

2016 Annual Results Announcement

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Beijing / Hong Kong



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Financial Performance

Transformation and Development

Risk Management

Social Responsibility

Outlook



Key Financials

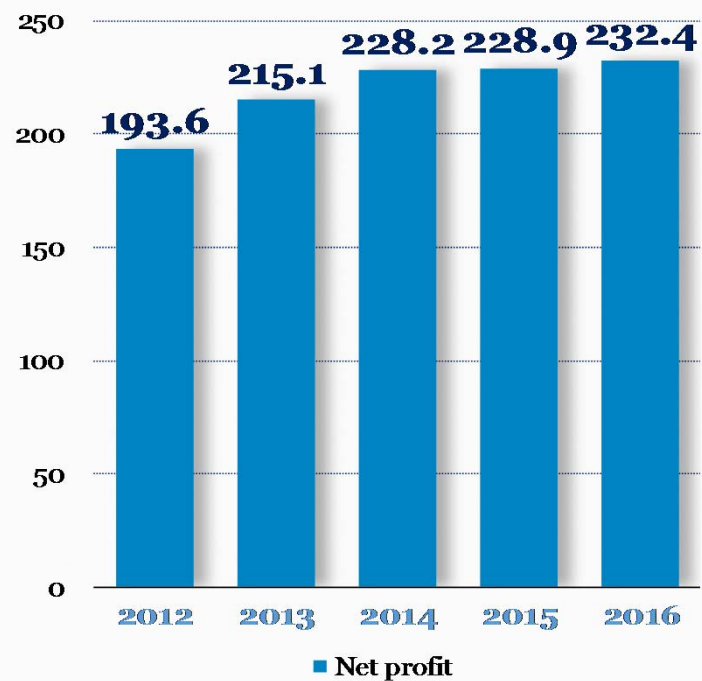
RMB (billion)	31 December 2016	December 31 2015		Y-o-Y Change
Total assets	20,963.7	18,349.5	↑	14.3%
Gross loans and advances to customers	11,757.0	10,485.1	↑	12.1%
Total liabilities	19,374.1	16,904.4	↑	14.6%
Deposits from customers	15,402.9	13,668.5	↑	12.7%
Common Equity Tier 1 ratio	12.98%	13.13%	↓	0.15pps
	January - December 2016	January – December 2015		Y-o-Y Change
Operating income*	583.6	586.7	↓	0.5%
Net fee and commission income	118.5	113.5	↑	4.4%
Net profit	232.4	228.9	↑	1.5%
Earnings per share (RMB Yuan)	0.92	0.91	↑	1.1%
Non-performing loan ratio	1.52%	1.58%	↓	0.06pps

*Note: The 2016 operating income was calculated as before the implementation of “BT-to-VAT”.

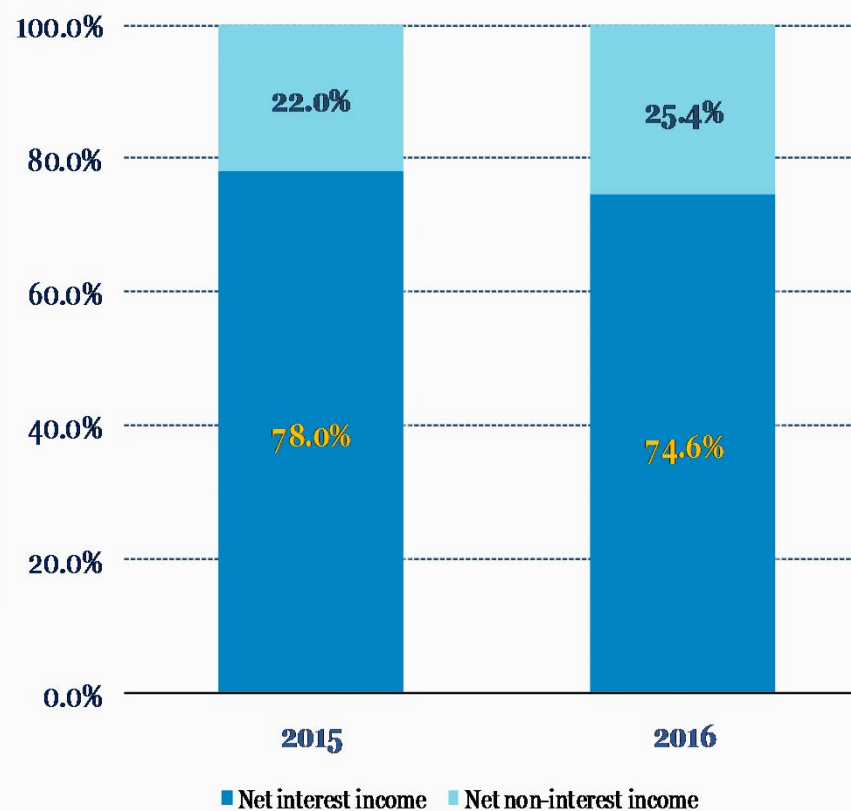
Stable profitability

Net profit up by 1.5% YoY

RMB (billion)



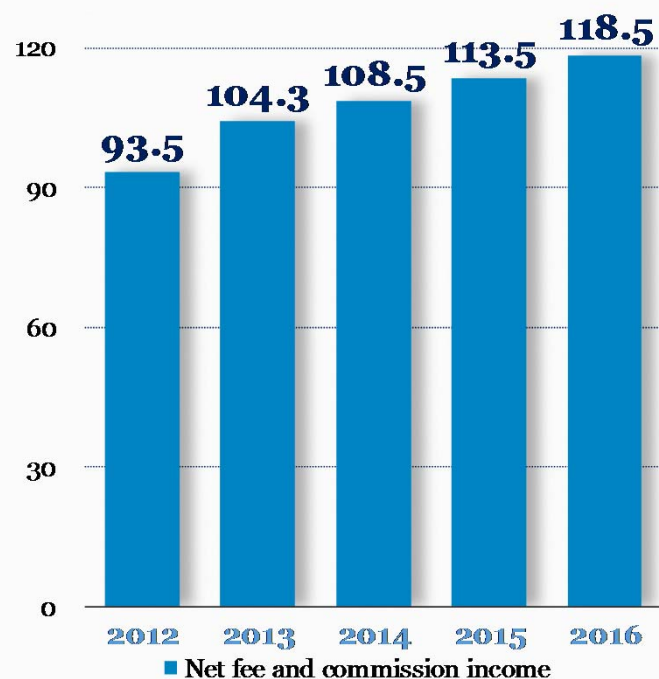
Increasing proportion of non-interest income



Stable growth in net fee and commission income

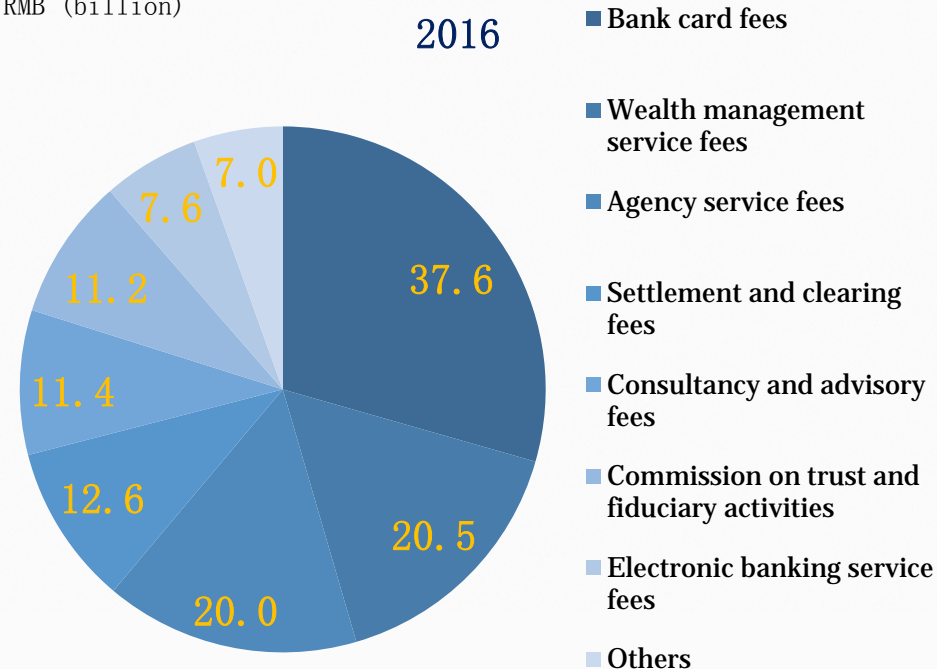
Net fee and commission income up by 4.4% YoY

RMB (billion)



