



中国建设银行
China Construction Bank

2012 Annual Results Announcement

Beijing/Hong Kong
March 2013



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Main financial indicators 1

RMB (Billion)	31 Dec 2012	31 Dec 2011	Variance
Total assets	13,972.83	12,281.83	↑ 13.8%
Loans and advances to customers	7,309.88	6,325.19	↑ 15.6%
Total liabilities	13,023.22	11,465.17	↑ 13.6%
Deposits from customers	11,343.08	9,987.45	↑ 13.6%
Total equity attributable to equity shareholders of the Bank	941.73	811.14	↑ 16.1%
Allowances to NPL ratio	271.29%	241.44%	↑ 29.85 pp
Core capital adequacy ratio	11.32%	10.97%	↑ 0.35 pp
Capital adequacy ratio	14.32%	13.68%	↑ 0.64 pp
NPL ratio	0.99%	1.09%	↓ 0.10 pp



Main financial indicators 2

Main indicators	2012	2011	Variance
RMB (Billion)			
Net interest income	353.20	304.57	 16.0%
Net fee and commission income	93.51	86.99	 7.5%
Profit before tax	251.44	219.11	 14.8%
Net profit	193.60	169.44	 14.3%
Earnings per share (RMB Yuan)	0.77	0.68	
Dividends per share (RMB Yuan)	0.268	0.2365	 13.3%
Return on average assets	1.47%	1.47%	—
Return on average equity	21.98%	22.51%	 0.53 pp



Financial performance

Business developments

Risk management

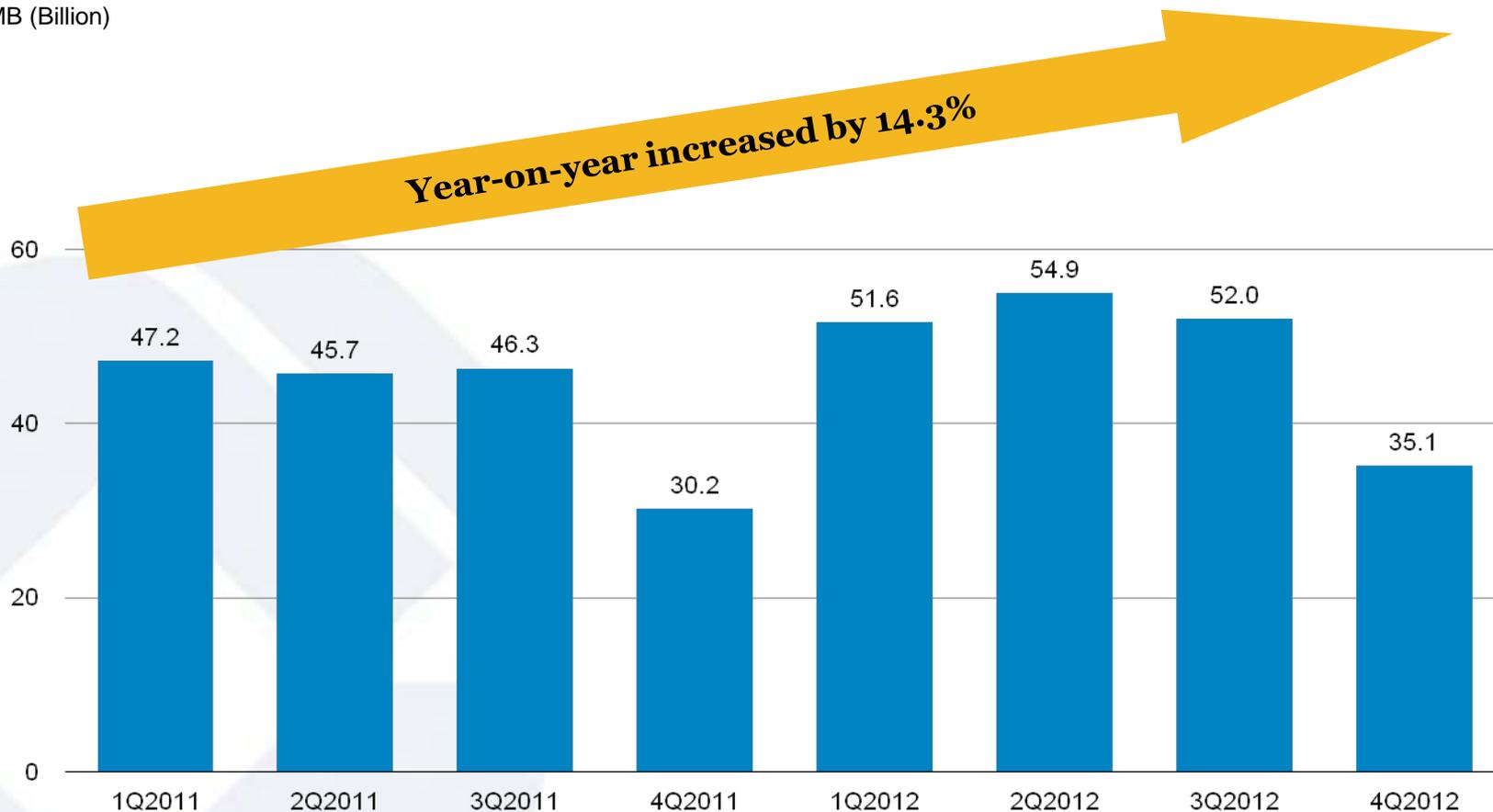
Outlook



Continuous improvement in profitability

Year-on-year net profit increased by 14.3%

RMB (Billion)

