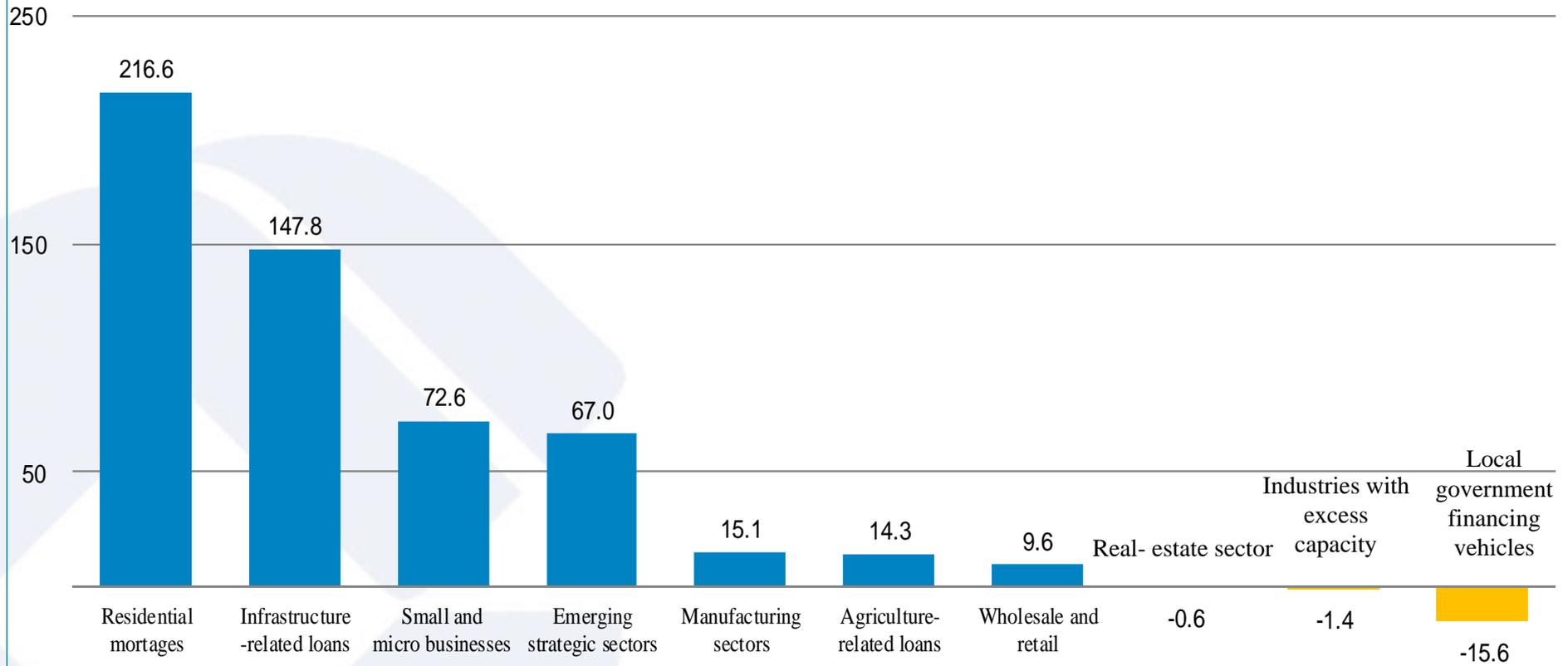
- ⊕ Optimized all-round risk management system
- ⊕ Strengthened risk warning and prevention
- ⊕ Optimized and adjusted credit policy, system and procedures
- ⊕ Strengthened inspection on high risk areas
- ⊕ Increased disposal of non-performing loans
- ⊕ Implemented coordinated management of Group liquidity
- ⊕ Strengthened the development of foundation for capital management



# Actively adjusted credit structure

## Growth of loan balance in related domestic sectors

RMB (Billion)

