



中国建设银行
China Construction Bank

2011 Interim Results Announcement

Beijing / Hong Kong

August 2011



Disclaimer

These materials have been prepared by China Construction Bank Corporation (“CCB” or the “Company”) and have not been independently verified. No representation or warranty, whether expressed or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained herein these materials. Neither the Company nor any of its affiliates, advisors or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained herein these materials. You are cautioned not to place undue reliance on forward-looking statement contained herein these materials.










Key Financials (1)

(RMB bn)	2011-6-30	2010-12-31	Change
Total Assets	11,754.77	10,810.32	↑ 8.74%
Net Loans and Advances to Customers	5,985.22	5,526.03	↑ 8.31%
Total Liabilities	11,016.09	10,109.41	↑ 8.97%
Deposits from Customers	9,892.11	9,075.37	↑ 9.00%
Total Equity Attributable to Shareholders	733.60	696.79	↑ 5.28%
NPL Coverage Ratio	244.68%	221.14%	↑ 23.54 pps
Core CAR	10.42%	10.40%	↑ 0.02 pps
CAR	12.51%	12.68%	↓ 0.17 pps
NPL Ratio	1.03%	1.14%	↓ 0.11 pps



Key Financials (2)

(RMB bn)	1H2011	1H2010	YoY Change
Net Interest Income	145.71	117.80	 23.69%
Net Fee and Commission Income	47.67	33.64	 41.70%
Pre-tax Profit	120.79	92.19	 31.02%
Net Profit	92.95	70.78	 31.33%
EPS (RMB)	0.37	0.30	 23.33%
ROAA (Annualized)	1.65%	1.43%	 0.22 pps
ROAE (Annualized)	24.98%	24.00%	 0.98 pps



Strategic Planning

Financial Performance

Outlook

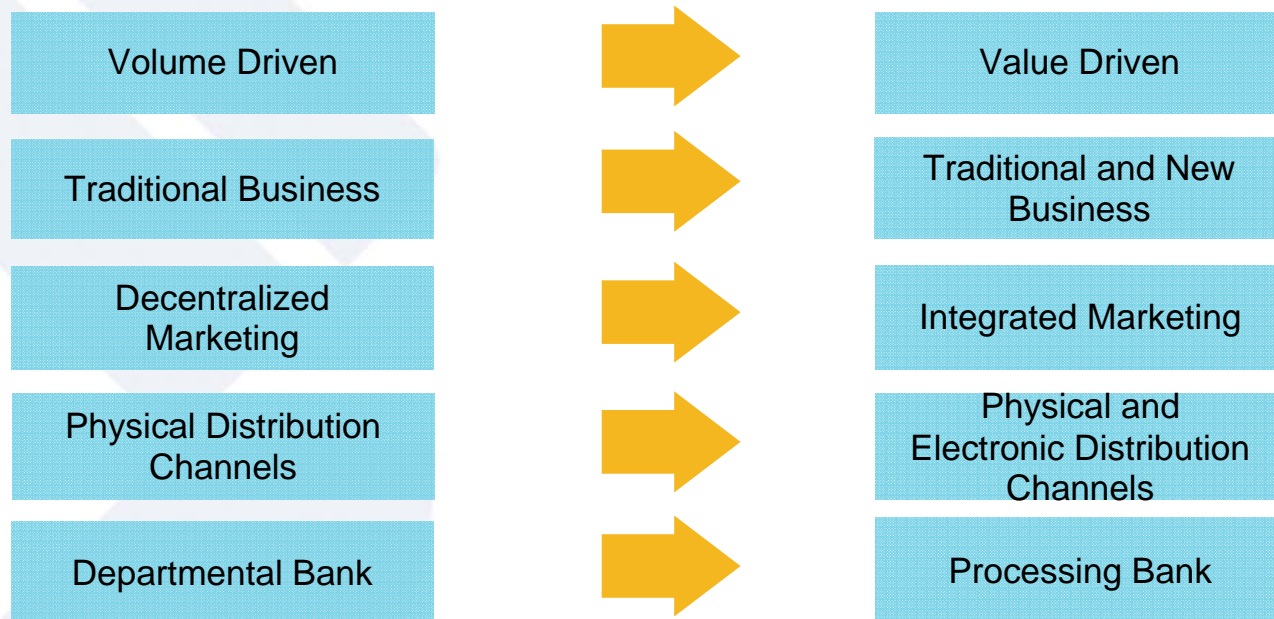


Five-year Development Strategy

Development Goals

- By 2015, the bank aims to become a world class bank with fully-fledged systems, excellent service quality, rigorous internal control and superior performance and to establish a corporate identity that is considered “reliable and warm” / “trusted and friendly” by clients, investors and employees

Transforming our Business and Management and Enhancing Capabilities in New Finance Services





Information Technology

Building a World Class IT System and Balancing Development of IT and Business

Enterprise Process
Modeling
Quantitative Modeling



Product Innovation
Processing Bank

New-Generation
Core System



Customer Service
Business Transforming

Beijing Production Center
Intra / Cross-City
Disaster Relief Centers



System Security
Stable Operations

IT Management System



In-House R&D
Sustainable Development



Strategic Cooperation

Bank of America

- ✦ Exiting strategic cooperation extended to end of 2012 and a new strategic cooperation agreement after 2012 is currently under discussion
- ✦ Focus of future strategic assistance: retail and private banking, corporate and institutional business, investment banking, e-banking, financial markets and IT
- ✦ Focus of future business cooperation : client generation, sales, channel sharing

Fullerton Financial Holdings

- ✦ Private banking and wealth management training

Banco Santander

- ✦ Rural banking
- ✦ University finance
- ✦ Consumer finance
- ✦ Trade finance



Strategic Planning

Financial Performance

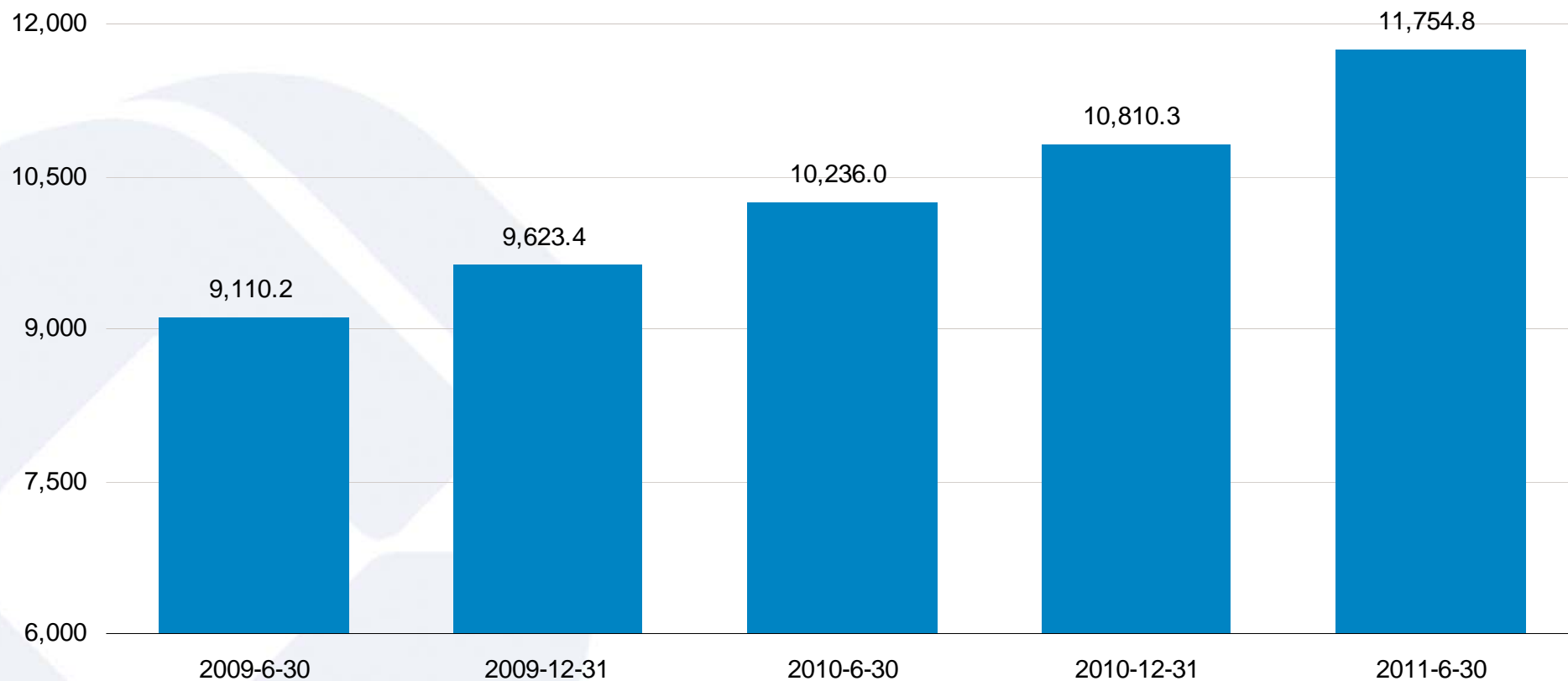
Outlook



New Breakthroughs—Asset Size

Total Assets Surpassed RMB 11 Trillion

(RMB bn)