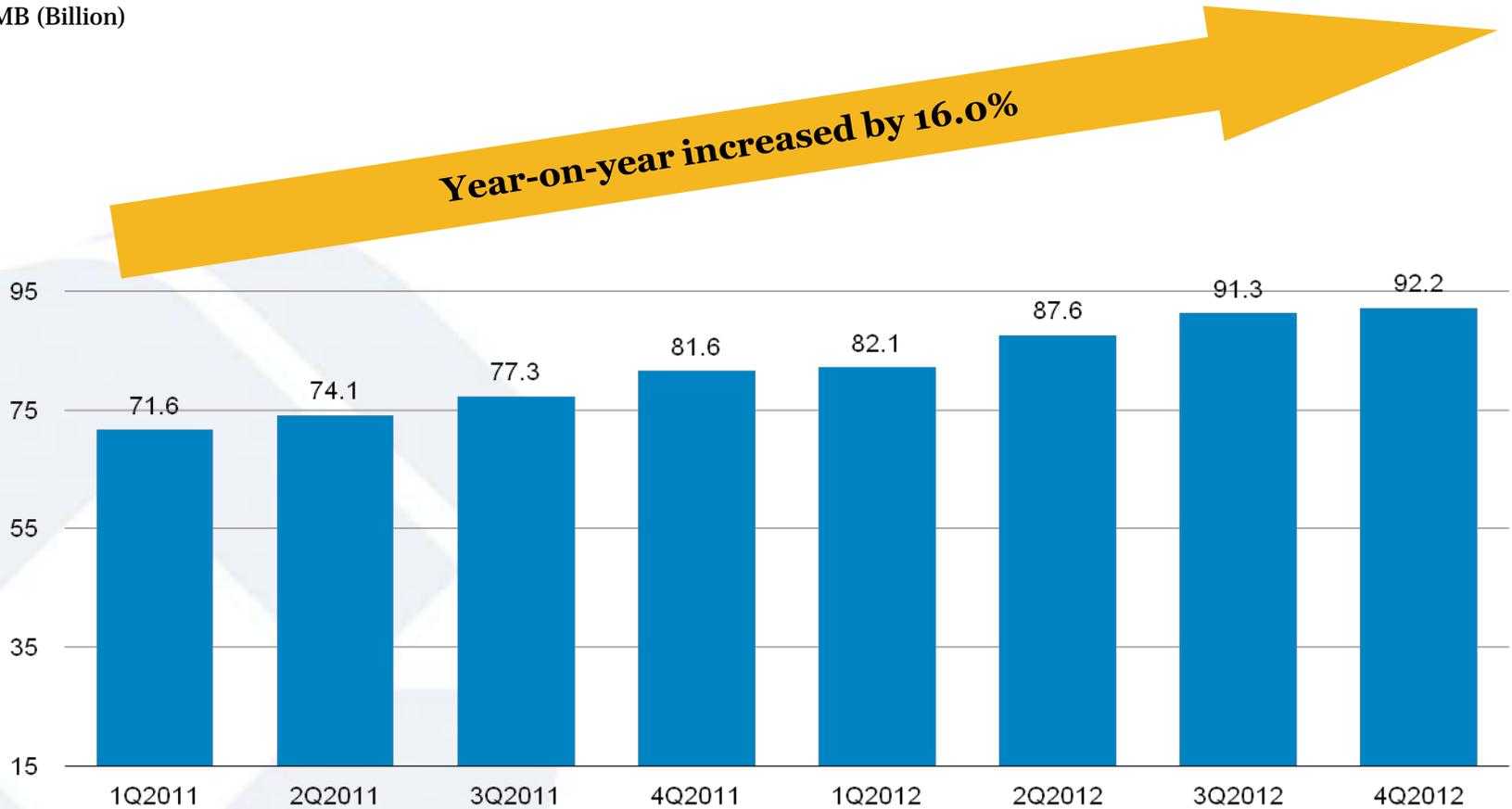




Continuous improvement in net interest income

Year-on-year net interest income increased by 16.0%

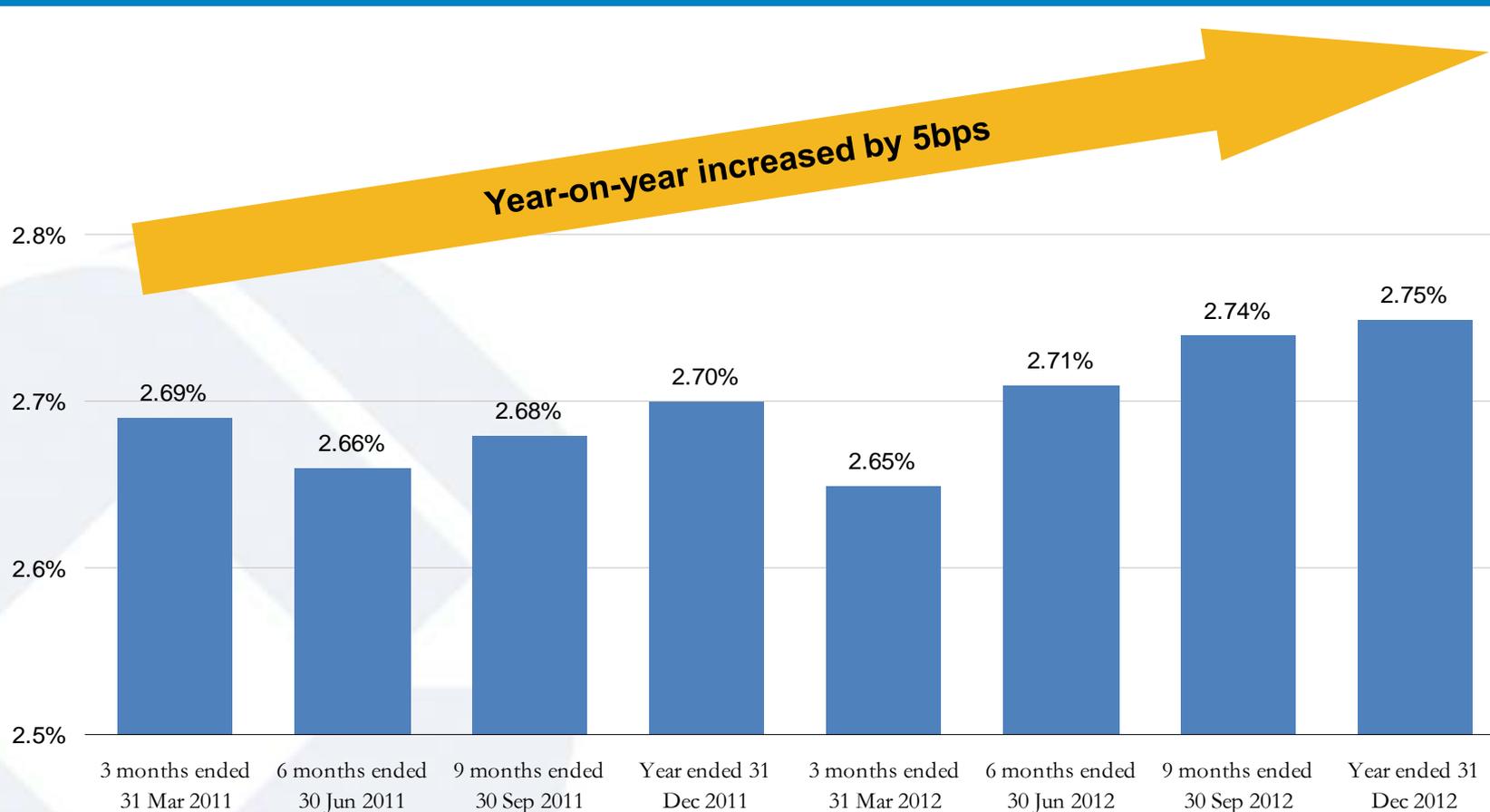
RMB (Billion)





Steady increase in net interest margin

Steady increase in net interest margin

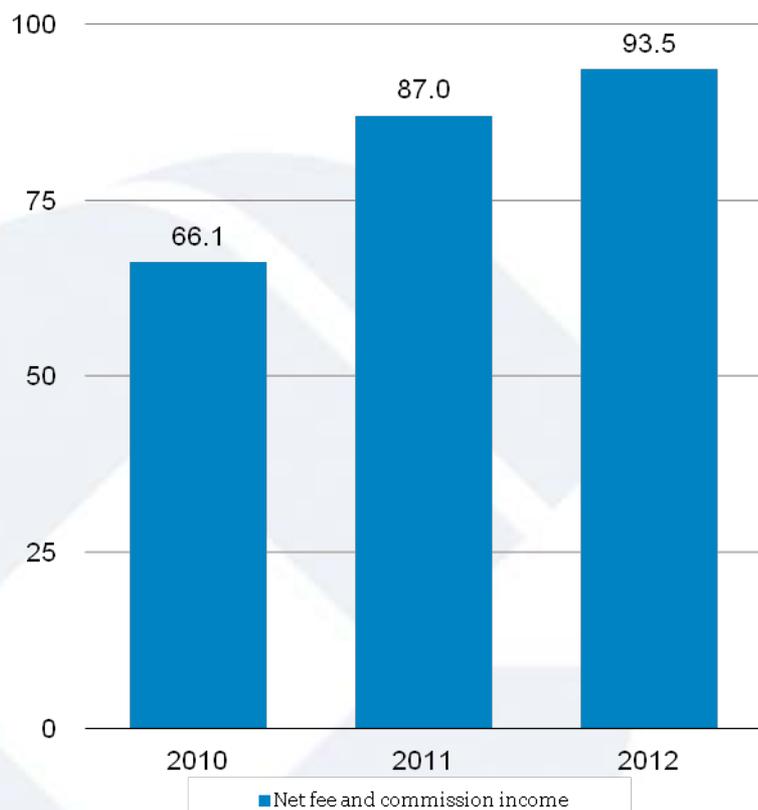




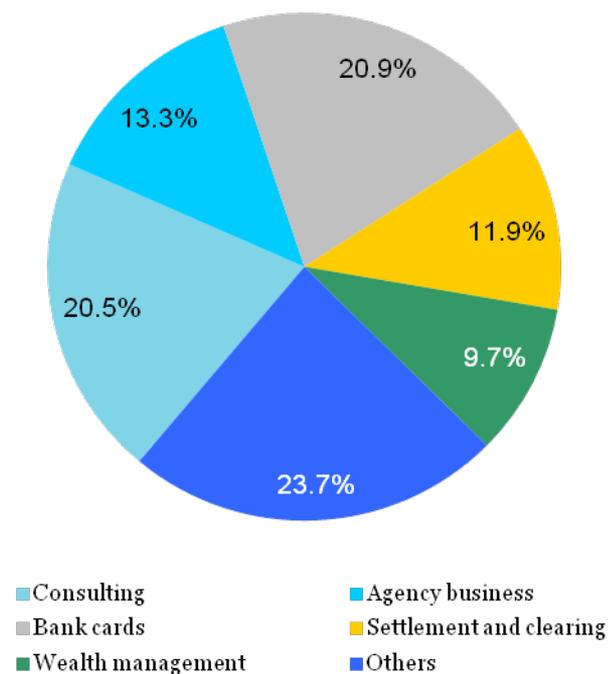
Steady increase in fee and commission income

Net fee and commission income increased by 7.5%

RMB (Billion)



