



中国建设银行
China Construction Bank

2009 Annual Results Announcement

Beijing / Hong Kong

March 2010



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Business Development

Financial Performance

Outlook












Business Development

Financial Performance

Outlook











Key Financials (1)

(RMB Mn)	31 Dec 2009	31 Dec 2008	Y-o-Y Change
Total Assets	9,623,355	7,555,452	 27.37%
Net Loans and Advances to Customers	4,692,947	3,683,575	 27.40%
Investments	2,578,799	2,194,748	 17.50%
Total Liabilities	9,064,335	7,087,890	 27.88%
Deposits from Customers	8,001,323	6,375,915	 25.49%
Total Equity Attributable to Shareholders	555,475	465,966	 19.21%
NPL Coverage Ratio	175.77%	131.58%	 44.19 pps
Capital Adequacy Ratio	11.70%	12.16%	 0.46 pps
NPL Ratio	1.50%	2.21%	 0.71 pps



Key Financials (2)

Key indicators	2009	2008	Y-o-Y Change
Net Interest Income (RMB Bn)	211.885	224.920	 5.80%
Net Fee and Commission Income (RMB Bn)	48.059	38.446	 25.00%
Pre-tax Profit (RMB Bn)	138.725	119.741	 15.85%
Net Profit (RMB Bn)	106.836	92.642	 15.32%
EPS (RMB)	0.46	0.40	 15.00%
Dividend Per Share (RMB)	0.202	0.194	 4.12%
ROAA	1.24%	1.31%	 0.07 pps
ROAE	20.87%	20.68%	 0.19 pps



Proactive and Prudent Business Strategies

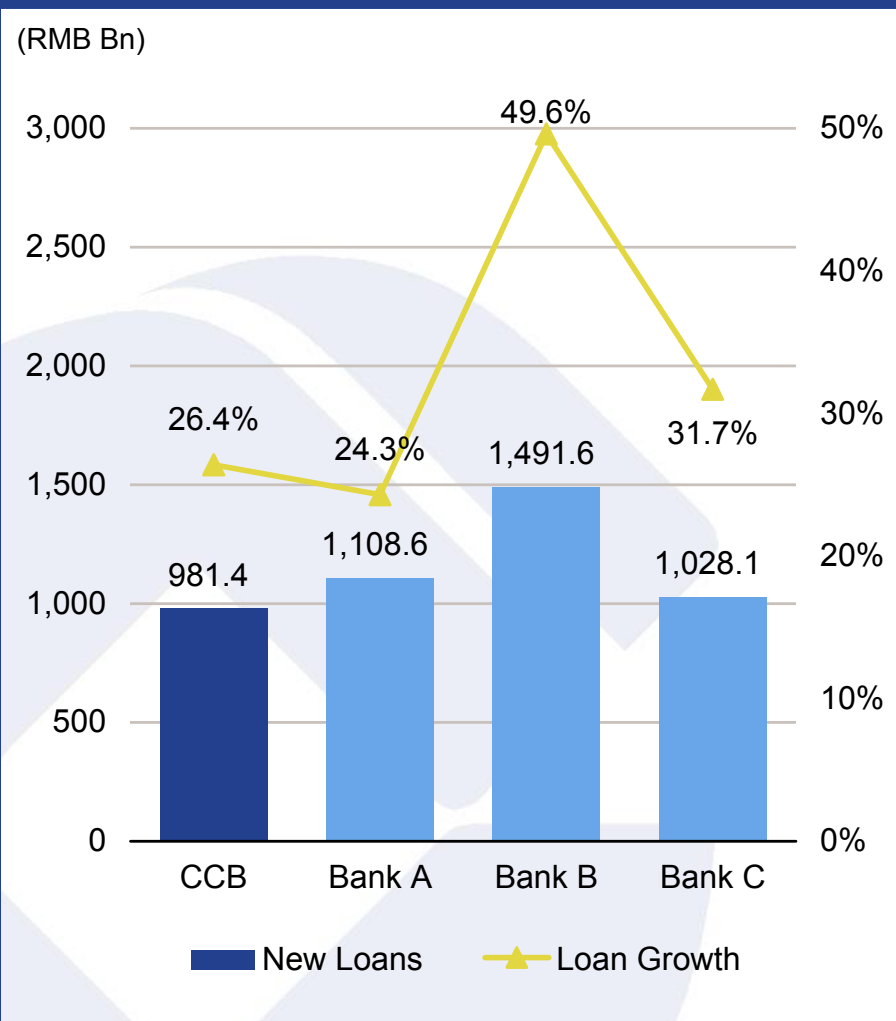
Business Strategies

- ◆ Control total credit exposure
- ◆ Adjust the pace of loan growth
- ◆ Optimize business structure
- ◆ Minimize business risks
- ◆ Improve profitability
- ◆ Enhance capital planning

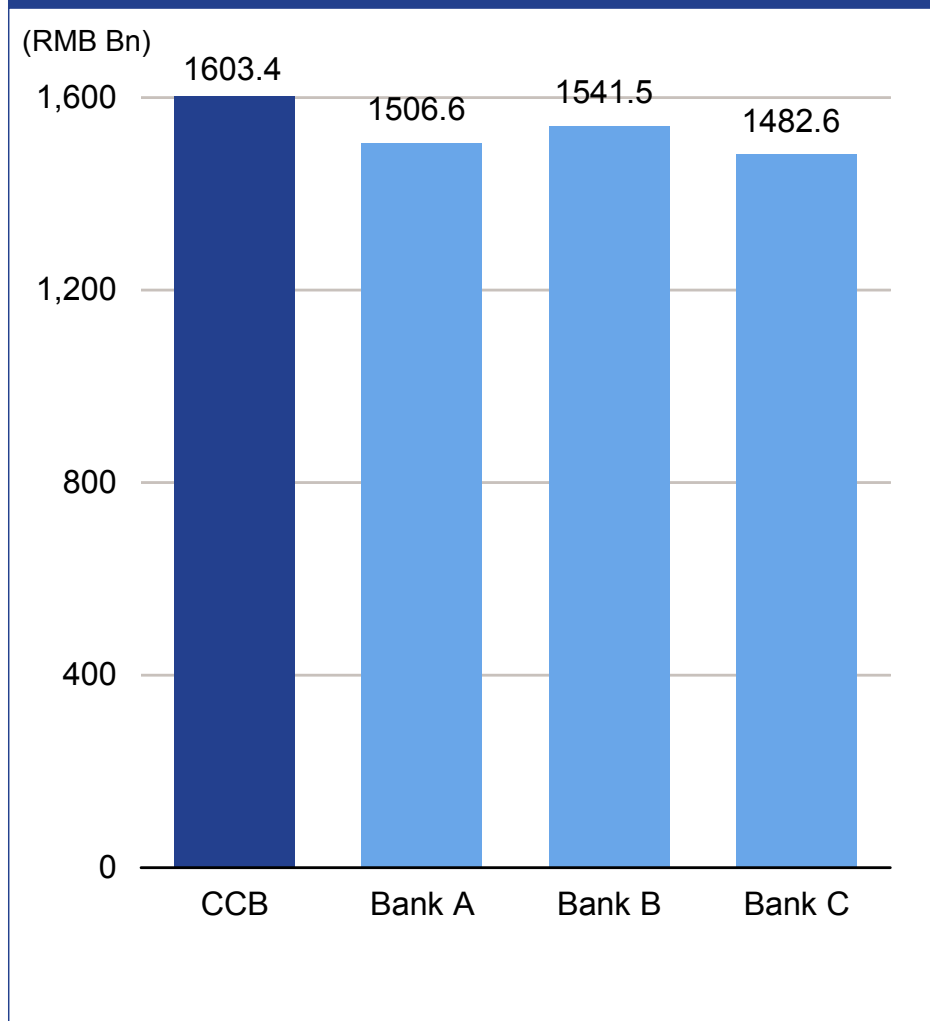


Controlling Total Credit Exposure

Stable Loan Growth Rate with Lowest Level of New Loans among the “Big-4” Banks ¹



Highest New Deposit from Customers among the Big-4 ¹



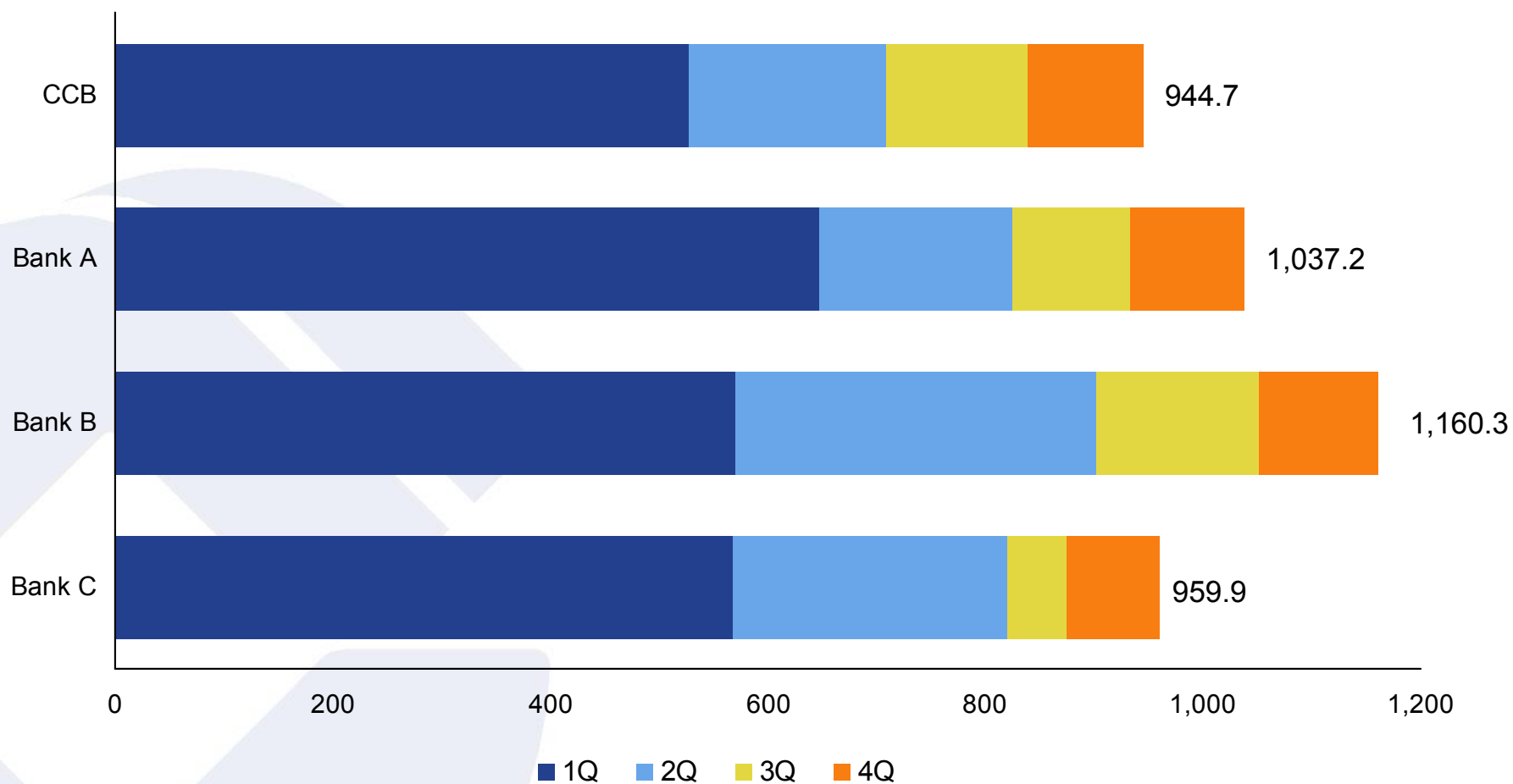
1. Source: PBOC, “Sources and Uses of Credit Funds of Financial Institutions”



Adjusting the Pace of Loan Growth

Relatively Balanced RMB Loan Extension By Quarter ¹

(RMB Bn)