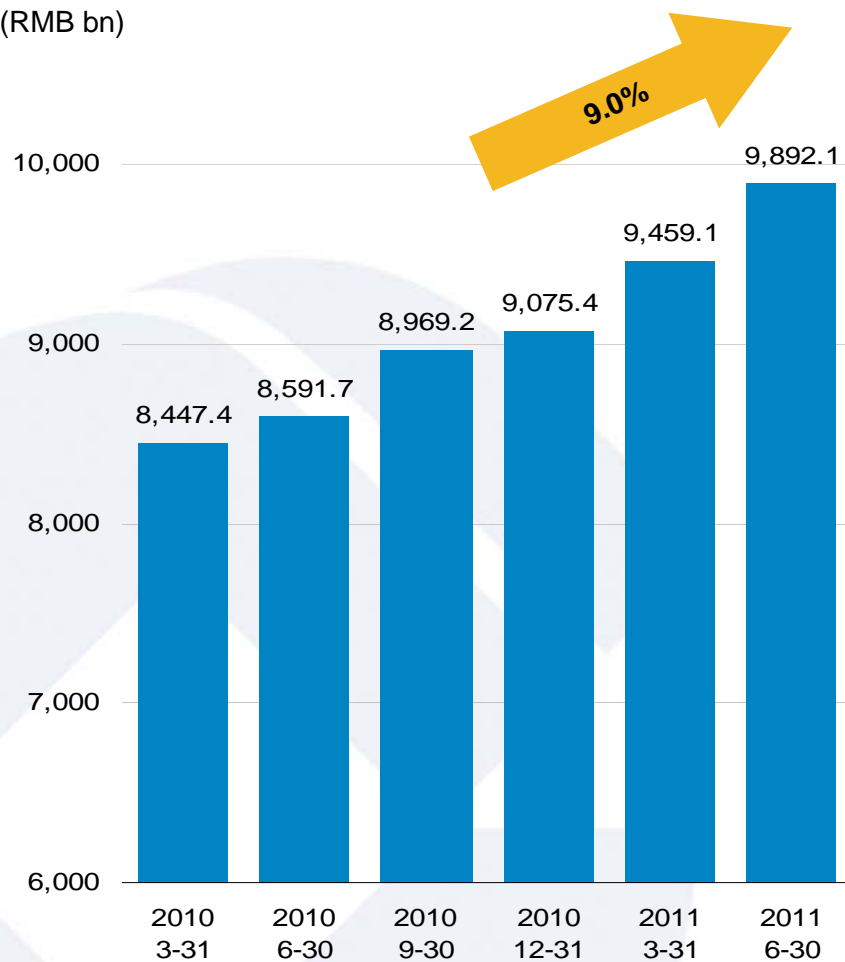




New Breakthroughs—Deposits and Loans

Steady Deposits Growth

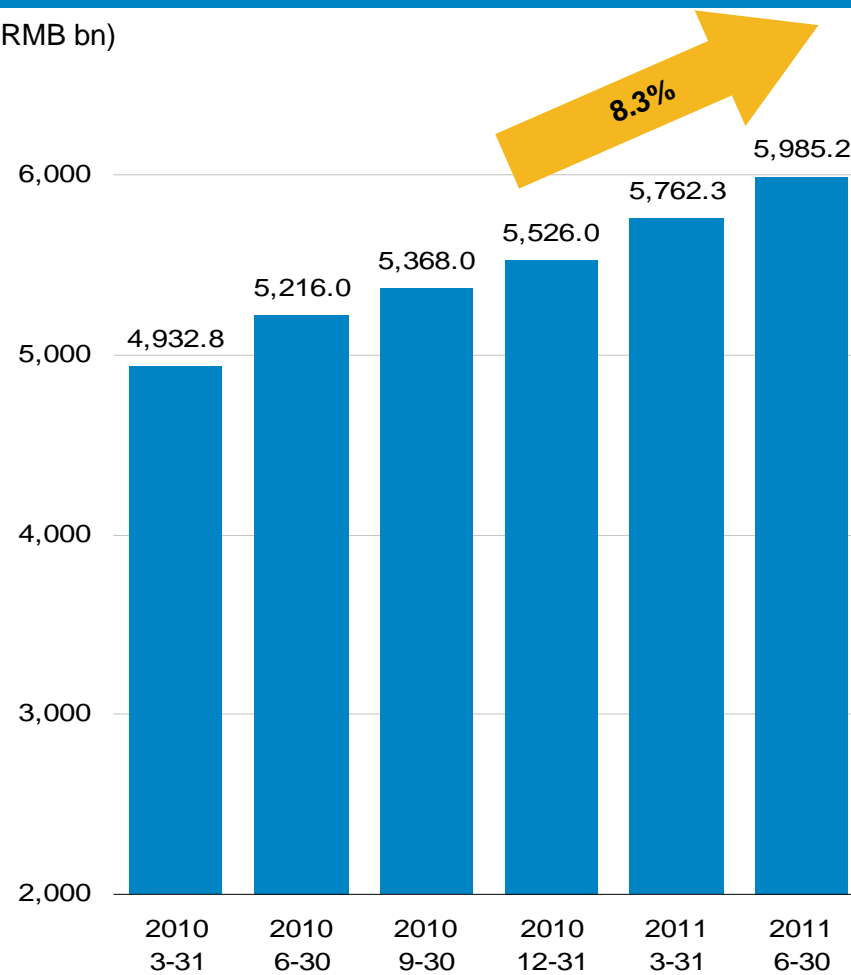
(RMB bn)



■ Quarterly Deposit Balance

Moderate Loans Extension

(RMB bn)

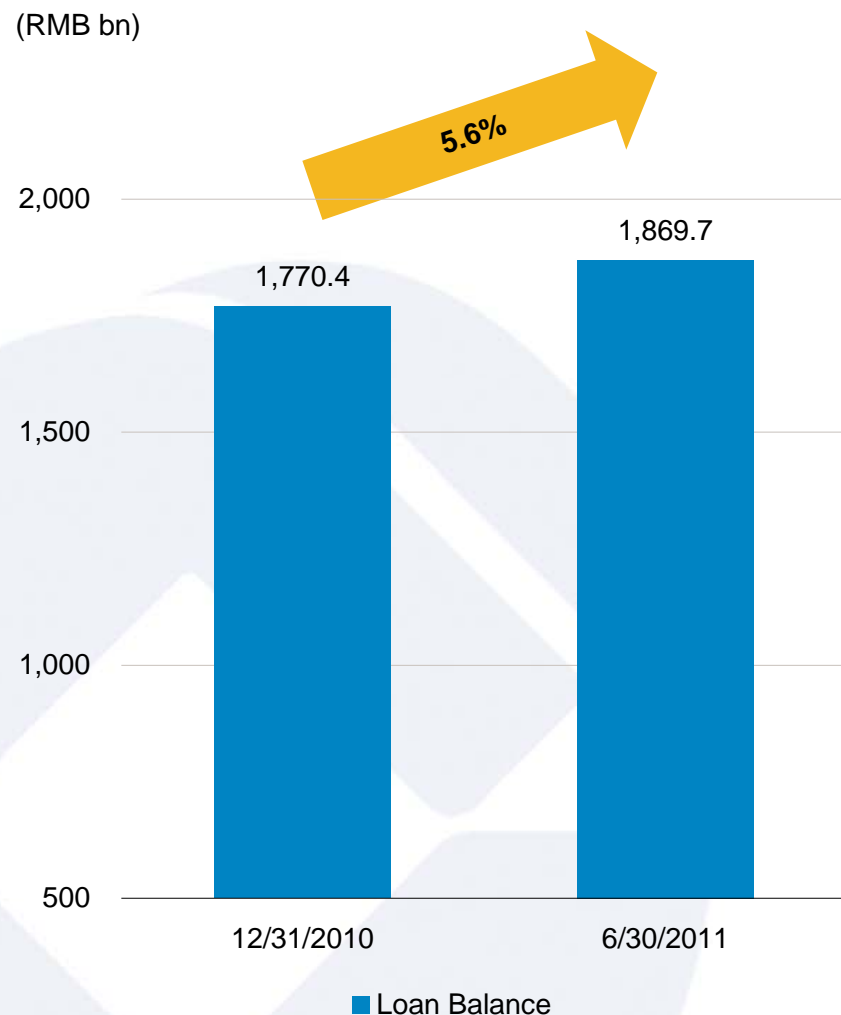


■ Quarterly Loan Balance

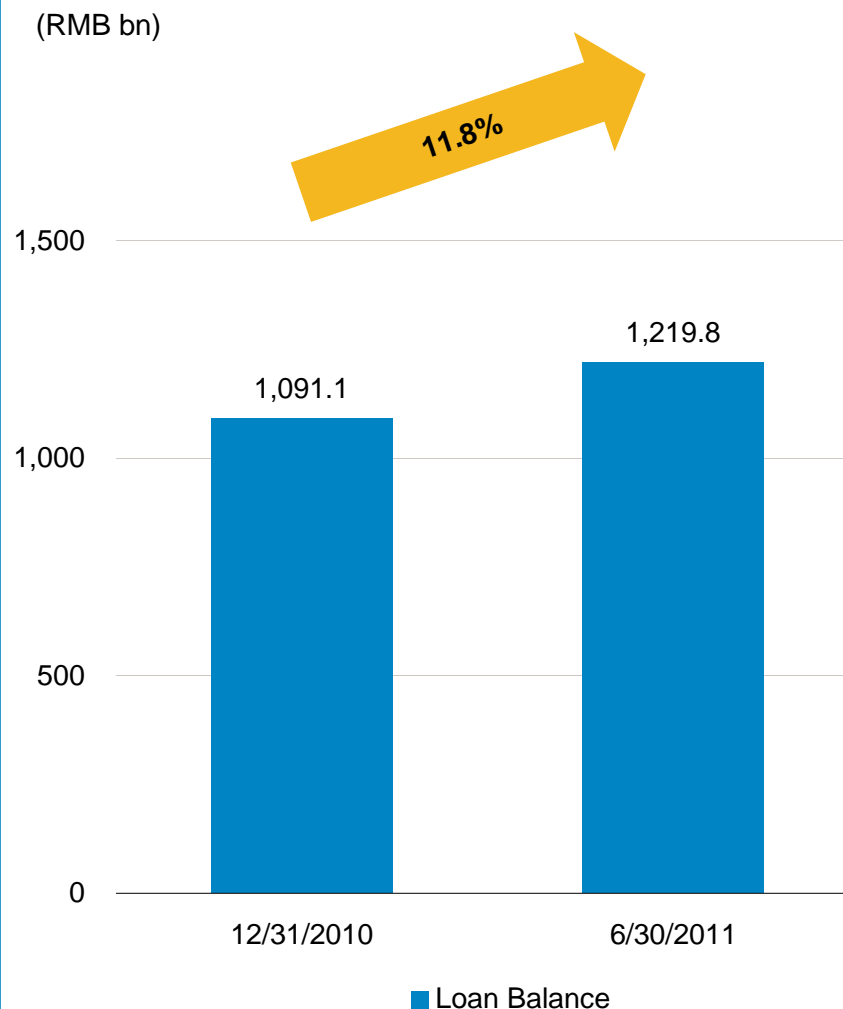


Effective Credit Structure Adjustment— Consolidating Traditional Advantages

Infrastructure Loans Grew by 5.6%



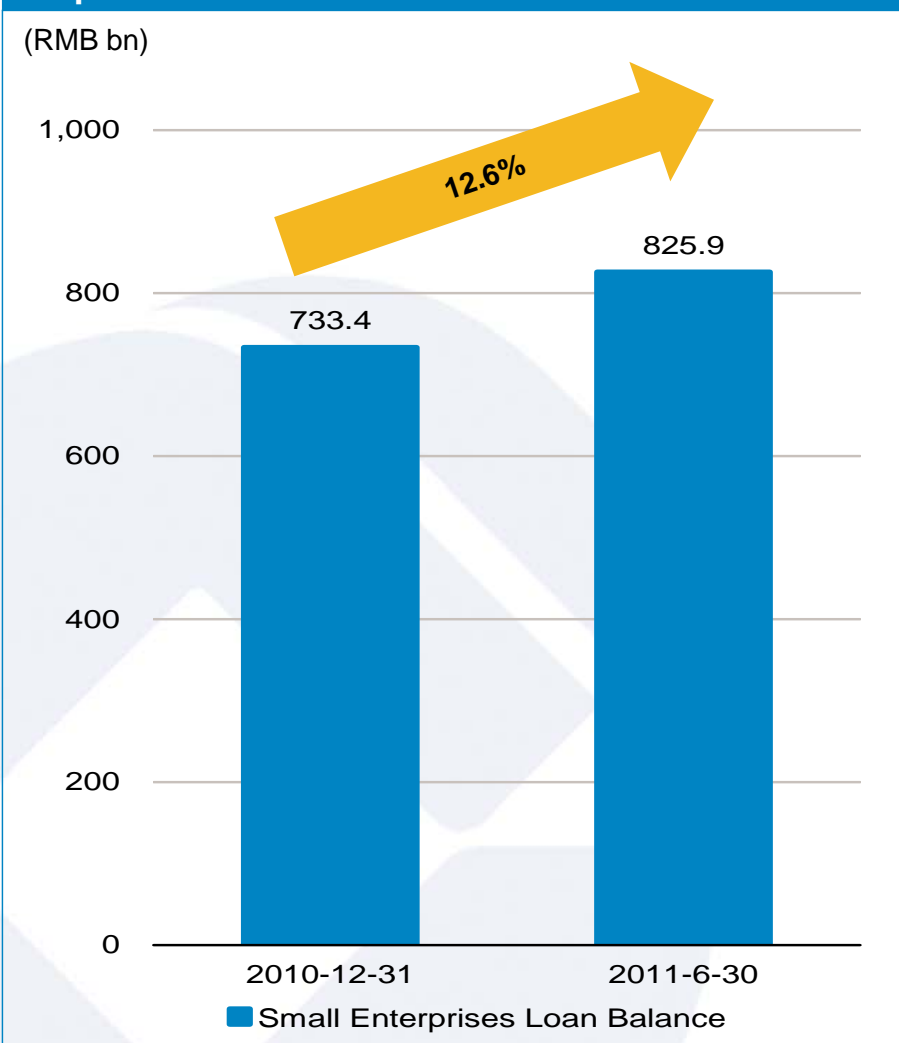
Personal Mortgage Loans Grew by 11.8%





Effective Credit Structure Adjustment— Rapidly Developing Small Enterprise Business

