



中国建设银行
China Construction Bank

2013 Annual Results Announcement

Beijing / Hong Kong
March 2014









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Key Financials 1

| RMB (Billion) | 31 Dec 2013 | 31 Dec 2012 | Y-o-Y Change |
|--|-------------|-------------|---|
| Total assets | 15,363.2 | 13,972.8 |  10.0% |
| Loans and advances to customers | 8,590.1 | 7,512.3 |  14.3% |
| Total liabilities | 14,288.9 | 13,023.3 |  9.7% |
| Deposits from customers | 12,223.0 | 11,343.1 |  7.8% |
| Total equity attributable to equity shareholders of the Bank | 1,066.0 | 941.7 |  13.2% |
| Capital adequacy ratio* | 13.34% | N.A. | |
| Common equity tier 1 ratio* | 10.75% | N.A. | |
| NPL ratio | 0.99% | 0.99% | |
| Allowances to NPL | 268.2% | 271.3% |  3.1 pps |

Note: *Calculated in accordance with *the Measures for Capital Management of Commercial Banks (Trial)*, decreed in 2012 and effective since 1st January 2013.



Key Financials 2

| Key indicators | 2013 | 2012 | Y-o-Y Change |
|--------------------------------|--------|--------|--|
| RMB (Billion) | | | |
| Net interest income | 389.5 | 353.2 |  10.3% |
| Net fee and commission income | 121.6 | 109.3 |  11.2% |
| Profit before tax | 279.8 | 251.4 |  11.3% |
| Net profit | 215.1 | 193.6 |  11.1% |
| Earnings per share (RMB Yuan) | 0.86 | 0.77 |  11.7% |
| Dividend per share (RMB Yuan)* | 0.30 | 0.268 |  11.9% |
| Return on average assets | 1.47% | 1.47% | |
| Return on average equity | 21.23% | 21.98% |  0.75 pps |
| Cost to income ratio | 29.65% | 29.60% |  0.05 pps |

Note: The Board recommends a cash dividend for 2013 of RMB0.30 per share (including tax).



Transformation and development

Financial performance

Risk management

Outlook



Strategic Transformation

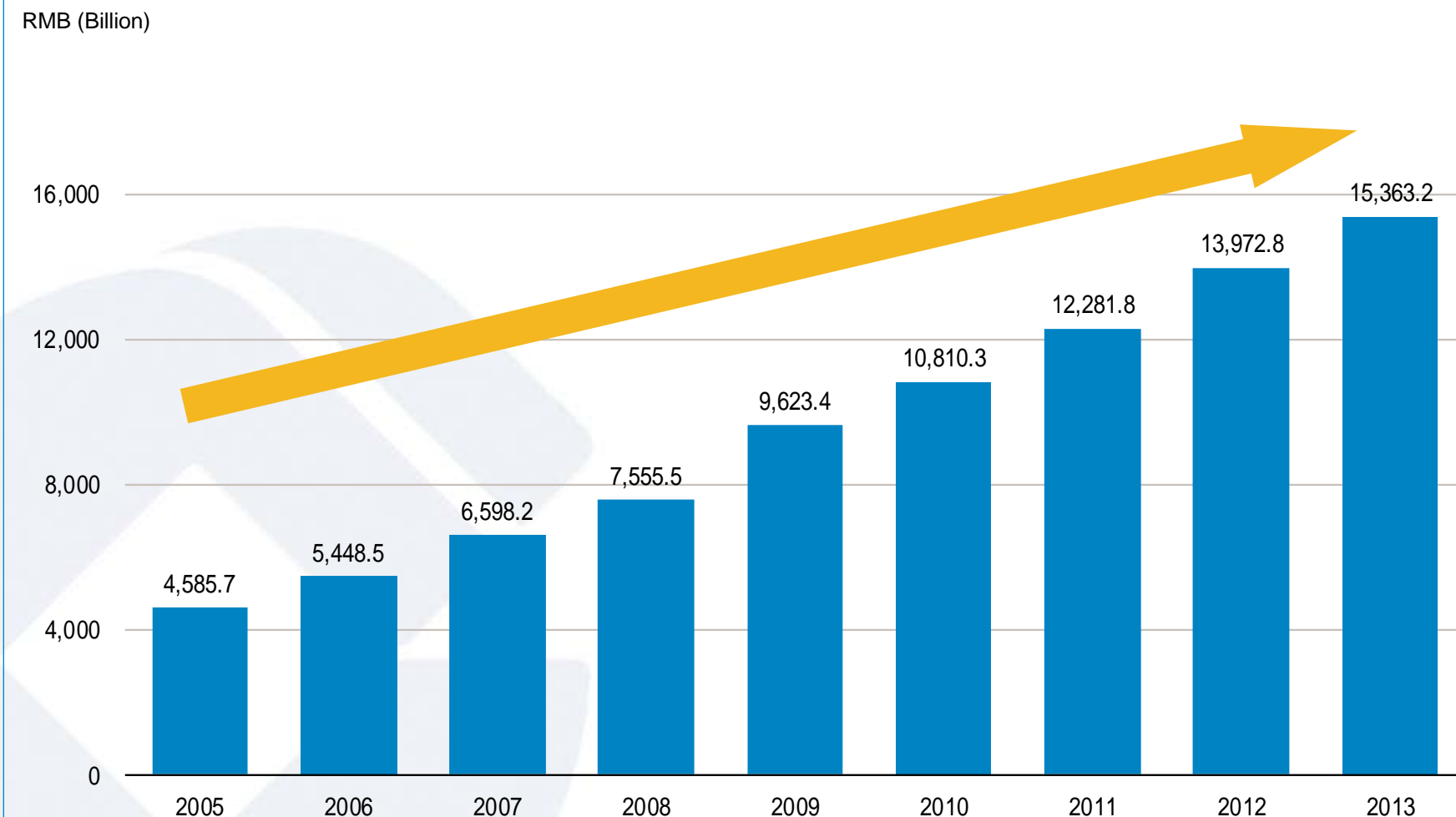
Transformation in five areas for the strategic objective of “integration, multifunction and intensiveness”

- ❖ Transformation from deposit-and-loan-focused to comprehensive-service-focused
- ❖ Transformation from simple services to multi-product and multi-functional services
- ❖ Transformation from “manual process” to electronic process
- ❖ Transformation in management model from a commercial bank to a financial group
- ❖ Transformation from a traditional bank to an innovative bank



Breakthrough in asset size

Total assets over RMB 15 trillion, loan growth rate of 14.3%

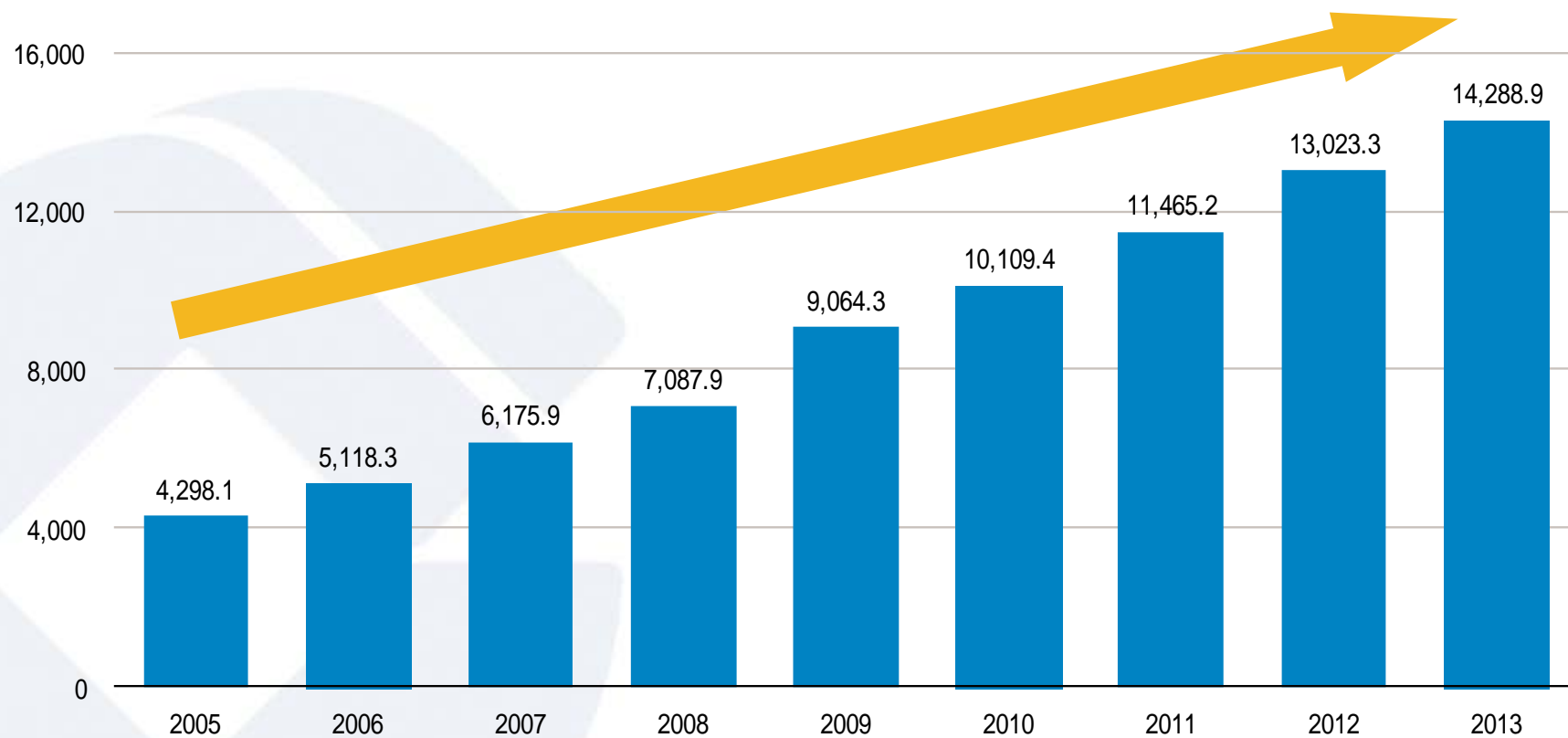




Steady growth of liabilities

Total liabilities over RMB 14 trillion, customer deposits up by 7.8%

RMB (Billion)