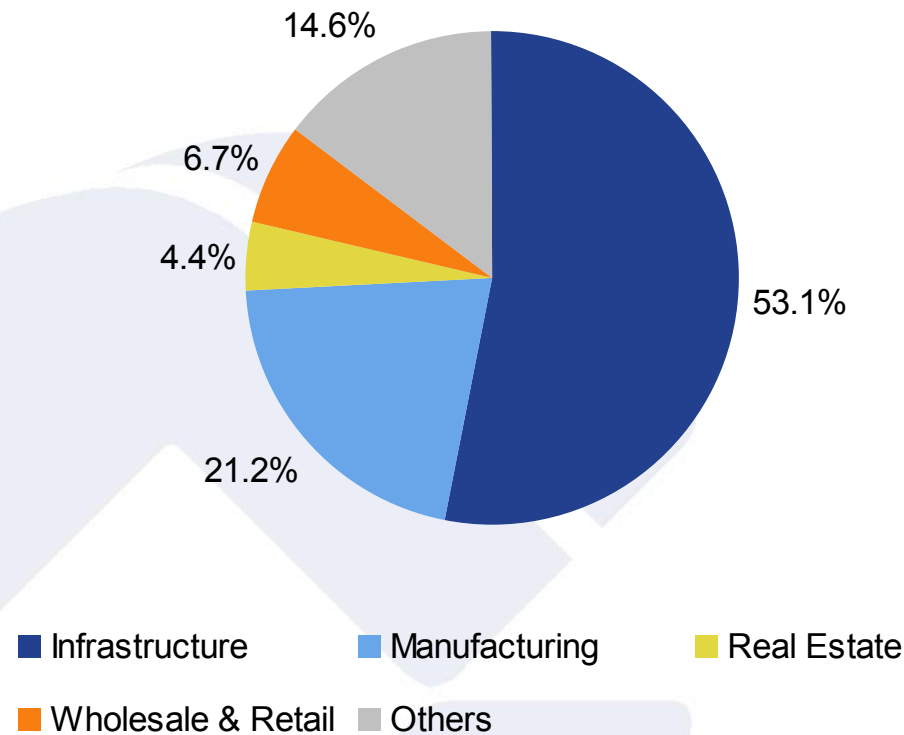
1. Source: PBOC, "Sources and Uses of Credit Funds of Financial Institutions"



Optimizing Business Structure

Corporate Loans (1)

New Corporate Loans by Sector



Adopt Differentiated Strategies

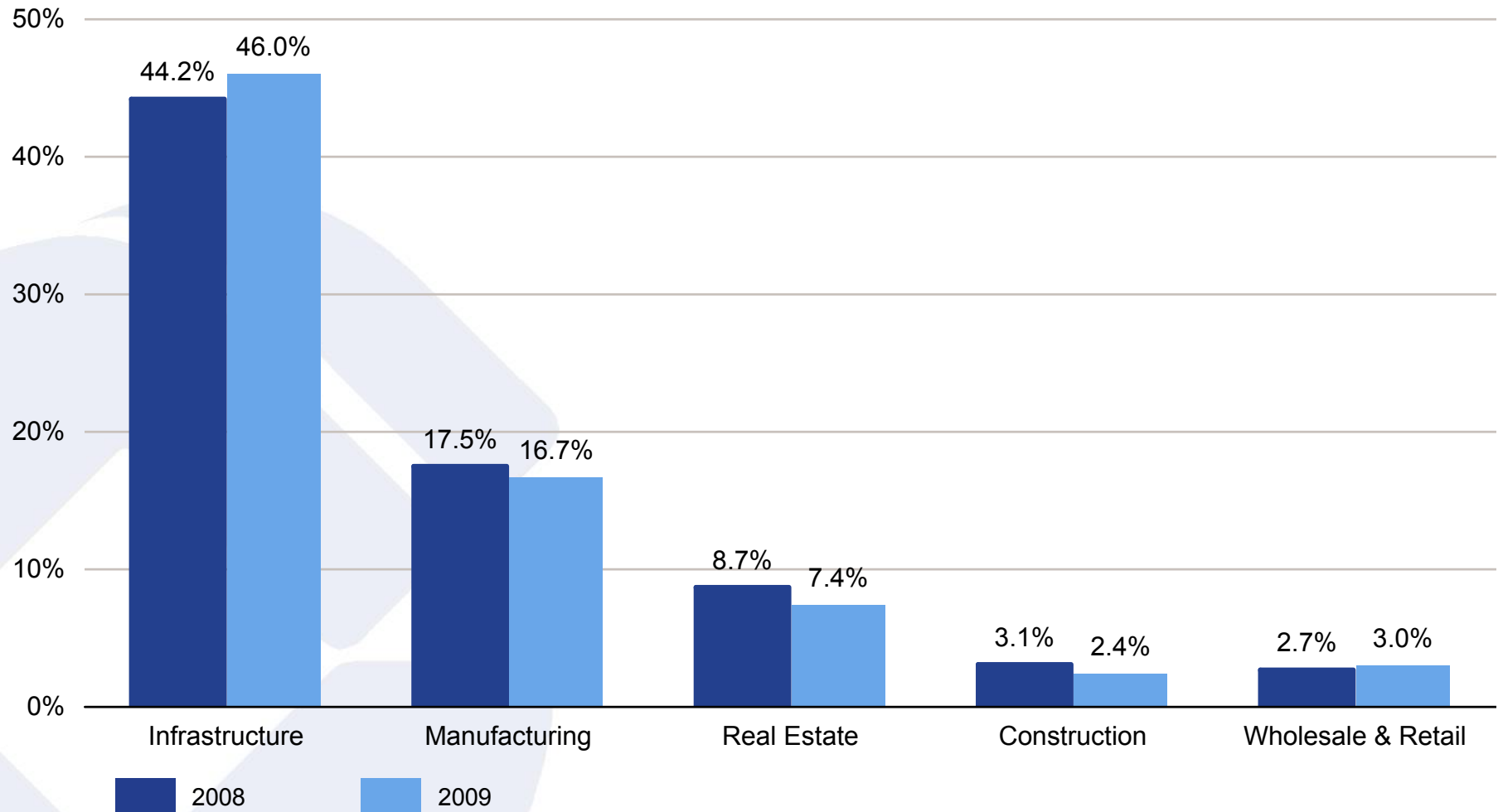
- Participated in 446 projects under the RMB4 Tn national stimulus package
- Loans to A-level customers or above accounted for 92%, up by 2.6 pps
- Loans to “high energy consumption, high pollution and excess capacity” industries accounted for 12.8%, down by 2.9 pps
- Balance of corporate loans under the “exit” category decreased by RMB76.7 Bn for the year



Optimizing Business Structure

Corporate Loans (2)

Change in Loans to Certain Industries as % of Total Corporate Loan Balance

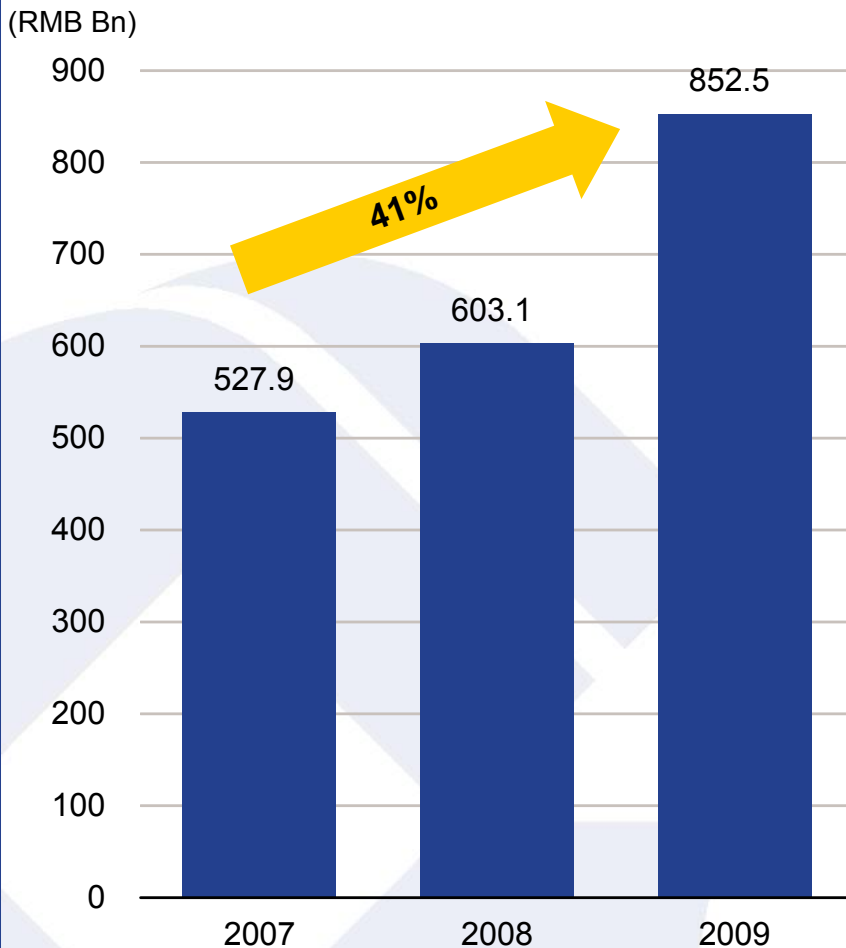




Optimizing Business Structure

Personal Mortgage Loans

Personal Mortgage Loans Up by 41%



Strategy for Personal Mortgage Loans Business

- Target customers: focus on demands from buyers of primary residence or with upgrading needs
- Loan-to-collateral ratio: below 52%
- Percentage of down-payment: 70% new loans with down-payment over 30%
- Differentiated pricing: consider various factors such as percentage of down-payment, customers credit profile and product coverage
- Loan quality: NPL ratio 0.42%, down by 0.4 pps

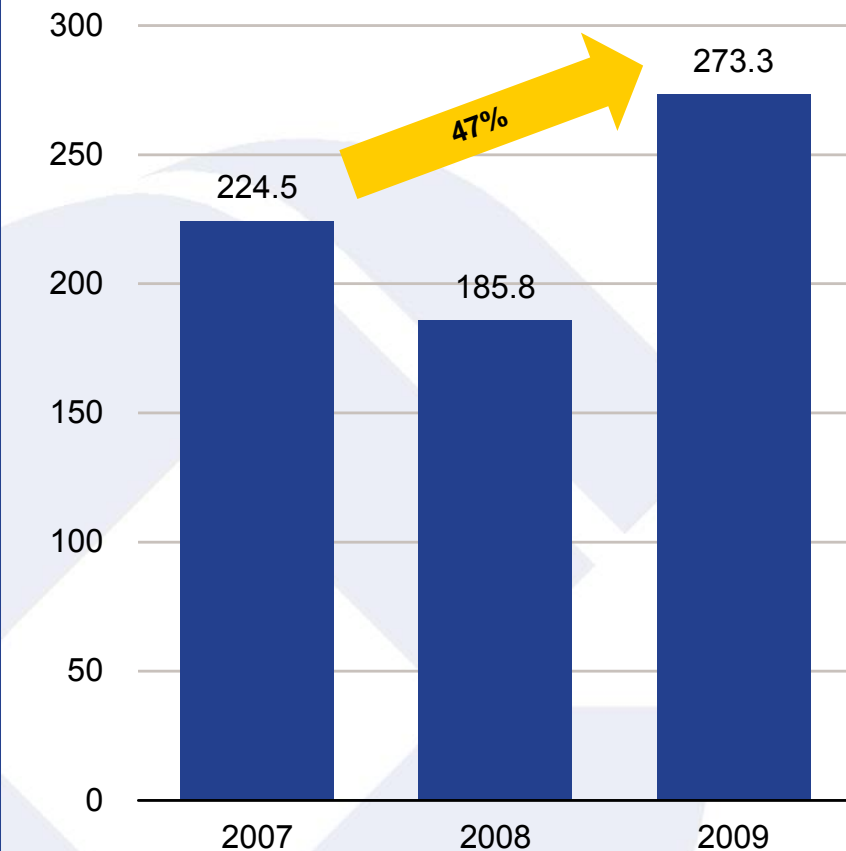


Optimizing Business Structure

SME Finance

SME Loans Up by 47%

(RMB Bn)



SME Finance

- Set up SME Financial Services Division at CCB headquarters
- 140 SME banking centers based on the “Credit Factory” model
- SME credit rating system and rating model
- Refined management tools including SME early risk warning, customers screening and risk-based pricing
- Supply chain financing, online lending and small unsecured loans



Optimizing Business Structure

“Three Rurals” and Household-related Finance

Three Rural Finance

- ◆ Agro-loans increased by 38%
- ◆ Extended the pilot areas for small agro-loans
- ◆ Established Zhejiang Cang'nan Jianxin Rural Bank, and obtained approval for 6 rural banks
- ◆ Planning to set up a rural bank holding company in cooperation with Santander

Household-related Finance

- ◆ Loans grew by 49% in key areas including education and healthcare, ranked # 1 in the market
- ◆ Deposit grew by 30% in the areas of education, healthcare, environment and social security
- ◆ RMB 83.4Bn of loans outstanding to the cultural industry, up by 9%

Enterprise Annuity

- ◆ Number of personal accounts under management rose by 194%, ranked #1 among peers
- ◆ Assets under custody rose by 32.4%, ranked # 1 among peers