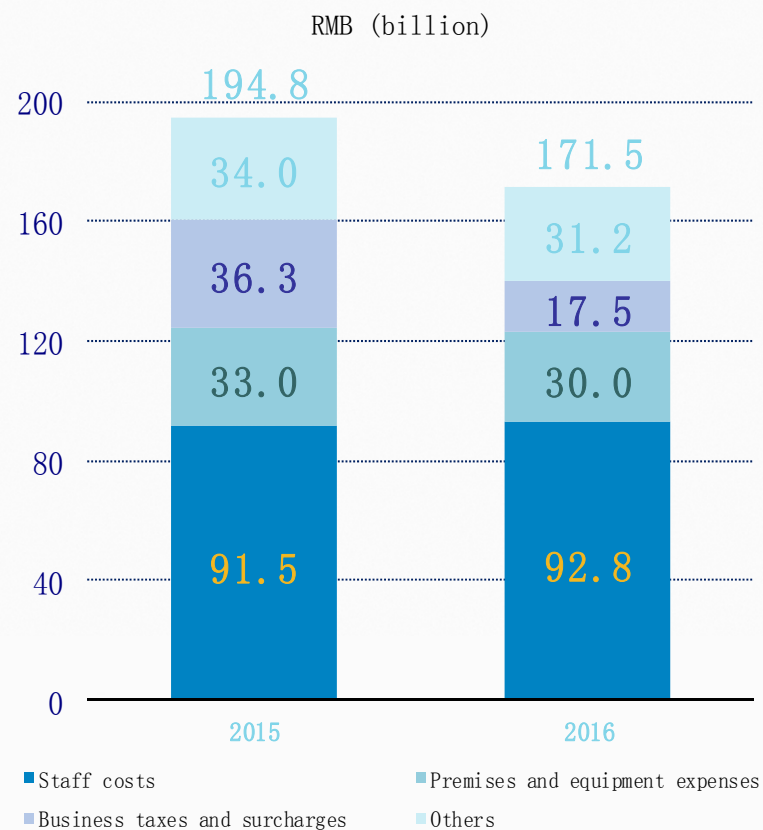
Structural optimization in fee and commission income

RMB (billion)

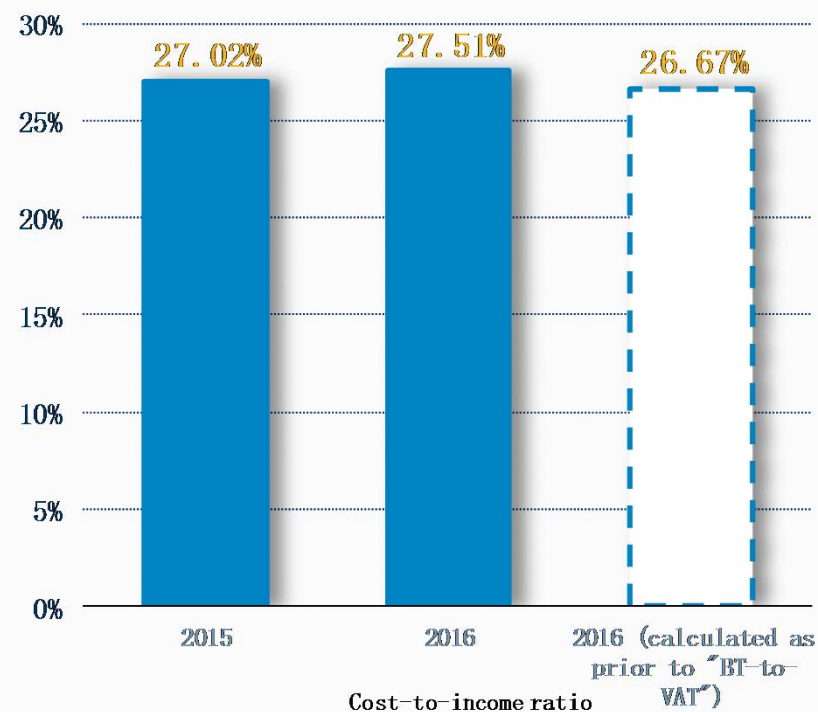


Effective cost control

Operating expenses continued to decline



Cost-to-income ratio calculated as before
“BT-to-VAT” decreased YoY

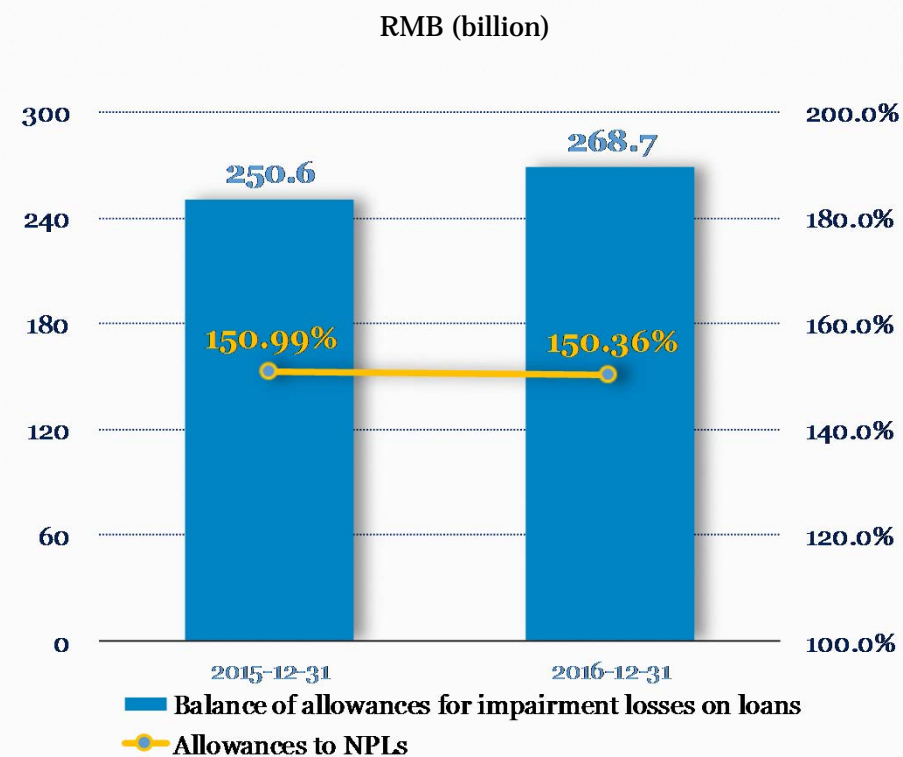


Provisions at a sufficient level

Sufficient provisions for impairment

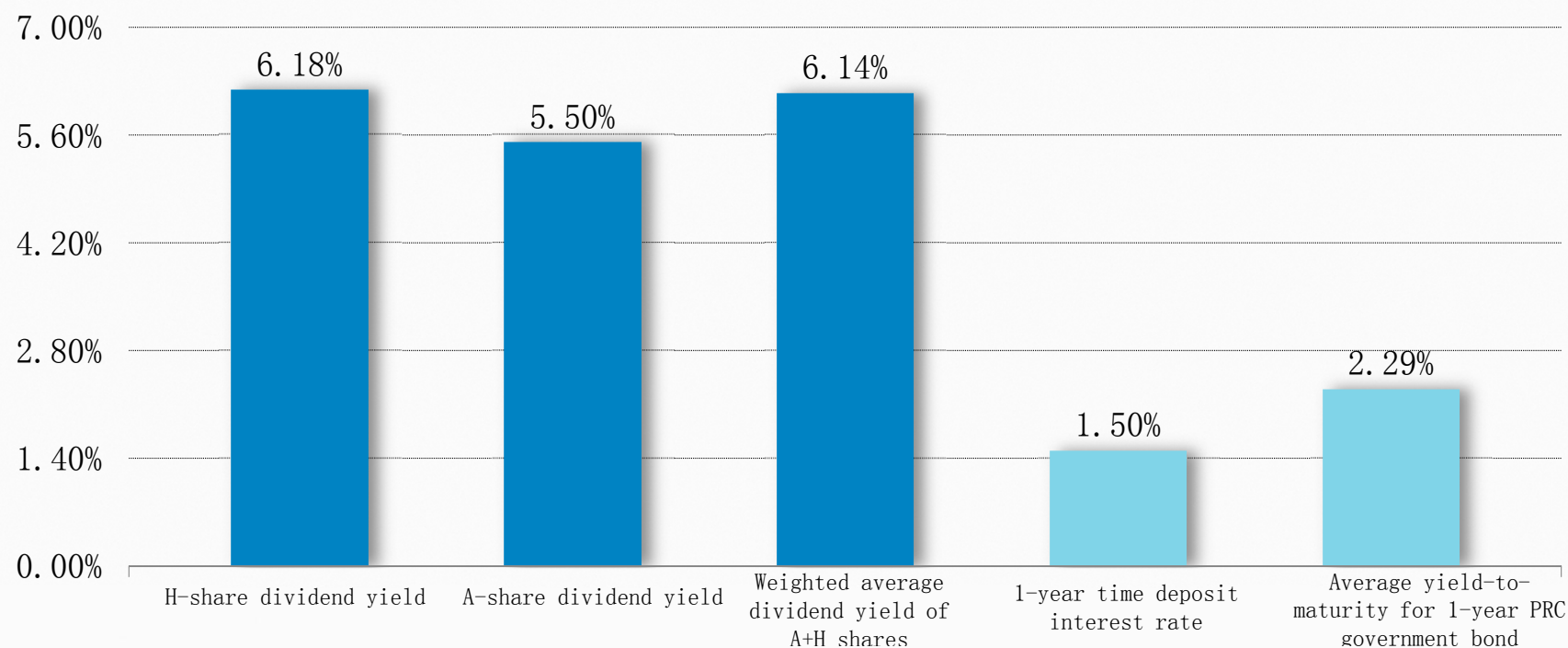


Allowances to NPLs complied with regulatory requirements



Sustained high returns to shareholders

Dividend yield far above one-year time deposit interest rate and PRC government bond yields



Notes : 1. The Board of the Bank proposed a 2016 final ordinary share dividend of RMB0.278 per share (including tax).

2. Dividend yield of H-share and A-share were calculated by dividing the dividend per ordinary share of the Bank at the end of 2016 by the Bank's average H-share and A-share prices in 2016.

3. Weighted average dividend yield of A + H shares was calculated by dividing the total dividend of ordinary shares of the Bank at the end of 2016 by the annual average market value in 2016.