Small Enterprise Loans Grew 5.8 pps Higher than Corporate Loans



Note: Small enterprises are as defined by the NDRC and other ministries/commissions (under 300 workers, sales under RMB 30mm or assets under RMB 40mm, for industrial companies)

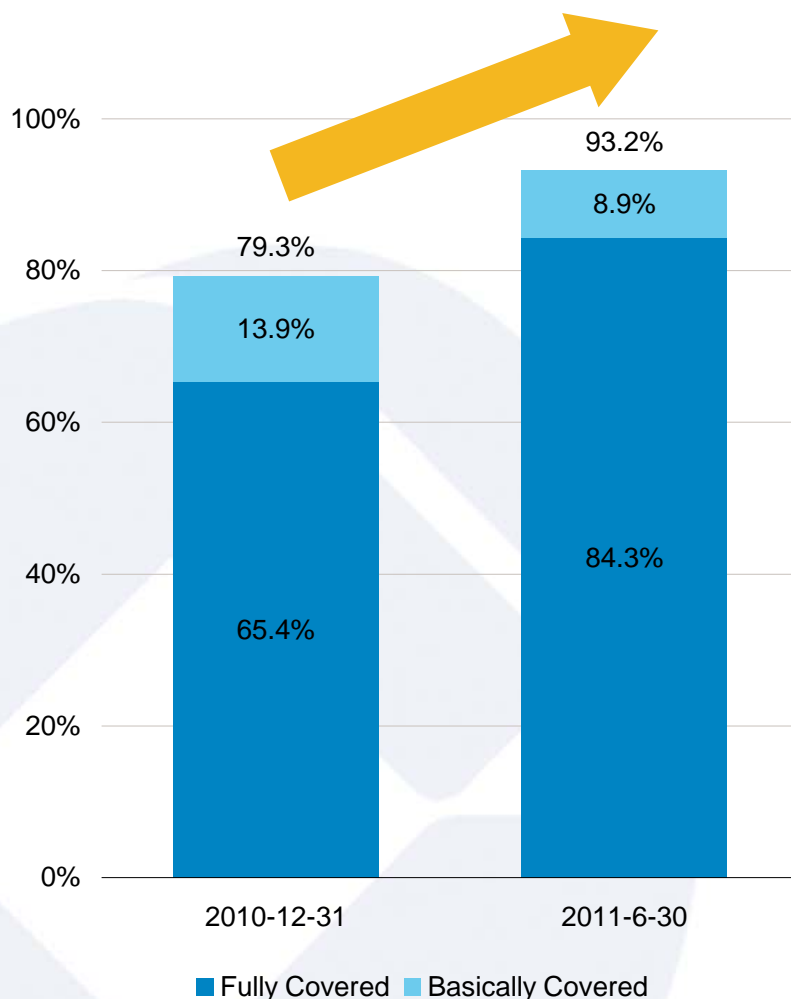
Small Enterprise Loans: Strong Growth and High Quality

- Optimizing selection of small enterprises, precautionary tools / ratings, and risk monitoring systems
- Developing professional customer relationship managers to identify customer risks
- 237 “credit factories” with another 15 established since beginning of the year
- Loans mainly directed to regions with developed private sectors and good credit / legal environment where small enterprises are relatively active
- NPL ratio for new loans since 2005 is 0.82%



Effective Credit Structure Adjustment— Strictly Controlling Local Government Financing Vehicles (LGFV) Loans

Loans Fully and Basically Covered by Cash Flows Comprise 93.2% of Total LGFV Loans



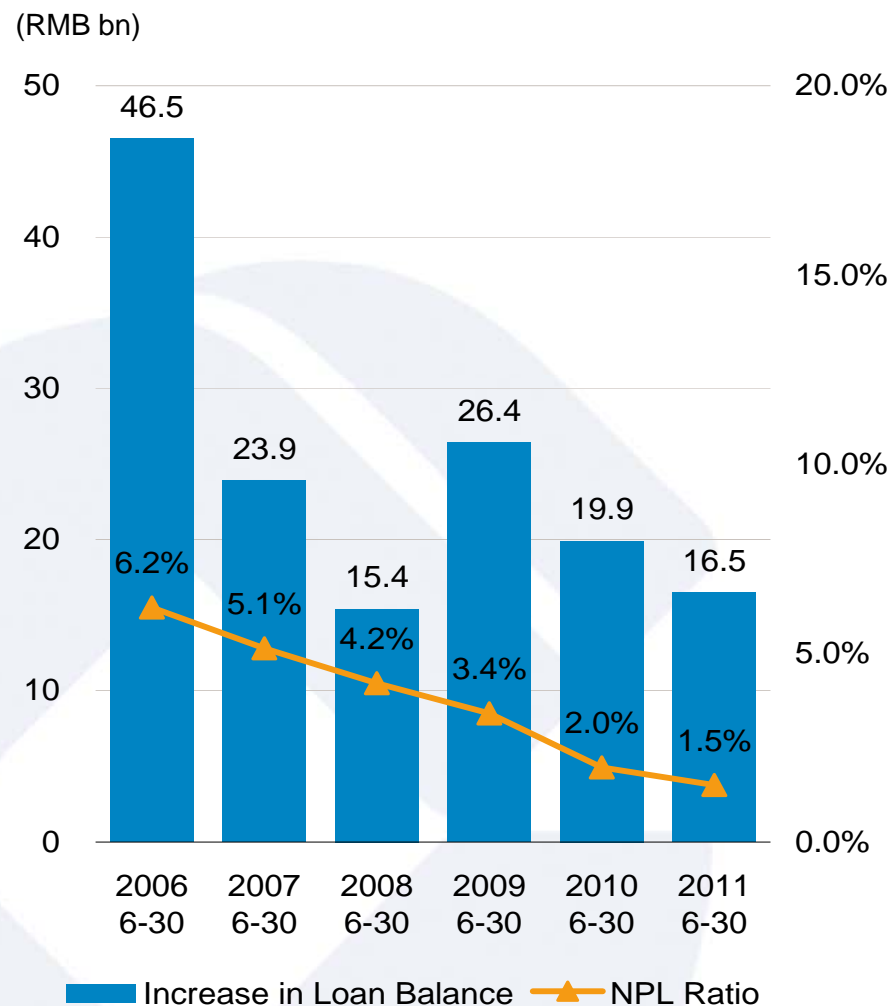
Effectively Controlling Credit Risk of LGFV Loans

- Stringent entry requirements and approach to extending new loans
- Namelist-based management
- Loans mainly extended to clients at the provincial / municipal level
- Cash flow analysis for individual accounts and advances
- Prudent approach to loss provisioning
- Risk assessment and loan clean-up



Effective Credit Structure Adjustment— Effectively controlling real estate loans

Controlling Real Estate Loan Growth



Preventing Real Estate Loan Risk

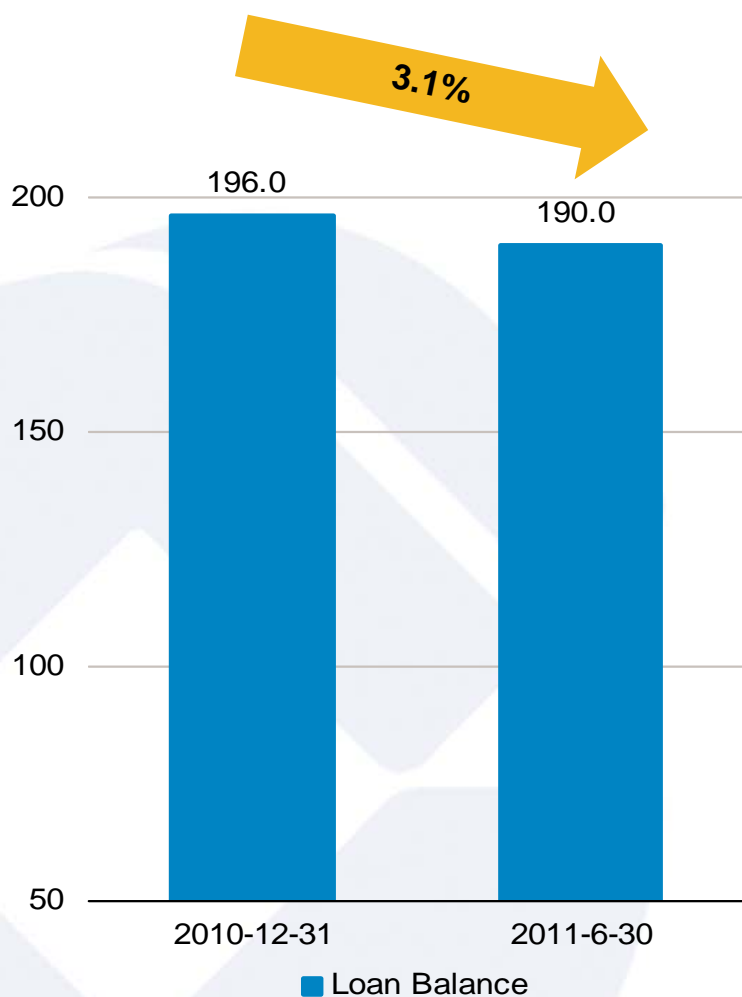
- Industry quota management
- Priority support for residential projects
- Loans directed to regions with steady housing markets
- Namelist-based management
- Revaluation and monitoring of loan collateral
- Loan growth of 2.74 pps lower than for corporate loans
- NPL ratio of 1.5%



Effective Credit Structure Adjustment— Exiting High-Risk Industries such as Excess Capacity Industries

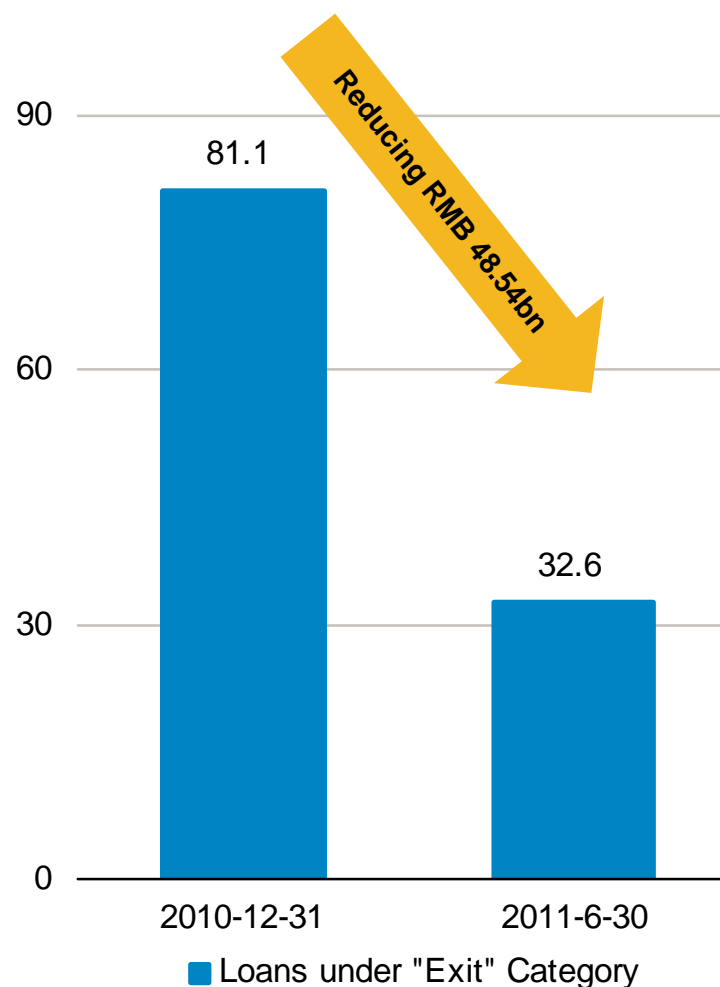
Loans to Industries with Excess Capacity Decreased by 3.1%