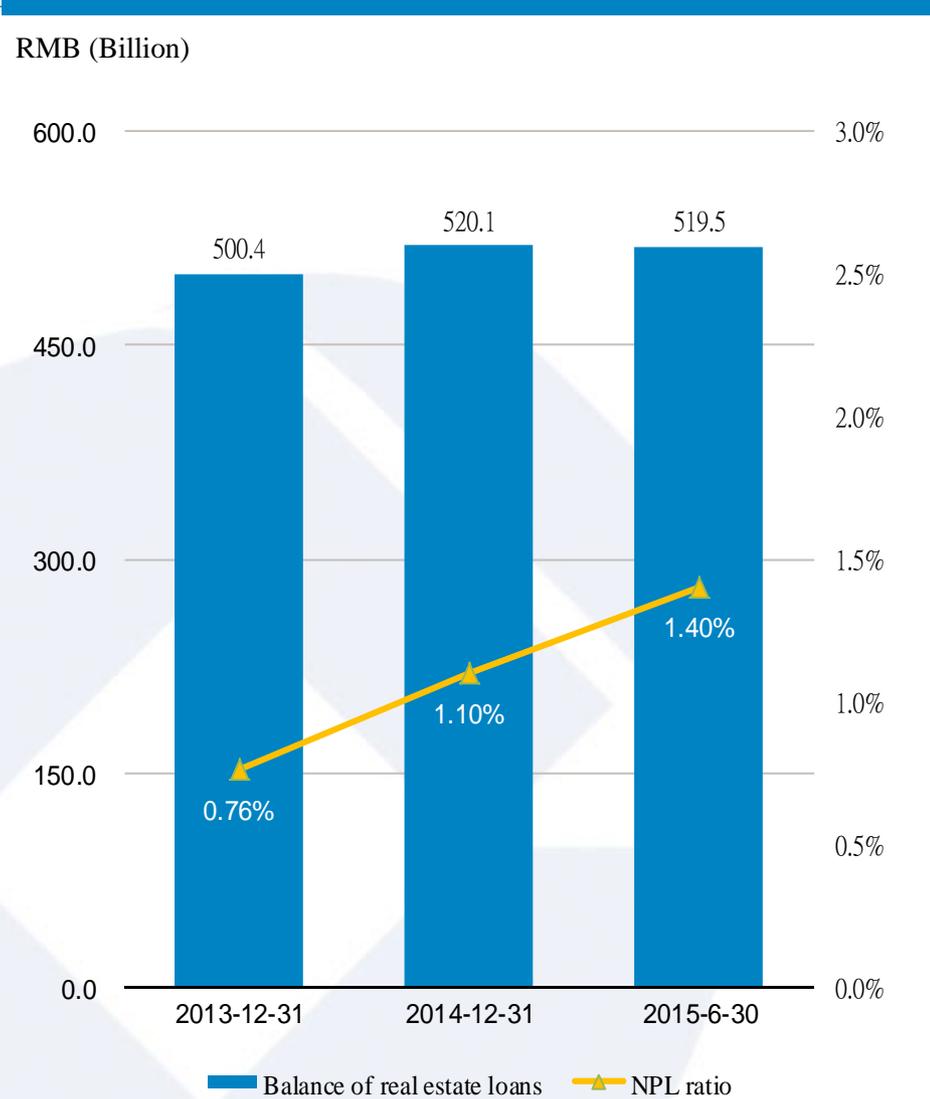


Note: Industries with excess capacity include steel, cement, electrolytic aluminum, plate glass and shipbuilding, the industry data is the change in credit balance.