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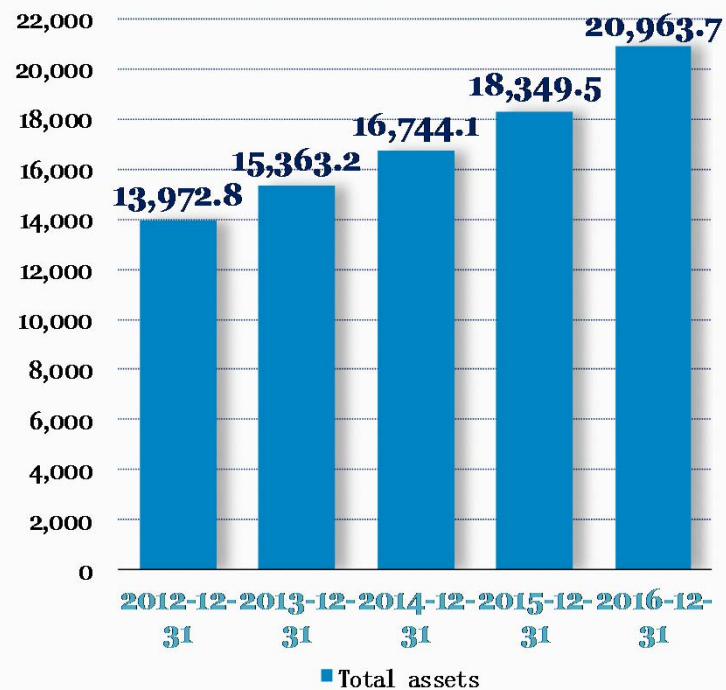
Reaping more benefits from transformation

Key transformation businesses	Growth%/% YoY
New personal loans and advances	25.1%
Balance of wealth management products (WMP)	31.2%
Financial institutional assets	45.1%
Net profit of integrated operation subsidiaries	35.8%
Financial IC debit cards	36.8%
Corporate settlement cards	33.9%
Spending amount through credit cards	8.2%
WeChat banking users	64.7%
Transaction volume through E.ccb.com	120.4%
AUM of private banking customers	26.2%
Residential entrusted loans	21.7%
Transaction volume of agency insurance service	154.1%

Steady growth in assets

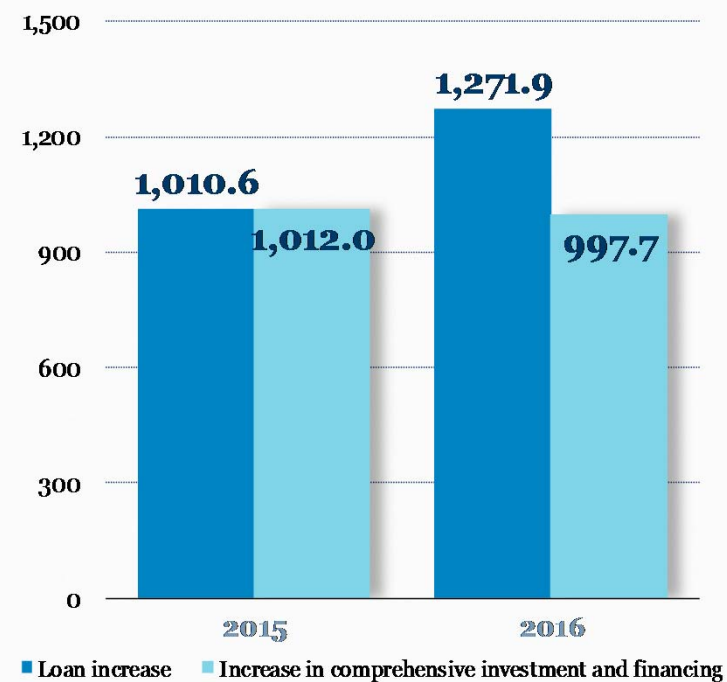
Total assets up by 14.3%

RMB (billion)



Synergistic development of credit and comprehensive investment and financing business

RMB (billion)