(RMB bn)



Reducing Loans under “Exit” Category

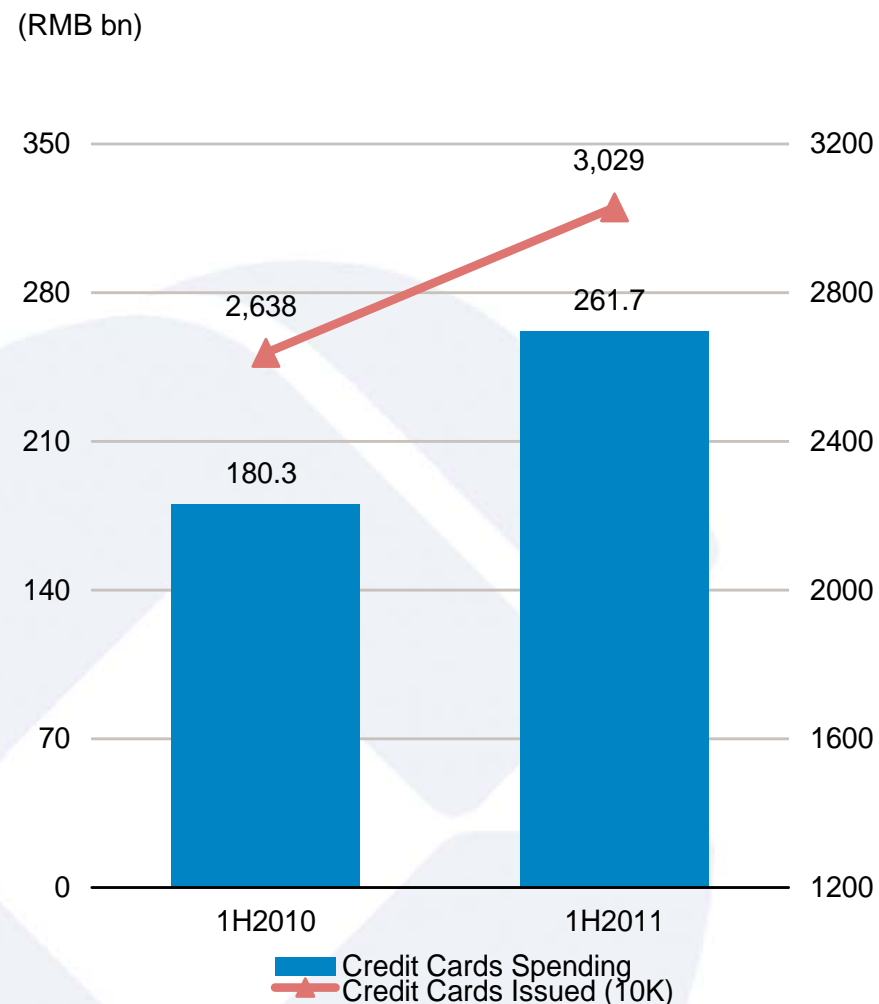
(RMB bn)



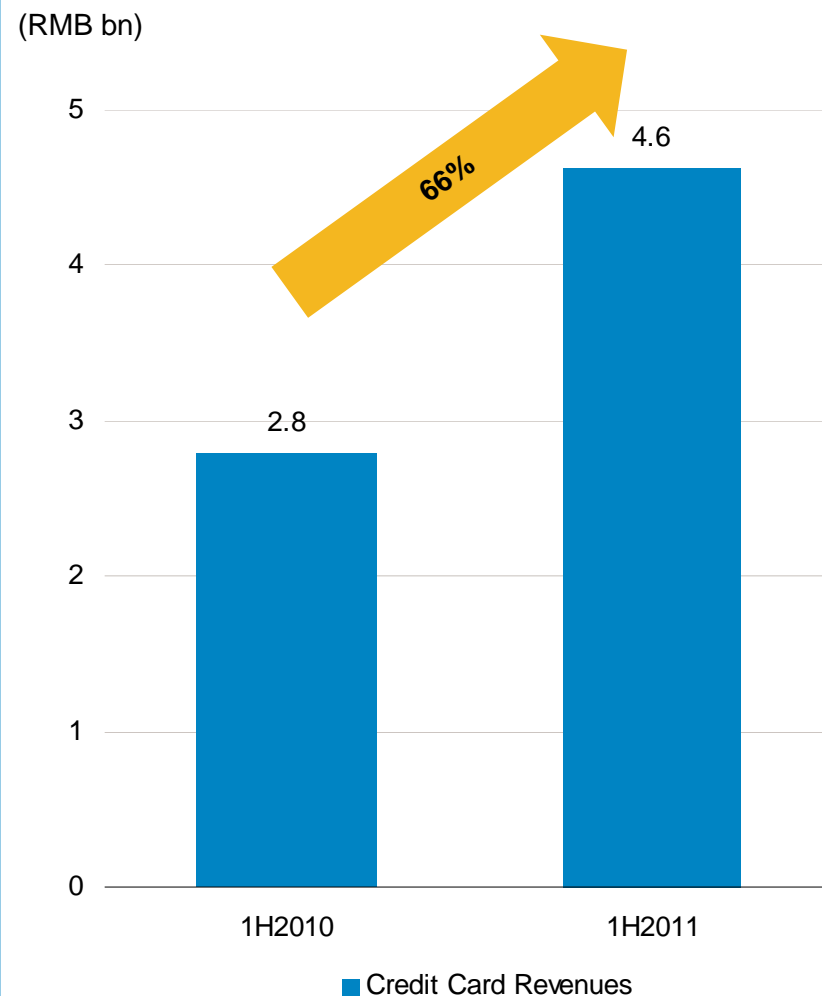


Strong Growth of Emerging Business— Credit Cards

Credit Card Spending and New Cards Issued Continue to Grow



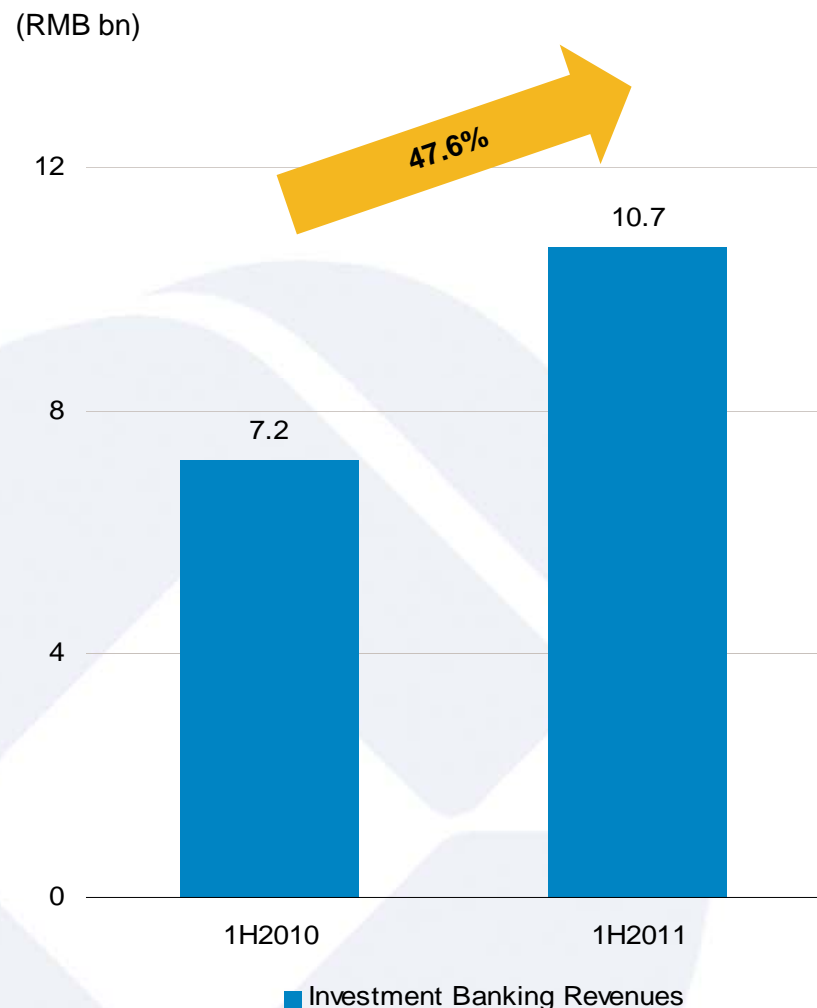
Revenues from Credit Card Business Increased by 66% YoY





Strong Growth of Emerging Business— Investment Banking

Investment Banking Revenues Increased 47.6% YoY



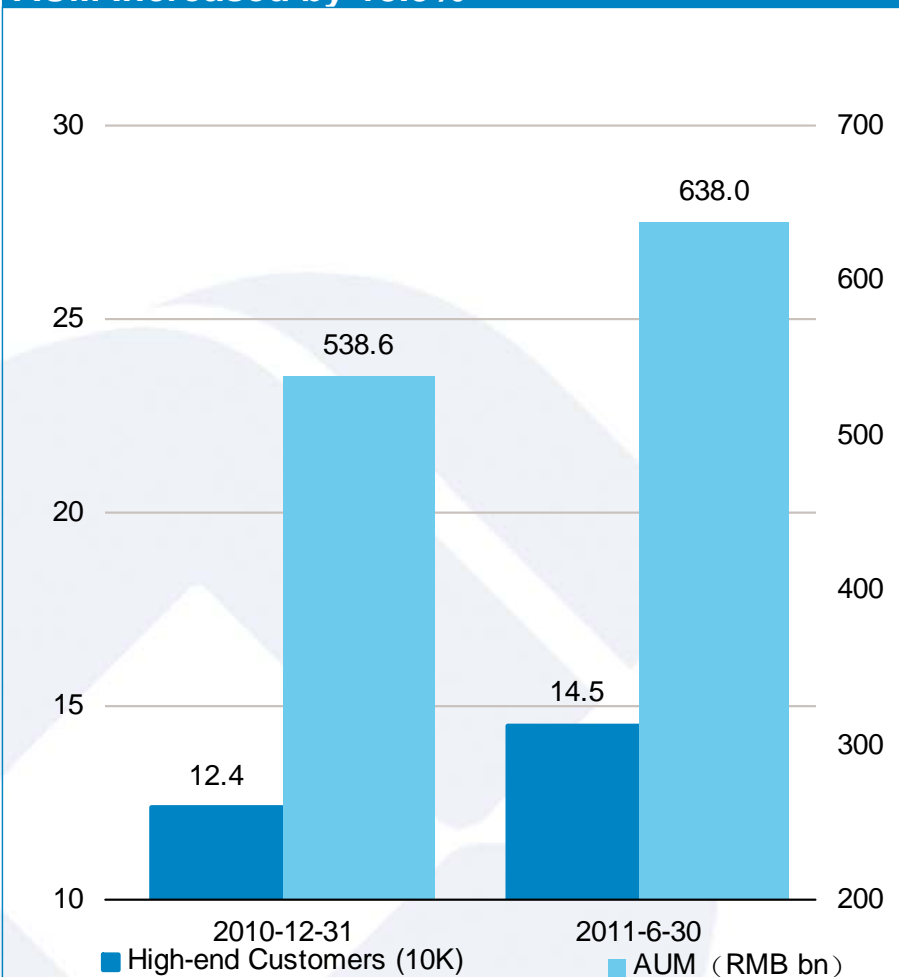
Investment Banking Business is Increasingly Competitive