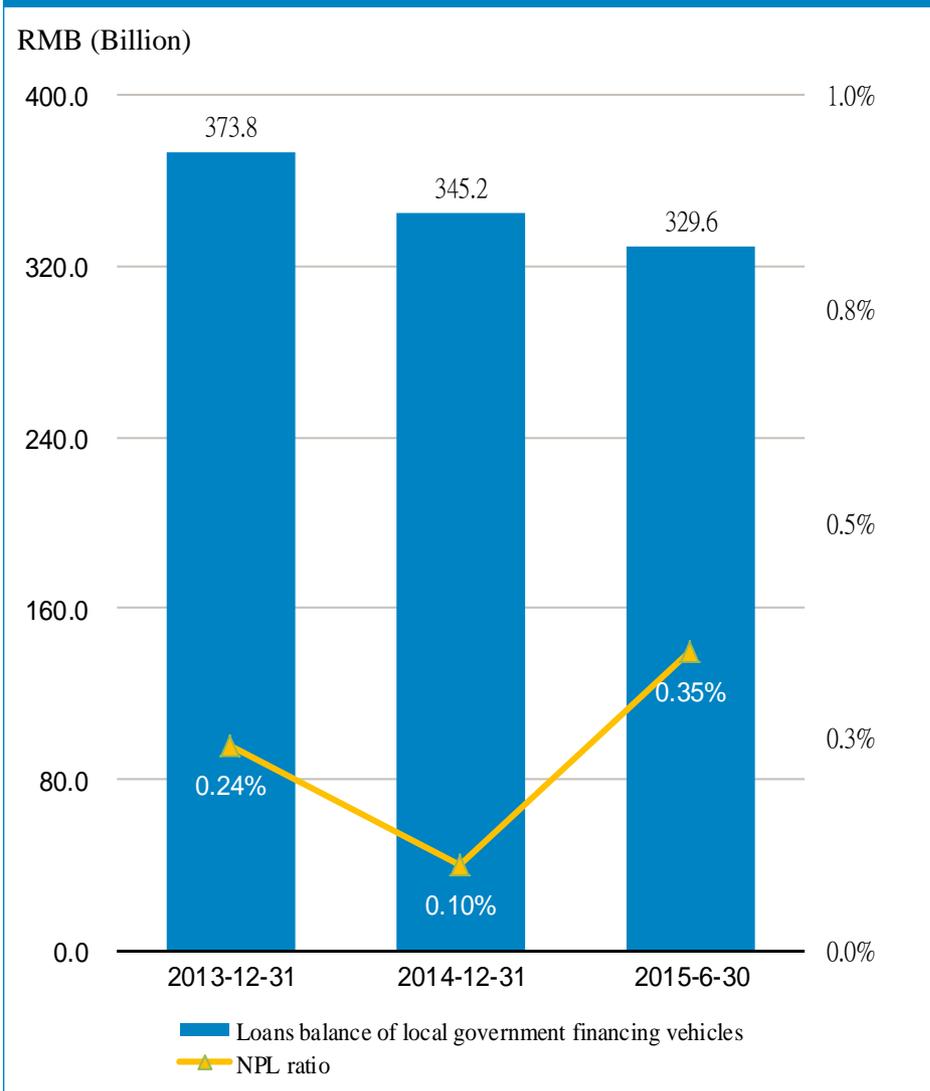


# Effective risk control in key sectors

## Asset quality of real estate loans under control



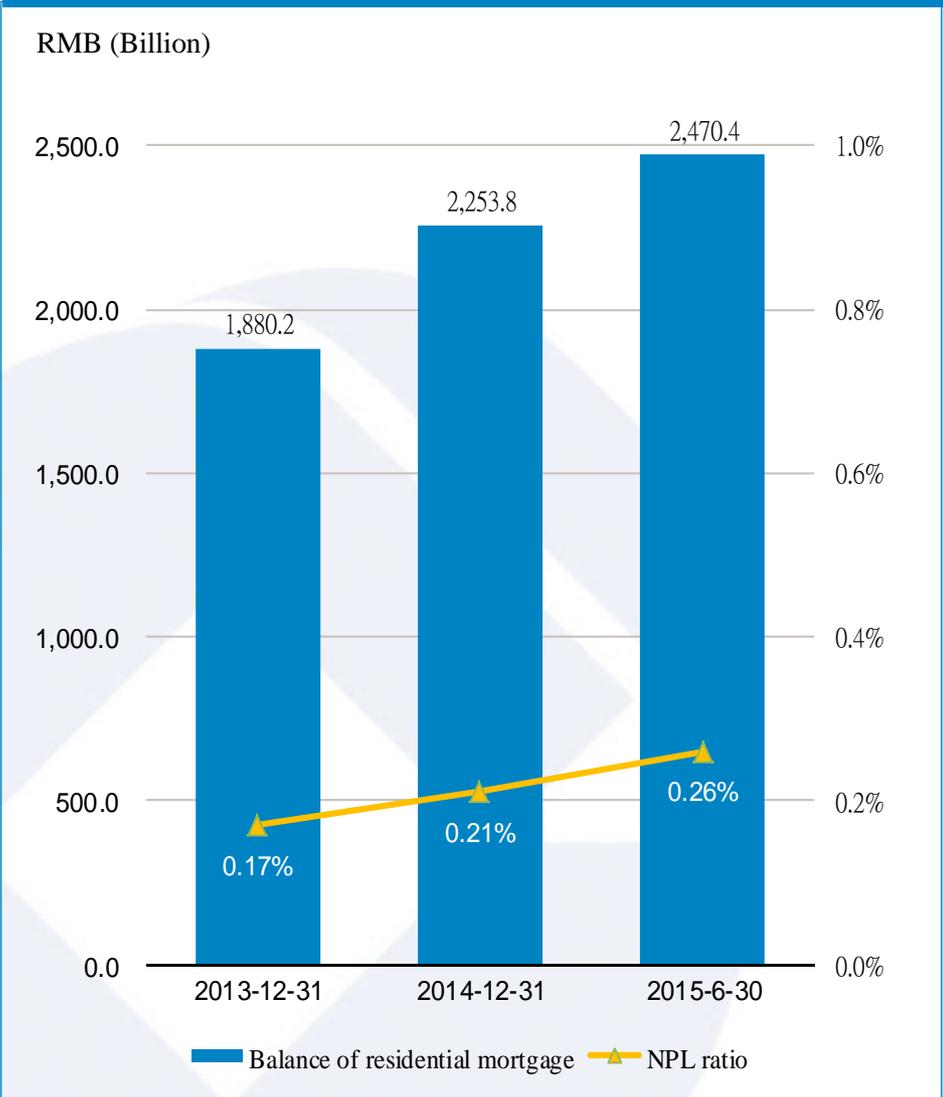
## Sound quality of local government financing vehicles loans