Effectively Minimizing Business Risks

Risk Management Initiatives

Developing Risk Management Tools

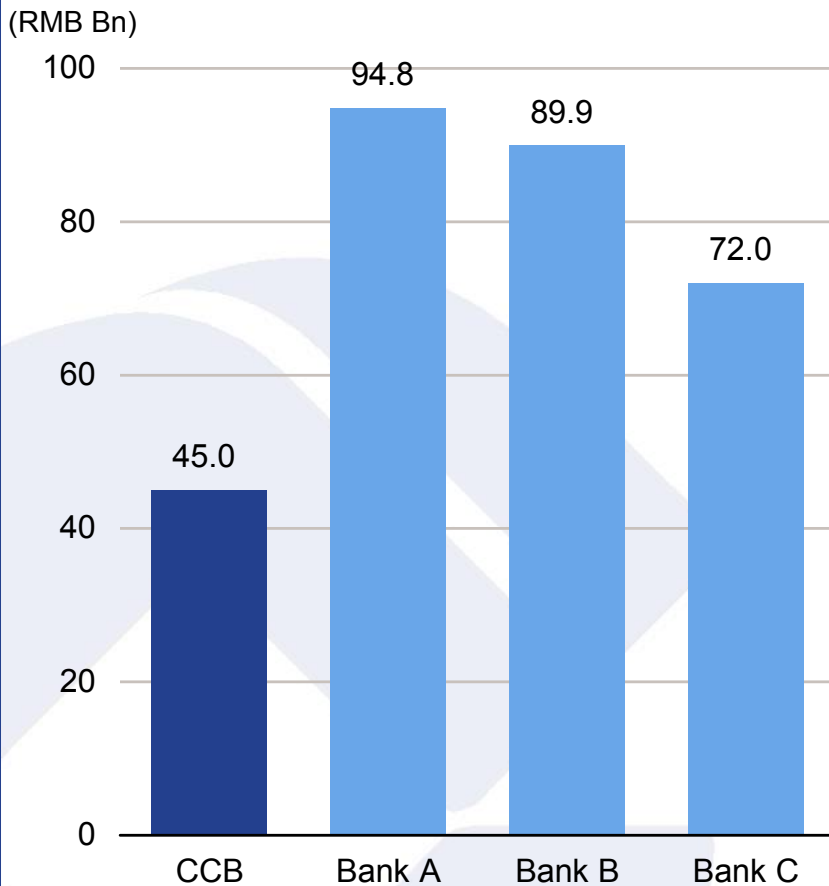
- ❖ Rolling risk inspections performed on key sectors and strategic customers
- ❖ Management of economic capital and economic value-added
- ❖ Industry risk limit management
- ❖ Enterprise name-list management
- ❖ Tracking system for customers in the early-warning category
- ❖ Collateral management system
- ❖ Special stress test on credit risks
- ❖ Various effective approaches for NPL disposal



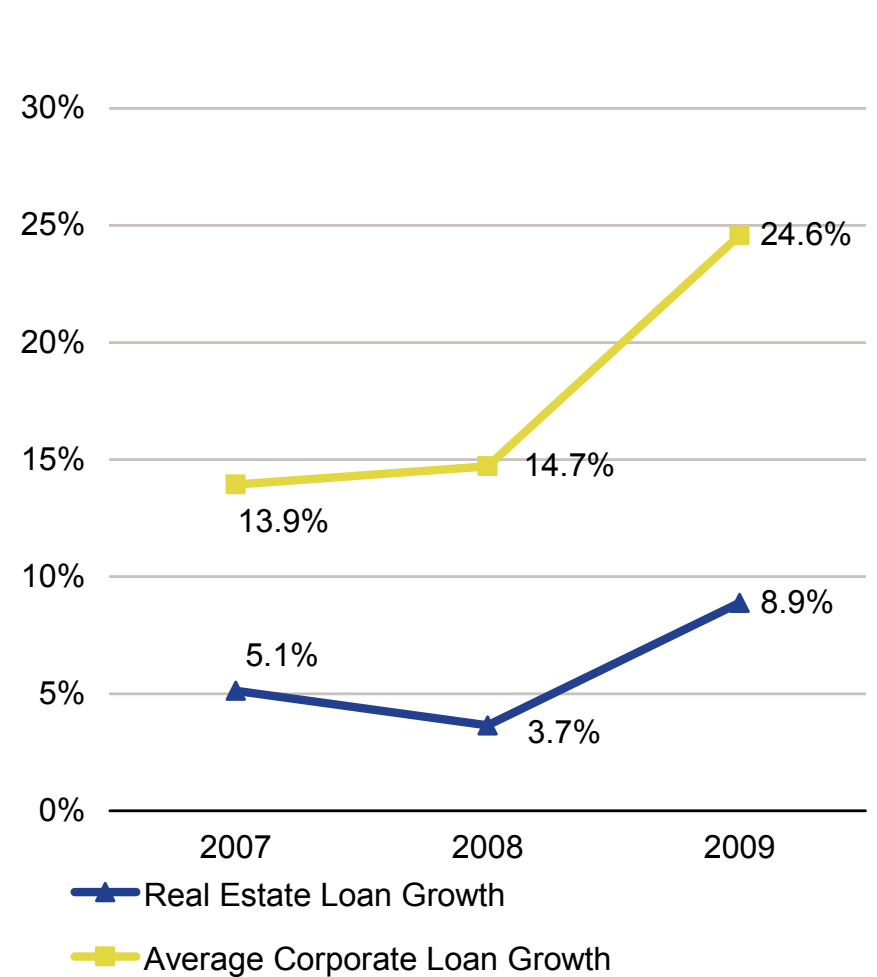
Effectively Minimizing Business Risks

Prudent Management of Real Estate Loans

Lowest Real Estate New Loans among the Big-4 ¹



Real Estate Loan Growth Significantly Slower than Average Corporate Loan Growth



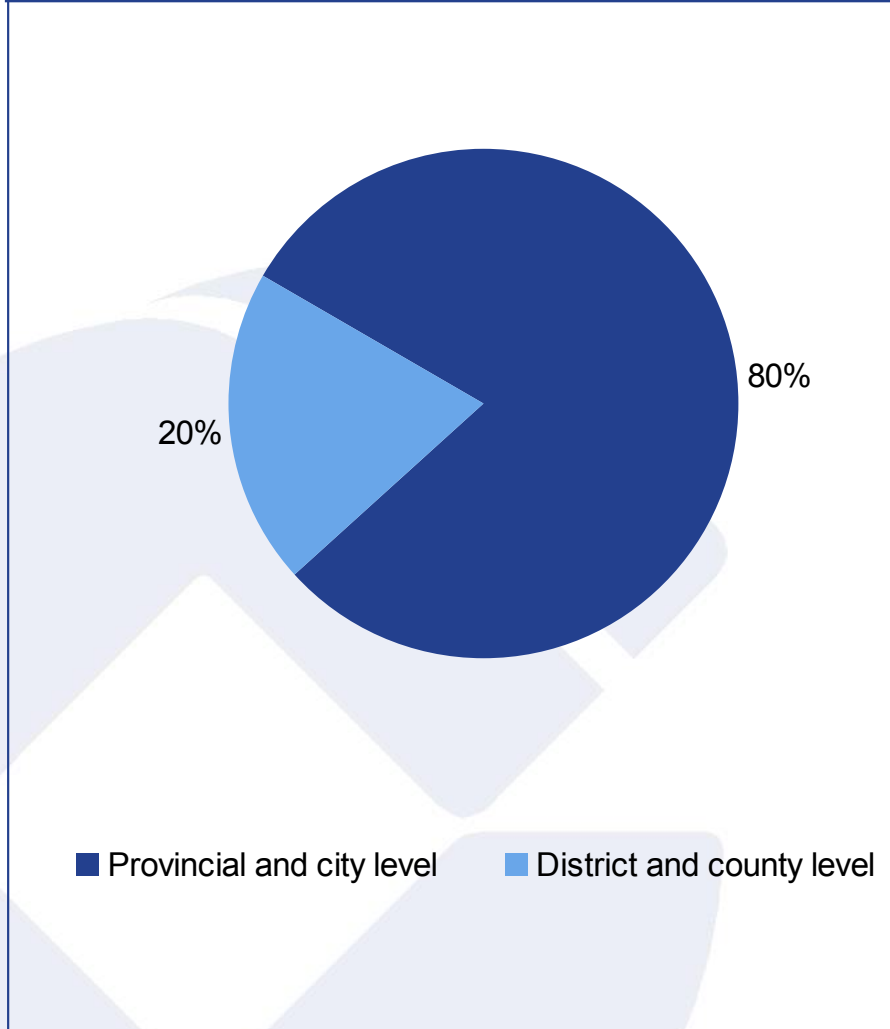
1. Source: PBOC, "Sources and Uses of Credit Funds of Financial Institutions"



Effectively Minimizing Business Risks

Stricter Risk Control for Government Financing Vehicles

Percentage of Loans to Government Financing Vehicles at Municipal Level or Above - 80%



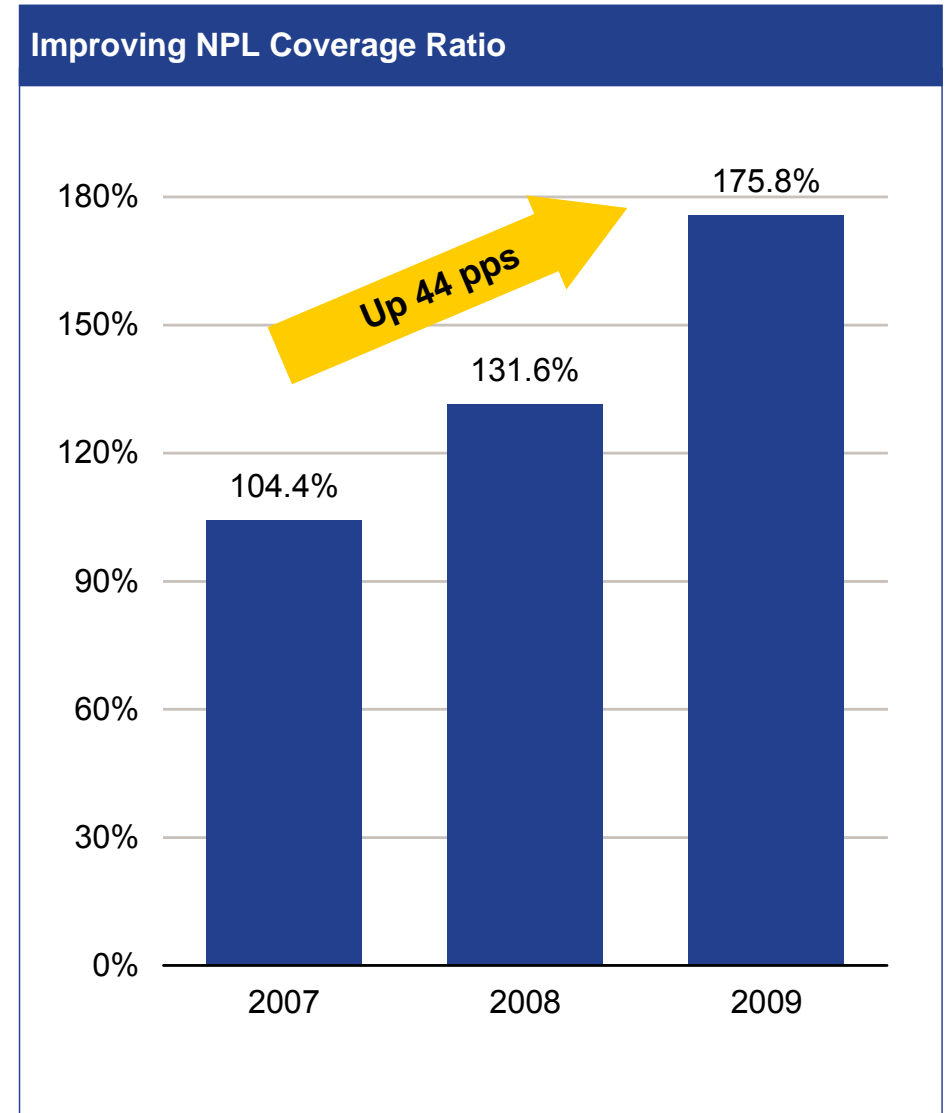
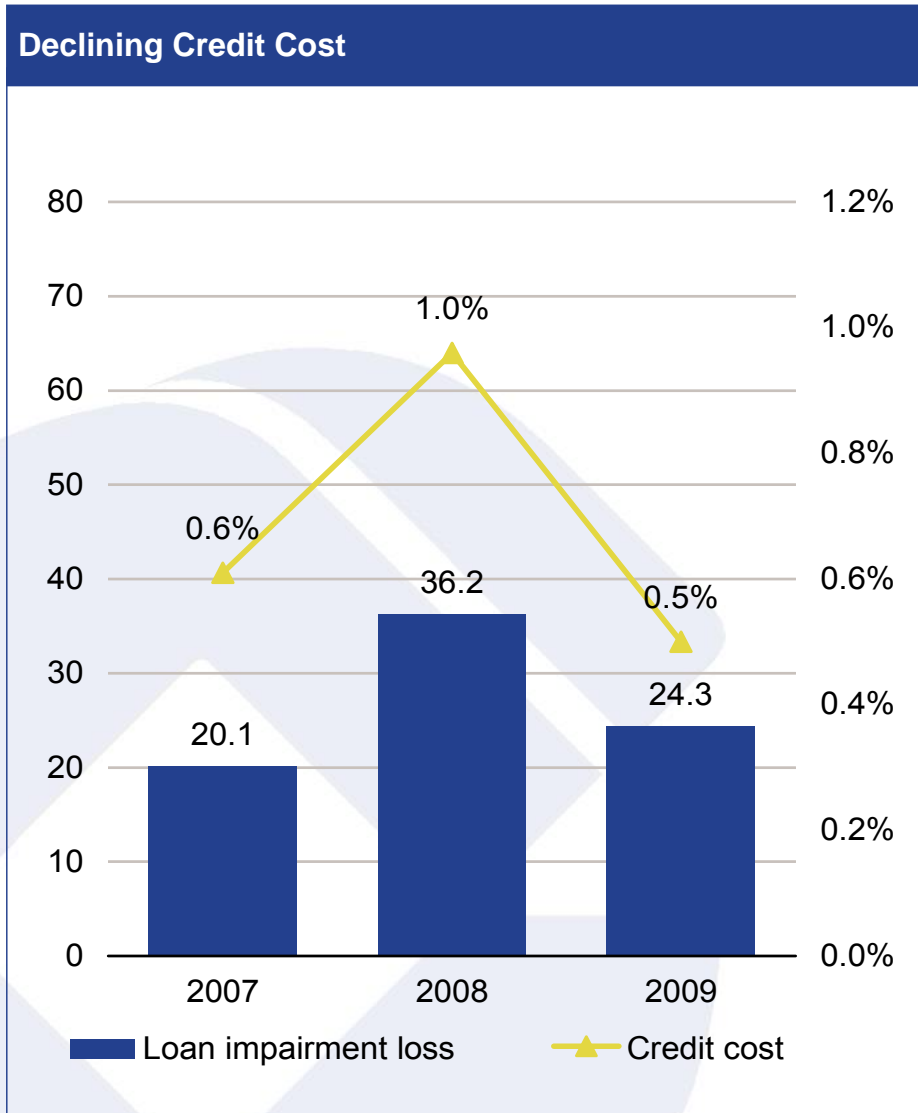
Effective Risk Management