Structure of fee and commission income





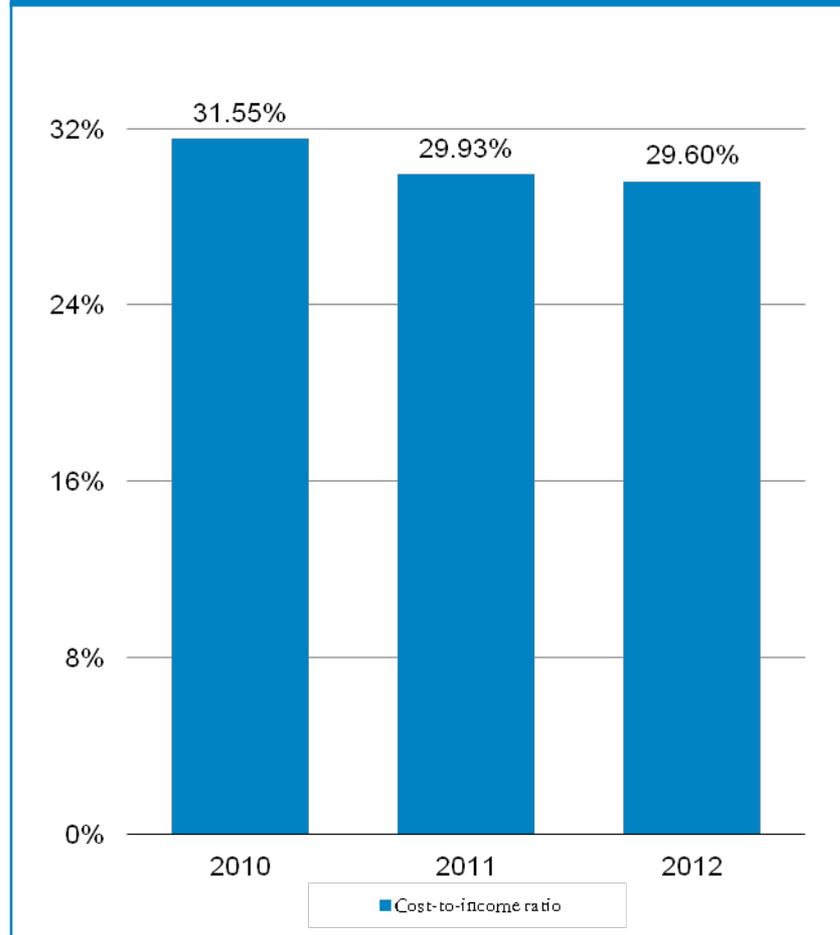
Cost efficiencies continued to improve

Effective control of business costs



Note: Excluding business taxes and surcharges.

Cost-to-income ratio continued to decline



Note: The cost-to-income ratio includes adjustments to operating expenses (net of business taxes and surcharges and other business costs) divided by operating income (net of other operating costs). The comparative data has been re-calculated accordingly.



Financial performance

Business developments

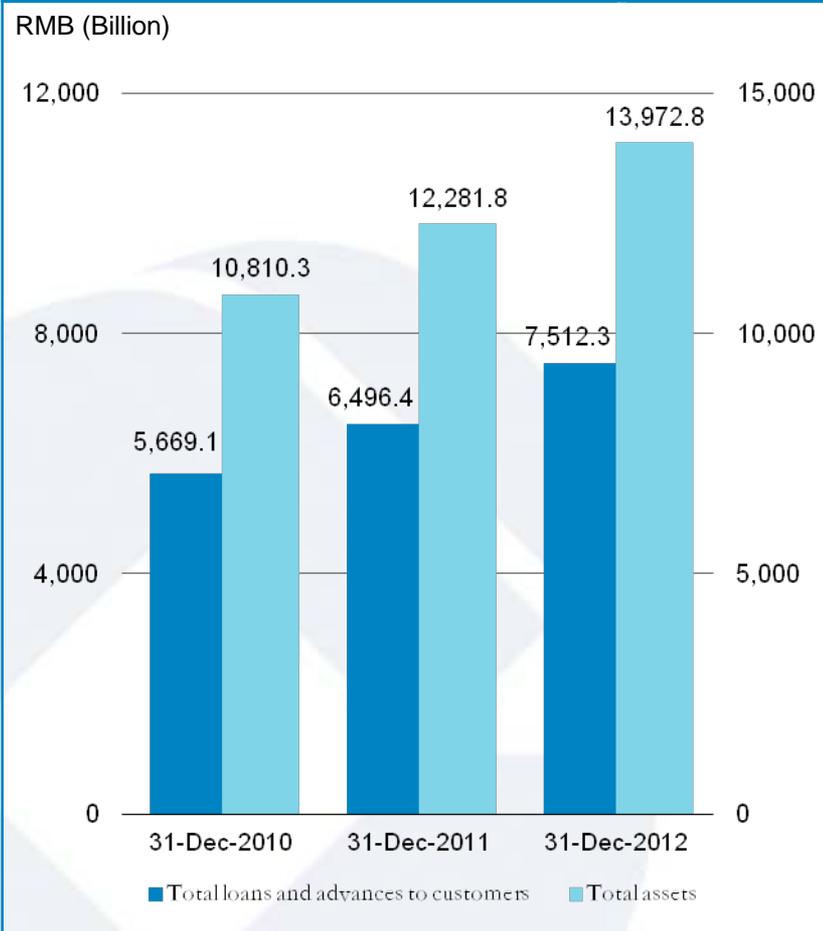
Risk management

Outlook

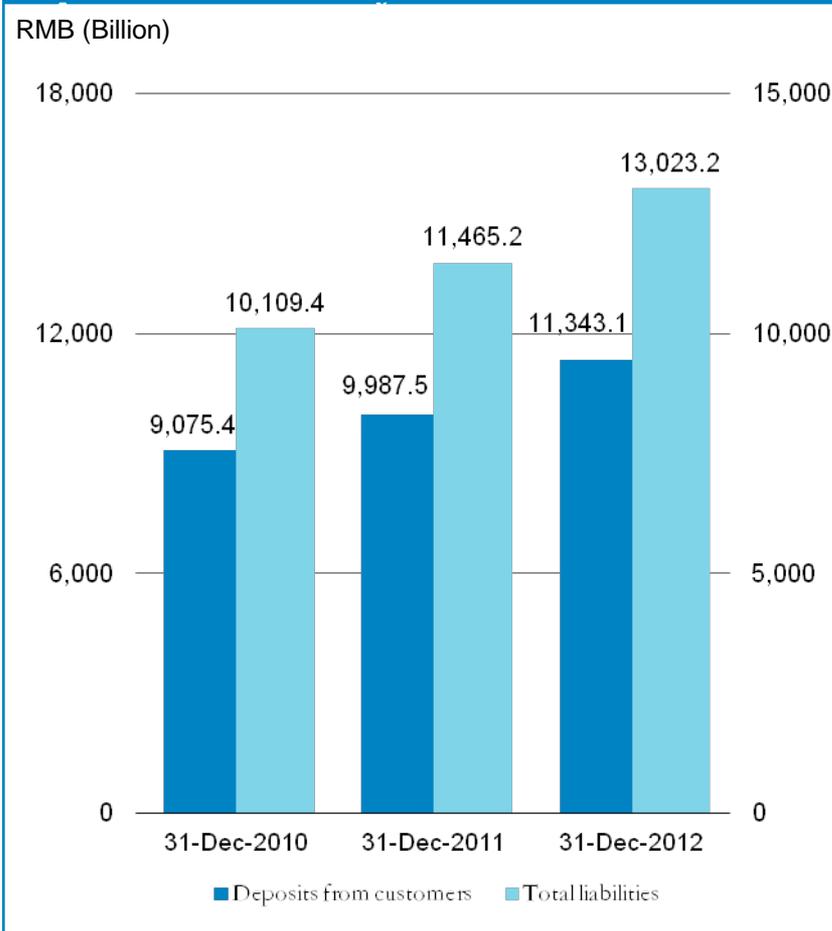


Breakthrough in scale of business

Scale of assets amounted to approximately RMB 14 trillion, loans increased by 15.6%