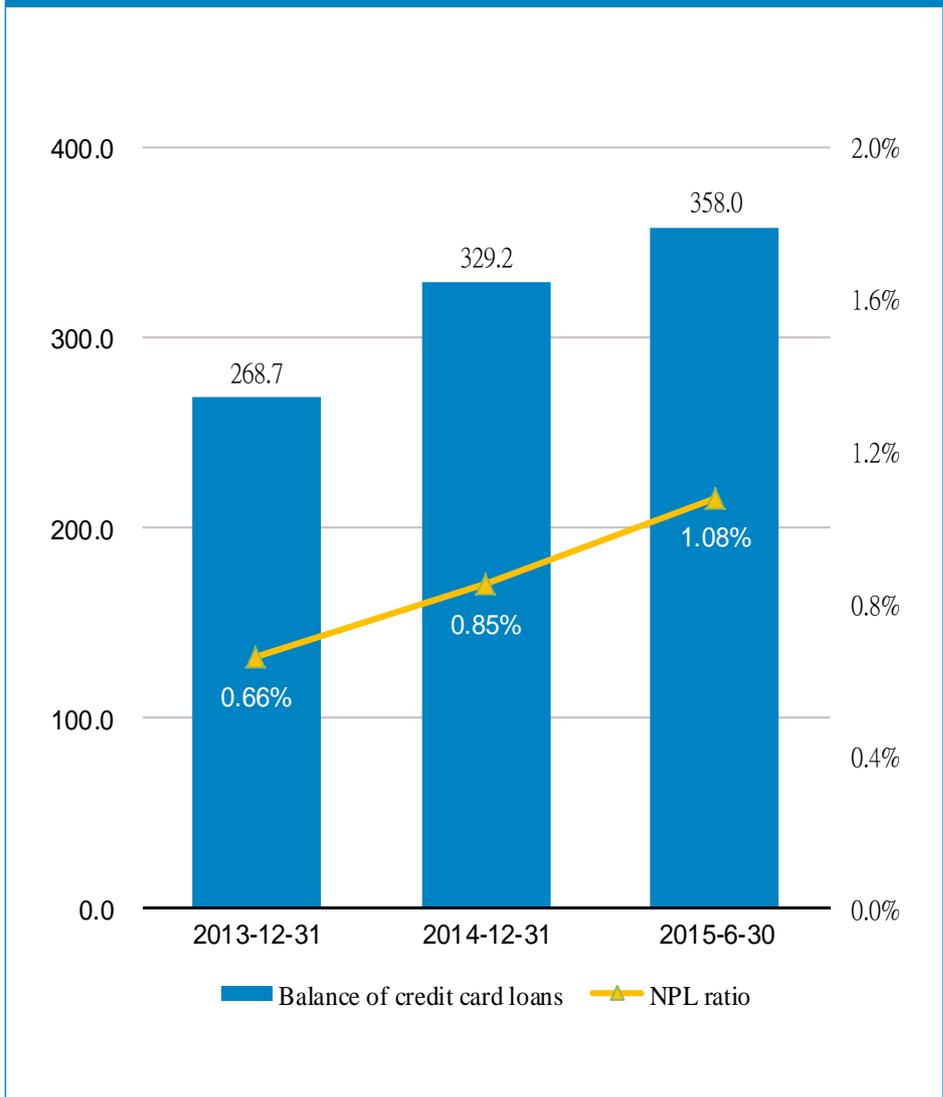


# Asset quality of personal loans outperformed peers

## Sound quality of