- ✦ #1 in terms of underwriting of short-term commercial paper
- ✦ #1 in terms of underwriting of government bond and book-entry government bond sales at branch outlets
- ✦ Financial advisory revenues grew 131.7% YoY
- ✦ Leading underwriting of debt financing products
- ✦ Launched RMB Denominated Bond Fund in Hong Kong
- ✦ #1 in terms of IPOs underwriting among Hong Kong based Chinese investment banks. Net profit increased 205.9% YoY



Fast Growth of Emerging Business— Wealth Management and Private Banking

High-end Customers Increased by 16.9% and AUM Increased by 18.5%



Characteristic Private Banking Services

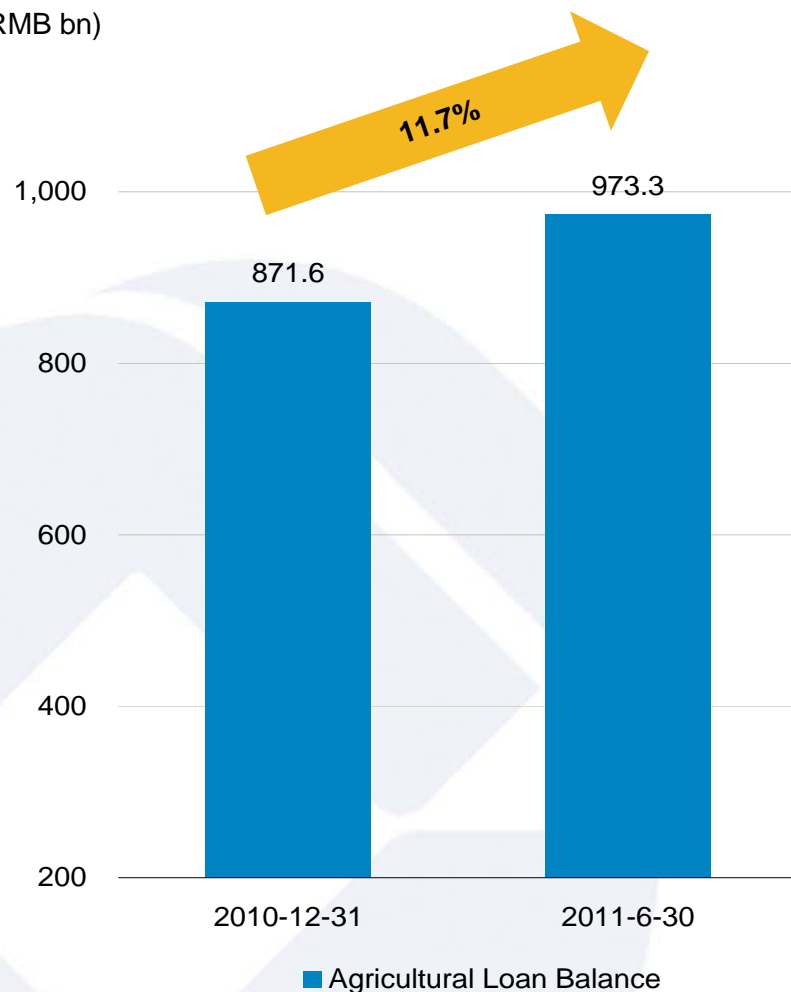
- 9 private banks
- 195 wealth management centers
- Wealth management cards and private bank cards issued increased by 72.6%
- Differentiated and integrated financial product service
- 24 × 7 VIP service



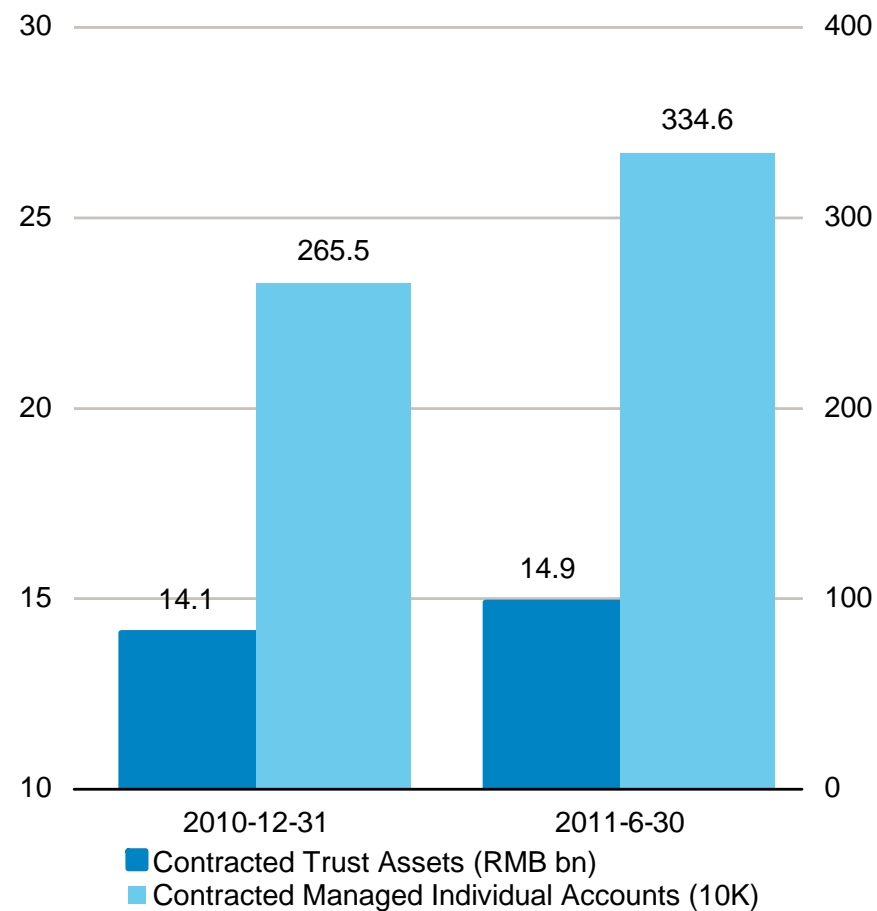
Fast Growth of Emerging Business— Livelihood Finance Business

Agricultural Loans Grew by 11.7%

(RMB bn)



Pension Fund Business Continues to Grow

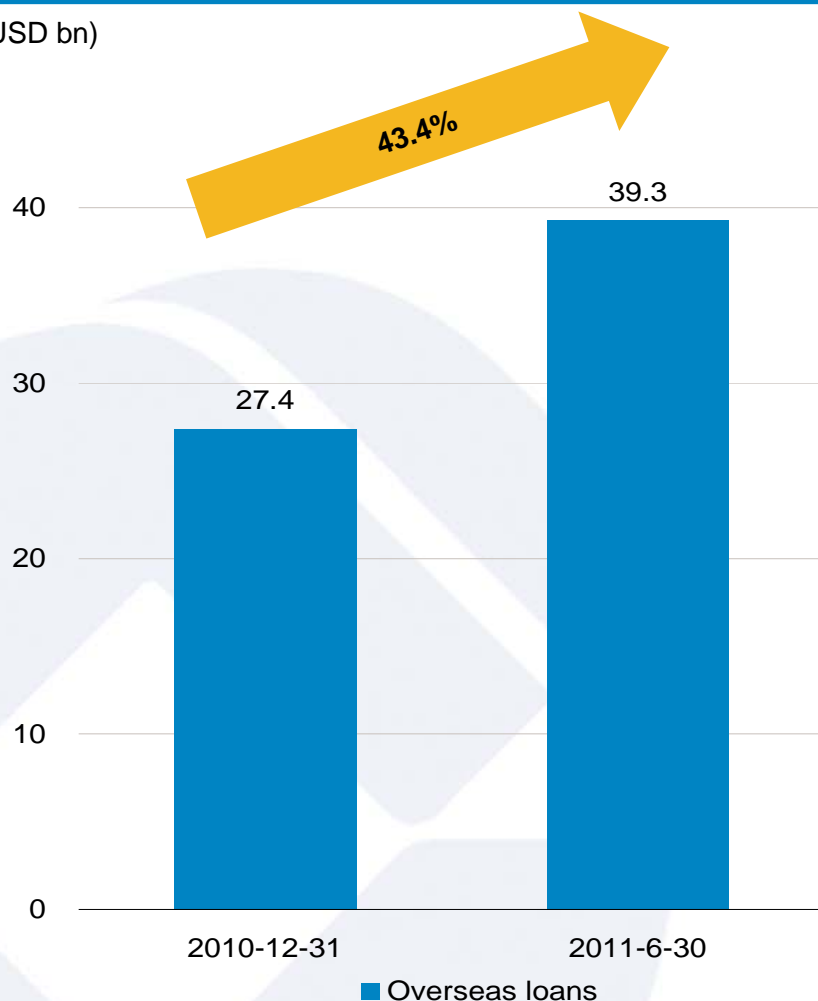




Global Financial Service Capabilities Significantly Enhanced

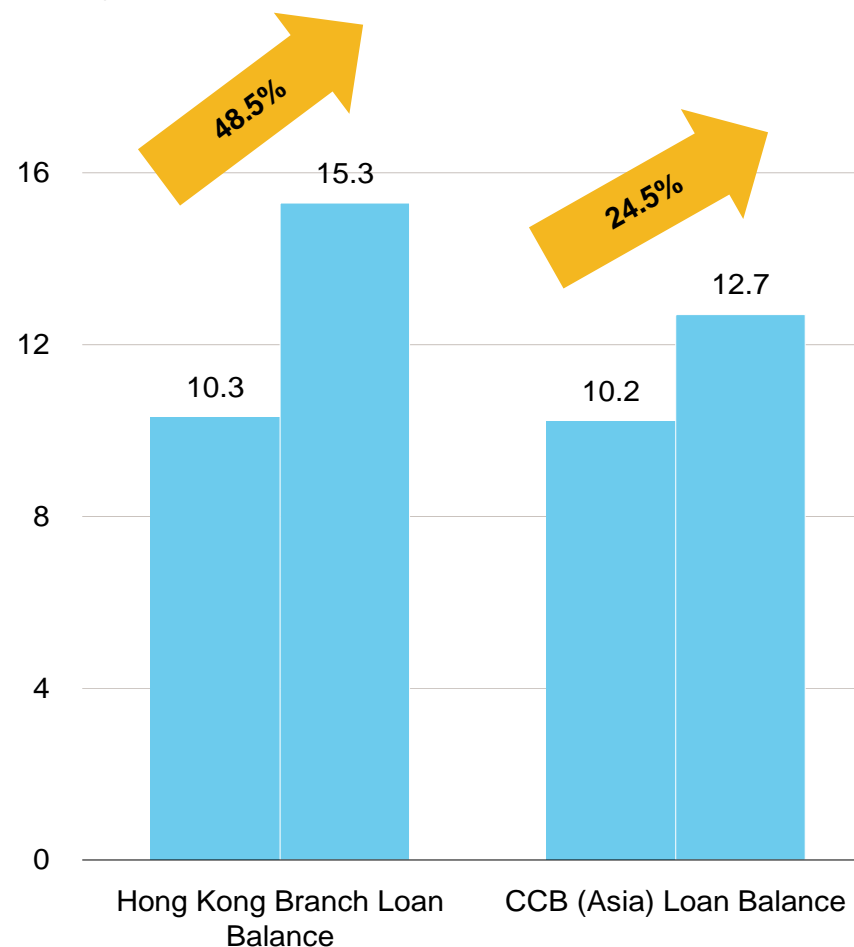
Overseas Loans Increased by 43.4%

(USD bn)



Strong Growth of Business in Hong Kong

(USD bn)