Total liabilities exceeded RMB 1.3 trillion, deposits increased by 13.6%

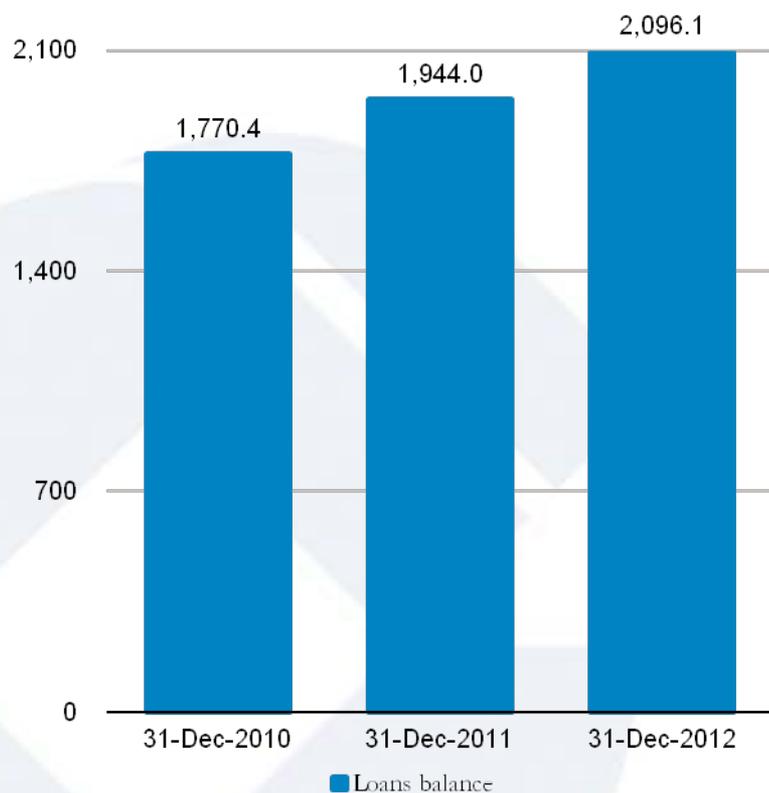




Infrastructure, individual housing loans continued to lead the industry

Infrastructure loans continued to grow

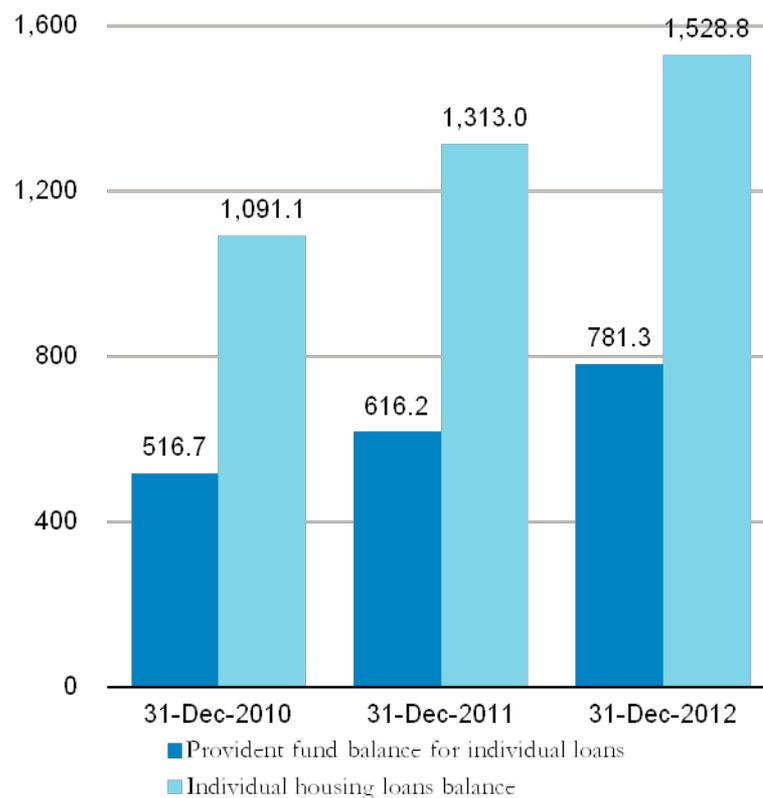
RMB (Billion)



Note: Figures for 2011 and 2012 do not include subsidiaries and overseas branches.

Individual housing loans, provident fund balance for individual loans and new increases in the similar industry rank first

RMB (Billion)



Note: Figures for 2011 and 2012 do not include subsidiaries and overseas branches.



Steady growth of SME and agriculture related loans

SME loans increased by 18.0%, agriculture related loans increased by 21.4%



Note: From 1 Jan 2012, the new SME classification was used, and for comparative purposes, the relevant data for 2011 and 2010 have been updated accordingly.

Strict control over risks to SME loans

- Strict customer acceptance
- Scorecard evaluation model
- Early warning mechanism
- Enhance risk mitigation

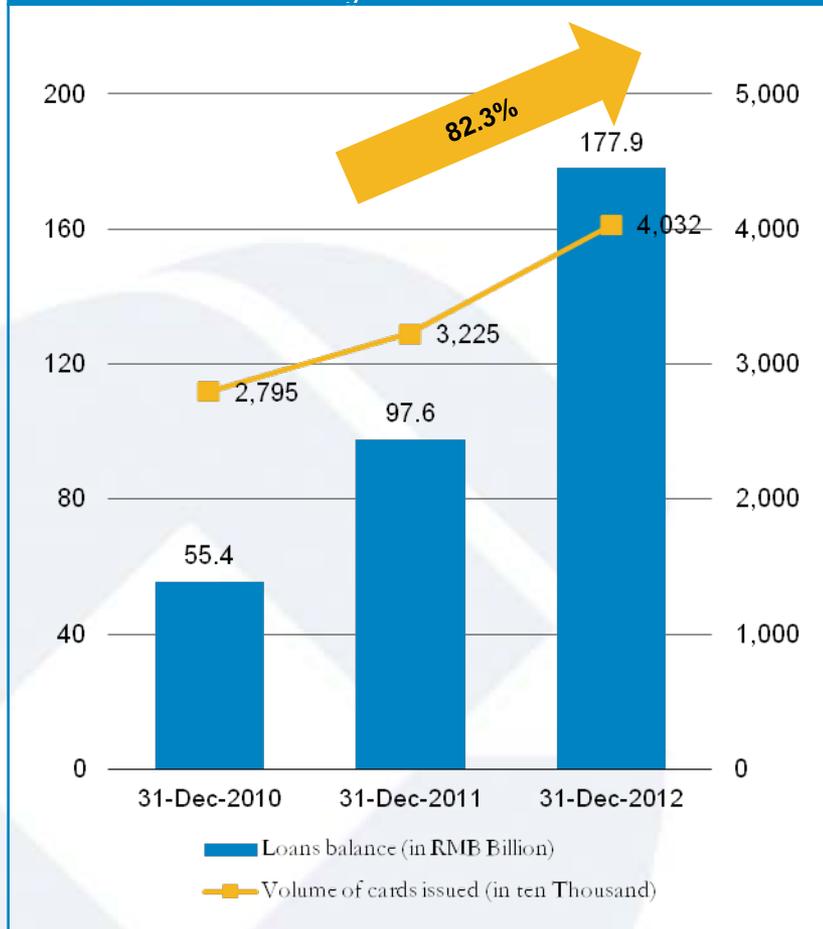
Fast growth in deposits from livelihood and protected housing loans

- Deposits from livelihood industry increased by 17.5%
- Loans for protected housing increased by 129.6%
- New agricultural development loans increased by 166.2%
- The first issuer of resident's inter-bank health card in the banking industry