residential mortgages



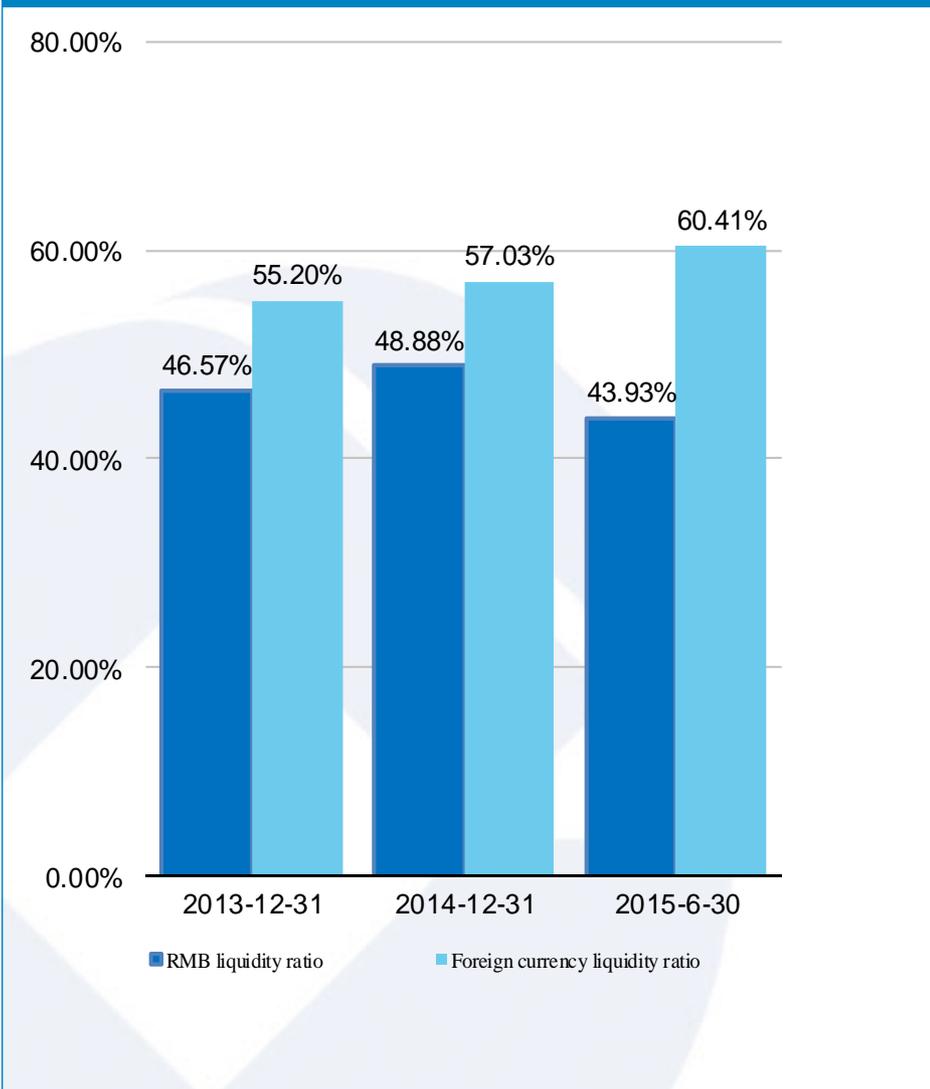
## NPL ratio of credit card loans lower than peers