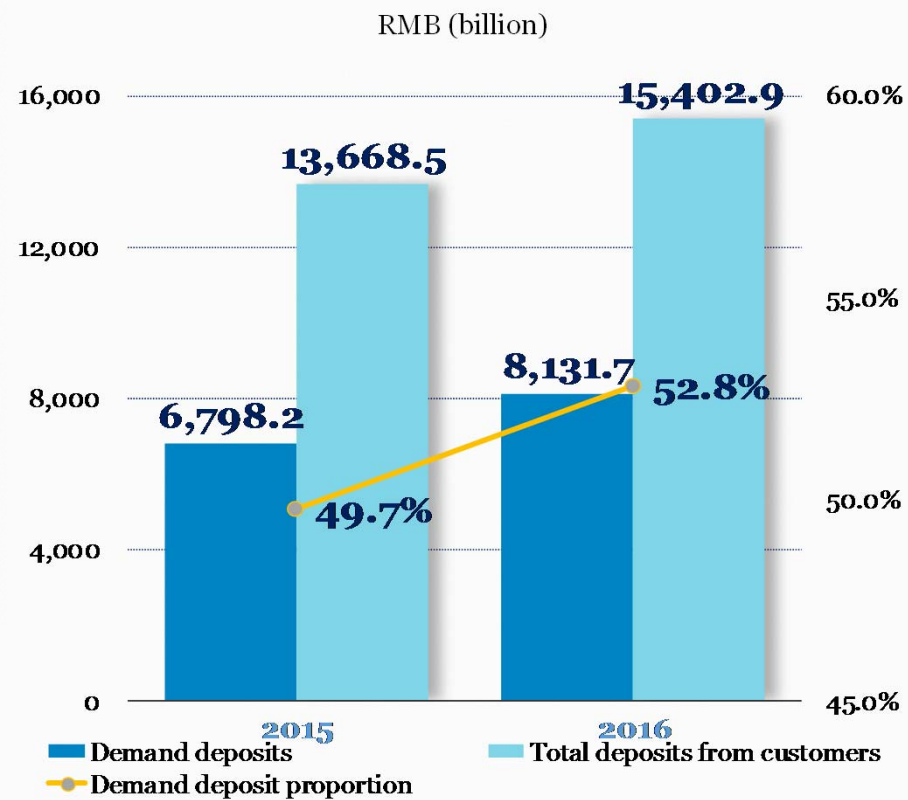


Improvement in liabilities

Total liabilities up by 14.6%

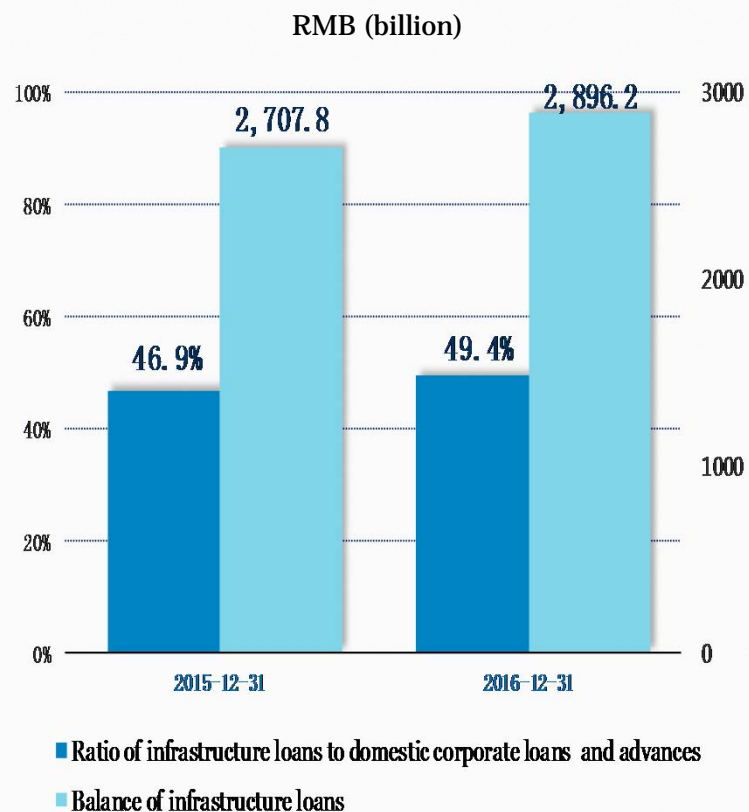


Steady growth in proportion of demand deposits

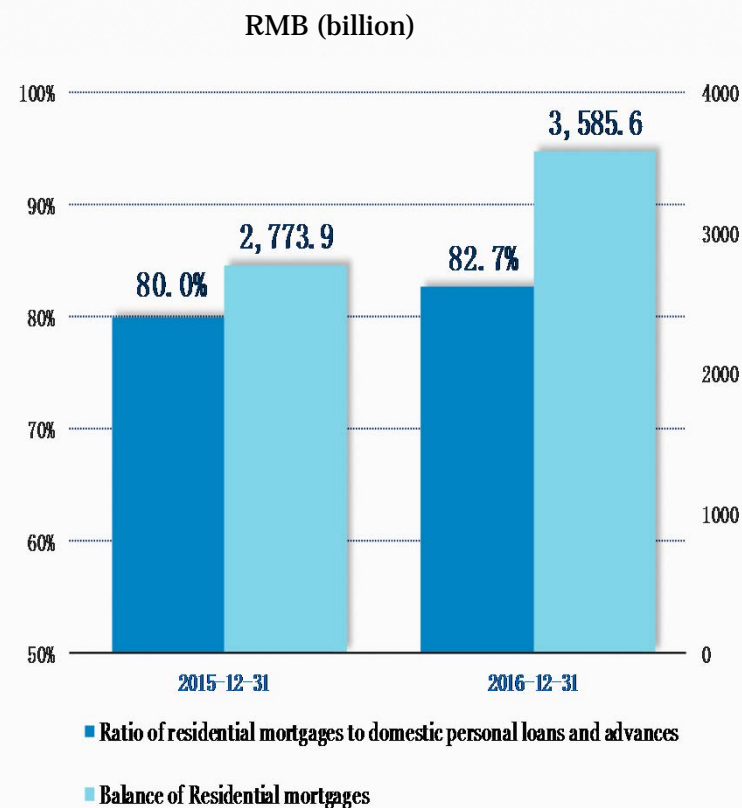


Continued to strengthen traditional business advantages

Continuous growth in infrastructure loans

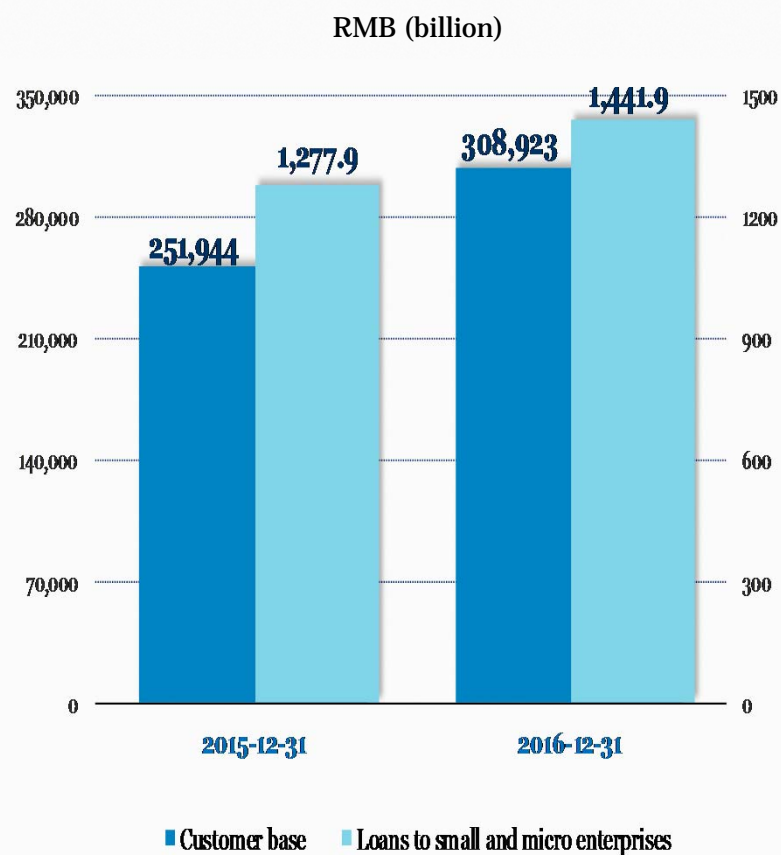


No.1 among peers in balance and increase of residential mortgages



Greatly enhanced servicing capabilities for small and micro enterprises

Significant growth in business of small and micro enterprises



Reinforced risk management in business of small and micro enterprises

Lending criteria for customers

Big data implementation

Risk compensating fund

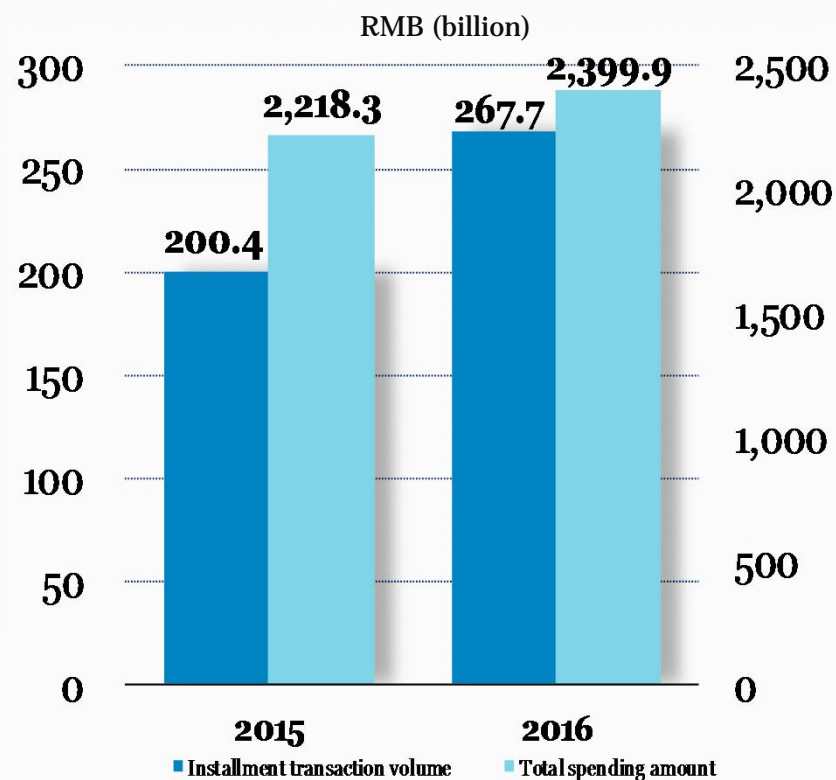
Post-loan management

Risk early-warning and monitoring

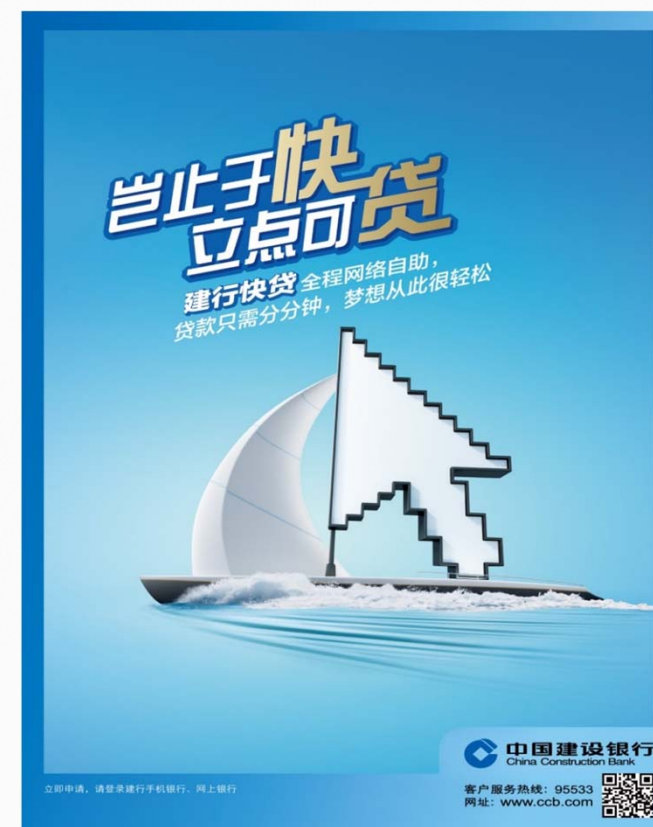
Revitalisation and disposal of non-performing loans