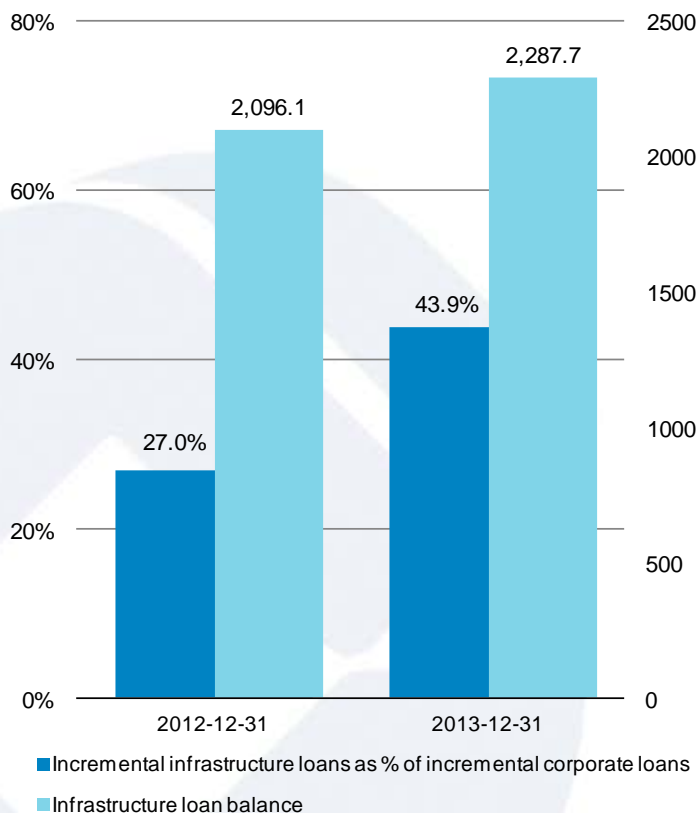




Reinforced advantages in infrastructure loans and residential mortgages

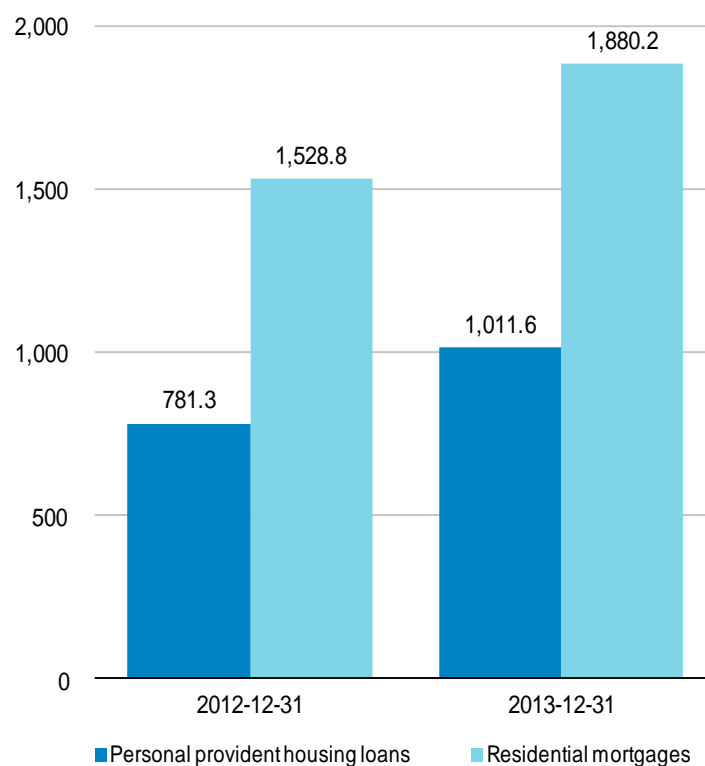
Infrastructure loans continued to grow

RMB (Billion)



Continued to be No. 1 among peers in residential mortgages and personal provident housing loans

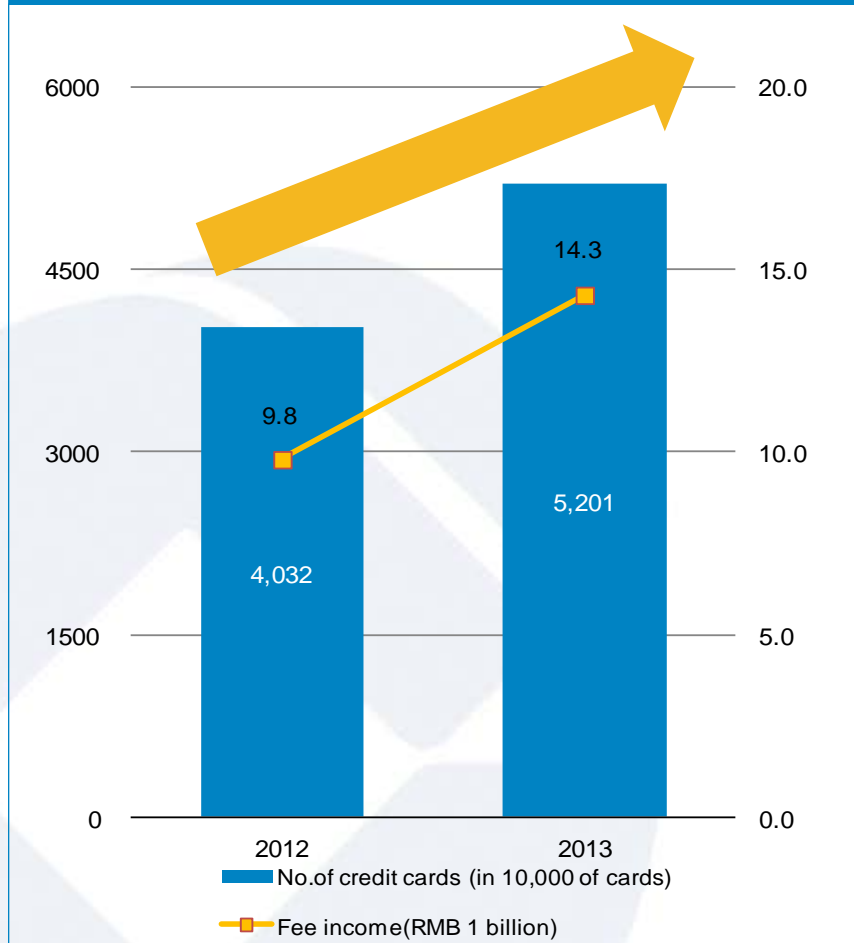
RMB (Billion)