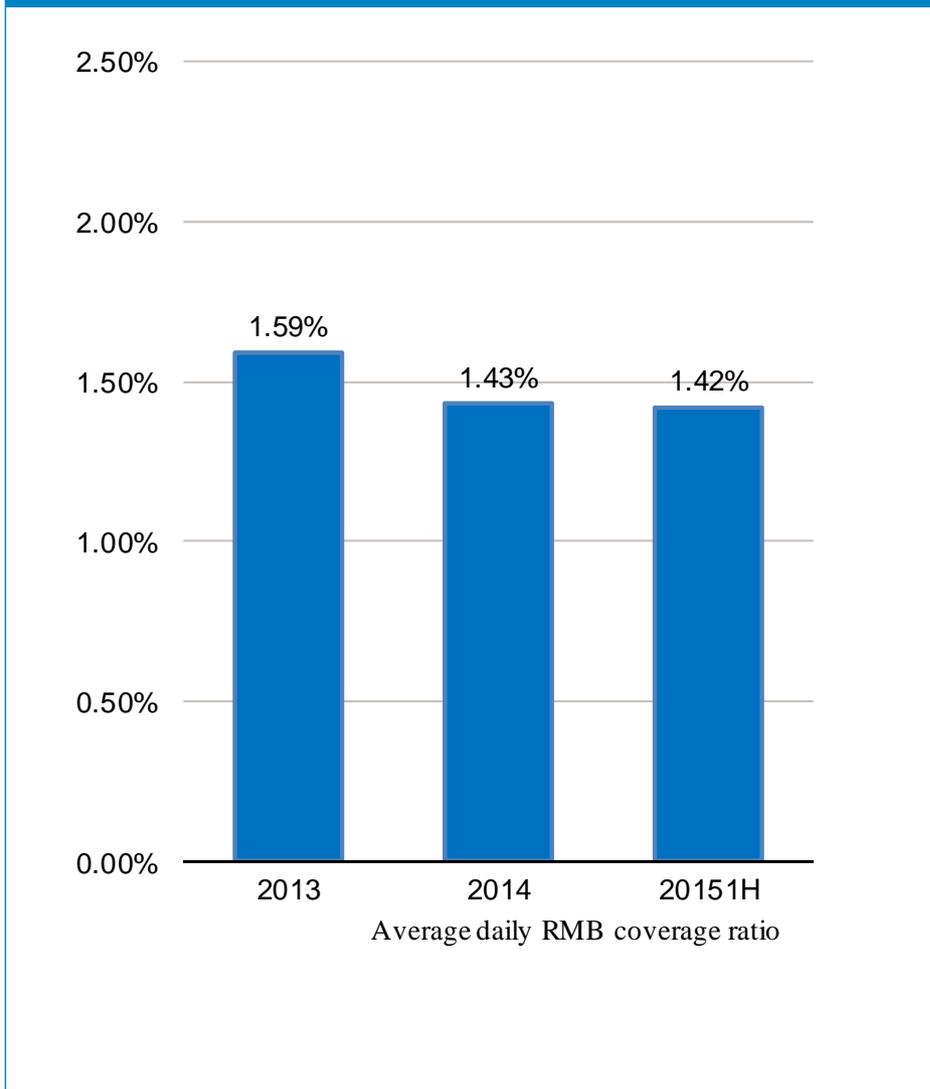


# Maintained reasonable liquidity level

## Liquidity remained at a reasonable range



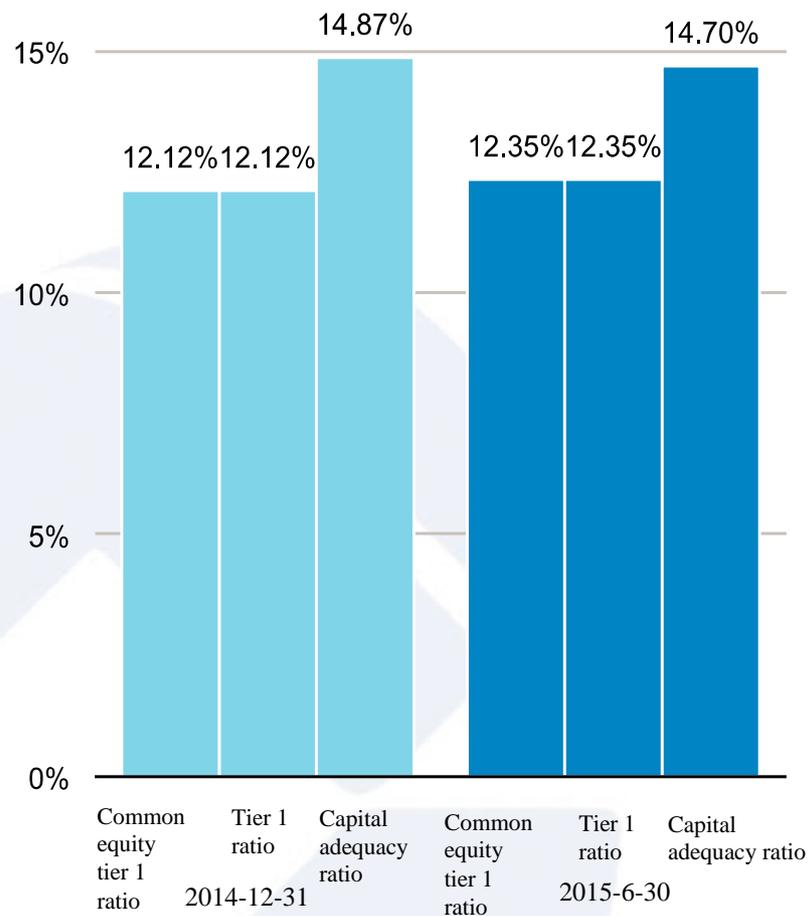
## Stable RMB coverage ratio





# Adequate capital position

## Highest capital adequacy ratio among peers



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

## Strengthened development of capital management capability

- ⊕ Issued new capital instrument
- ✓ Tier 2 bond: offshore issuance of USD 2 billion
- ✓ Preference shares: planned onshore issuance of up to RMB 60 billion and offshore issuance of up to RMB 20 billion
- ⊕ Pushed forward the application of advanced internal rating methodology in credit risk and advanced measurement methodology in operational risk
- ⊕ Optimized capital transfer and disciplinary mechanism; deepened the application of risk measurement results in business management
- ⊕ Optimized the structure of on and off balance sheet businesses; gave priority to businesses with low capital use and high return



**Transformation and Development**

**Financial Results**

**Risk Management**

**Outlook**



# Opportunities and challenges

## Opportunities

- ◆ Visibility on US economic recovery and Eurozone likely to see stabilized growth
- ◆ China's economic growth at a reasonable range
- ◆ Important strategy deployment of One Belt One Road, Beijing-Tianjin-Hebei synergy development and Yangtze River Economic Zone construction
- ◆ Deepening reform and gradually released reform bonus
- ◆ New development opportunities derived from new technologies such as internet, mobile, big data and etc
- ◆ Prudent implementation of monetary policy; overall liquidity at high level