Rapid development of consumer finance

Credit card business continued to achieve rapid development

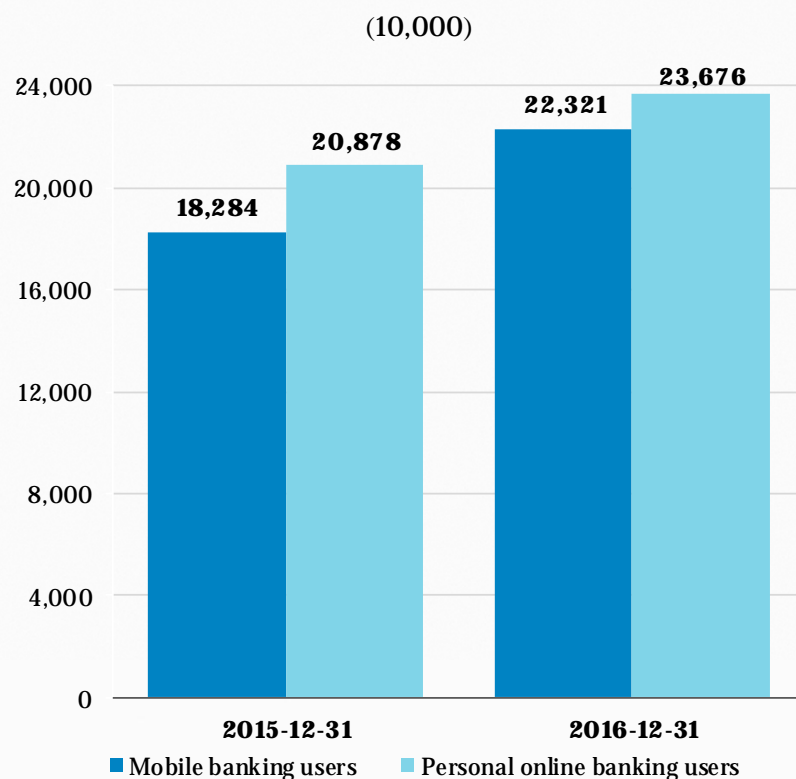


Rapid Personal Loan Online---whole-process online offering

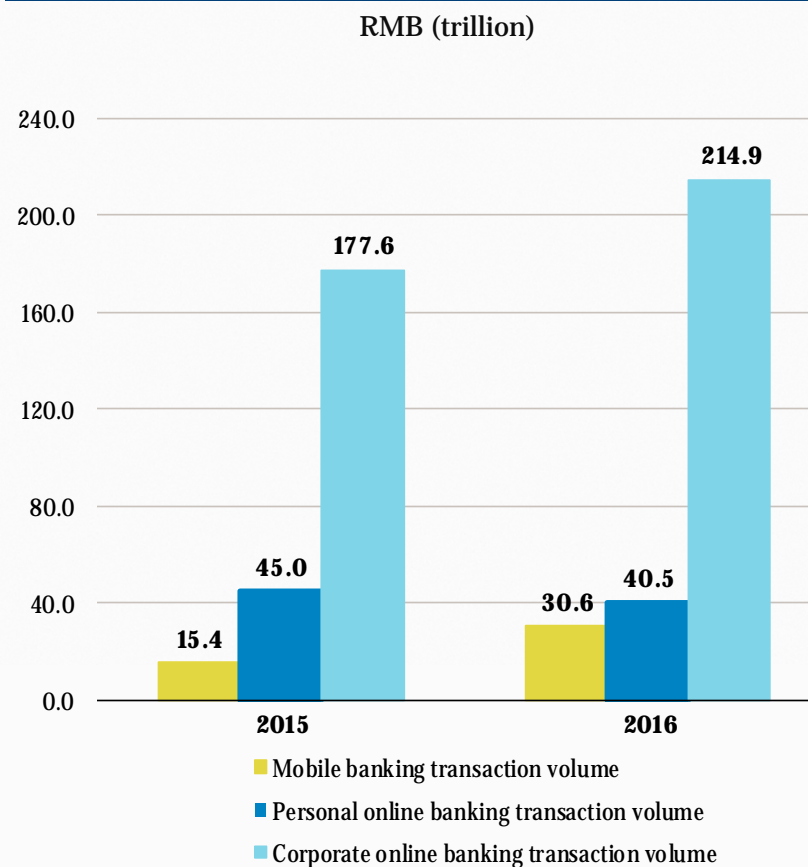


Breakthrough development in e-finance

Over 200 million users recorded in personal online banking and mobile banking each

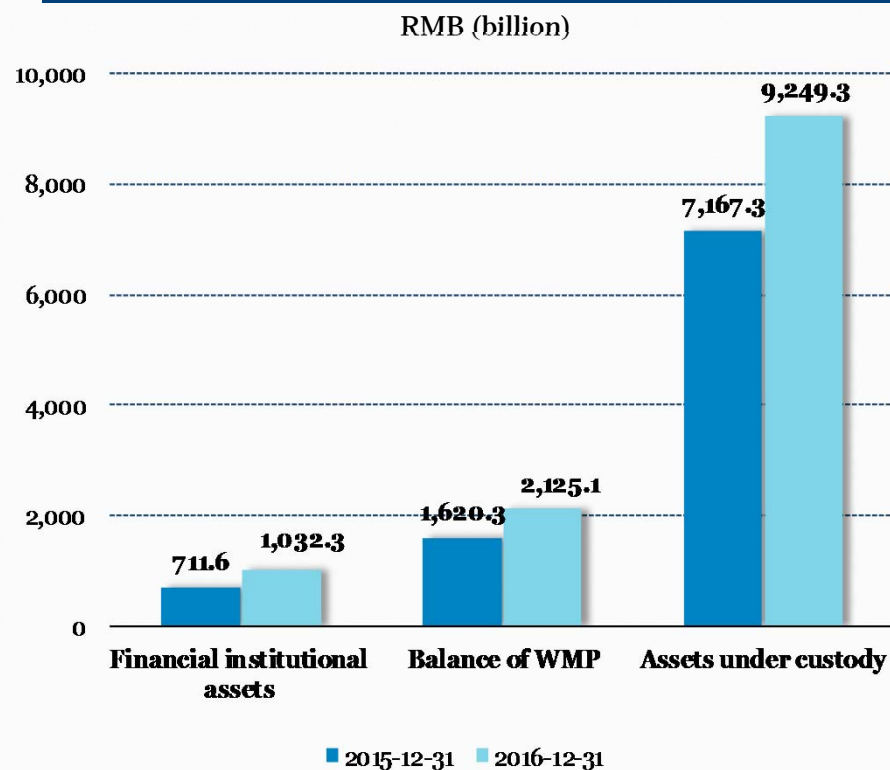


E-finance business realized rapid growth

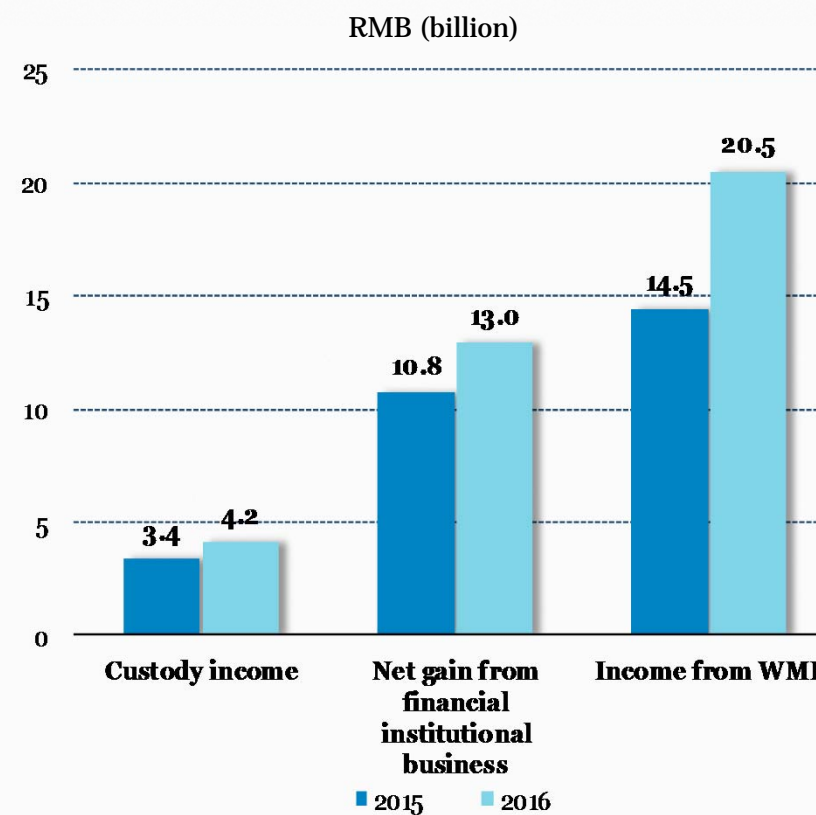


Continuous improvements in consolidated asset management

Balance of custody, wealth management and financial institutional businesses continued to expand

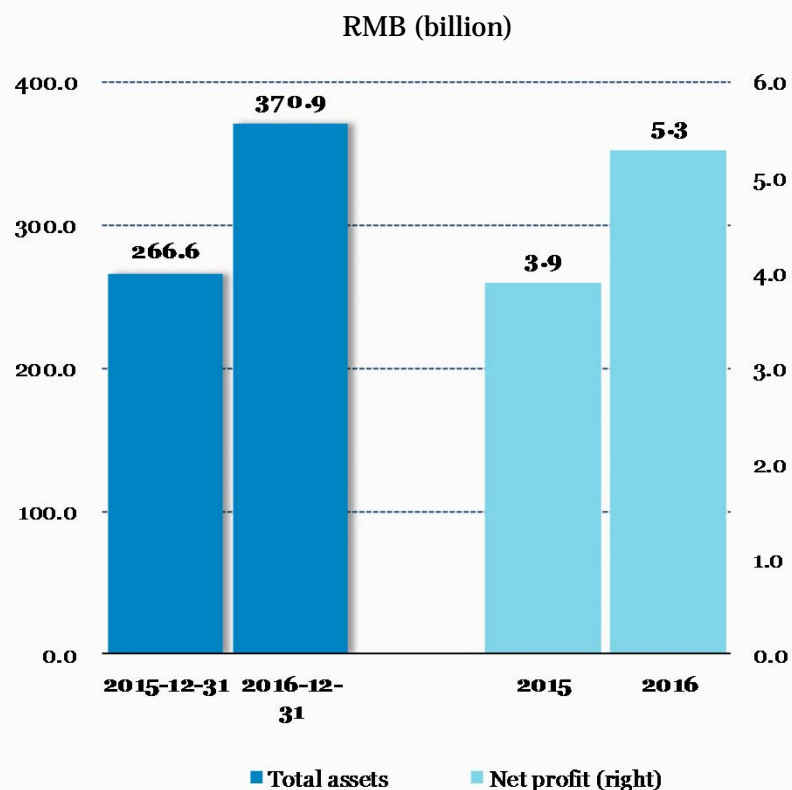


Income from custody, wealth management and financial institutional businesses continued to grow