- ◆ Focusing on the high-quality projects with stable cash flows
- ◆ 62% loans are related to customers and projects carried over from the previous year
- ◆ New loans in 2H09 accounted for only 6.6% of the total loans extended in 2009
- ◆ Loans extended to A-level customers or above accounted for 96% of total
- ◆ Enhancing guarantees and collaterals, while reinforcing monitoring and management
- ◆ NPL ratio of 0.14%



Effectively Minimizing Business Risks

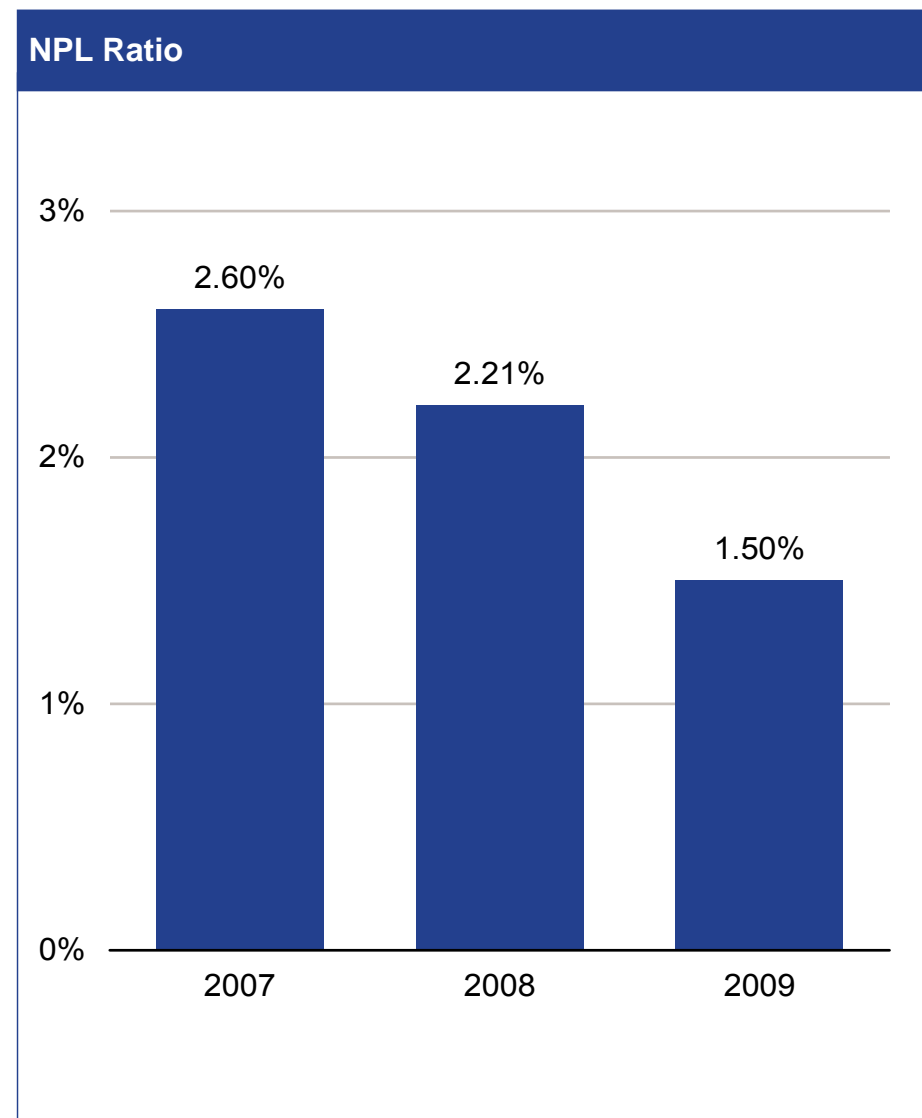
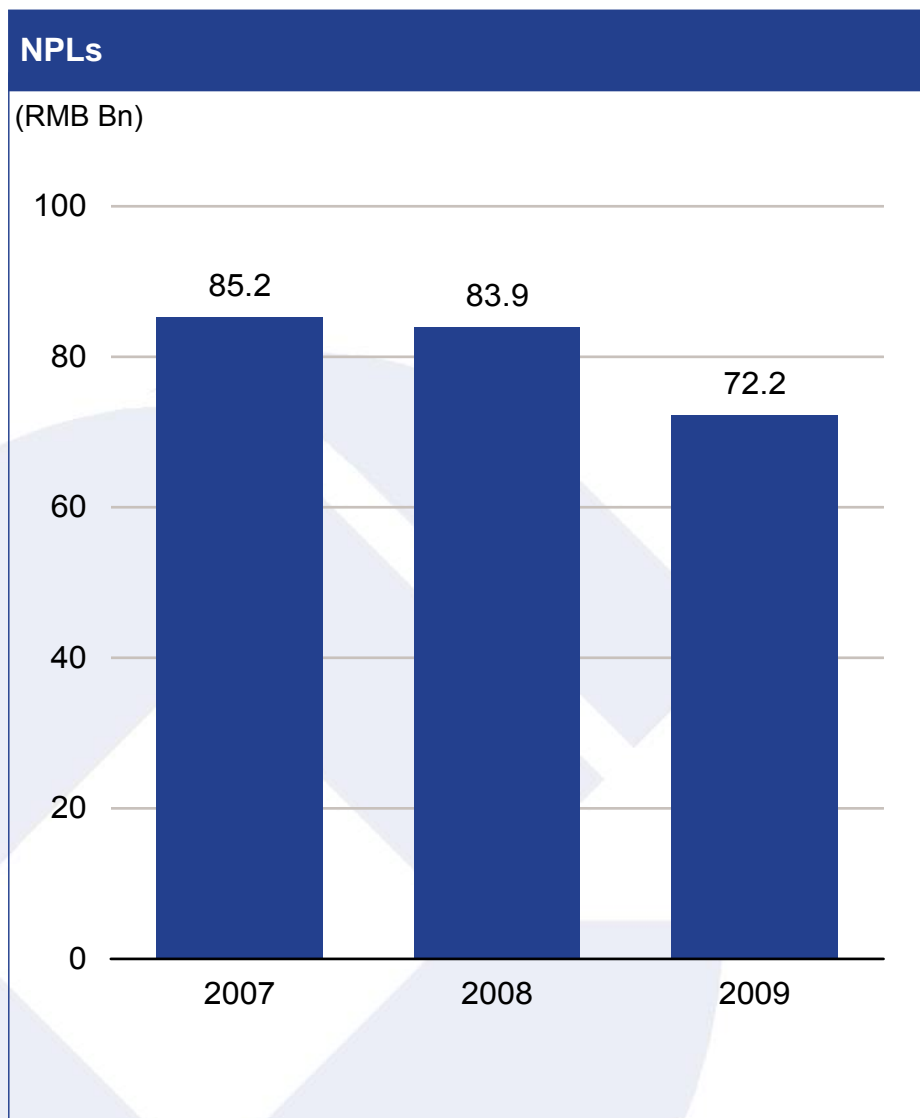
Prudent Provisioning Approach





Effectively Minimizing Business Risks

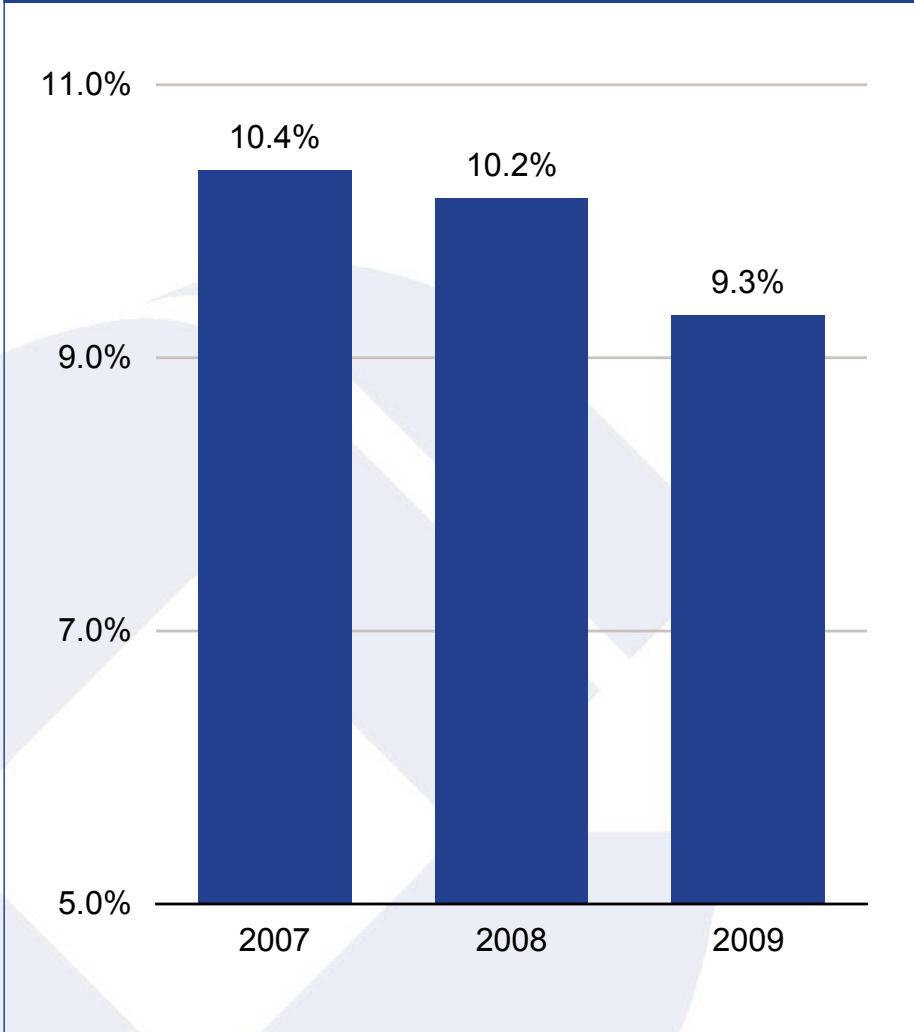
“Double Decline” of NPL Balance and NPL Ratio