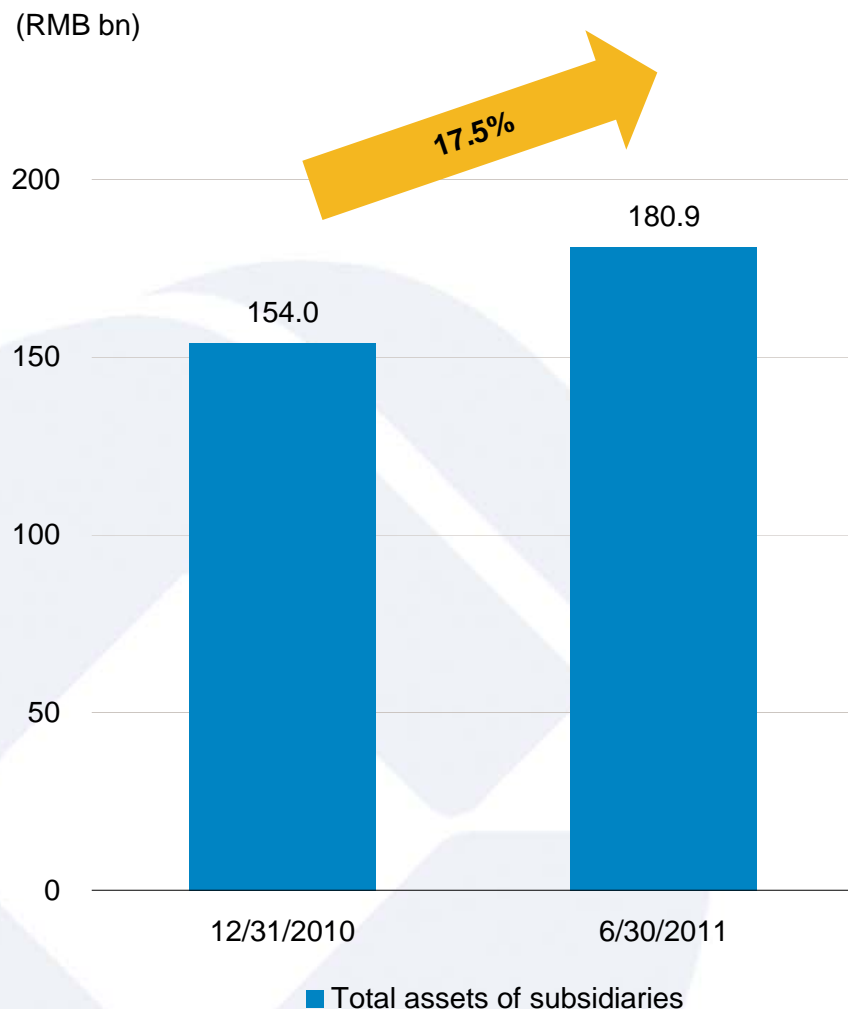


Note: (Left) 31 December 2010 data; (Right) 30 June 2011 data



Strengthened Integrated Services

Total Assets of Subsidiaries Grew 17.5%



Strengthening Integrated Financial Capabilities

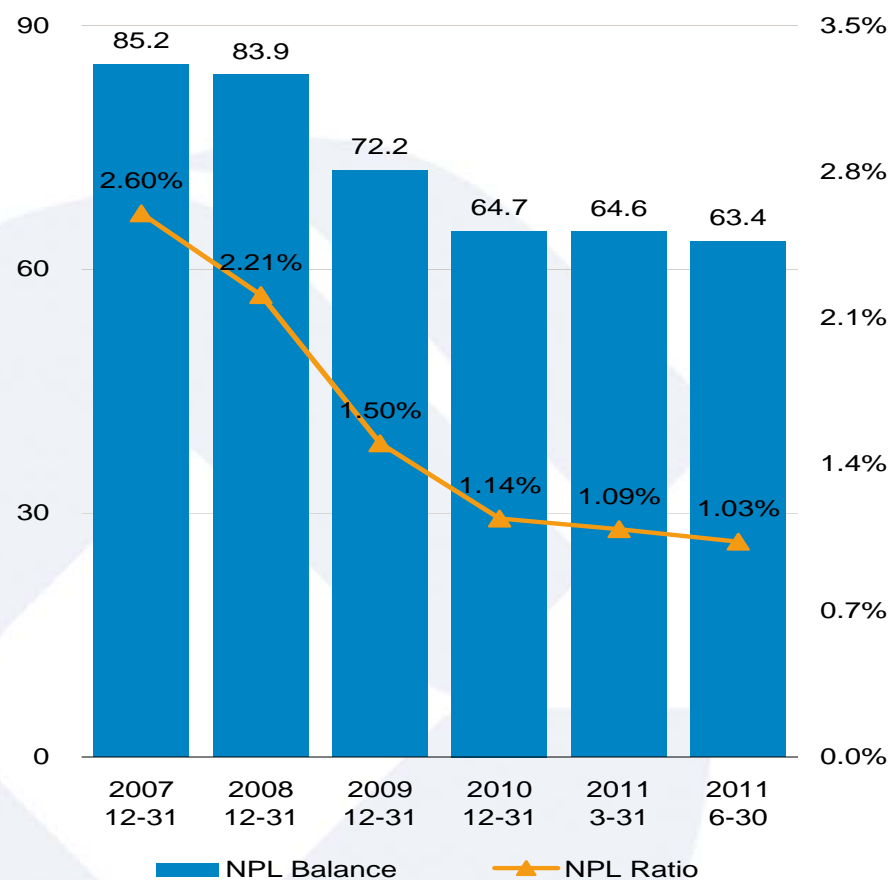
- CCB Life established with plans for capital increase
- RMB 751mm equity injection into Sino-German Bausparkasse Co. Ltd.
- Established additional 2 rural banks this year with totally 11 established and 22 received approval to date
- Net profit of major subsidiaries grew 43.1% YoY
- Plans to issue RMB bonds in Hong Kong



Enhanced Risk Management— Asset Quality Continues to Improve

Non-Performing Loans and NPL Ratio Continue to Decline

(RMB bn)



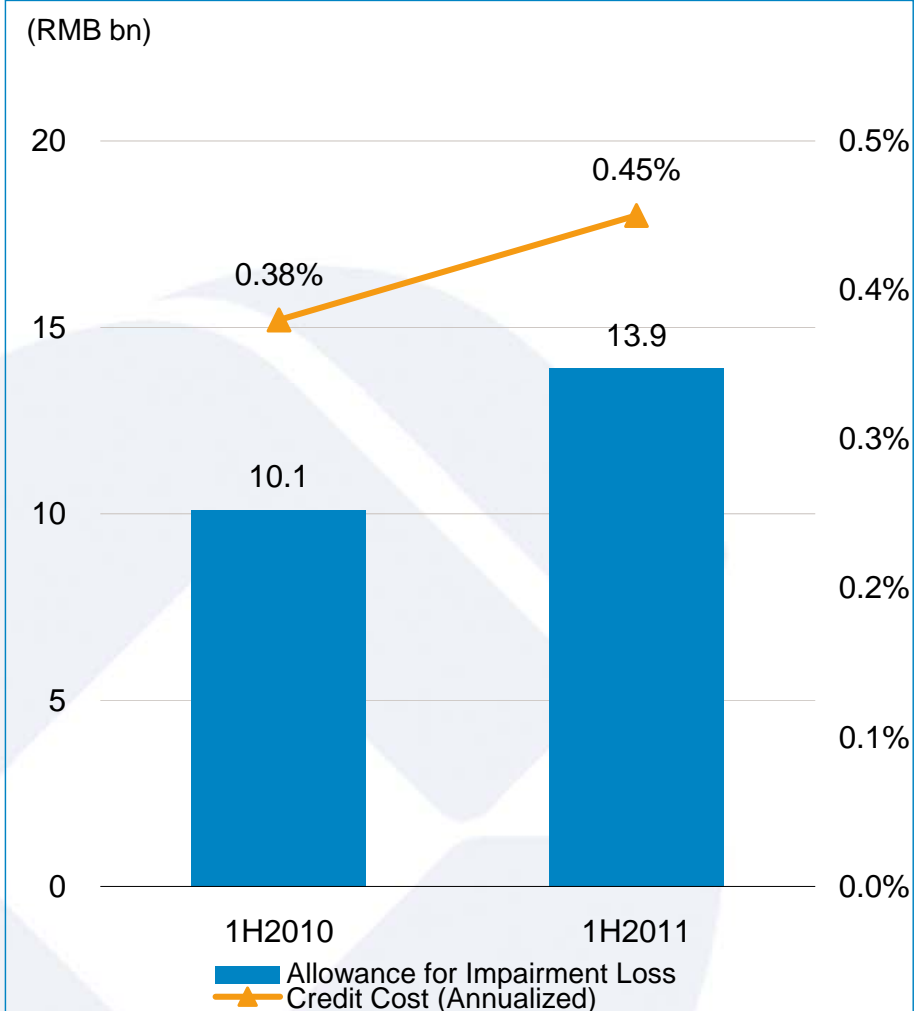
Increasing Sophistication of Risk Management

- Risk management incorporated in customer service
- Capital constraint and Economic-Value-Added evaluation
- Optimizing business structure
- Optimizing quantitative risk management tools
- Well-prepared for the implementation of New Basel Capital Accord