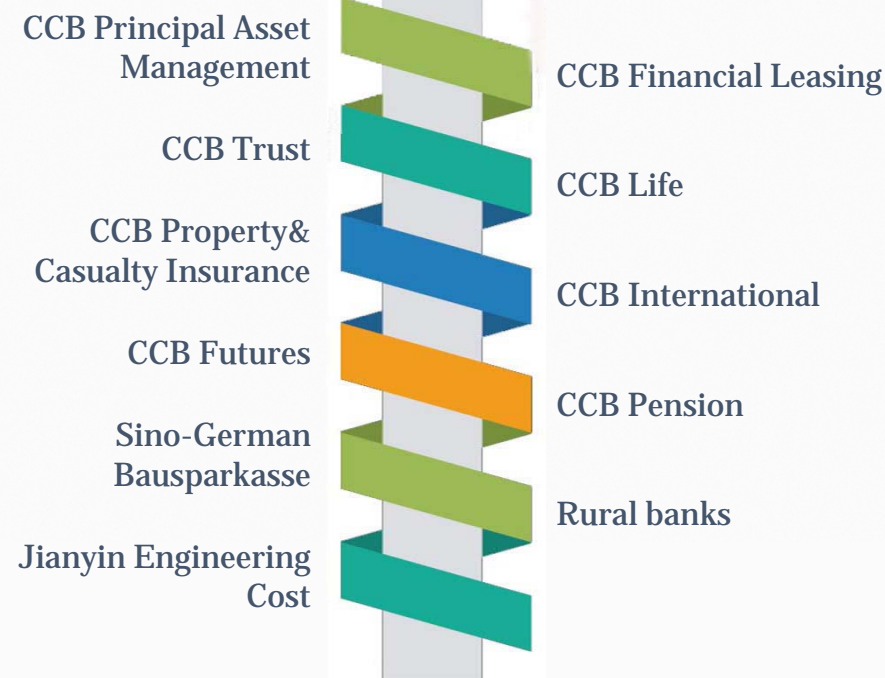


Significantly enhanced capability in integrated operation

Rapid growth in assets and net profit of integrated operation subsidiaries



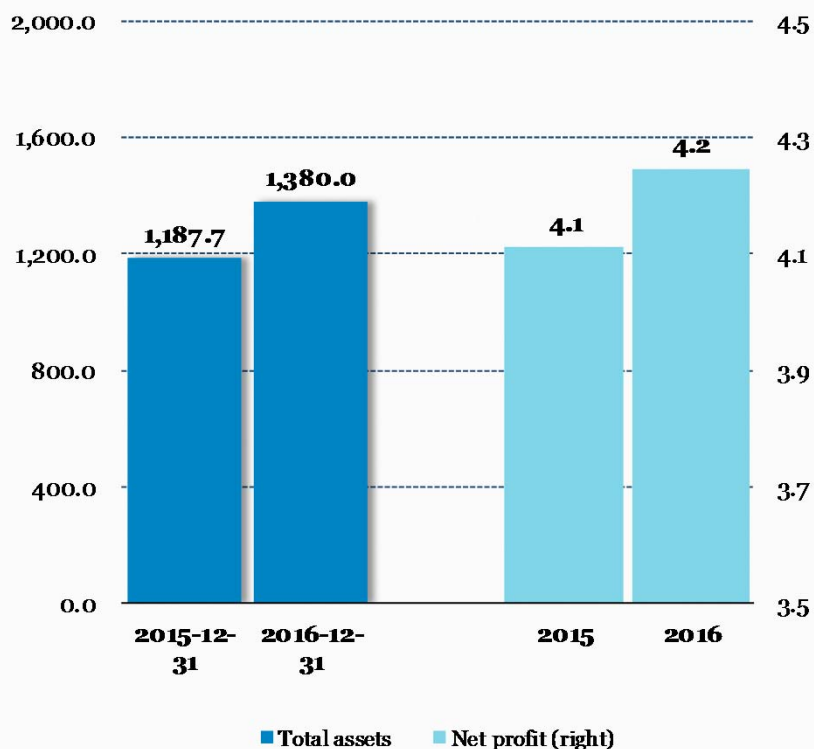
Leading position among peers in integrated operation



Steady development of international and overseas business

Stable growth in total assets of overseas commercial banking business

RMB (billion)



Improved capabilities in providing global financial services

Zurich Branch and Chile Branch were launched

Licenses of Malaysia Subsidiary and Warsaw Branch were approved

Total RMB settlements in London Branch exceeded 12 trillion yuan

Income from international settlement ranked first in the market

Supported the “going-out” of companies

Accelerated in promoting multifunctional service and intensive development

Gradually improving multifunctional service



Payment settlement eco-system



County-level financial inclusion service platform



Comprehensive financial service plans



Customized solutions



Product service system



Integrated marketing services

Orderly progress in adjustments for intensive development



Respective centers of asset management, financial institutional and financial markets businesses



Customer service and back-office processing centers



Integrated outlets



Integrated teller system



Integrated marketing teams



Capital intensiveness

Effective innovative banking and smart banking building

Highlights in the building of an innovative bank



Long Pay



Rapid Personal Loan Online



Cross-border e+



Smart Customer Service



Global Cash Management

Achievements of building a smart bank



New Generation Core Banking System



Big data platform



Smart teller machines



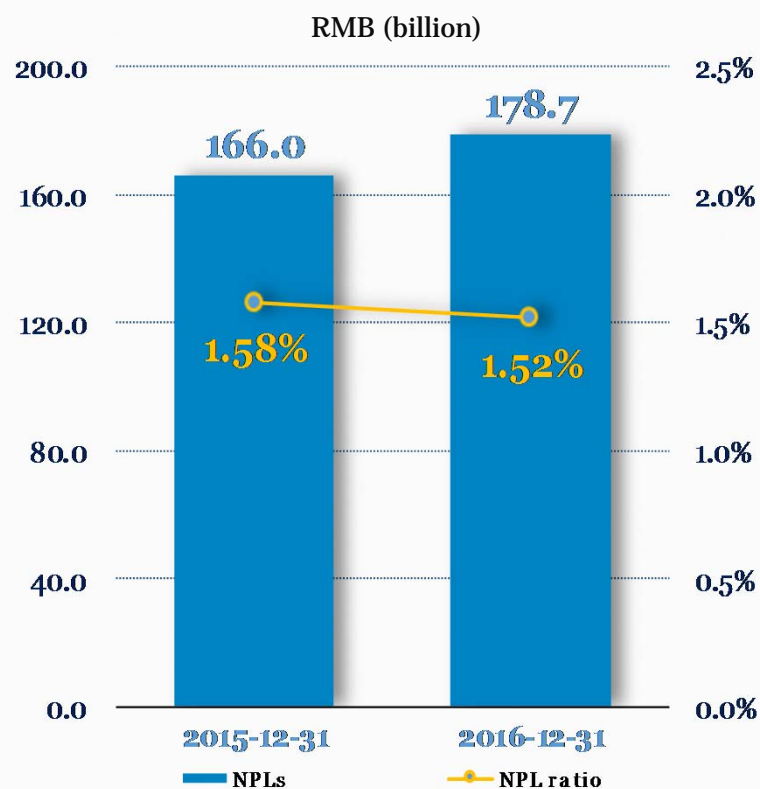
Smart scenario application

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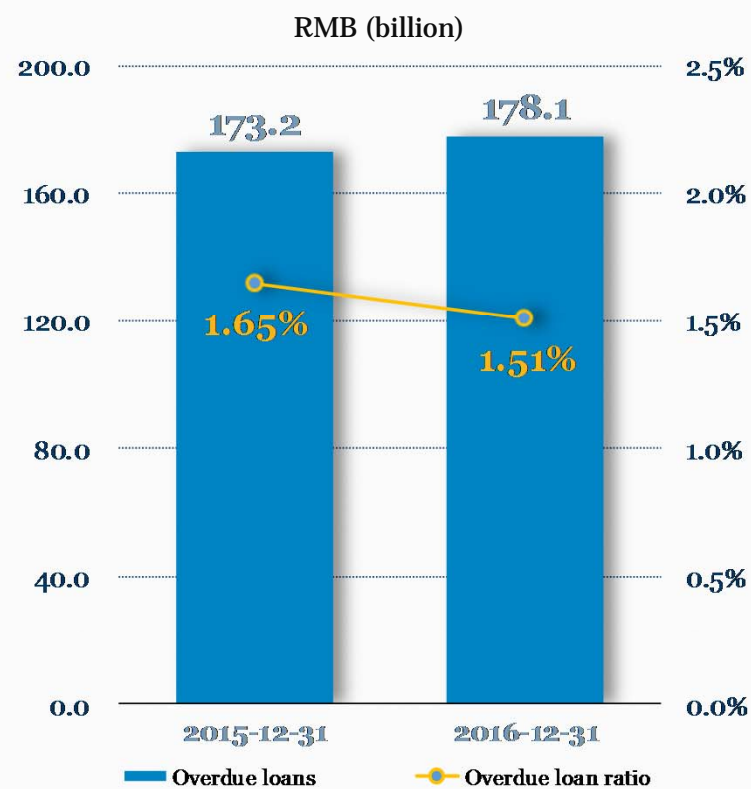


Stabilised asset quality

Reduced NPL ratio (YoY)