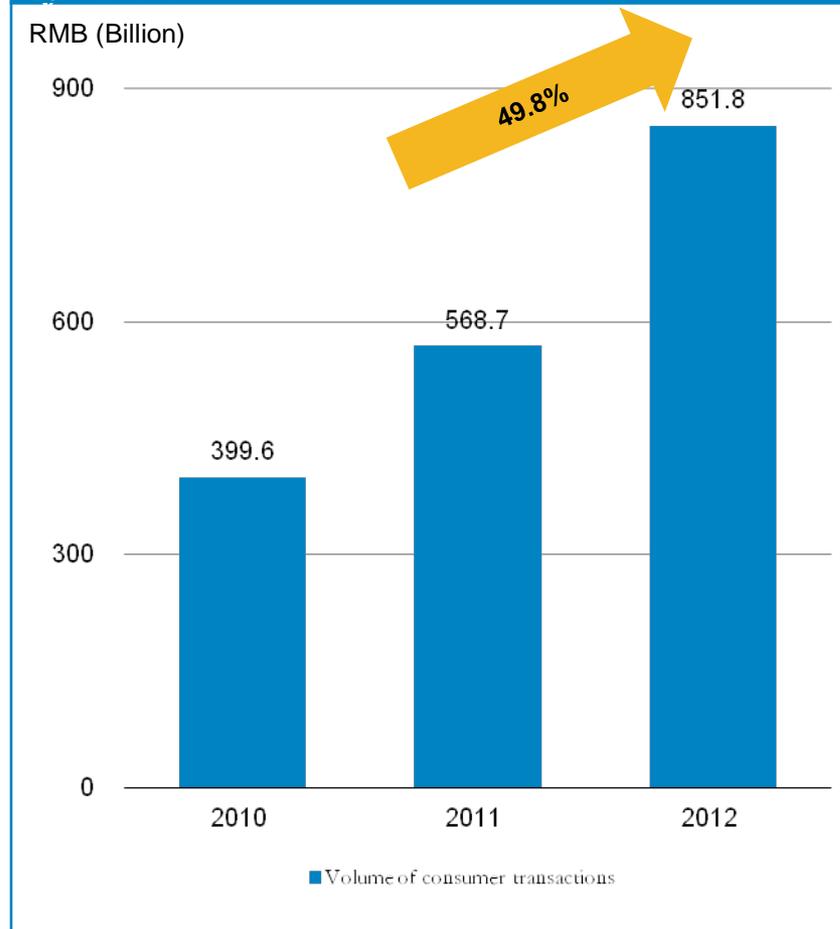


Credit card business maintained leading position over peers

Loans increased by 82.3%, volume of cards issued increased by 25%



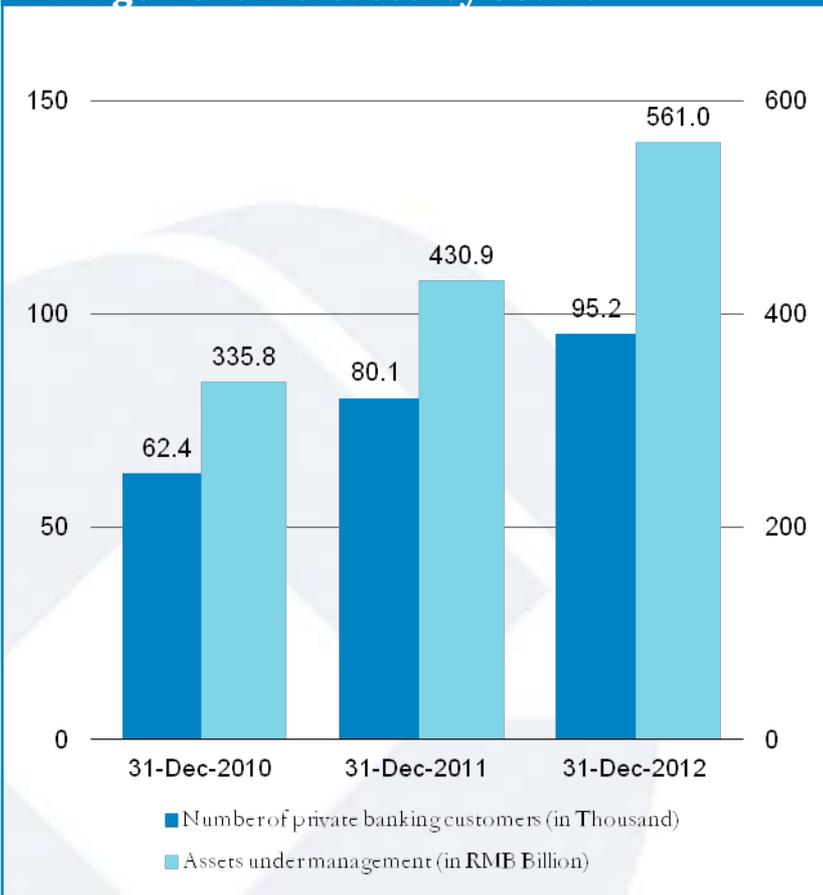
Volume of customer transactions increased by 49.8%



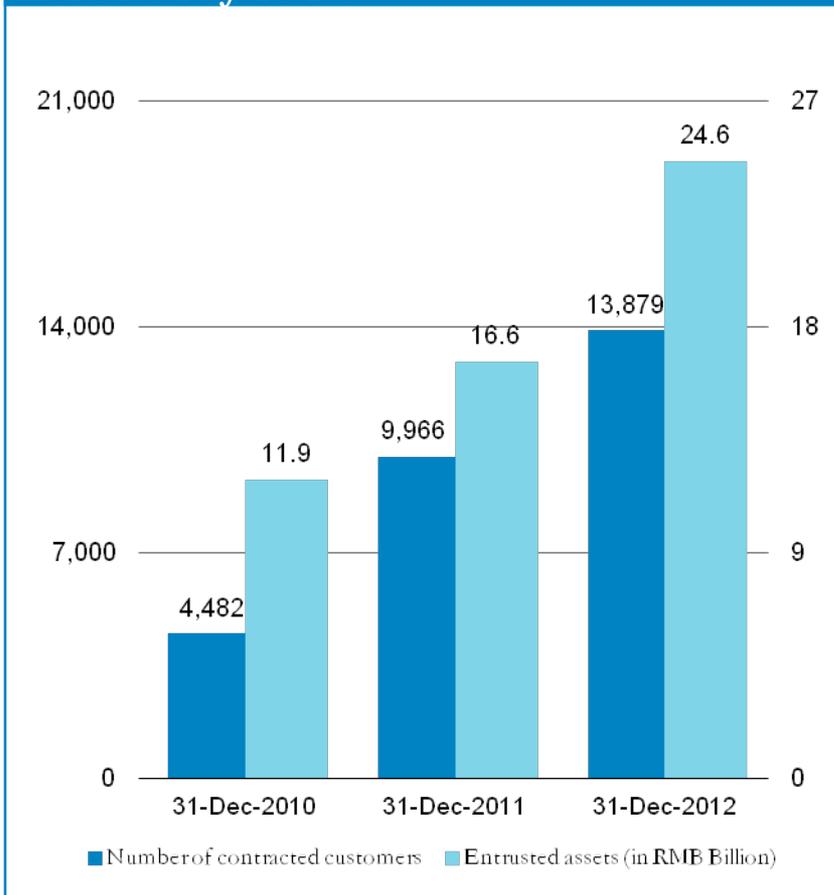


Private banking and pension business expanded efficiently

Number of private banking customers increased by 18.8%, assets under management increased by 30.2%



Number of pension business customers increased by 39.3%, entrusted assets increased by 48.1%