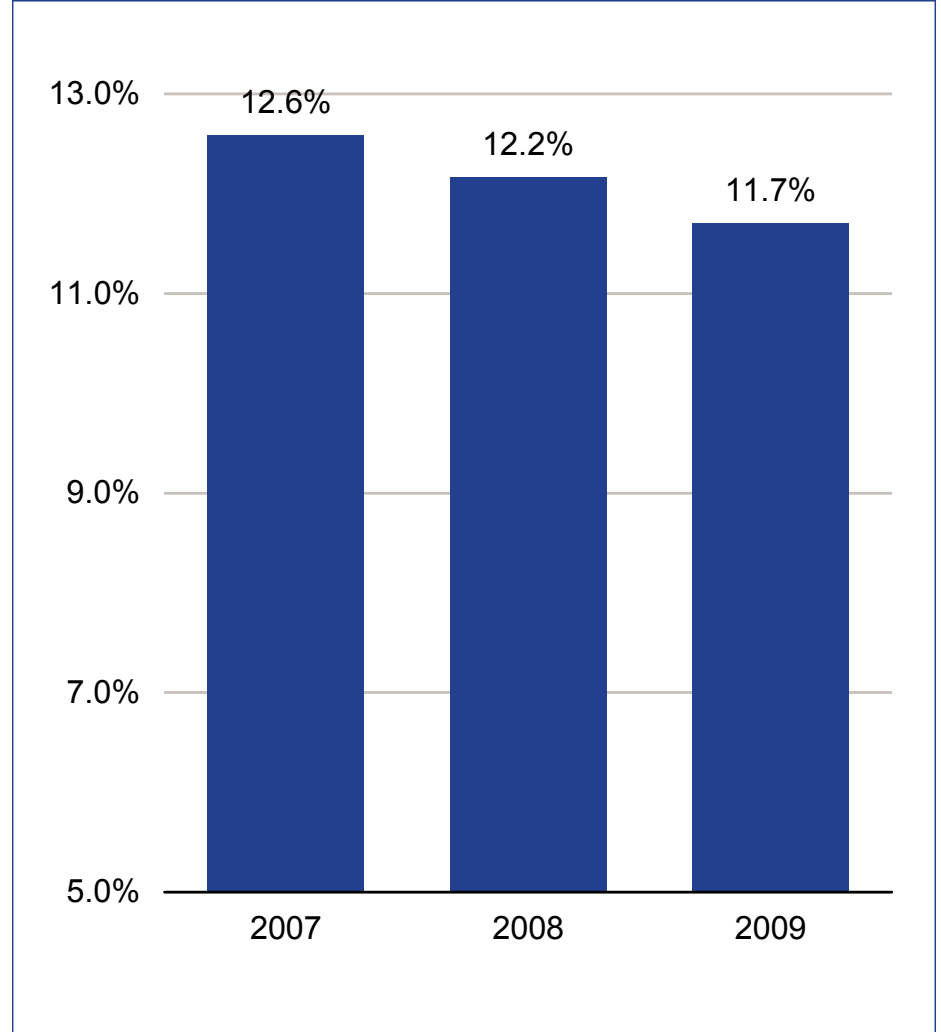


Highly Efficient Capital Utilization

Tier 1 Ratio



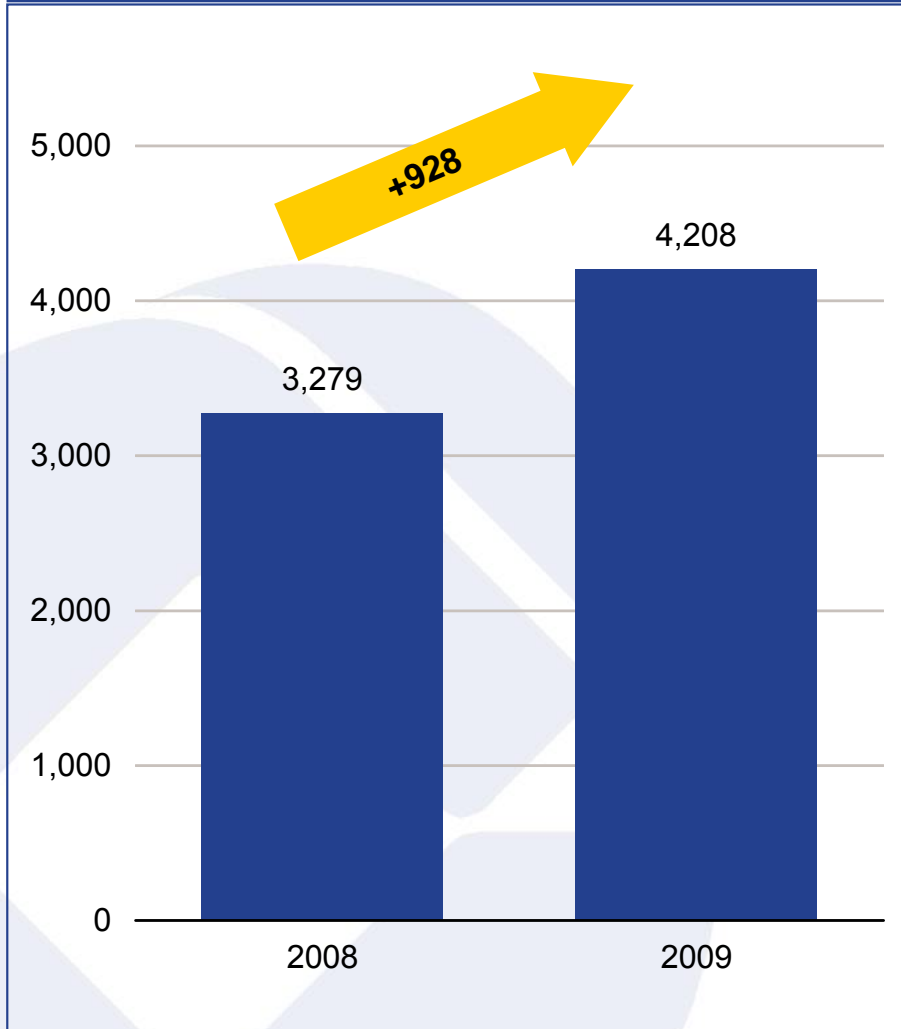
CAR





Promoting Specialized and Scientific Management

928 New Specialized Business Operations Centers



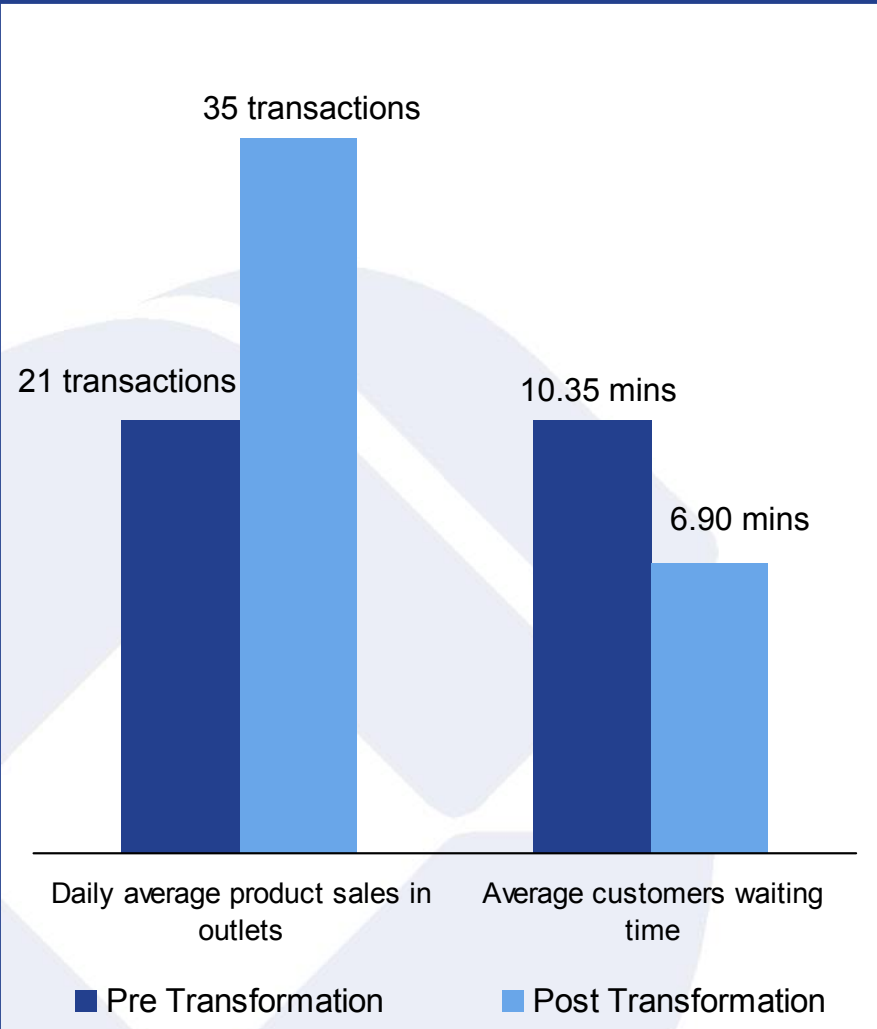
1,149 Product Innovation Projects, 1,086 Process Optimization Projects

- Centralizing corporate banking operations
- Separating wholesale and retail business
- Centralizing middle and back-office operations
- Branches in major cities under only 2 or 2.5 layers of administration
- Establishing product innovation labs
- Establishing retail customer data analysis center
- Establishing e-banking complaint & claim settlement centers
- Continue improving customers experience centers

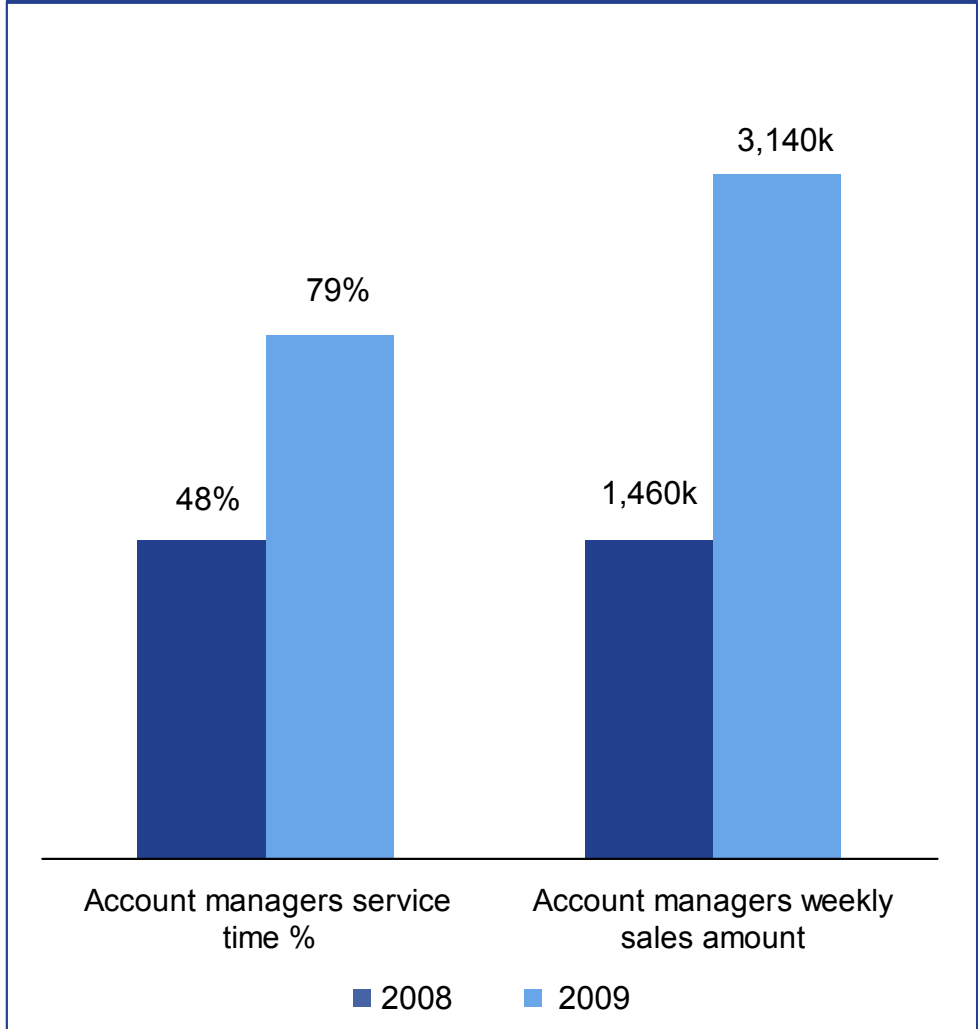


Enhancing Service Efficiency via Outlet Transformation

Phase-1 Transformation Completed in 99% Outlets



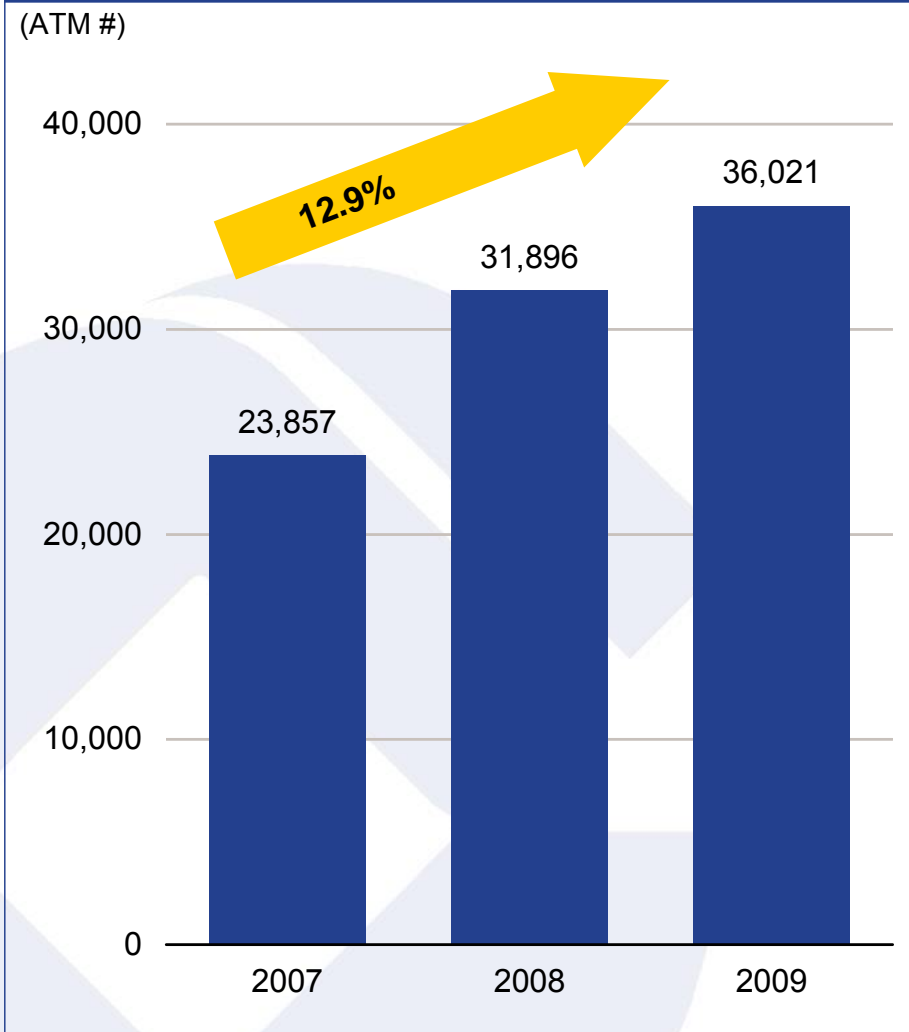
Phase-2 Transformation Completed in 1,200 Outlets