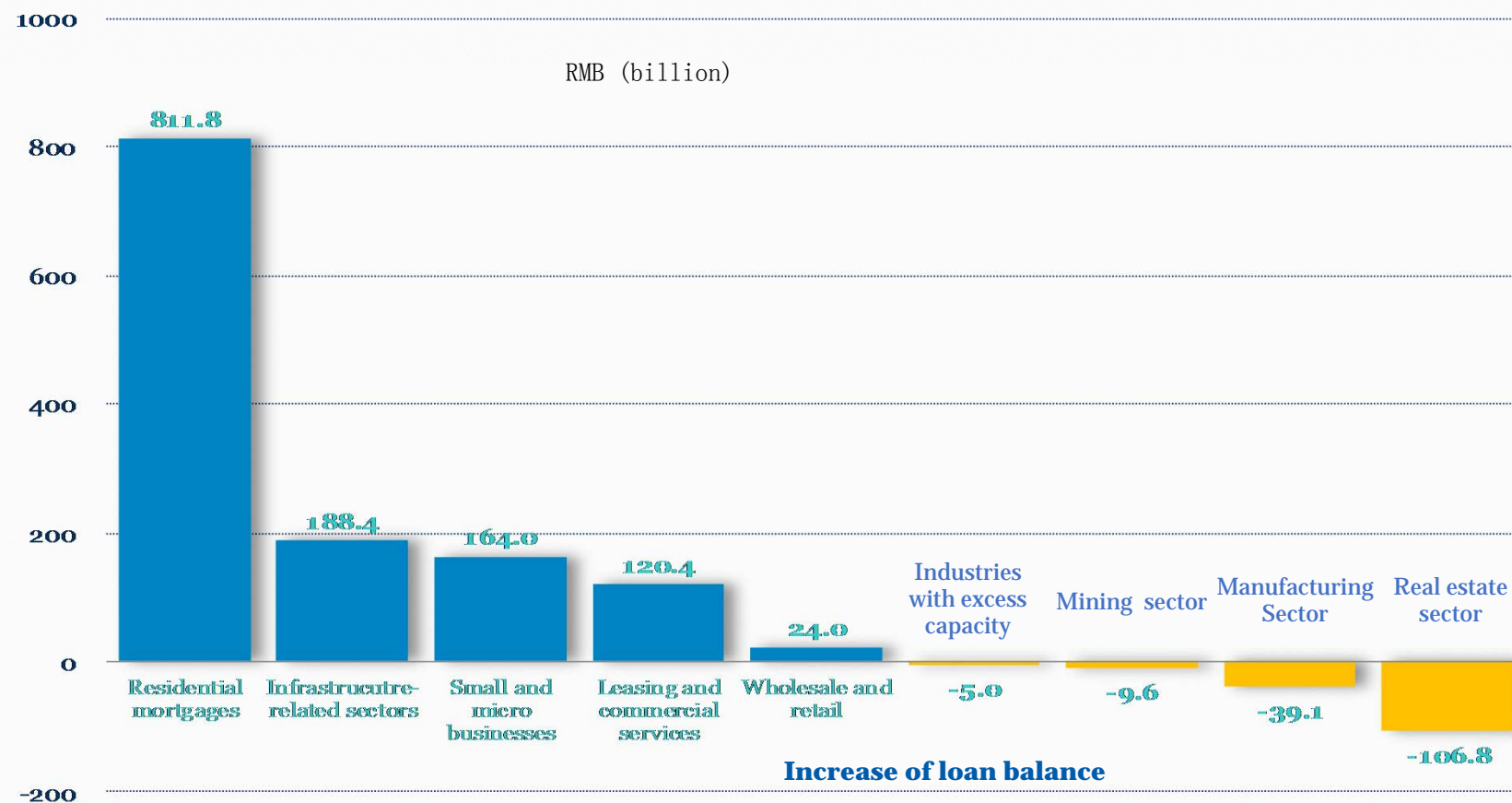


Reduced ratio in overdue loans (YoY)



Continuous optimization of credit structure

Continued to adjust credit structure

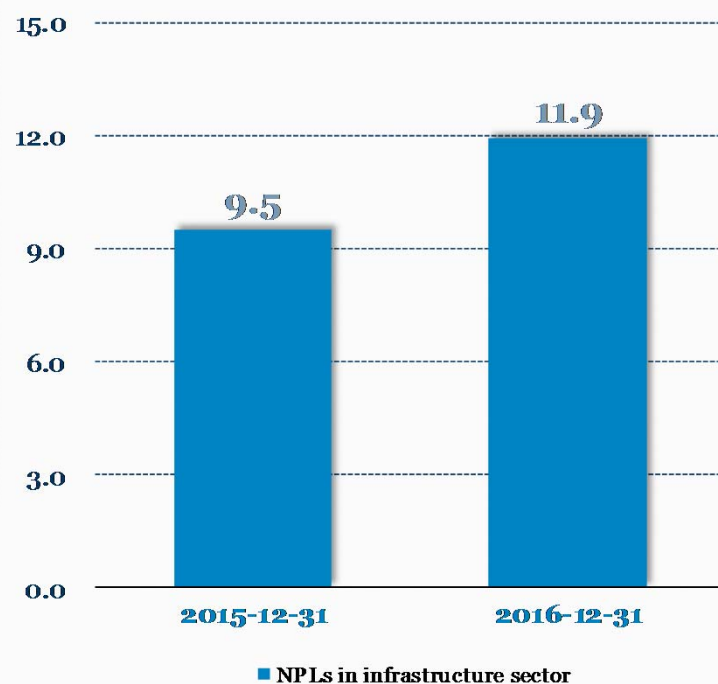


Note: Industries with excess capacity include steel, cement, electrolytic aluminum, plate glass and shipping.

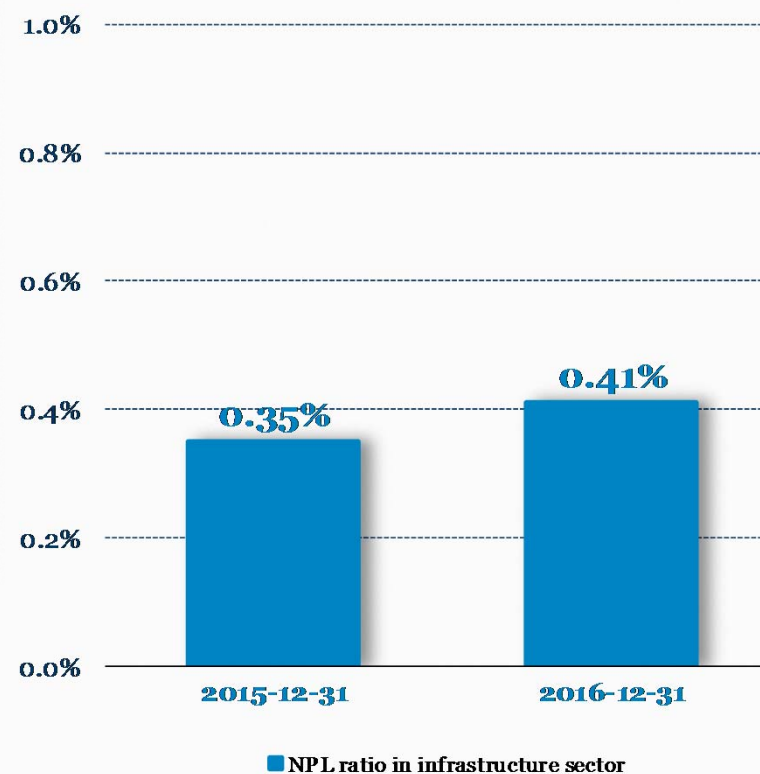
Good asset quality in infrastructure loans

Relatively low level of NPLs in infrastructure sector

RMB (billion)