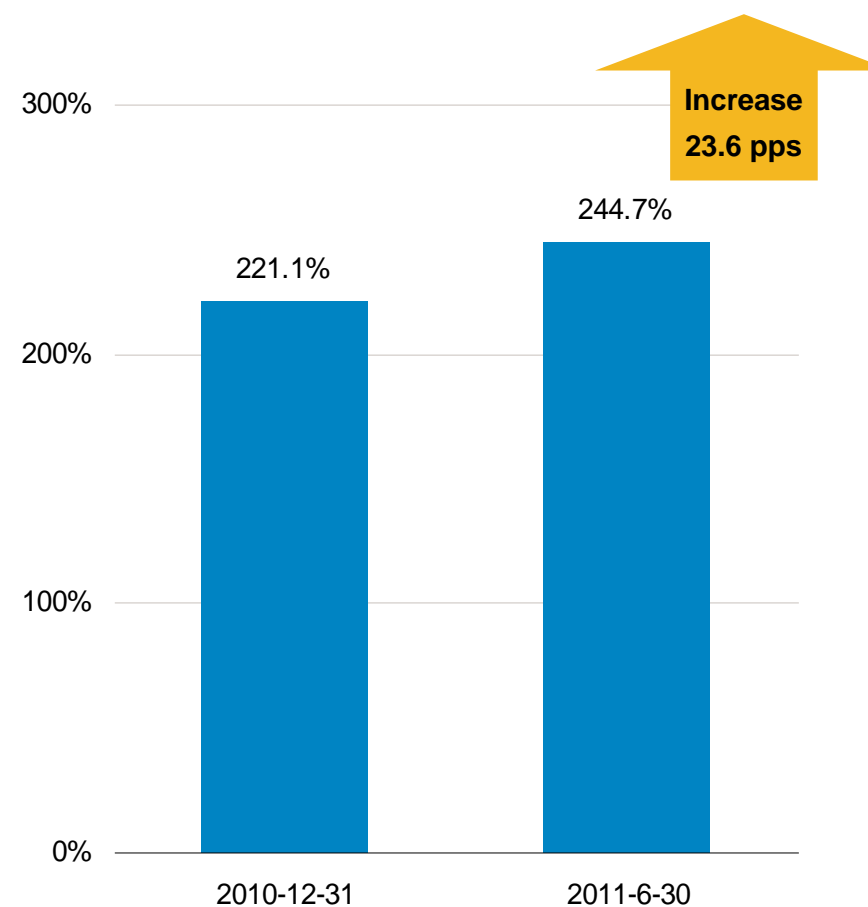


Enhanced Risk Management— Adequate Provisions

Loans Provisions for Impairment Loss and Credit Cost



NPL Coverage Ratio Increased to 244.7%

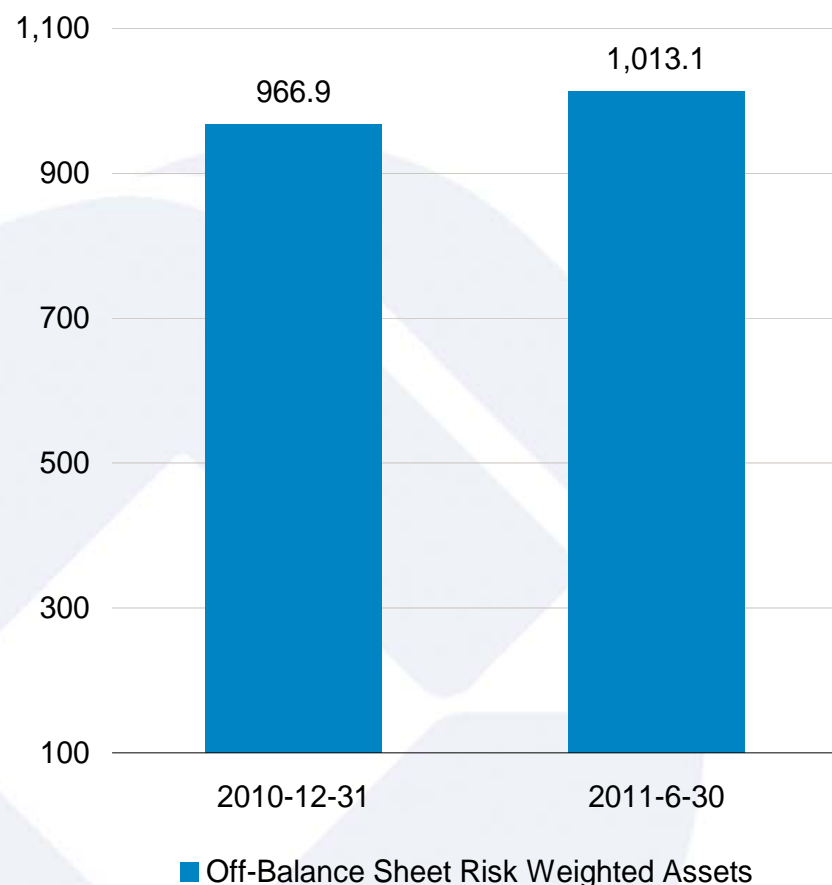




Enhanced Risk Management— Better Management of Off-Balance Sheet Business

Off-Balance Sheet Risk Weighted Assets Increased by Only 4.6%

(RMB bn)



Preventing Off-Balance Sheet Business Risk

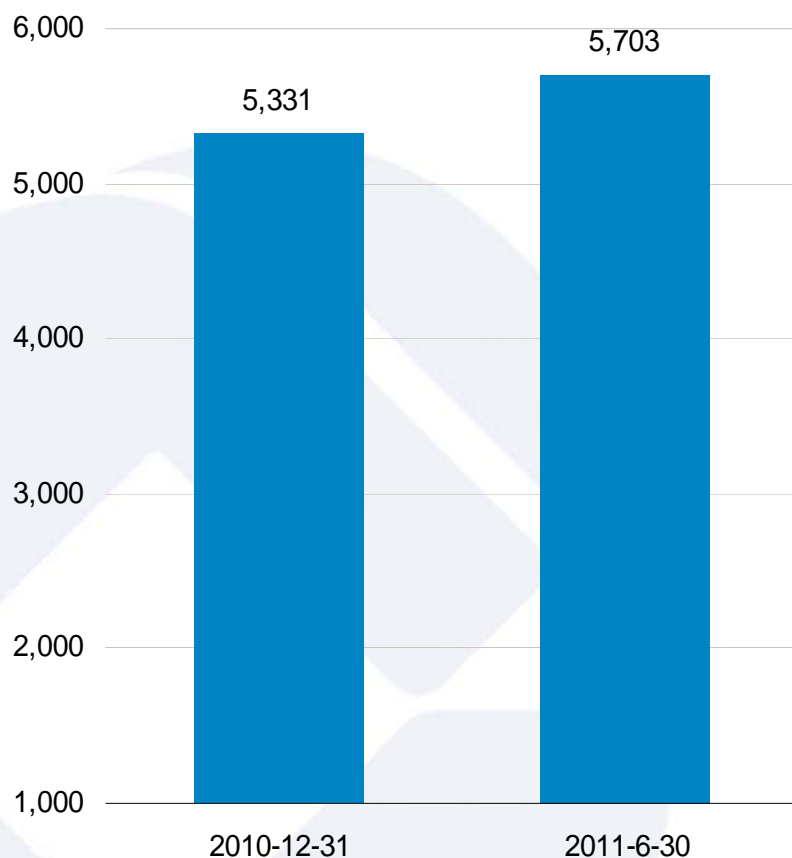
- Off-Balance Sheet Business Management Year
- Stringent entry requirements for new customers and focus on high quality customers
- Formulate risk policy bottom line
- Loss provisioning for off-balance sheet operations
- Steadily grow our wealth management business with moderate sales and income from wealth management products
- Financial statement adjustments related to bank-trust collaboration will be completed within this year



More Professional and Refined Sophisticated Management Standards

372 New Specialized Business Centers

(Number of specialized business centers)



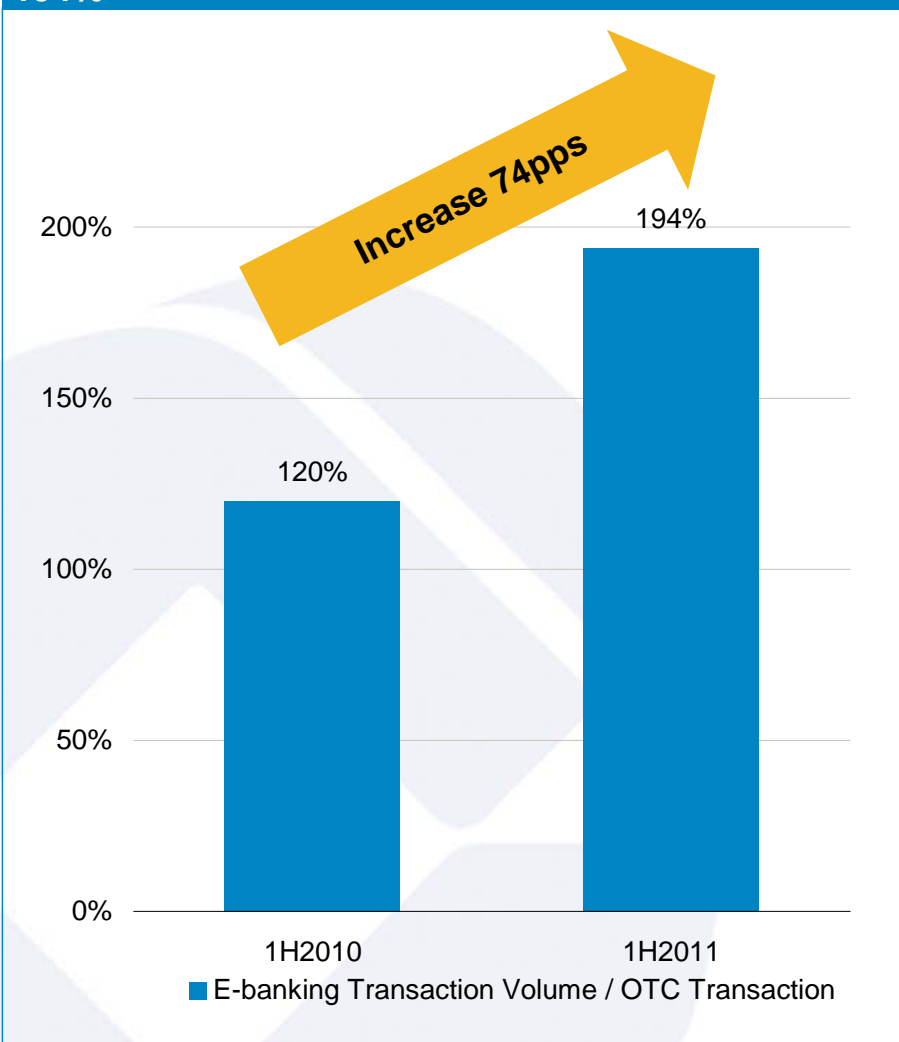
Management Model Innovation and Business Process Optimization

- Centralized back office management in 96% of municipal branches
- 67% municipal branches have adopted two-tiered or two-and-a-half-tiered management
- 80 product innovations, 105 process optimization projects
- 5 product innovation labs
- Scored 93.6 in mystery shopper survey for branch service quality, an industry-leading performance



Promoting New Channels

E-banking Transaction Volume / OTC Transaction: 194%



E-banking is Becoming the Principal Transaction Medium

- Online banking transaction volume for retail customers increased 125% YoY
- Online banking transaction volume for corporate customers increased 18% YoY
- Mobile banking transaction volume increased 63% YoY
- 40,949 self-service machines, increasing by 27%
- 10,114 self-service banks, increasing by 4.5%
- 82.69 million phone banking customers, increasing by 15%



New Achievements in Strategic Cooperation

Bank of America



- Completed a total of 98 cooperation projects to date; three in 1H2011
- Completed a total of 307 experience-sharing projects to date; 12 in 1H2011
- 124 employees participated in on-job training to date; 30 in 1H2011
- 6,200 employees attended short-term training to date; 220 in 1H2011
- Expert consulting and recommendations on IT, e-banking, wealth management and private banking



- Private banking and wealth management training



- Established JV—Jianxin Rural Bank
- Collaboration on university finance and trade finance
- Risk management training

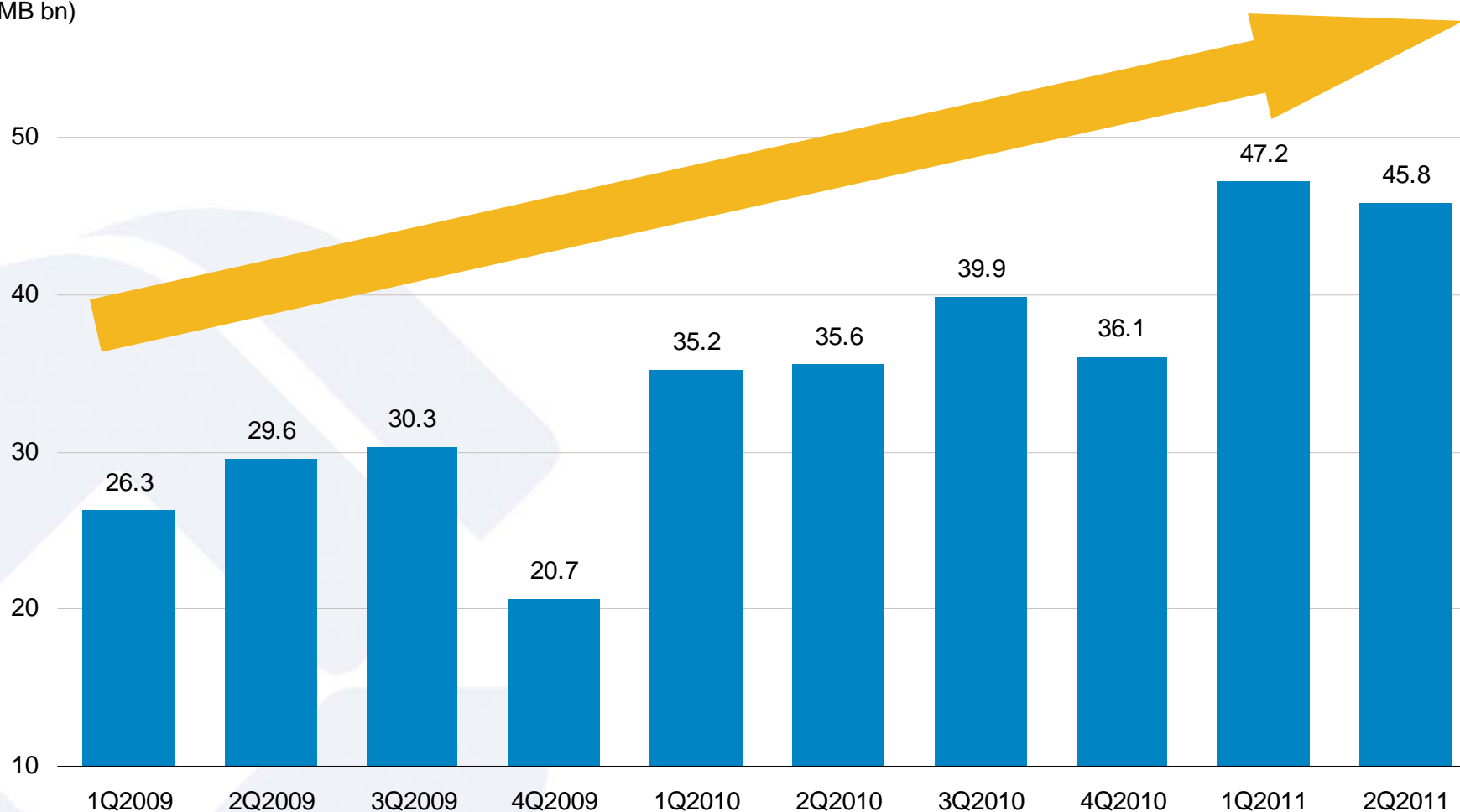


Continuous Leading Position in Financial Performance

Strong Net Profit Growth

1H2011 Net Profit Grew by 31.3% YoY

(RMB bn)