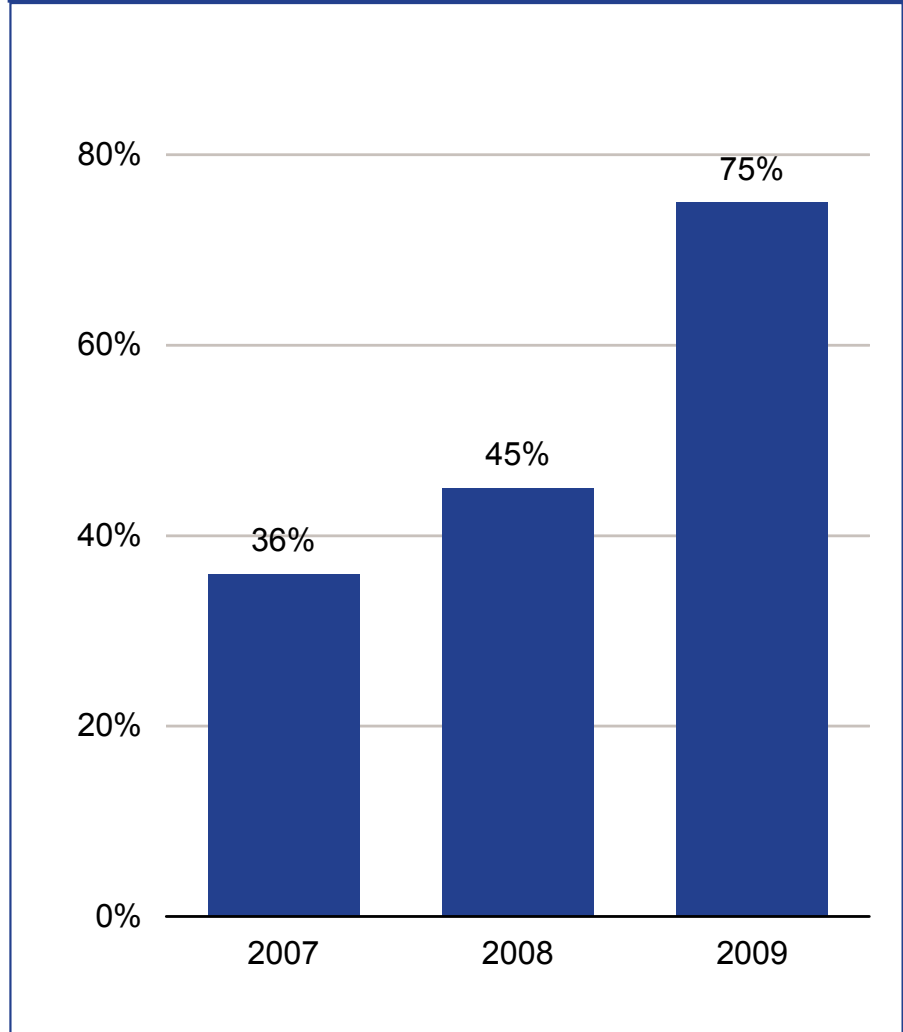


Reinforcing Channel Building

Number of New ATMs Up by 12.9%



E-banking Transaction Volume / OTC Transaction: 75%





Improving Management of Overseas Subsidiaries

Overseas Subsidiaries Management and Network Coverage

- ◆ Enhanced risk management in overseas subsidiaries
 - Set up Overseas Subsidiaries Management Division at headquarters
 - Dispatched risk management team abroad
 - Increased risk provisions to cope with the impact of financial crisis
- ◆ Expedited overseas network expansion
 - Opened CCB New York Branch and CCB London subsidiary
 - Expected to establish a branch in Ho Chi Minh City, Vietnam
 - Accelerated the progress of upgrading Sydney Representative Office
 - Obtained CBRC approval of setting up Moscow Representative Office
- ◆ Acquired AIG Finance (Hong Kong)



Deepening Strategic Cooperation

Bank of America



- ◆ 40 strategic collaborative projects, 13 advisory projects, and 163 experience-sharing projects to date
- ◆ 1,550 employees involved in BoA-related projects, devoted 221.45 FTE (full-time equivalent) of expert resources
- ◆ 28 employees participated in 4 sessions of business training programs at BoA
- ◆ Over 3,900 CCB employees participated in BoA training to date
- ◆ Business cooperation in the areas of credit card, financial lease and trade finance



- ◆ Established the “Zhenjiang SME Business Model”
- ◆ Cooperation in SME guarantee business



Business Development

Financial Performance

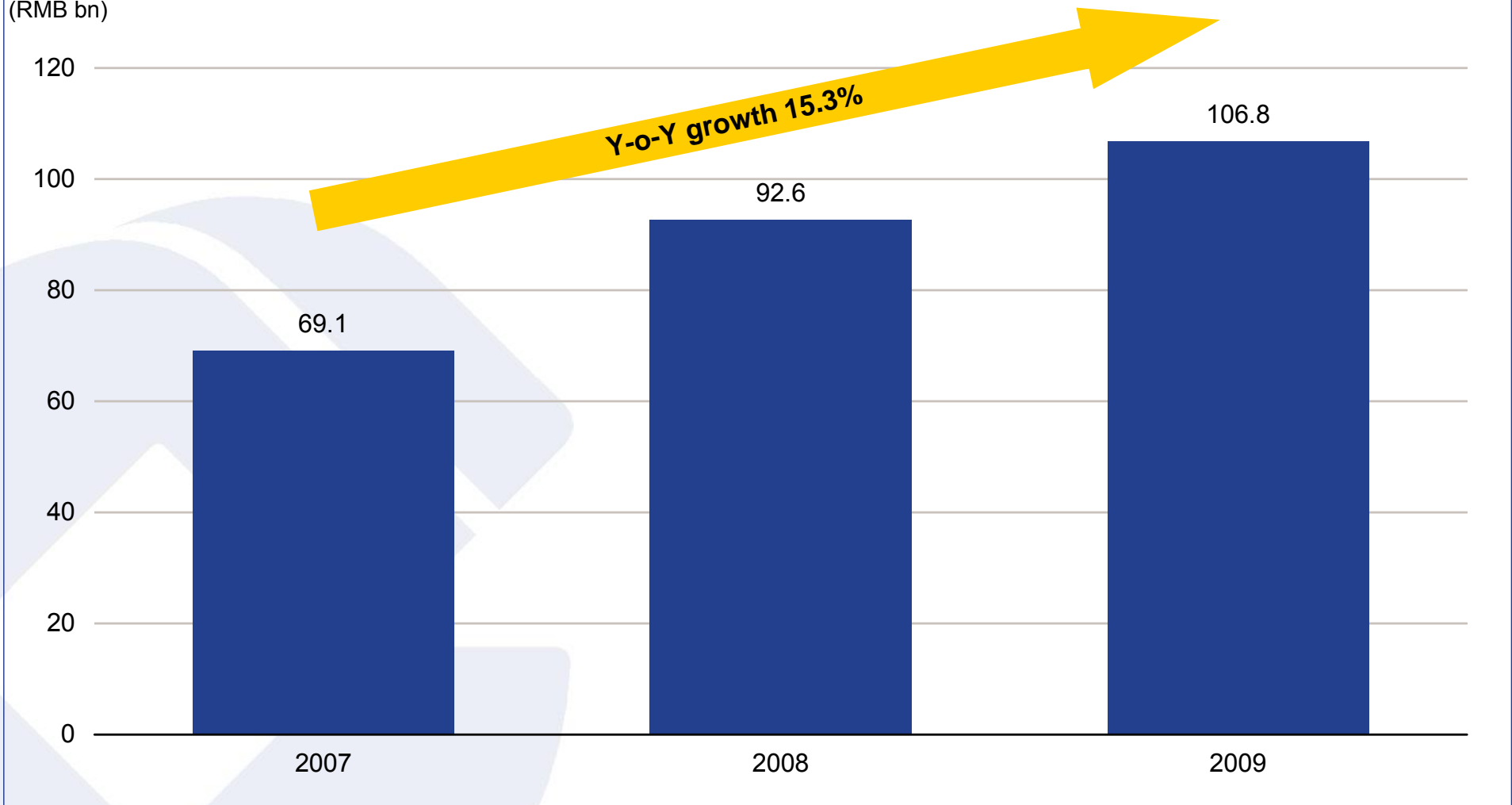
Outlook



Net Profit Hit Record High

Y-o-Y Growth of Net Profit: 15.3%

(RMB bn)

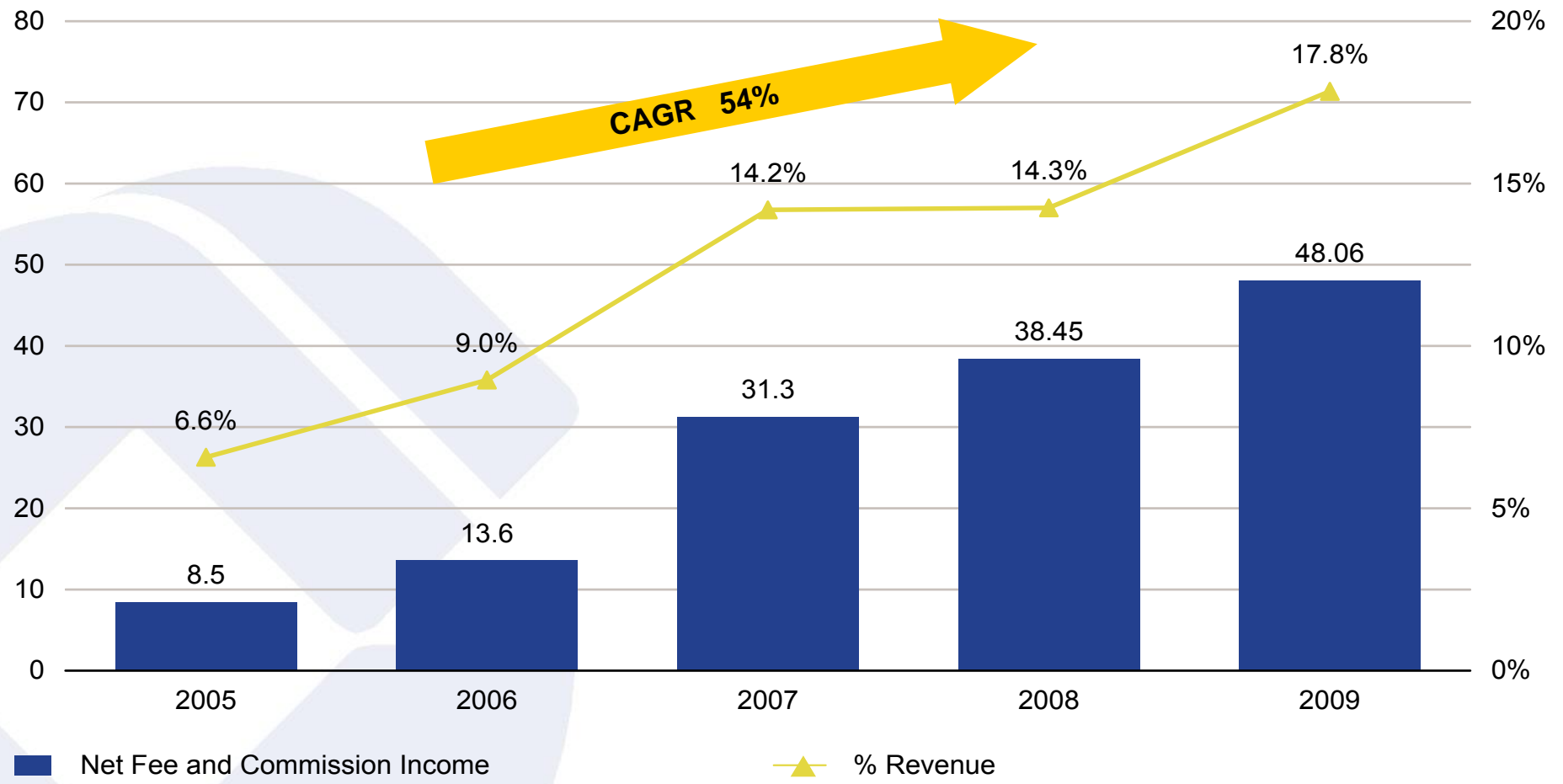




Rapid Growth of Net Fee and Commission Income (1)