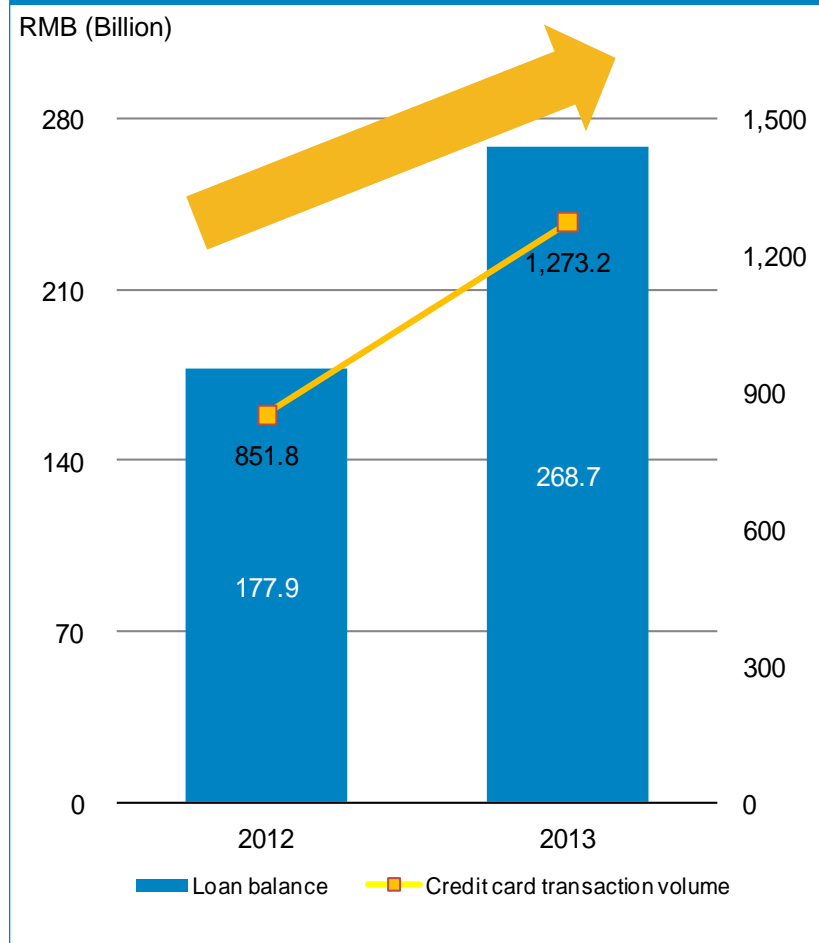


Rapid development of emerging businesses – credit cards

No. of credit cards over 50 million, and fee income up by 46.0%



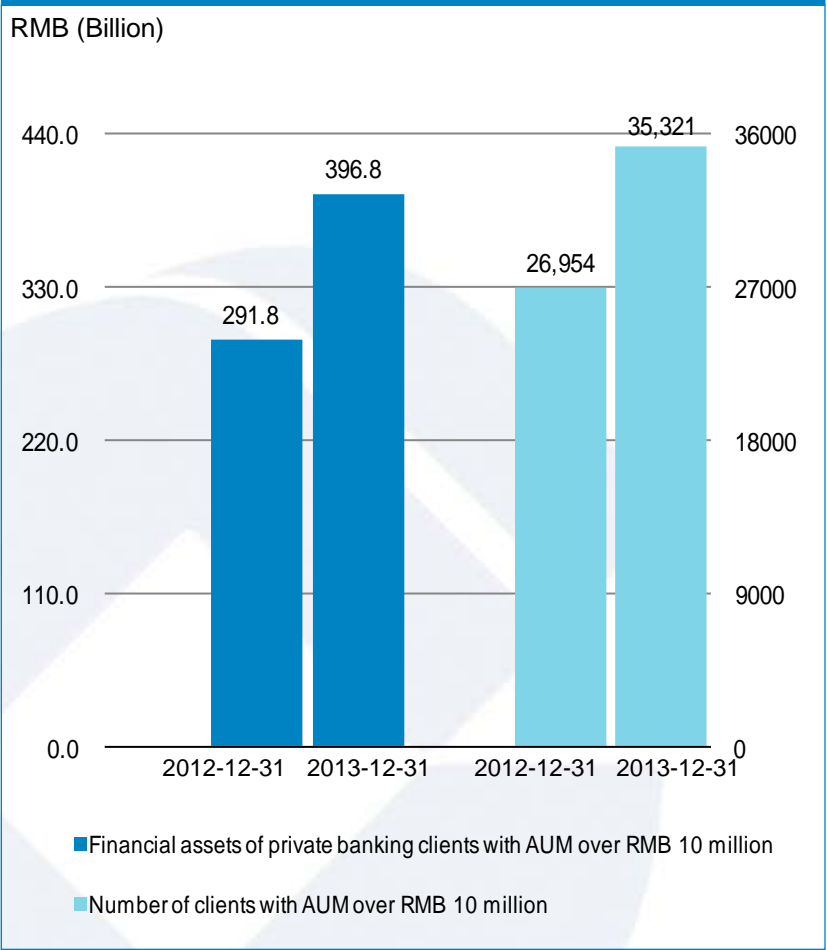
Loan balance and transaction volume up by 51.0% and 49.5% respectively





Rapid development of emerging businesses – private banking and investment banking

Building a first class brand in private banking



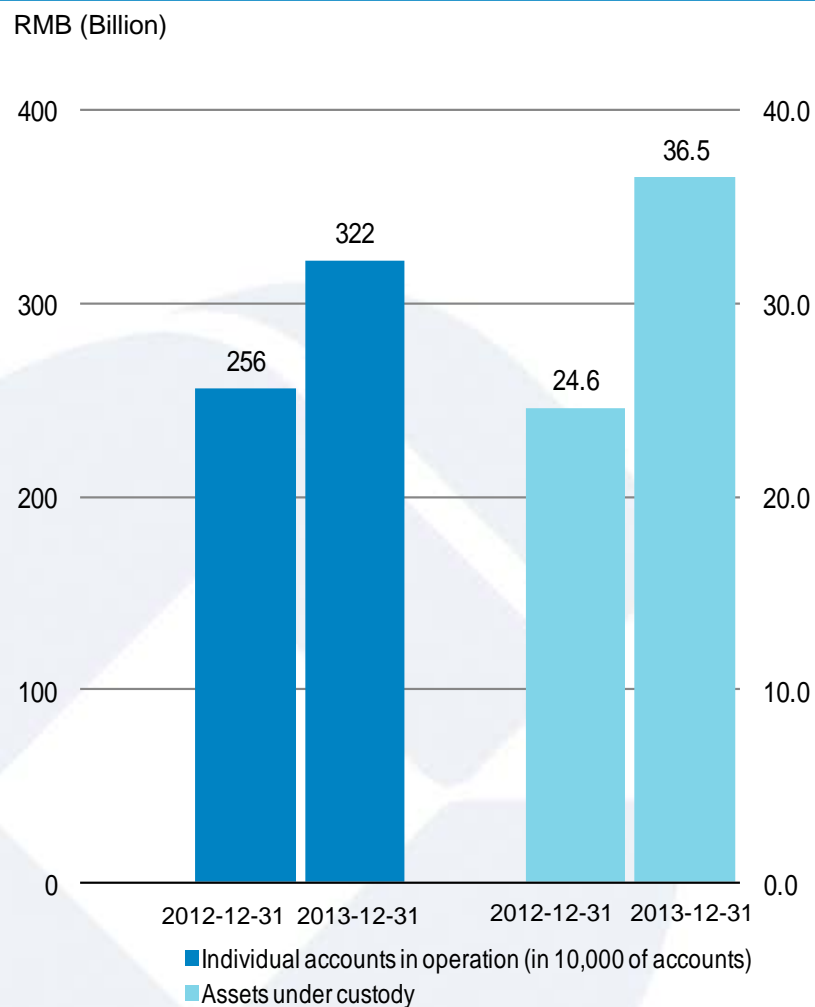
Steady growth of investment banking

- ◆ Underwriting of debt securities ranked first for three consecutive years.
- ◆ Revenue of wealth management products(WMPs) exceeded RMB 10 billion, and revenue of new financial advisory business ranked first among peers
- ◆ Product innovation:
 - Launched bond investment and urbanization-related WMPs
 - First in the market to underwrite asset-backed notes, high yield and affordable housing private placement bonds
 - Participated in pilot programmes of corporate credit asset securitization



Rapid development of emerging businesses – pension and investment custody service

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



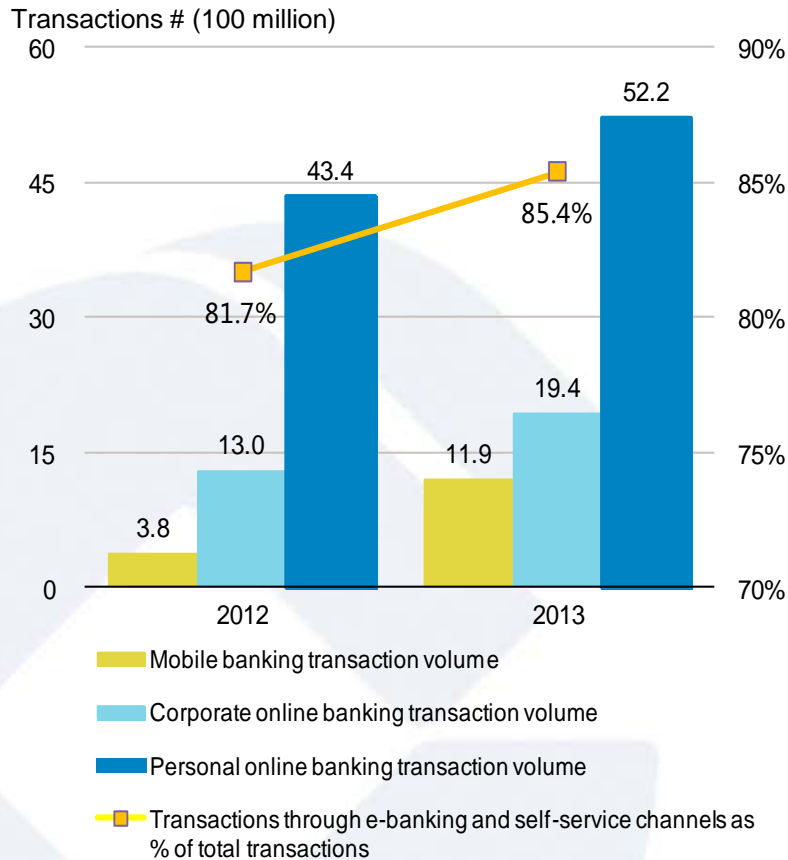
Continuous growth of investment custody business