## Challenges

- ◆ Uneven and slow global economic recovery, increasing deviation among different regions
- ◆ Domestic economy remains under downside pressure, with some regions and industries experiencing slower growth
- ◆ Complex and changing operation environment; interest rate liberalization close to completion
- ◆ Slower profit growth of the banking industry; pressure on asset quality

## Develop into a bank that is most capable of value creation under the guidance of the transformation development plan

- ◆ Push forward the implementation of the Bank's transformation development plan and strengthen the foundation for operations management
- ◆ Support important national strategies and enhance the capability to serve the real economy
- ◆ Continue to optimize the credit structure and enhance efficiency in asset allocation
- ◆ Improve integrated pricing power and tackle the risk of interest rate liberalization
- ◆ Accelerate the development of big data and enhance core competitiveness
- ◆ Implement an accountability system for risk management and step up the effort to mitigate credit risk



# Well recognized in the industry

## TheBanker

- ◆ 2<sup>nd</sup> in the “Top 1000 World Banks” (in terms of tier 1 capital)



- ◆ Most Socially Responsible Financial Institution (Banking Industry) Award 2014
- ◆ Best People’s Livelihood Financial Award in Social Responsibilities 2014

## Forbes

- ◆ 2<sup>nd</sup> in the “Forbes Global 2000”



- ◆ Best Bank in China 2015

## FORTUNE

- ◆ 29<sup>th</sup> in the “Fortune Global 500”



- ◆ The Strongest Bank in China for 2014
- ◆ The Best Large Retail Bank in China for 2015



# Q & A



**Thank you**