5-Year CAGR of Net Fee and Commission Income: 54%

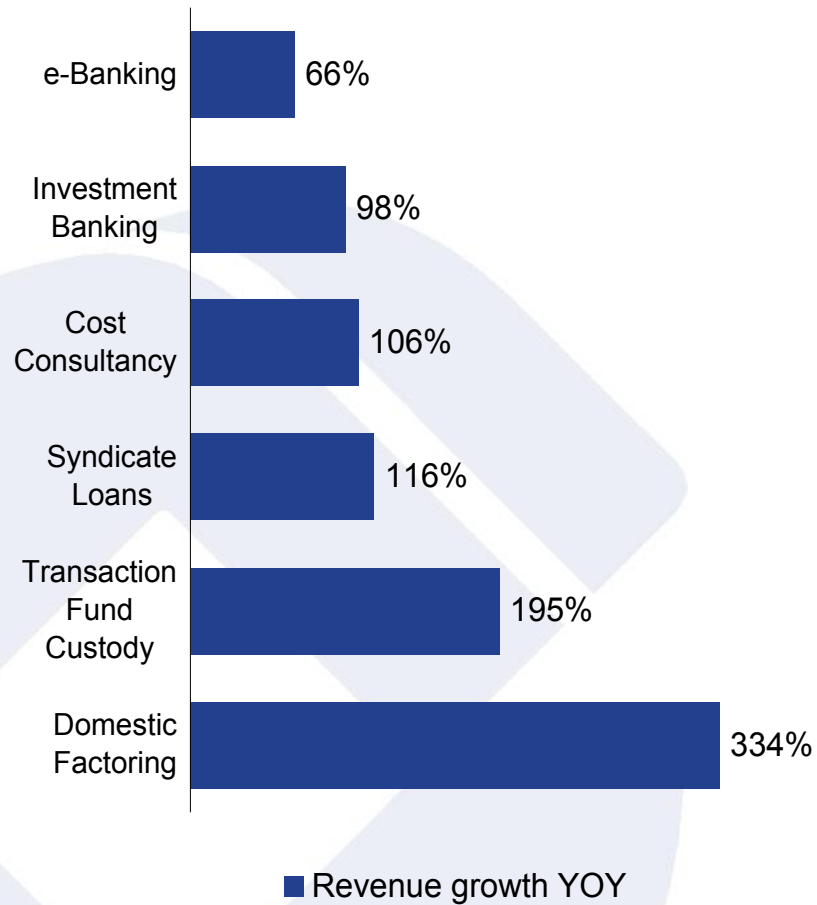
(RMB Bn)



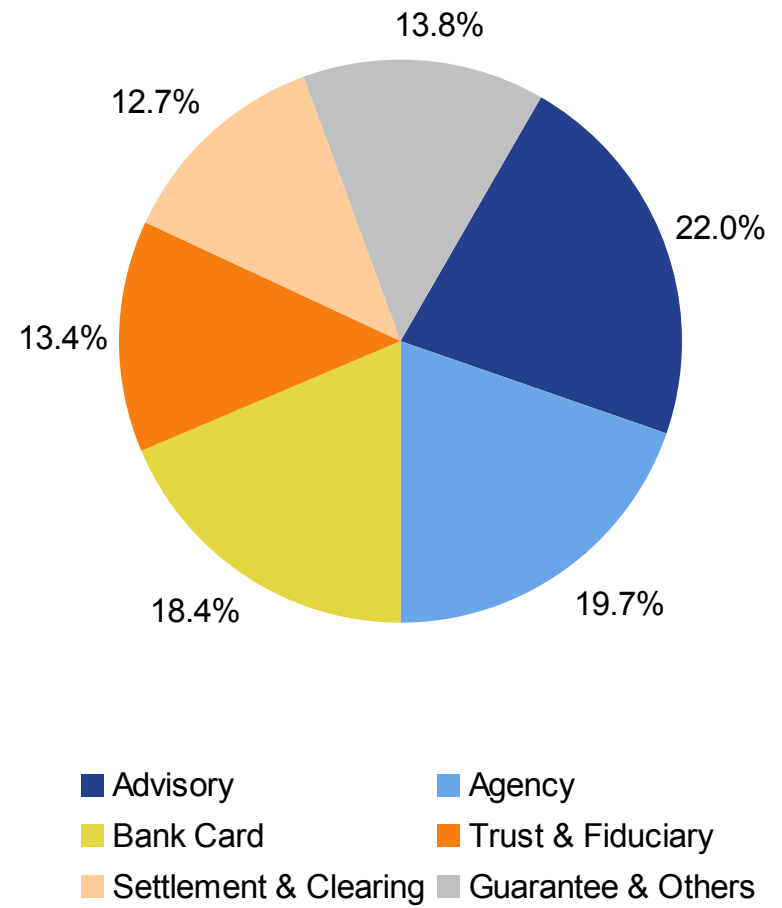


Rapid Growth of Net Fee and Commission Income (2)

Rapid Growth in Multiple Fee-based Businesses



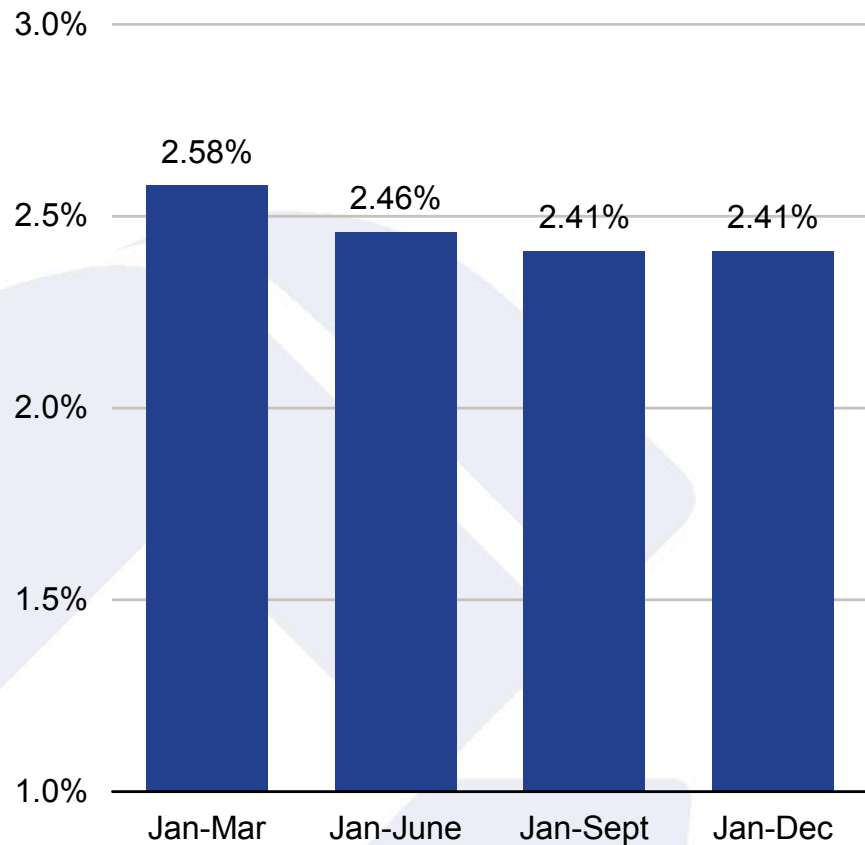
Breakdown of Net Fee and Commission Income