- Size of securities investment funds under custody ranked second in market
- The increase of both the number and volume of securities investment funds under custody ranked first among peers
- The volume of QFII under custody, the increase of custodial customers and the newly approved quota ranked first among Chinese peers
- Insurance assets under custody grew by nearly 40%
- Outperformed peers in multiple non-traditional areas:
 - Public ETF products
 - Insurance investment in real economy
 - Outsourcing services of assets under custody
 - Development of pension back-end product assortment



Rapid development of emerging businesses – e-banking

Rapid growth in e-banking



Active provider of online financial services

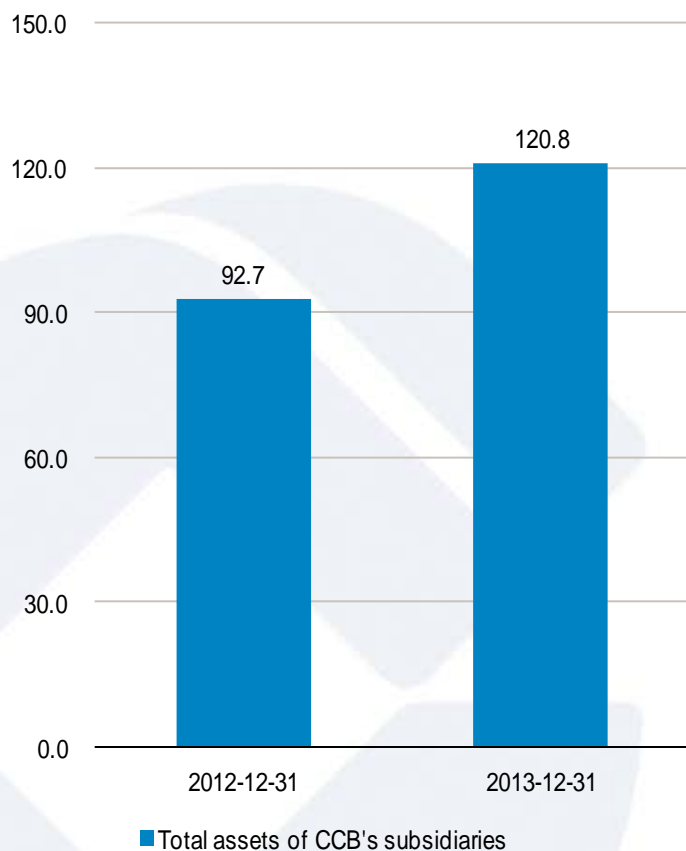
- Enhanced the capability of the “e.ccb.com” platform:
 - The number of new registered internet merchants up by 185.9%
 - The number of registered members up by 338.6%
 - The volume of merchant financing up by 17 times over the beginning of 2013
- Key business indicators improved rapidly:
 - The number of personal online banking customers up by 25.8%
 - The number of corporate online banking customers up by 31.5%
 - The number of mobile banking customers up by 38.9%



Significantly strengthened capabilities of integrated financial service

Total assets of domestic subsidiaries up by 30.4%

RMB (Billion)



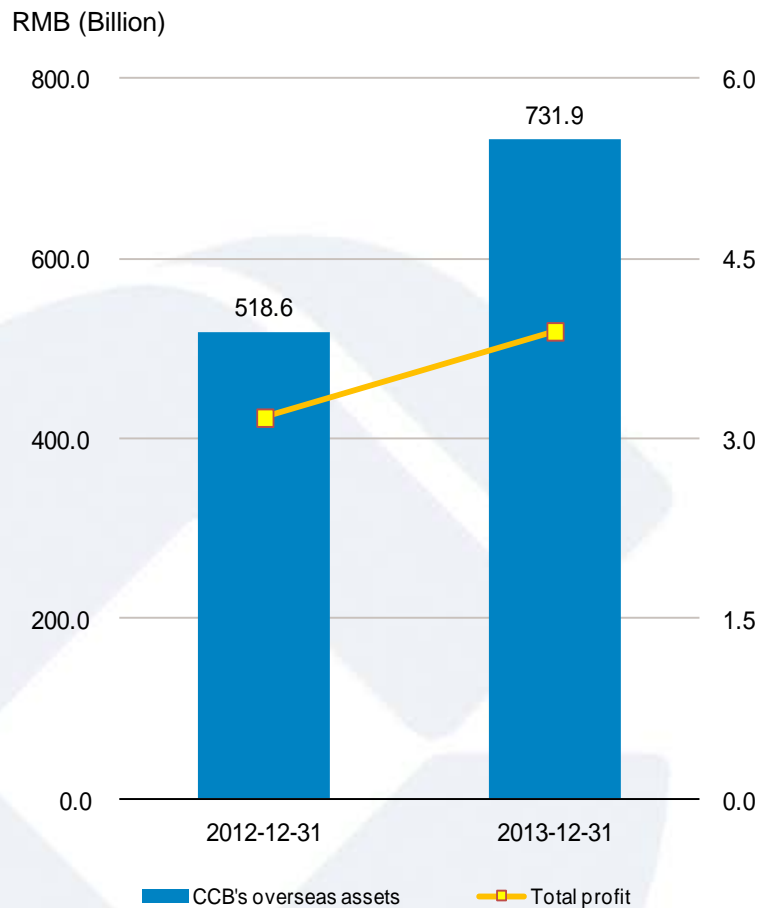
Leading position in non-banking financial licenses, positive growth momentum in subsidiaries

- Acquired Shanghai Liangmao Futures
- Premiums of life insurance ranked No. 1 among bank-affiliated peers, up by 84.1% year-on-year
- Assets of the financial leasing subsidiary up by 27.1%, and assets of aircraft leasing up by approximately four times
- Fund subsidiary ranked second in terms of the volume of fund issuance among peers
- Net profit of Sino-German Bausparkasse increased by approximately 40%
- Built quality rural banks in support of “agriculture, farmers and rural areas” and the county economy



Solid progress in overseas business development

Total assets and gross profit of overseas entities up by 41.1% and 22.6% respectively



Accelerated expansion of overseas network, supported RMB internationalization

- Acquired Banco Industrial e Comercial S.A. of Brazil (BIC)
- Set up six entities in Russia, Dubai and other regions
- Effectively integrated entities and resources in Hong Kong and Macau markets
- Issued dim-sum bonds in Hong Kong and RMB-denominated bonds in Taiwan
- Set up outlets in the Shanghai Free-trade Zone and key ports on the border



Strengthened intensive operational capability

Integration of customers, operation and resources

- ◆ Integration at customer level
 - Continued to promote outlets with integrated services, teller systems and marketing teams
- ◆ Integration at operation level
 - Completed the separation between front desk and back offices in 28 different counter businesses in 14,000 operating entities
- ◆ Integration at resource level
 - Strengthened business synergy and risk consolidated management

Integration of technologies

- ◆ Channel integration
 - Built new generation channels for employees and customers, enhancing customer and employee experience across the board
- ◆ Product innovation
 - Launched brand new products on areas of corporate cash management, family cash management, custody, financial markets, corporate collection and payment
- ◆ Business infrastructure
 - Integrated bank-wide information of corporate clients, entities and employees
 - Integrated bank-wide pricing management and product management system
- ◆ IT environment
 - Built a fundamentally centralized corporate IT platform