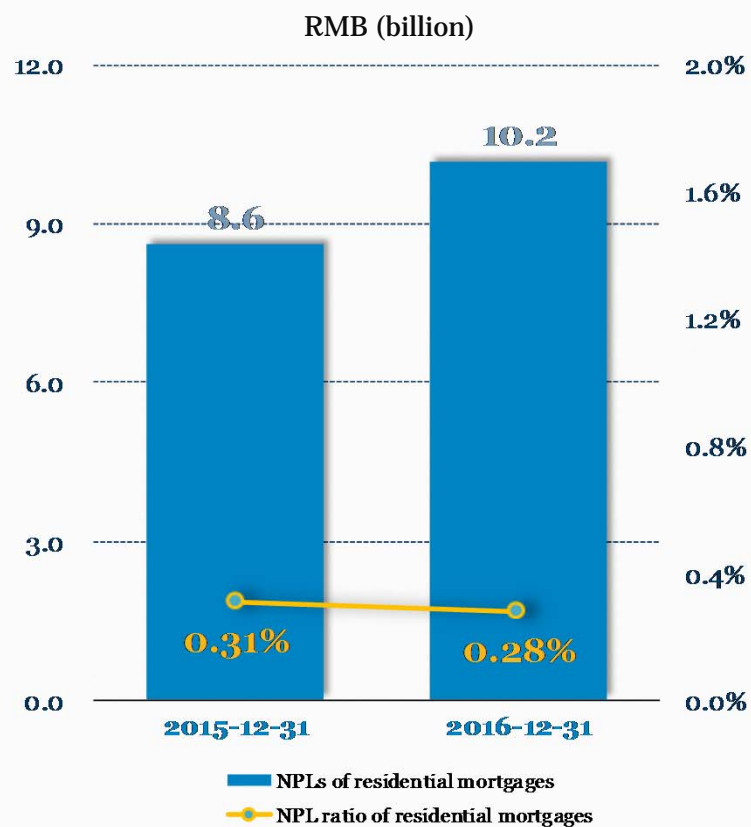


Maintained low NPL ratio in infrastructure sector

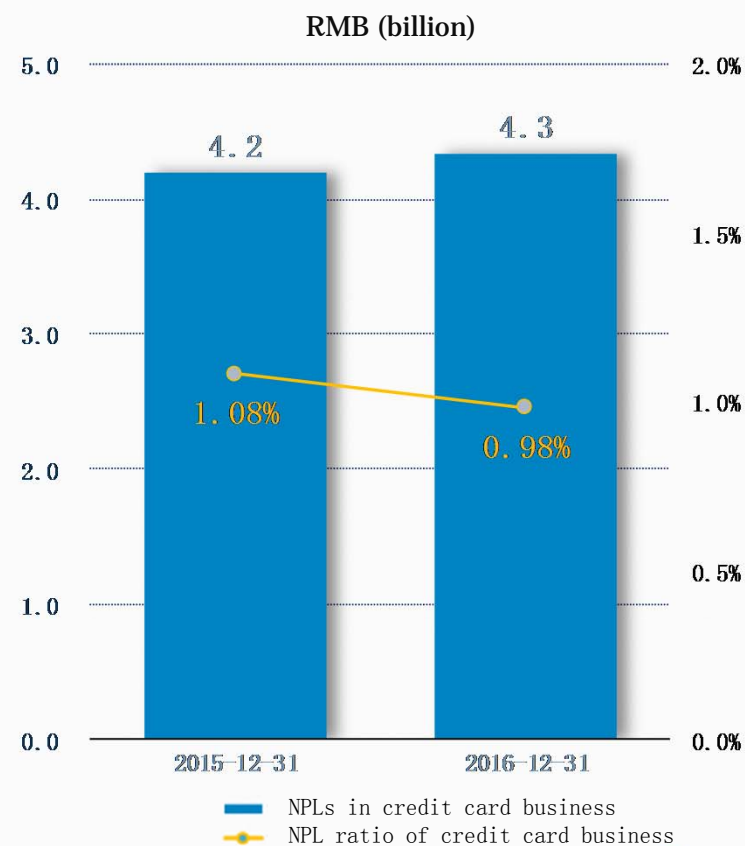


Good asset quality of retail loans

Good asset quality of residential mortgages

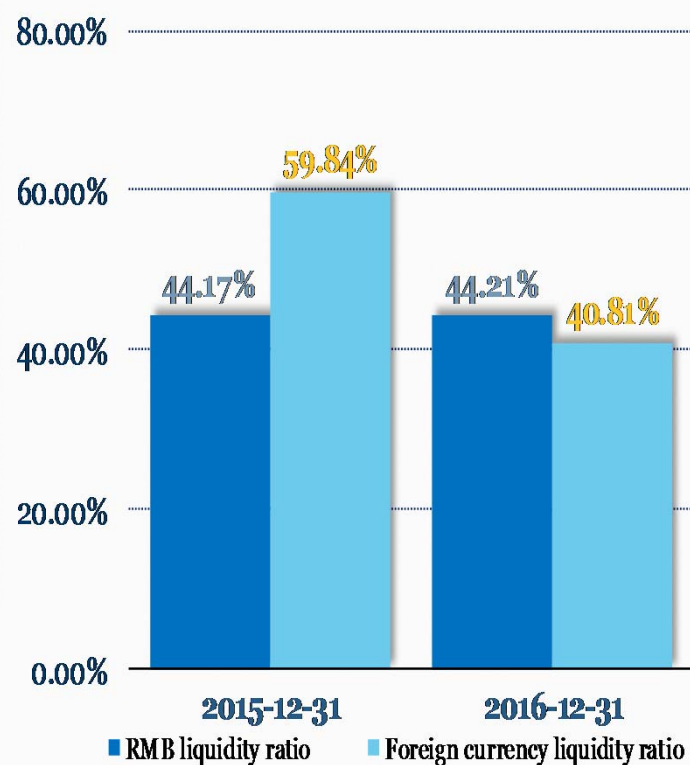


Reduced NPL ratio in credit card business



Continuous improvement in risk control of liquidity and market risks

Maintained reasonable liquidity ratios



Strengthened market risk management

Developed risk management system for businesses directly run by the Bank

Strengthened the building of automatic control of trading business

Enhanced ability in market risk monitoring and early warning

Strictly controlled credit debt default risks

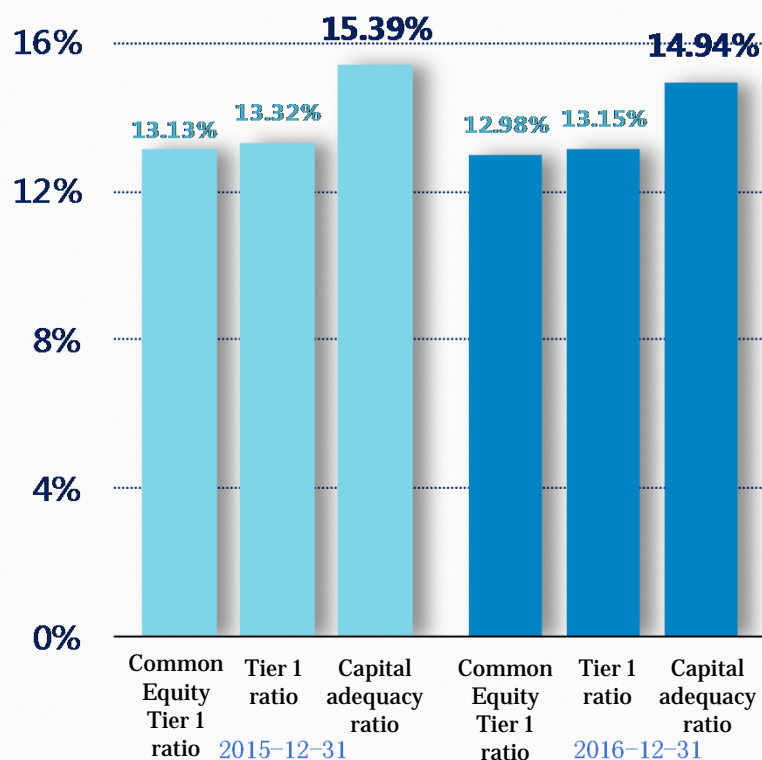
Interest rate risk measurement

Handled major market risks in an orderly manner

Provisions made for WMP

Continued strengthening of capital management

Maintained a leading position on capital adequacy ratio among peers



Capital adequacy ratio was calculated in accordance with the Capital Rules for Commercial Banks (Provisional) using the advanced approach, and implemented the parallel period rules.

Continued to promote capital intensive management

Global systemically important bank

Advanced approach to calculate capital adequacy ratio

Capital-Business transmission mechanism

Development of business with low capital occupation

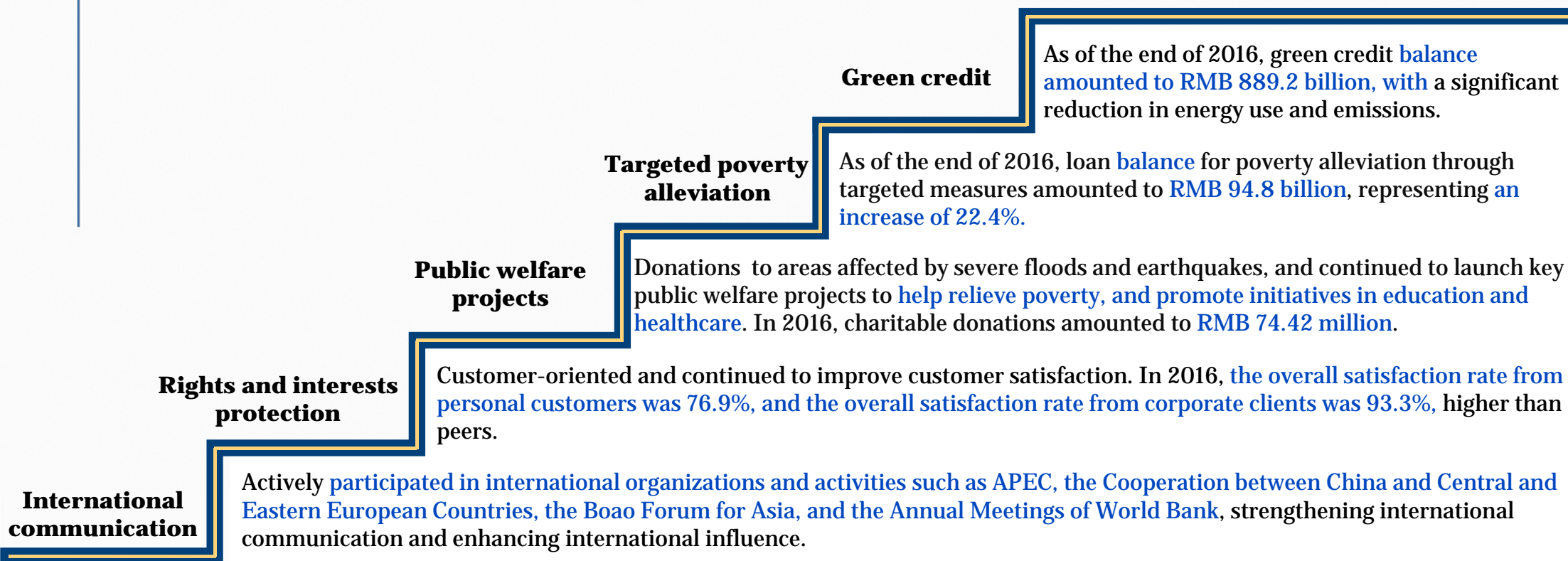
Risk asset limit management for specialized business centers

Returns on capital from subsidiaries and overseas entities

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Actively fulfilled corporate social responsibility



Well recognized in the industry



Best Bank in China 2016
by Euromoney



2nd in the
“Top 1000 World Banks”
by The Banker



**Diamond Award for RMB
Internationalization Service**
by Institutional Investor



中国银行业协会
CHINA BANKING ASSOCIATION

**Best Socially Responsible Financial
Institution of the Year**
by the China Banking Association



**Best Bank for Liquidity
Management in Asia-Pacific Region
2016**
Best Consumer Bank in China 2016
by Global Finance



**Best Mega Retail Bank in China
2016**
by The Asian Banker

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Opportunities and challenges

Opportunities

Highlights of a global economic recovery

China's economic growth maintained at a medium-to-high and sustainable speed

Continuous deepening of the supply-side structural reform

Gradual deployment of government's major strategies

Good momentum in the growth of the new economy

Challenges

Growth momentum in global economy remains inadequate

Emergence of trends in “de-globalization” and protectionism

Increased uncertainty in policy direction of major economies

Increased manifestations of domestic structural contradictions long accumulated

Higher regulatory requirements on banking operation and management

Counter measures

Continue to promote transformation in depth and width, reap benefits of the transformation, and strengthen development capabilities

Track national strategies to seize business opportunities

Deepen "five transformations" to add new momentums for development

Optimize business structure to improve profitability

Strengthen risk management to ensure stable operation

Optimize resource allocation to increase operational efficiency

Accelerate system improvements to provide strong protection for development

Q&A

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Thank you.

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