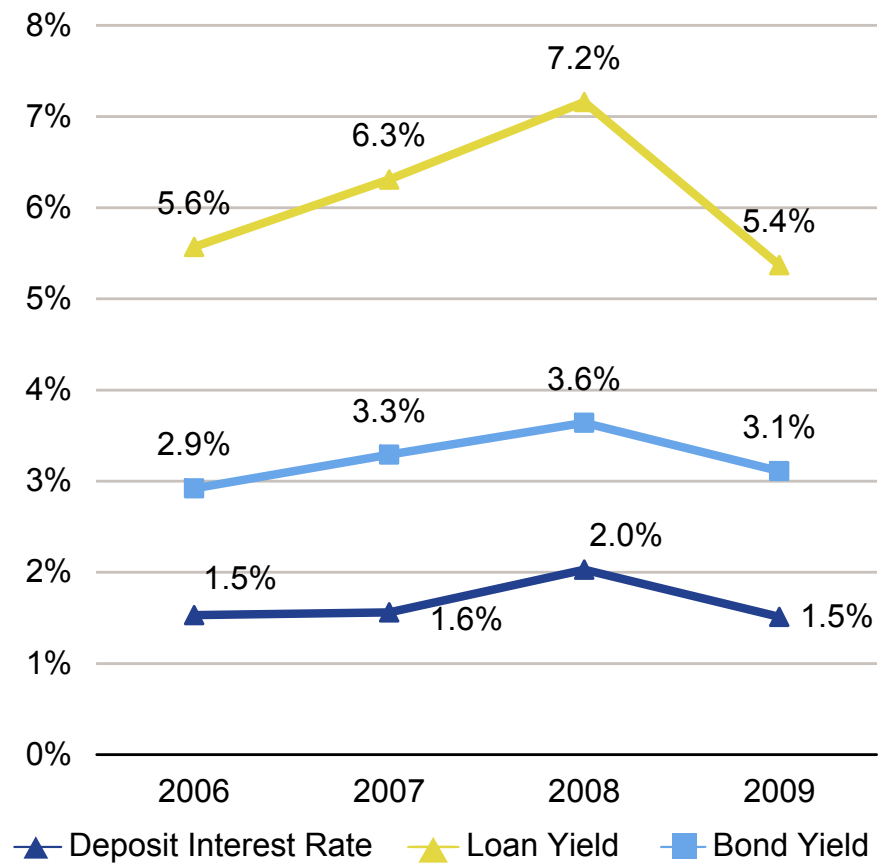


NIM Stabilizing and Recovering

2009 NIM Stabilizing and Recovering on a Quarterly Basis

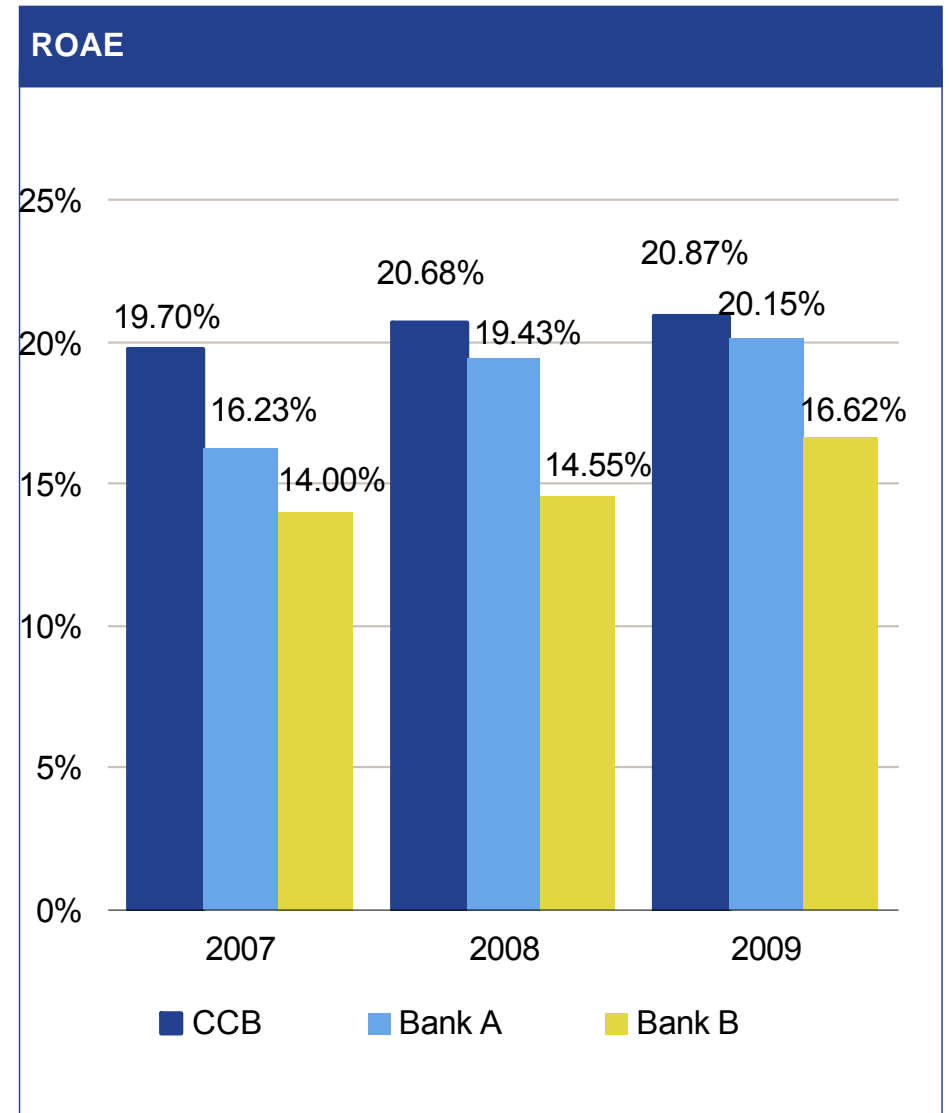
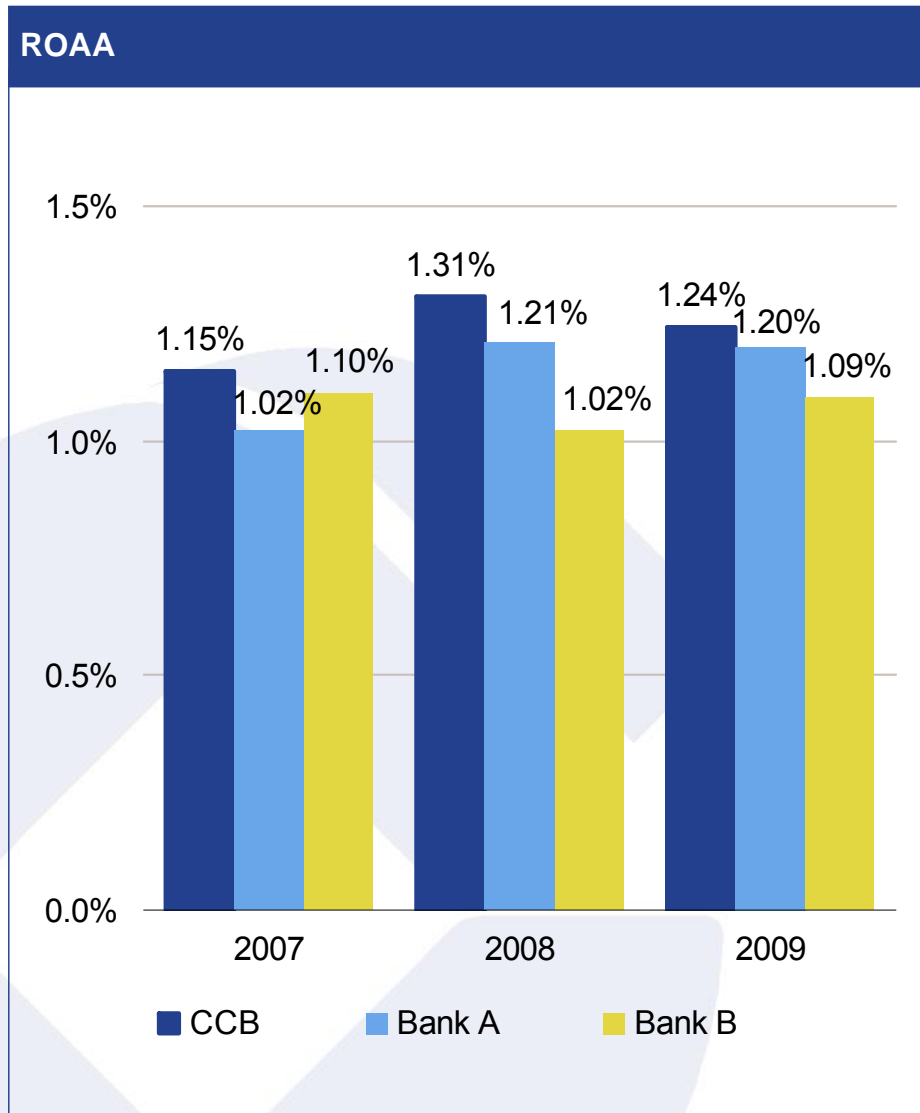


Yield and Cost Ratios



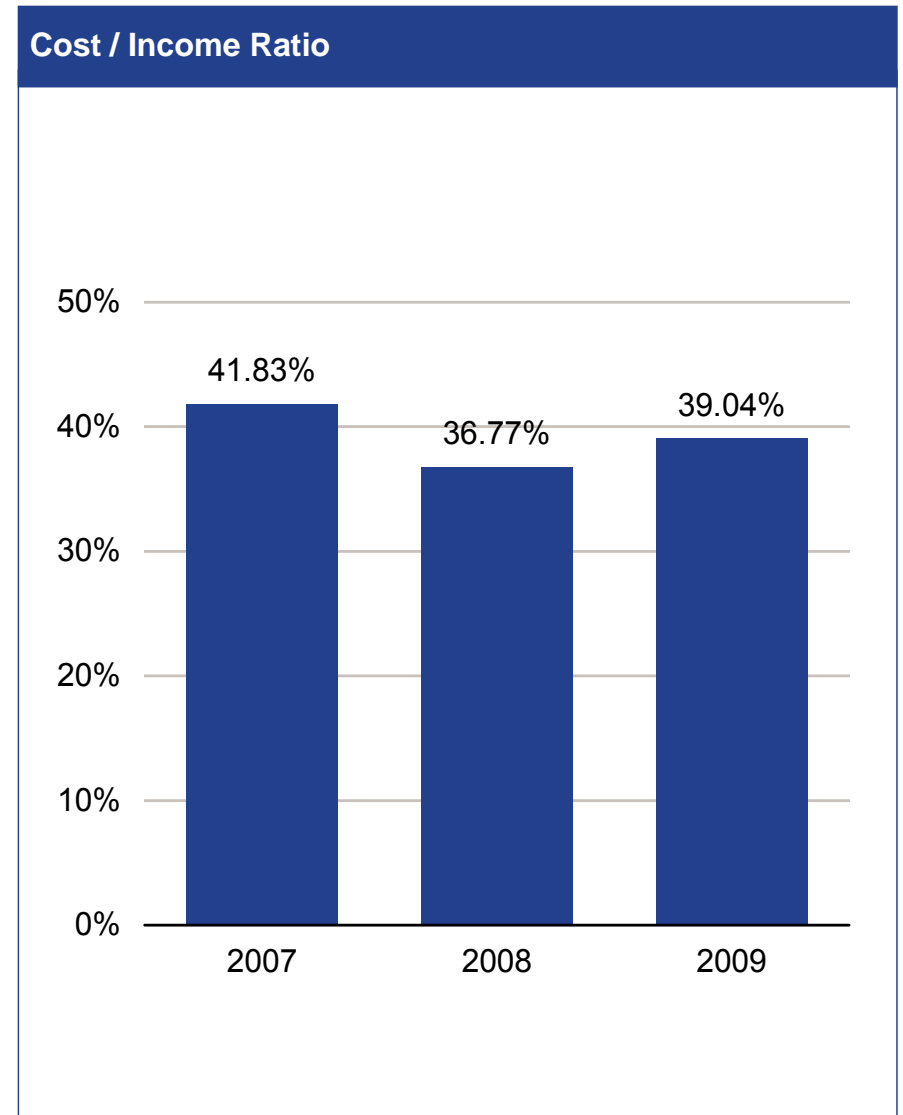
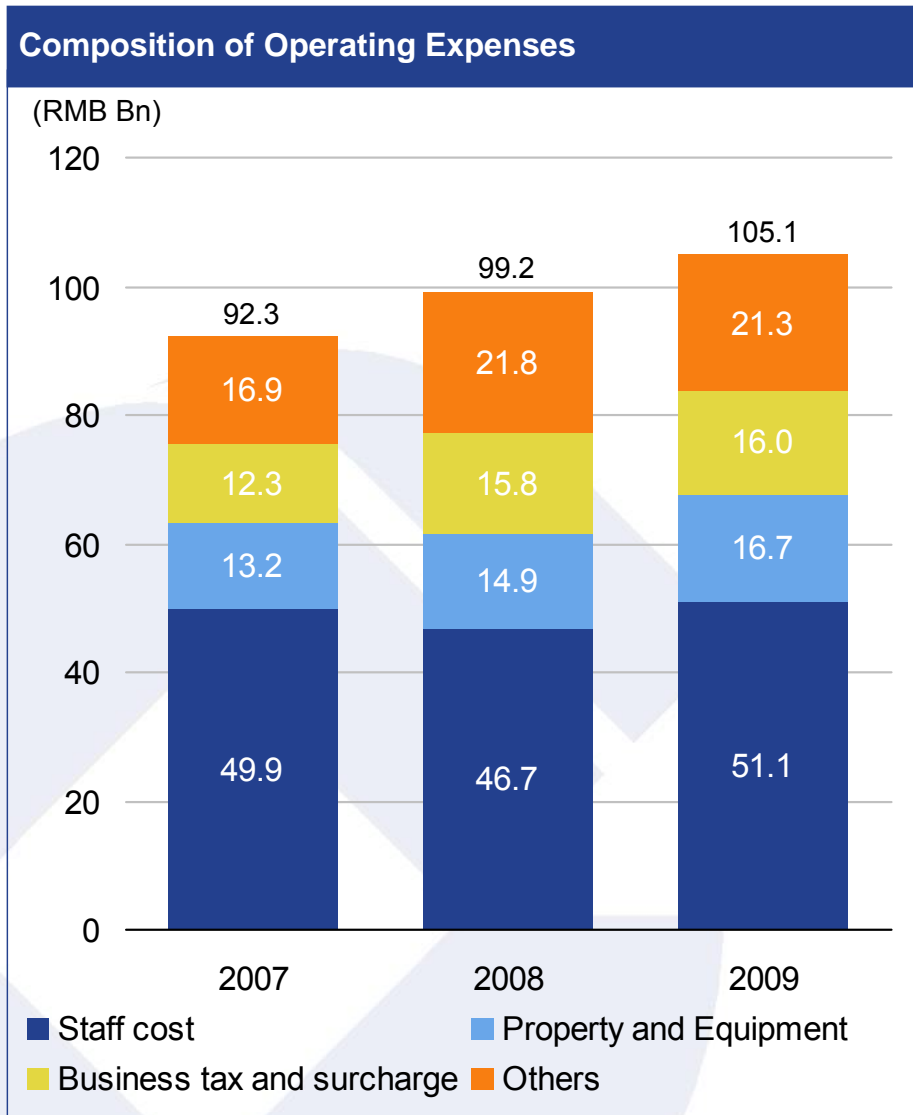


Leading ROAA and ROAE among Peers





Strengthening Overall Cost Management





External Recognition



- Ranked #2 among Top 200 banks in emerging markets
- Best Local Corporate Loan Bank
- Best Mortgage Bank



- The Global 2000 Publicly Listed Companies
- Ranked #23, up by 39 places



- Top 500 Global fortune
- Up 46 by places



- Ranked #13 among Top 500 Global Banking Brands, with change in Brand Value of US\$ 3,053Mn
- Ranked #2 among Top 10 Global Commercial Bank Brands and #1 among Chinese Banks



- Best Domestic Bank



- Ranked #13 among Global 500 by Financial Times, leapt 7 places from #20



- Excellence in Risk Management Award



- Corporate Governance Asia Annual Recognition Award



Actively Taking on Social Responsibilities

- Supported “Rural Projects in China” by donating 1,512 computers
- Provided RMB10.055 MM of subsidy to mothers of heroes in poverty
- Donated RMB 60.0645 MM to fund impoverished high school students
- Provided RMB 60MM subsidy to impoverished students from Ethnic Minorities
- Assisted in building 34 Hope Primary Schools
- Aided 206 Tibet students from poor families



Ranked # 1 among Chinese Banks in the CSR Asia Business Barometer ranking



Excellence in Corporate Social Responsibilities



“Special Contribution Award of the 20th anniversary” by the China Foundation for Poverty Alleviation



Best Social Responsibility Enterprise Award for the 30 Years of Reform and Opening-Up



Business Development

Financial Performance

Outlook



Outlook

Opportunities and Challenges

Opportunities

- ◆ Global economy on track for a rebound
- ◆ Stabilizing international financial market and improving investor confidence
- ◆ Domestic economy recovering and fundamentals strengthening
- ◆ Positive impact from the measures to stimulate domestic demand and improve people's livelihood

Challenges

- ◆ Global economic recovery is still weak and fraught with uncertainties
- ◆ Domestic economy development still faces a series of major issues
 - Imbalanced structure of primary, secondary and tertiary industries
 - Urbanization lagging behind industrialization
 - Pace of rural modernization slowing down
 - Upgrade of industrial structure encountering difficulties
- ◆ Increasing pressure on risk management from volatilities in interest rate / FX rate



Prudent Operation and Strict Risk Management to Realize Sustainable Development

- ◆ Closely monitor the international and domestic macroeconomic and financial dynamics
- ◆ Intensify internal management reform and build a solid foundation for sustainable development
- ◆ Stringently control total credit exposure and persistently maintain balanced loan growth
- ◆ Continue to adjust business structure and achieve sustainable development
- ◆ Continue to promote emerging businesses such as SME, “Three Rurals” and household-related finance
- ◆ Strengthen post-lending management and consolidation management, and reinforce comprehensive risk management



Q&A



Thank You