Transformation and development

Financial performance

Risk management

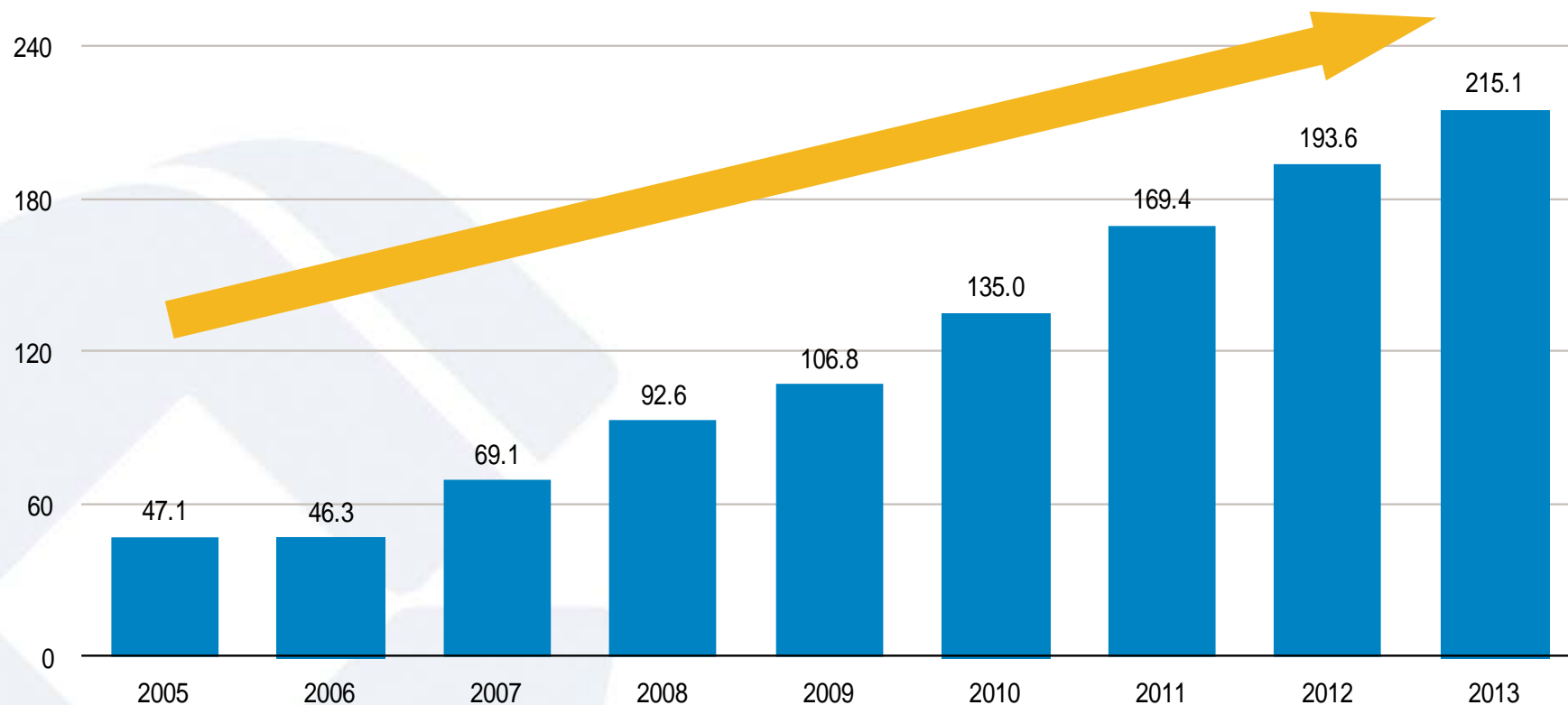
Outlook



Profitability continued to improve

Net profit grew steadily with a CAGR of 20.9%

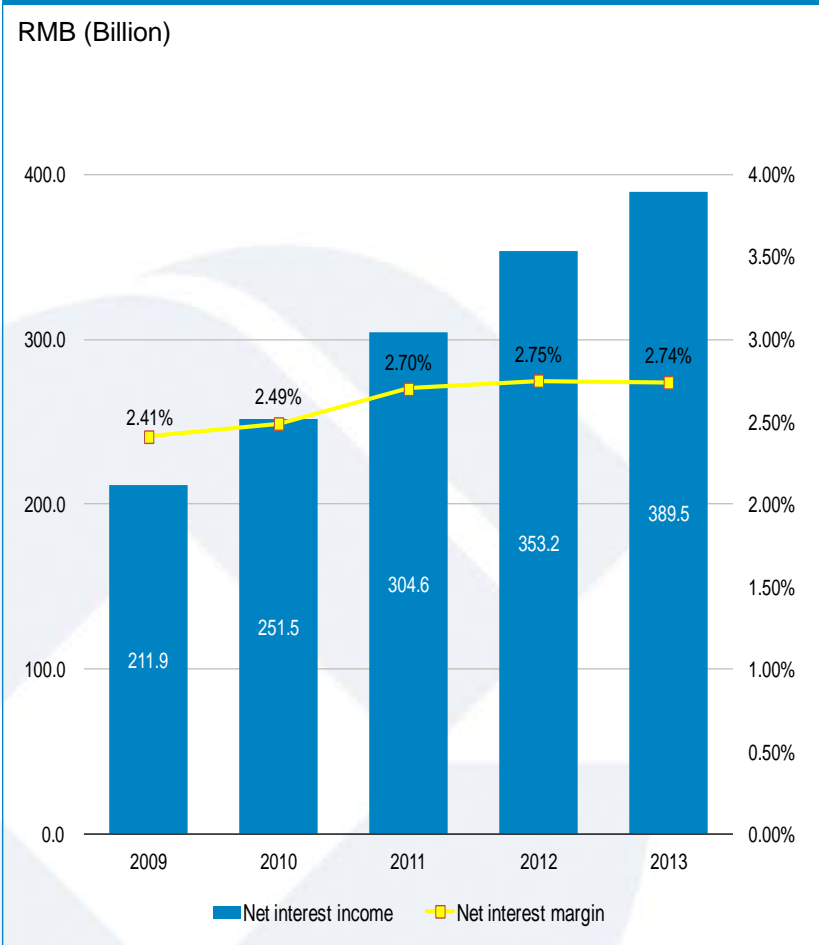
RMB (Billion)





Net interest income grew continuously with stable NIM

Net interest income in 2013 up by 10.3% y-o-y



Initiatives in response to interest rate liberalization

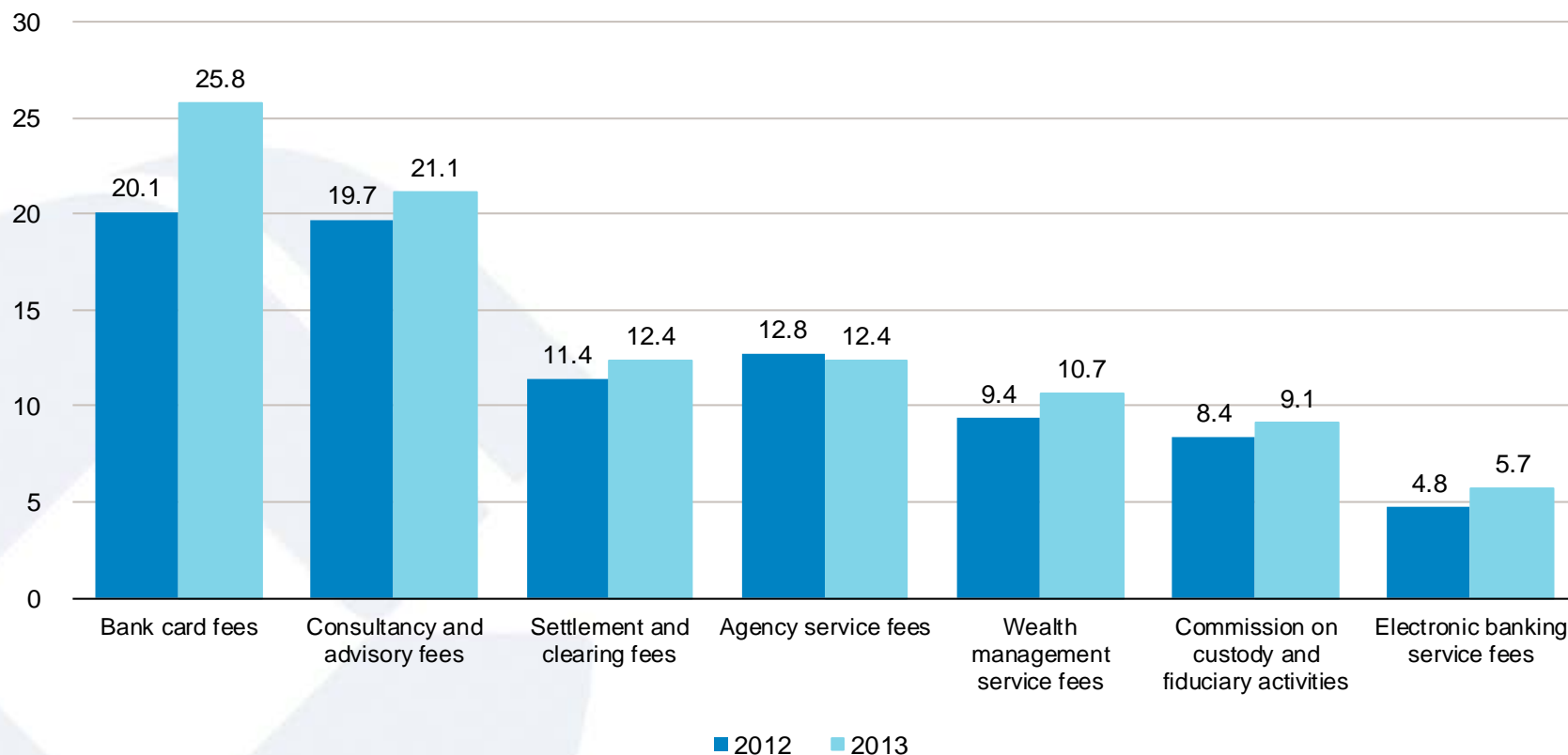
- Improved pricing ability
- Strengthened pricing management
- Optimized industry structure of credit
- Nurtured new sources of profit growth
- Enhanced profitability of subsidiaries



Non-interest income grew steadily with improved income structure

Net fee and commission income grew by 11.5%, accounting for 20.4% of operating income (up by 0.19 pps)

RMB (Billion)