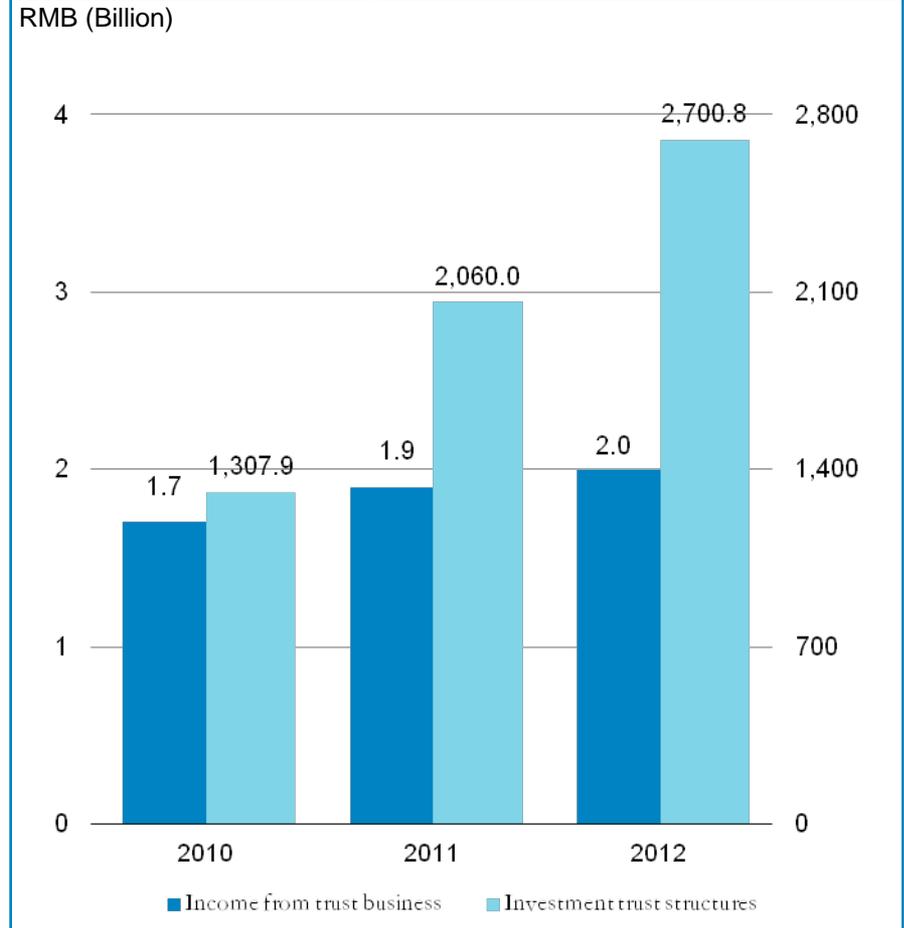


Strong developments of investment banks and investment trust businesses

Investment banking increased by 6.0%



Investment trust structures increased by 31.1%, income increased by 7.2%

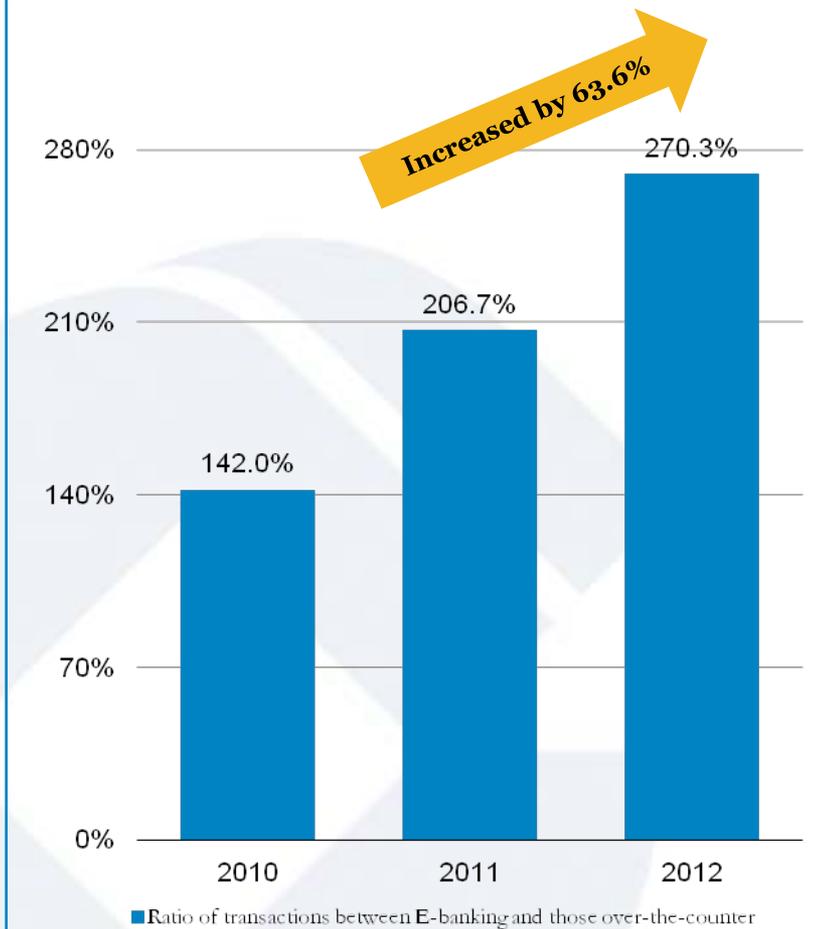


Note: Trust structures as at 31 December.



Leading the race in E-banking business

Ratio of transactions between E-banking and those over-the-counter was 270.3%



Leading the race in online finance

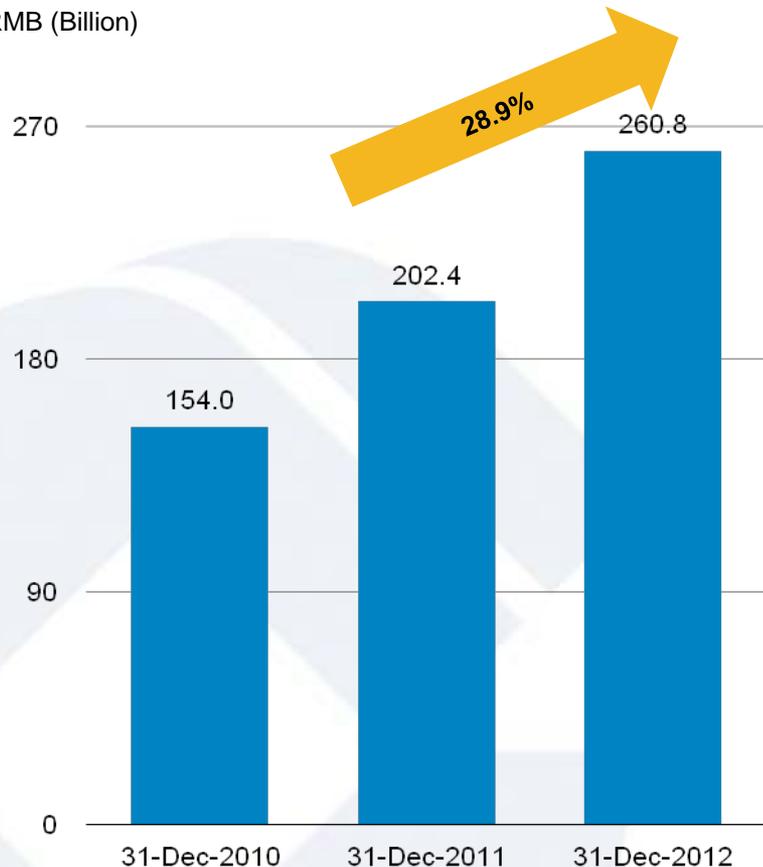
- ❖ Improve financial business and seek new positions in “e.ccb.com”
 - Including commerce and finance
 - More than 1 million members
 - Cumulative turnover for corporate malls of RMB 3.5 billion
 - Merchant financing approximately RMB 1 billion
- ❖ Innovation and promotion of product application
 - E-commerce, online bidding, online bill payment
 - E-payment for railway customers
- ❖ Main business indicators improved rapidly
 - Customers increased by 54.5%
 - Transaction amounts increased by 23.2%
 - Transaction volumes increased by 15.3%
- ❖ Self-assisted banking increased by 22.7%



Integrated financial services capabilities enhanced significantly

Subsidiary development is speeding up, with assets' increasing by 28.9%

RMB (Billion)



■ Total assets of subsidiaries

First in variety in operational licence, market competitiveness has increased significantly

- ◆ CCB Asia's net profit increased by 30.4%
- ◆ Jianxin Trust's net profit increased by 78.4%, moved up to #2 in the industry
- ◆ Increased equity in CCB Life, net profit increased by 50.4%, moved up 17 positions in the industry
- ◆ CCB Principal's net profit increased by 15.9%, moved up 4 positions in the industry
- ◆ Sino-German's net profit increased by 72.9%
- ◆ CCBI listed as "Best local investment bank in Hong Kong"
- ◆ CCBFLCL became a wholly-owned subsidiary, break-through in aircraft leasing, net profit increased by 67.9%
- ◆ 26 rural banks, profits increased by 4.4 times



Solid overseas development strategy

Assets of foreign entities increased significantly



Accelerate spread of foreign entities and business development

Accelerate spread of foreign entities

- Opening of Melbourne branch
- Approval of establishment of Moscow and Dubai subsidiaries
- Tokyo branch successfully launched retail business
- Applied to set up operations in Toronto, Taipei, San Francisco and Luxembourg

• Total of 14 foreign entities, covering 13 countries and regions

• First Chinese Bank to fund offshore RMB bonds in London

• Mainland China, Hong Kong, Macau and Taiwan cross-border settlements exceeded RMB 1 Trillion, an increase of 85.7%

• International settlement volume exceeded RMB 1 Trillion, an increase of 23.3%

• Trade financing exceeded RMB 1 Trillion, with an increase of 23.7% in balances



Financial performance

Business developments

Risk management

Outlook



Quality of real estate loans continue to improve

Strict control in growth of real estate loans, asset quality continue to improve



Note: 2011 and 2012 do not include figures from subsidiaries and overseas branches.