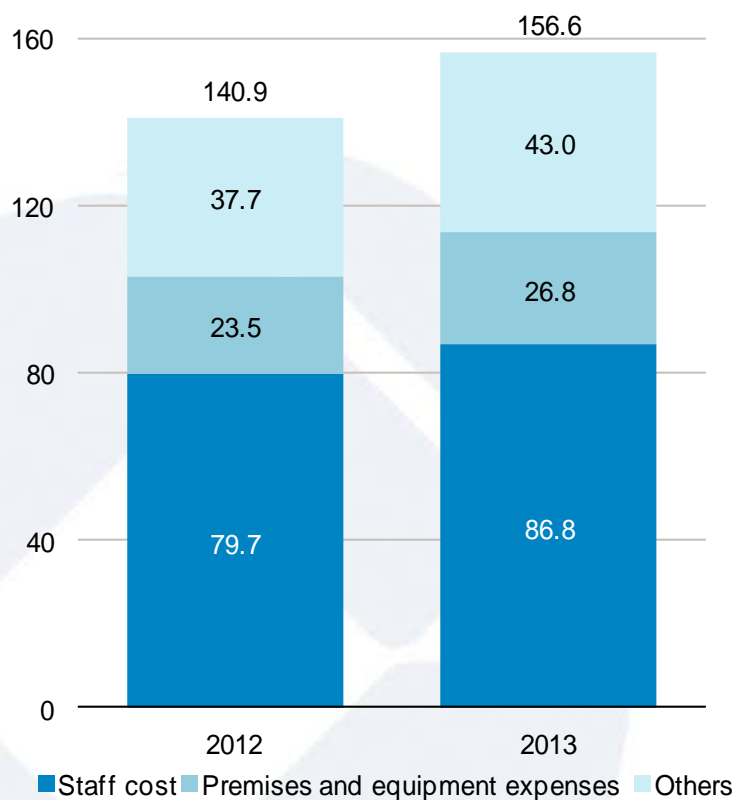




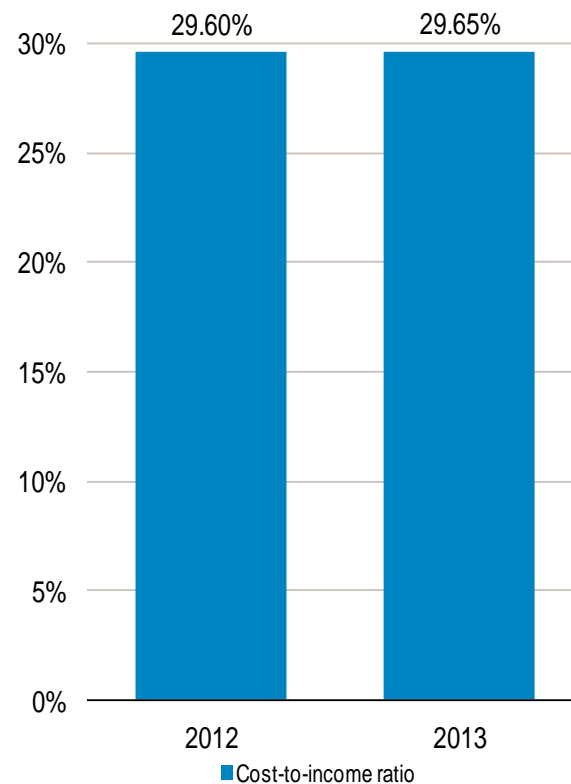
Cost efficiencies remained stable

Effective control of operating costs

RMB (Billion)



Stable cost-to-income ratio

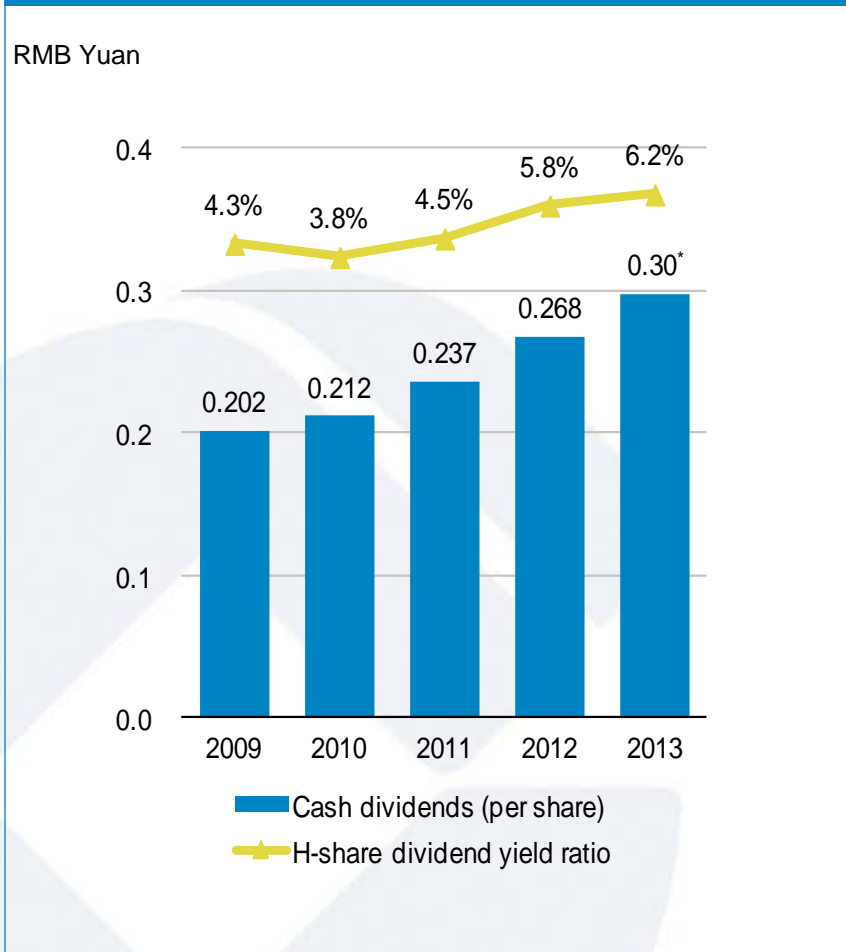


Note: After deductions of business taxes and surcharges and other business costs

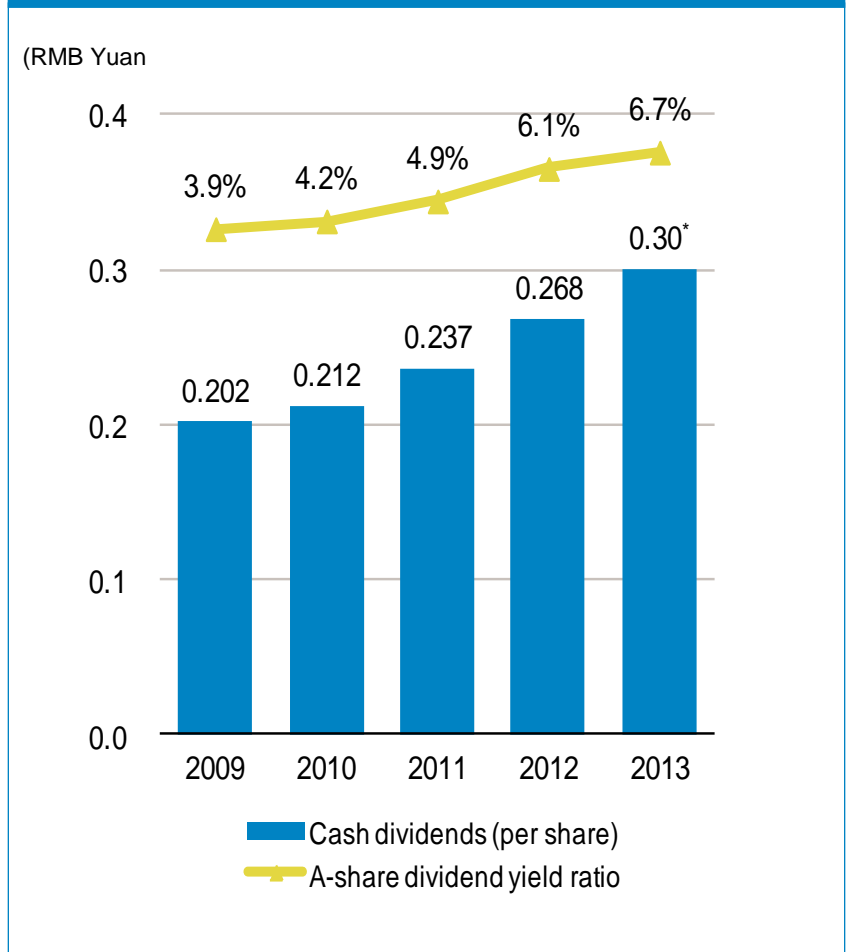


Continuous high return to shareholders

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. Dividend per share is translated using the RMB-Hong Kong dollar exchange rate on dividend date.

The Board recommends a cash dividend for 2013 of RMB0.30 per share (including tax), subject to the approval of 2013 annual general meeting.



Transformation and development

Financial performance

Risk management

Outlook



Continued to implement reform of risk management and optimize credit processes

Risk management reform

- Risk management by every employee
- Strengthened accountabilities of managers
- Dual-way risk reporting
- Task specialization

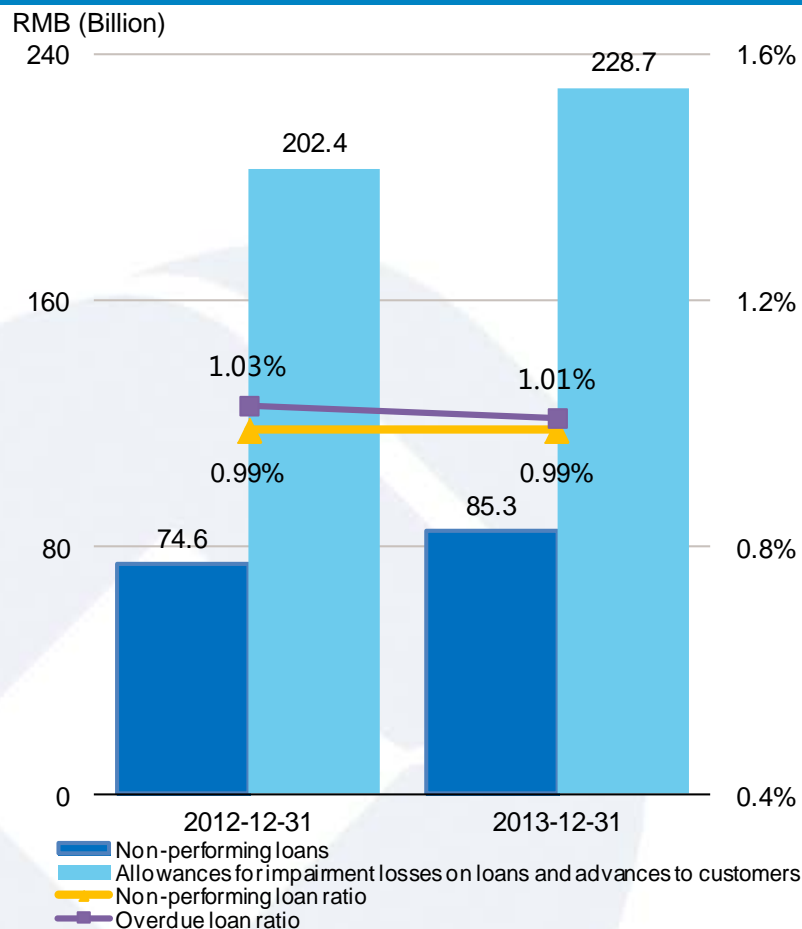
Credit process optimization

- Clear division of front, middle and back offices
- Consolidated credit granting to group clients
- Strengthened approval of credit use
- Centralized management
- Strengthened pre-lending and post-lending management



Asset quality remained stable

Stable asset quality



Strengthened credit risk management

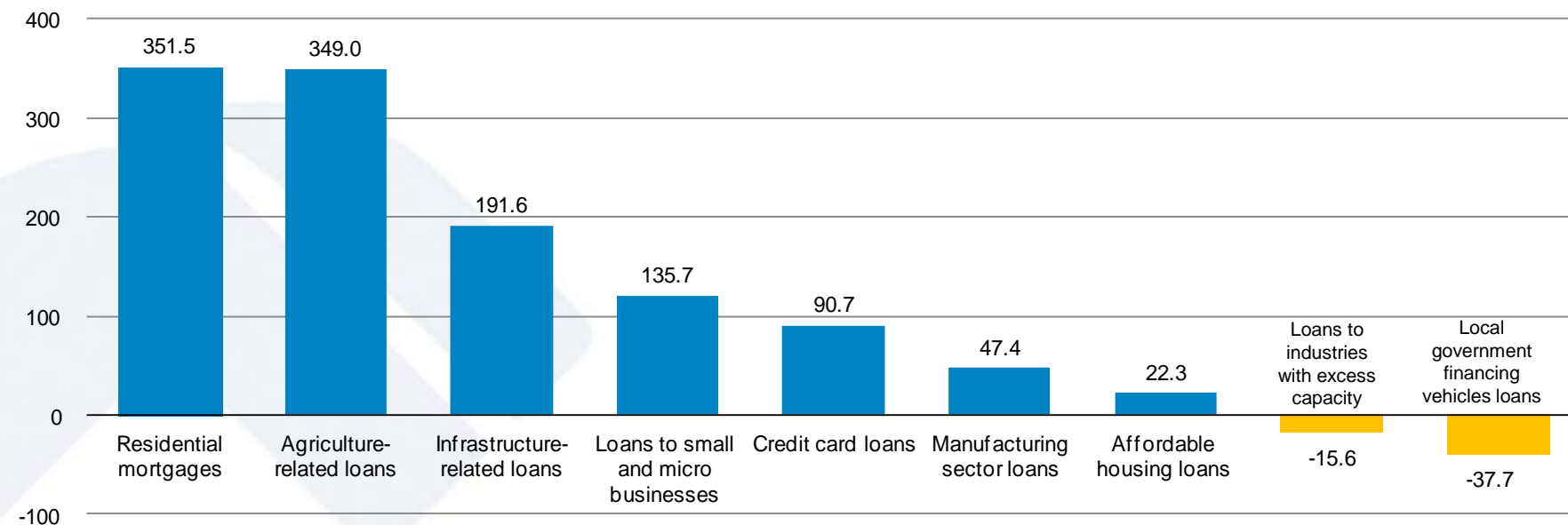
- ⊕ Risk warnings in key sectors, regions and products
- ⊕ Strengthened the development and application of risk management tools
- ⊕ Allowances to NPL ratio reached 268.2%
- ⊕ Strengthened the disposal of non-performing loans



Significant improvement in credit structure

Growth of loan balance in domestic sectors

RMB (Billion)

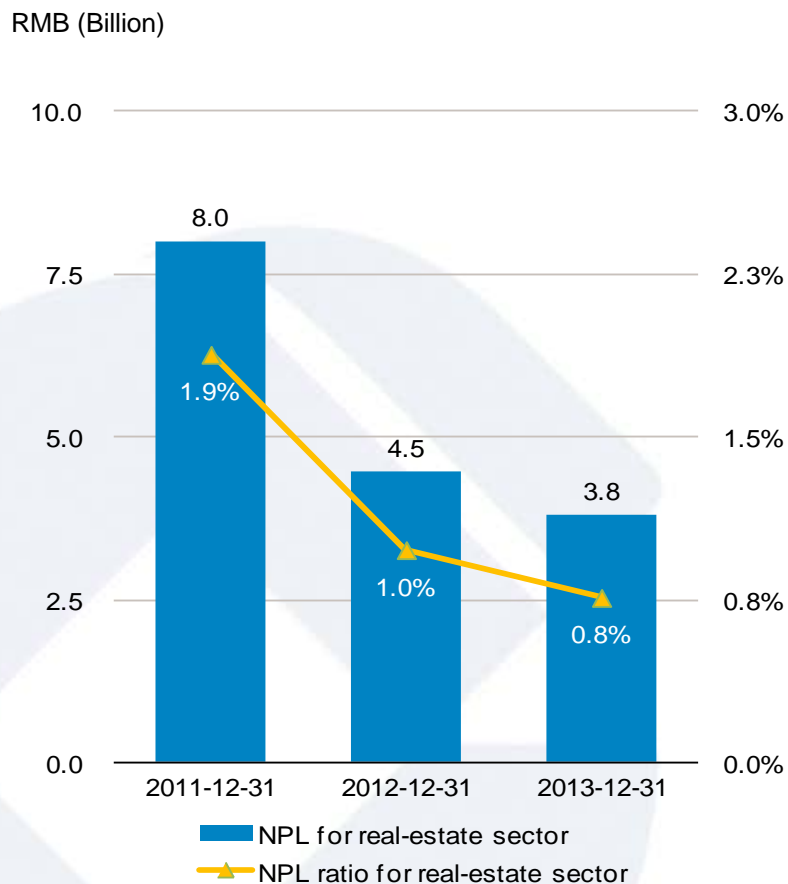


Note: Industries with excess capacity, or the “6+1” industries, include steel, cement, plate glass, polycrystalline silicon, coal chemical, wind power equipment, and shipbuilding.



Sound asset quality of property lending

“Double reduction” in property lending

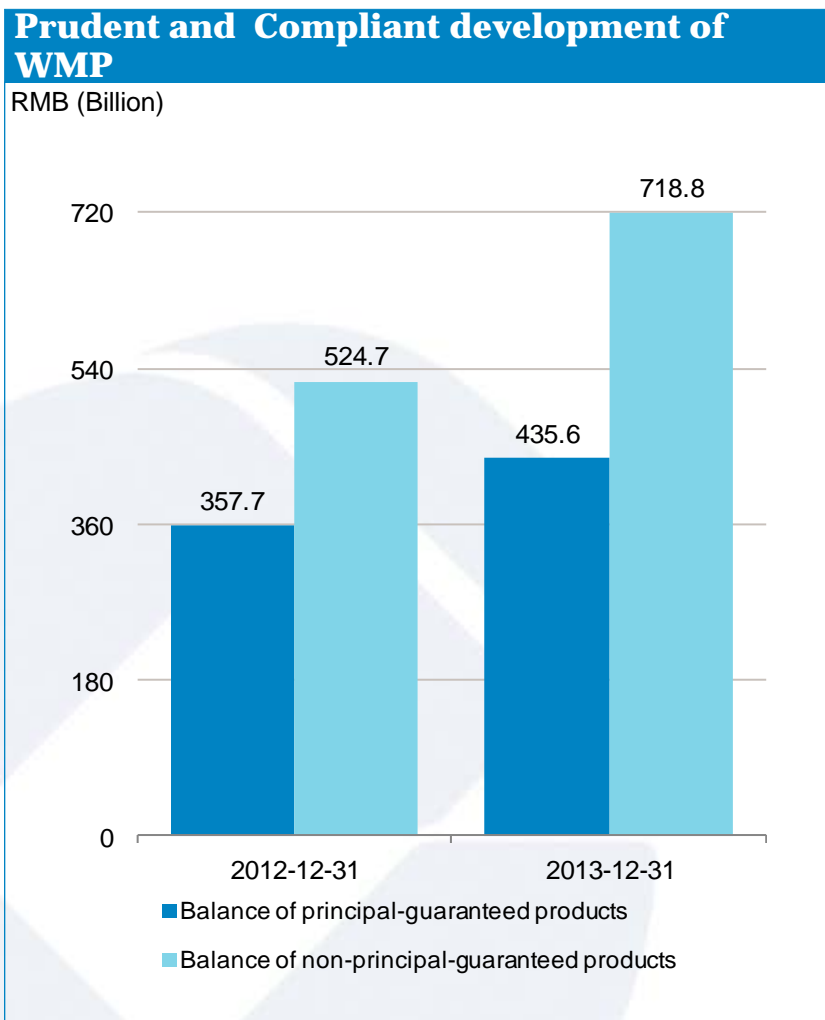


Risk management measures

- Overall volume control
- Optimized structures of regions, clients and products
- Strengthened market research and monitoring
- Adopted client-list management for clients
- Strengthened monitoring on a business as usual basis