Effective control over risk of real estate loans

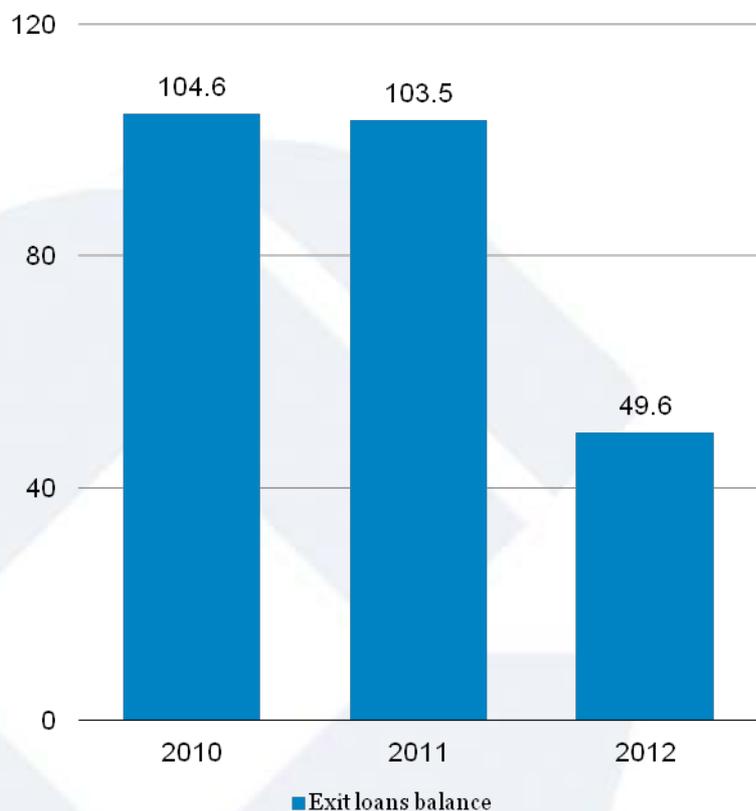
- ◆ Strict customer acceptance policy
- ◆ Management of customer lists
- ◆ Management of account closure
- ◆ Strict implementation of collateral requirement
- ◆ Strengthen market analysis
- ◆ Strong support for SME developments with geographical advantage, acceptable price strategy and cost advantage
- ◆ Invest in stable developing markets and low housing-cost-to-income ratio developments in large and medium cities
- ◆ Regular stress tests



Voluntary exit from high risk areas

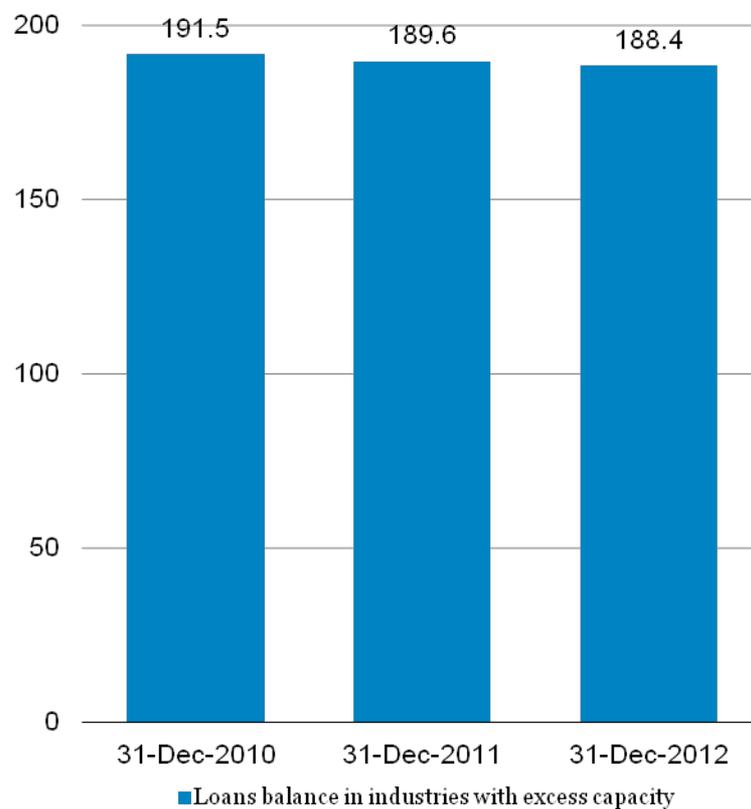
Continue to exit from high risk areas

RMB (Billion)



Loans balance in industries with excessive capacity continue to decline

RMB (Billion)



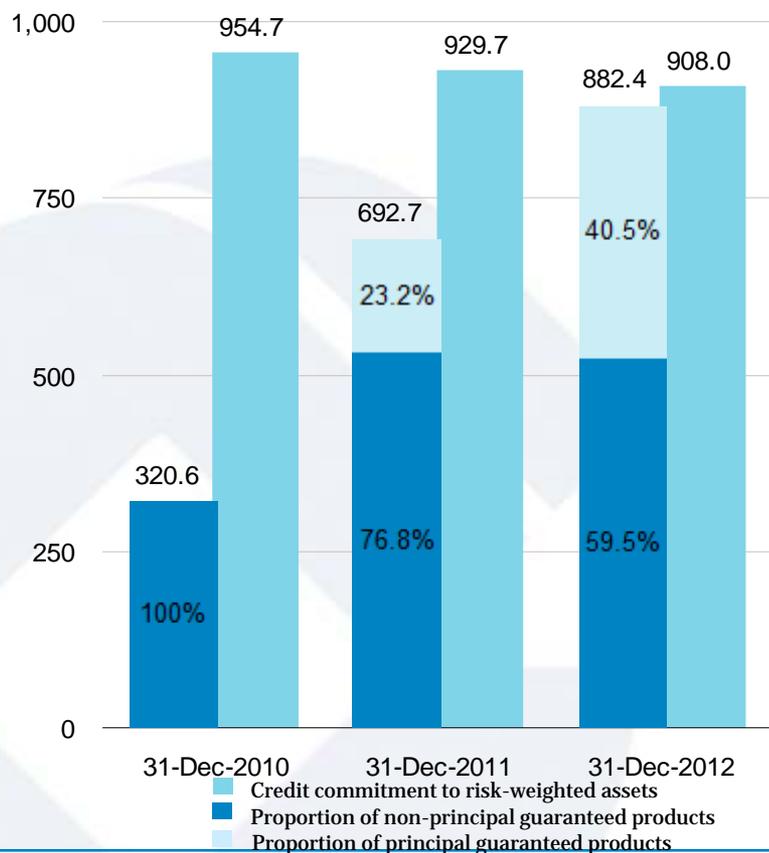
Note: Industries with excess capacity include steel, cement, coal, flat screen, wind energy equipment, polycrystalline silicon and ship building.



Control of risks over wealth management and off-balance sheet items

Proportion of principal guaranteed wealth management products increased significantly, effective control over increase in off-balance sheet business

RMB (Billion)



Strengthen management of wealth management and off-balance sheet businesses

- ⦿ Risk management for wealth management business
 - Re-examining and optimizing risk management policy
 - Incorporate unified credit management
 - Comprehensive risk review
 - Strict control over industry for investment
 - Strict customer acceptance
 - Provision for impairment loss
 - Proportion of base assets for low risk wealth management products increased by 31.2bp
- ⦿ Risk management for off-balance sheet businesses
 - Good customer quality
 - Continuous tracking and monitoring
 - Clear inefficient and ineffective assets
 - Provision for impairment loss
 - Off-balance sheet credit commitment to risk-weighted assets declined by 2.4%

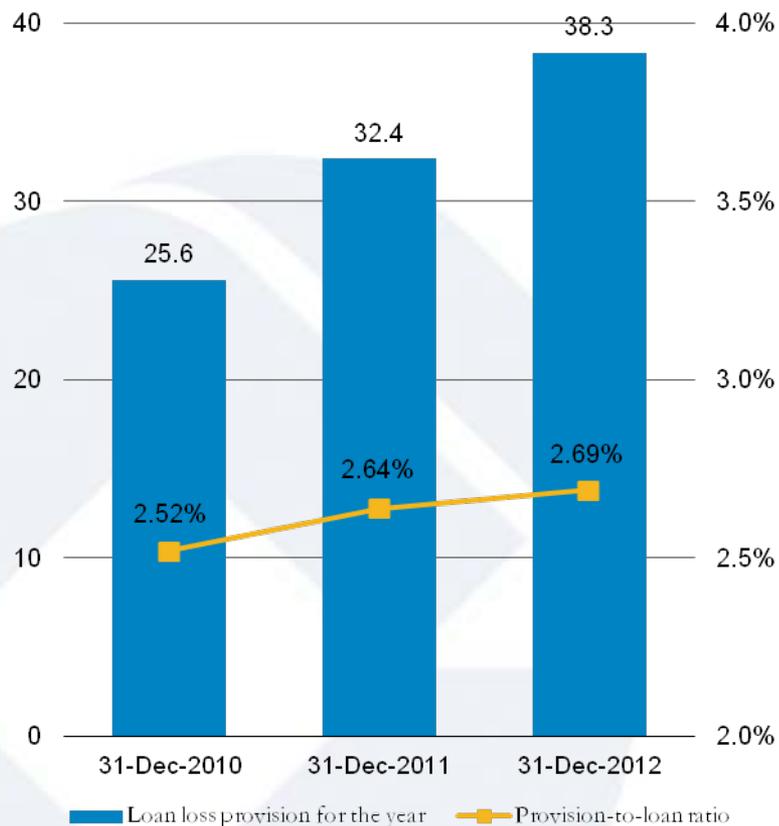
Note: Low risk base assets include bonds and money market assets.