Effective control over WMP risk



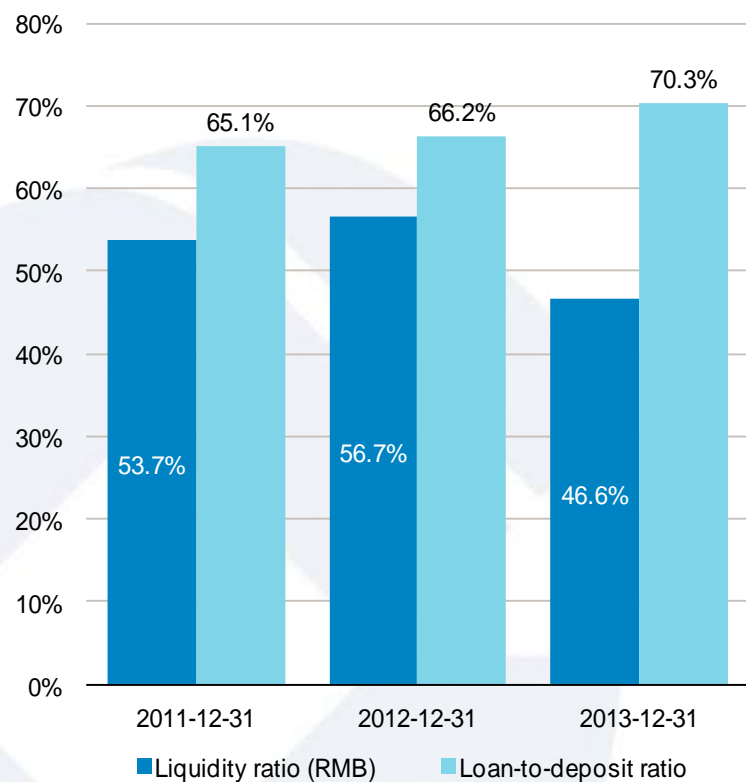
Risk control measures

- Set strict entry standards for institutions and products
- Managed under unified credit granting
- Strictly controlled the usage of wealth management funds
- Compliant information disclosure
- Strengthened liquidity management
- Made provision for off balance sheet wealth management business



Liquidity risk management continued to be strengthened

Liquidity remained stable



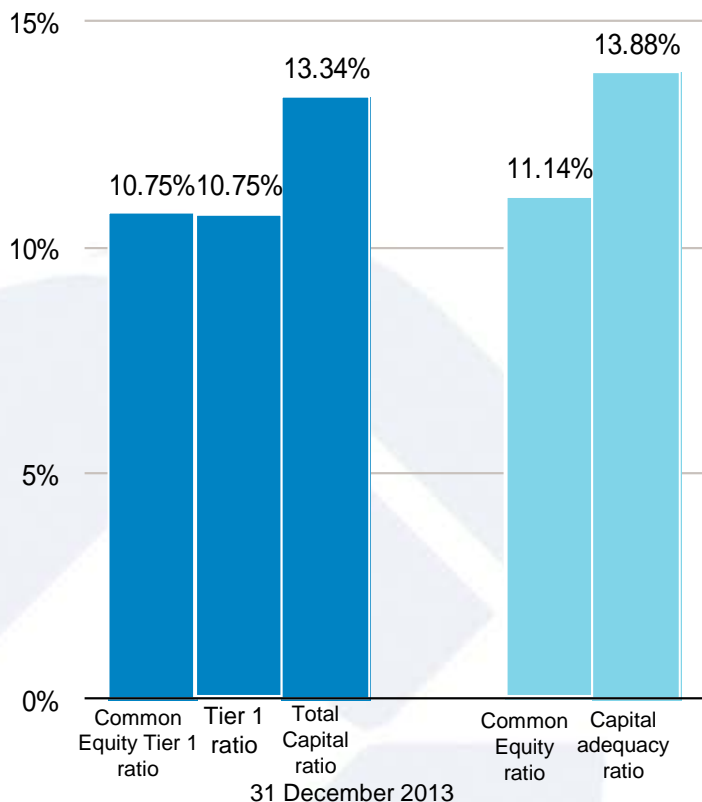
Strengthened liquidity management on multiple fronts

- Acted as “stabilizer” amidst market volatilities
- Full-year liquidity level maintained within reasonable level
- Strengthened liquidity risk control measures:
 - Better liquidity predictions and improved fund allocation processes
 - Properly maintained asset and liabilities structure, diversified financing sources and reduced volatility
 - Strengthened intra-day management of liquidity and implemented regular stress tests



Capital management continued to enhance

Outstanding CAR level in domestic market



■ CAR was calculated in accordance with the Measures for Capital Management of Commercial Banks (Trial)
■ CAR was calculated in accordance with the Measures for the Management of Capital Adequacy Ratios of Commercial Banks

Positive interaction among capital, risk and business

- ◆ Promoted transformation into the efficient use of capital
- ◆ Actively promoted the application and implementation of Advanced Measurement Approach
- ◆ Research on new capital instrument:
 - Plan to issue up to RMB 60 billion of capital instruments with write-down features by the end of 2015
 - Upcoming Plan to issue RMB 20 billion of capital instruments with write-down features in domestic market to replenish tier-two capital



Active fulfillment of corporate social responsibilities

Corporate social responsibilities

- A total of RMB 49 million donated to society in 2013
- Continued implementation of long-term charity projects
- Launch of “Credit Card Points help fulfill dreams, Micro Public Welfare” charity activity
- Establishment of management processes for consumer protection
- Active promotion of financial inclusion and green finance

In-depth involvement in APEC issues

- CCB was appointed alternate member of the APEC Business Advisory Council and vice chairman role at the APEC China Business Council.
- Views communicated on behalf of China’s business communities at APEC
- In-depth research into issues such as regional economic integration, infrastructure construction and connectivity in the Asia-Pacific region
- Accelerated CCB’s pace of internationalization



Awards and recognitions



The Banker



- Bank with Outstanding Performance on Providing Financial Services for Small and Micro Businesses
- Featured Banking Products for Small and Micro Businesses of the Year

- #5 in the "Top 1000 World Banks" (tier-one capital); #9 in the "Top 1000 World Banks" (total assets)
- #10 in the "The Banker / Brand Finance® Banking 500 2013"; #2 in the "Chinese Bank Rankings"
- Bank of the Year (2010)

- #50 in the "Fortune Global 500"

- Winner of The Asset Excellence in Management and Corporate Governance 2013 - Platinum
- China's Most Promising Companies (2012)



- Best Bank in China (2012)

- Best Bank in China (2010)

- Best Private Bank in China (2011)

- Best Bank in SME Services
- CCB's 'Zhu Bao Dai' (Credit Guarantee Loan product) Awarded the 'Most Innovative Corporate Financial Service Product'



Transformation and development

Financial performance

Risk management

Outlook



Challenges and Opportunities

Challenges

- ◆ The world economy is undergoing deep and structural adjustment with many uncertainties
- ◆ The domestic economy is in the “gear-changing” period with growing potential risks
- ◆ China’s financial reforms continue to deepen and the regulatory policies further tighten
- ◆ Competition from inside and outside the financial sector becomes increasingly intense

Opportunities

- ◆ The global economy continues on a path of recovery
- ◆ The progress of urbanization stimulates financial demands
- ◆ China’s further opening-up boosts high-growth markets
- ◆ China’s economy is going through transformation and upgrade, and new sectors are developing quickly

Adhere to the strategy of “integration, multifunction and intensiveness” and enhance new competitive edges

- ❏ To expand our business and strengthen our service capability serving big industries, corporations and entities, large cities, and high-net-worth customers
- ❏ To expand overseas business and cross-border financial services
- ❏ To accelerate the adjustment of A&L and profitability structure
- ❏ To strengthen HR investment in e-banking, IT capability
- ❏ To focus on the building of a “process bank”
- ❏ To drive business growth through innovation



Q&A



Thank you