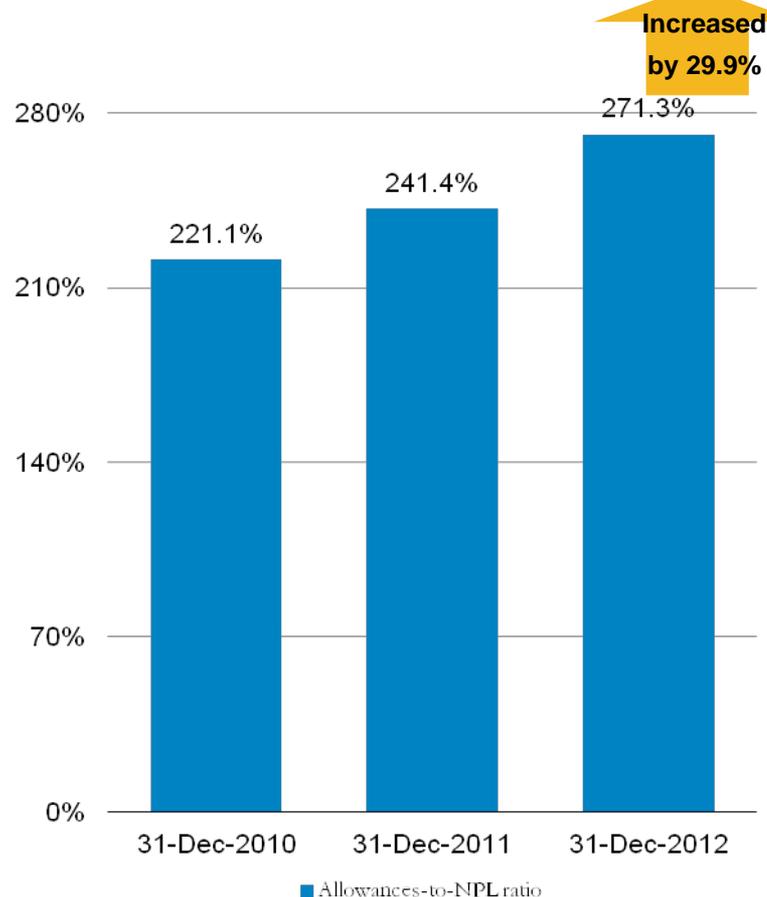
Adequate loan loss provision

Adequate loan loss provision

RMB (Billion)



Allowances-to-NPL ratio increased to 271.3%

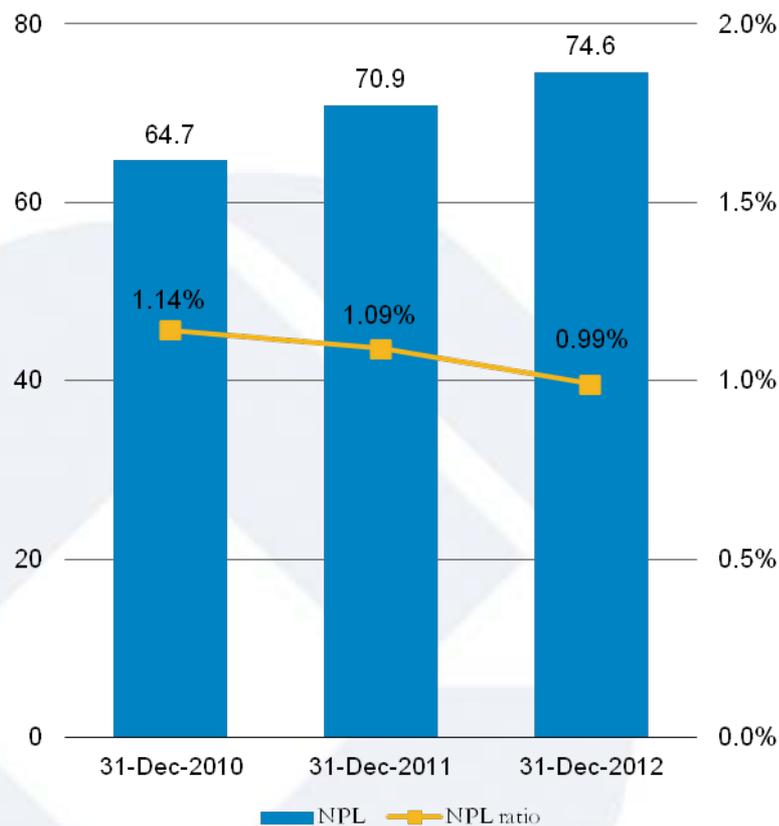




Asset quality continues to improve

NPL ratio continues to decline

RMB (Billion)



Strengthen risk management

- Updated risk appetite
- Holistic risk management
- Responsibility of risk management lies with all staff
- Adjustment to credit structure
- Overseas, off-balance sheet and country specific risk management
- Business continuity management
- Risk identification, measurement and monitoring techniques
- Risk inspection, early warning and stress testing



Promoting capital intensive management

Steady increase in the capital adequacy ratio



Positive relationship between capital, risk and business

- ◆ Promote implementation of advanced capital management
 - Complete preparation work evaluation and acceptance
 - Promote use of related results
 - Apply to be the first bank to implement advanced capital management
- ◆ Deepen business transformation and structural adjustments
- ◆ Reasonably adjust and control off-balance sheet business development
- ◆ Strengthen capital planning
- ◆ Effectively replenish capital
 - New capital tools
 - RMB 40 billion subordinated bonds
 - Reasonable dividend distribution ratio



Public recognition



- #77 on Fortune Global 500, rising 31 positions
- #2 on 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, #1 in China
- Top 10 in Global Retail Banking
- #1 Asia-Pacific Bank Brand



- #13 on Global 2000 Leading Companies, rising 4 positions



- Best Bank in China 2012
- Best infrastructure lending bank – 2012 Star



- #24 on BrandZ Global Top 100 Brands



- Asia's Best Corporate Governance Award
- Asia's Best Executive Director Award
- Best Investor Relations Company
- Best Investor Relations Website



- Most influential in charity projects



- Most socially responsible entity award



- Outstanding contribution to poverty alleviation



- China Woman Charity Award – Model Award



- The People's Social Responsibility Award



Financial performance

Business developments

Risk management

Outlook



Outlook – Opportunities and Challenges

Challenges

- ❖ Slow growth in the global economy
- ❖ Challenging and complicated domestic economic environment
- ❖ More stringent regulatory requirements
- ❖ Increasing competition
- ❖ Interest rate liberalisation intensifies

Opportunities

- ❖ China's development is still in an important period with strategic opportunities
- ❖ Steady growth in the domestic economy
- ❖ Pro-active fiscal policy and prudent monetary policy
- ❖ Increased industrialisation, informatisation, urbanisation and agricultural modernisation



Outlook – Corresponding Measures

Further promote “comprehensive, multi-functional and intensive” strategy, maintain innovation, deepen the transformation and strive to achieve the new developments

- ❖ Implement development strategy to speed up the pace of development
- ❖ Deepen business transformation, take initiative to adjust the structure
- ❖ Strengthen internal risk controls to ensure smooth operations
- ❖ Strengthen innovation and enhance competitiveness
- ❖ Develop a solid operating foundation to achieve healthy development



Q & A



Thank You