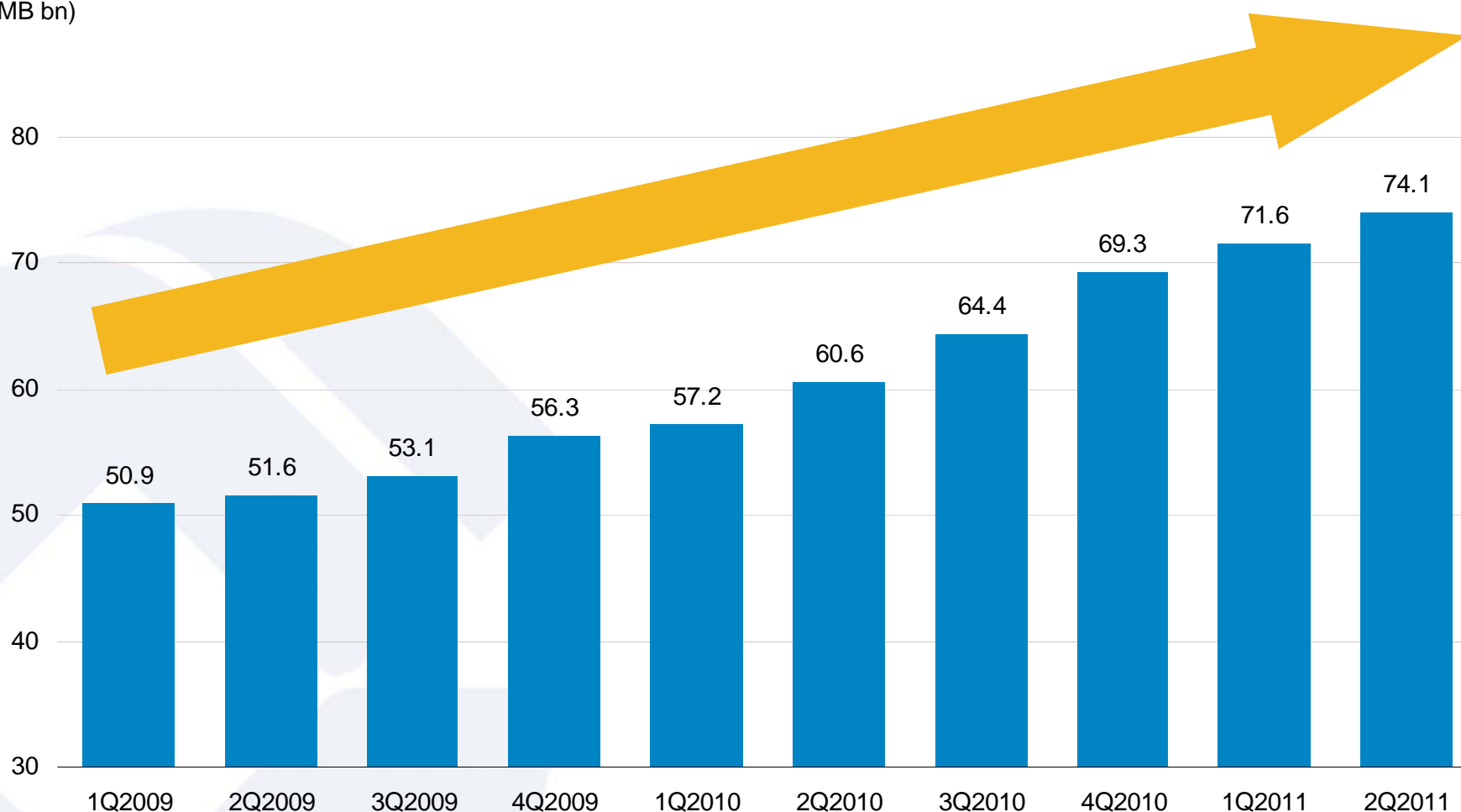


Continuous Leading Position in Financial Performance

Net Interest Income Continues to Grow

Net Interest Income Grew 23.7% YoY

(RMB bn)



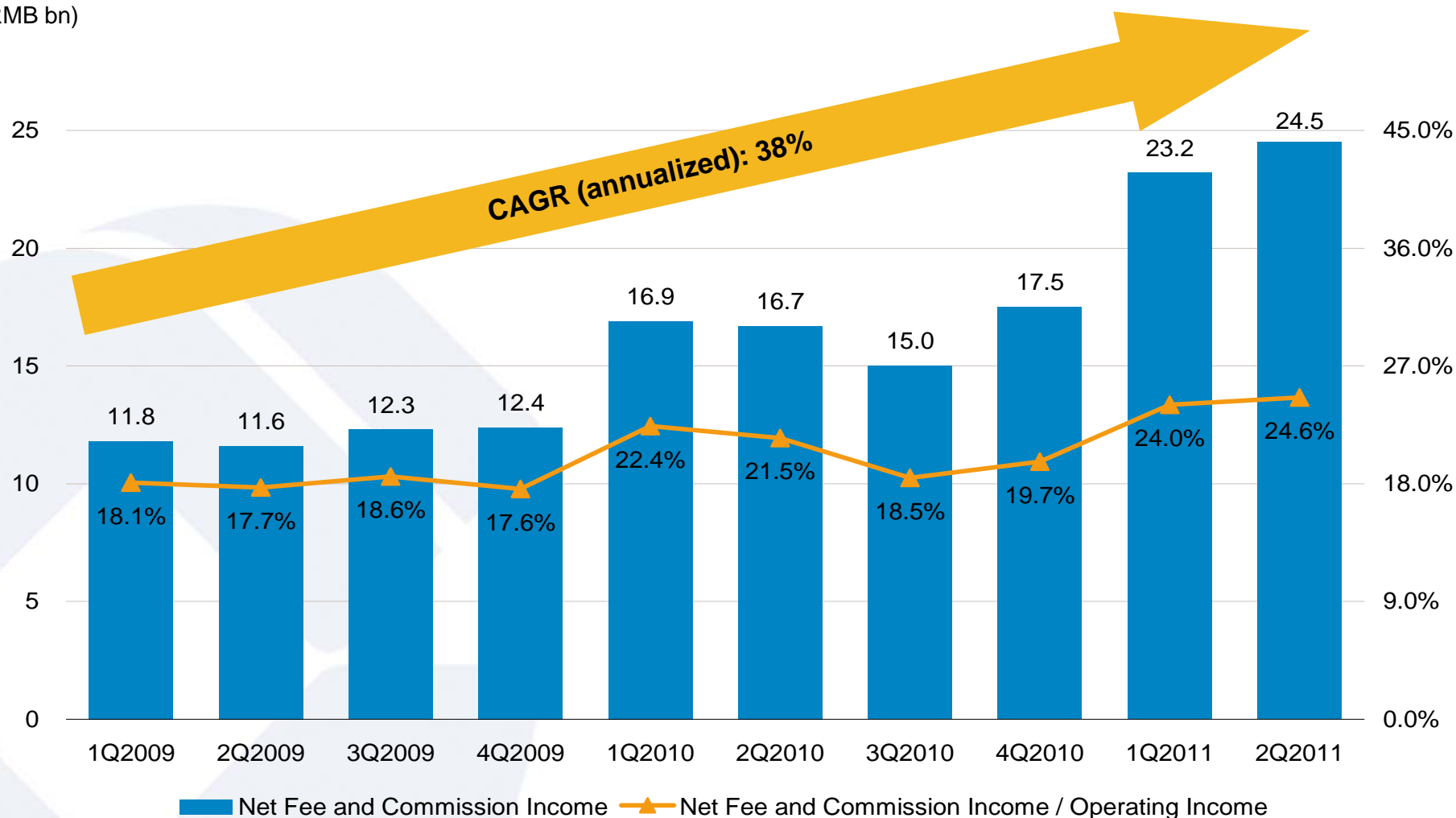


Continuous Leading Position in Financial Performance

Strong Growth of Net Fee and Commission Income (1)

Net Fee and Commission Income Continue to Grow

(RMB bn)

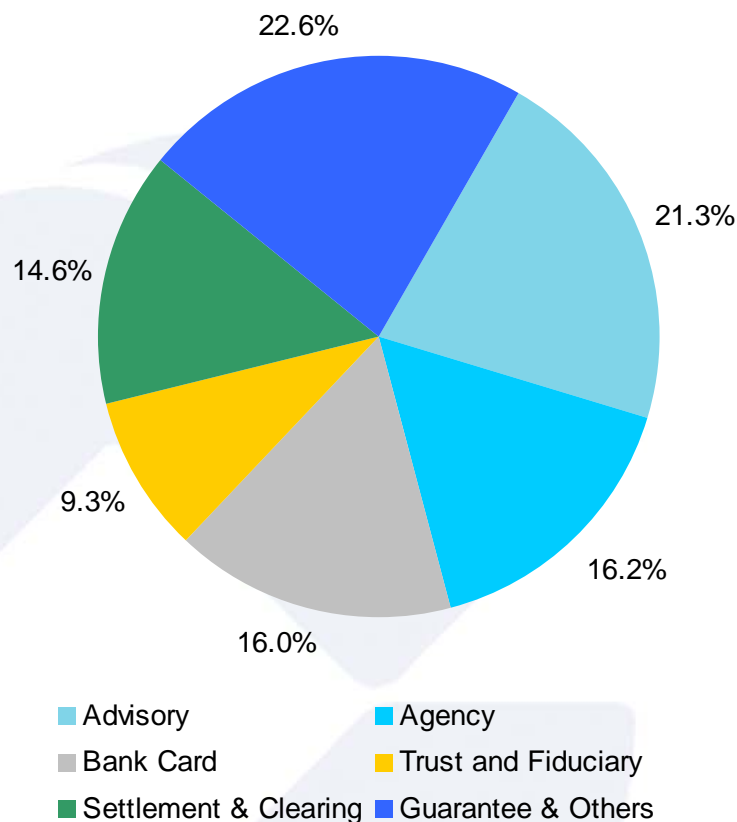




Continuous Leading Position in Financial Performance

Strong Growth of Net Fee and Commission Income (2)

Composition of Net Fee and Commission Income



Strong Growth of Major Intermediary Businesses / Products

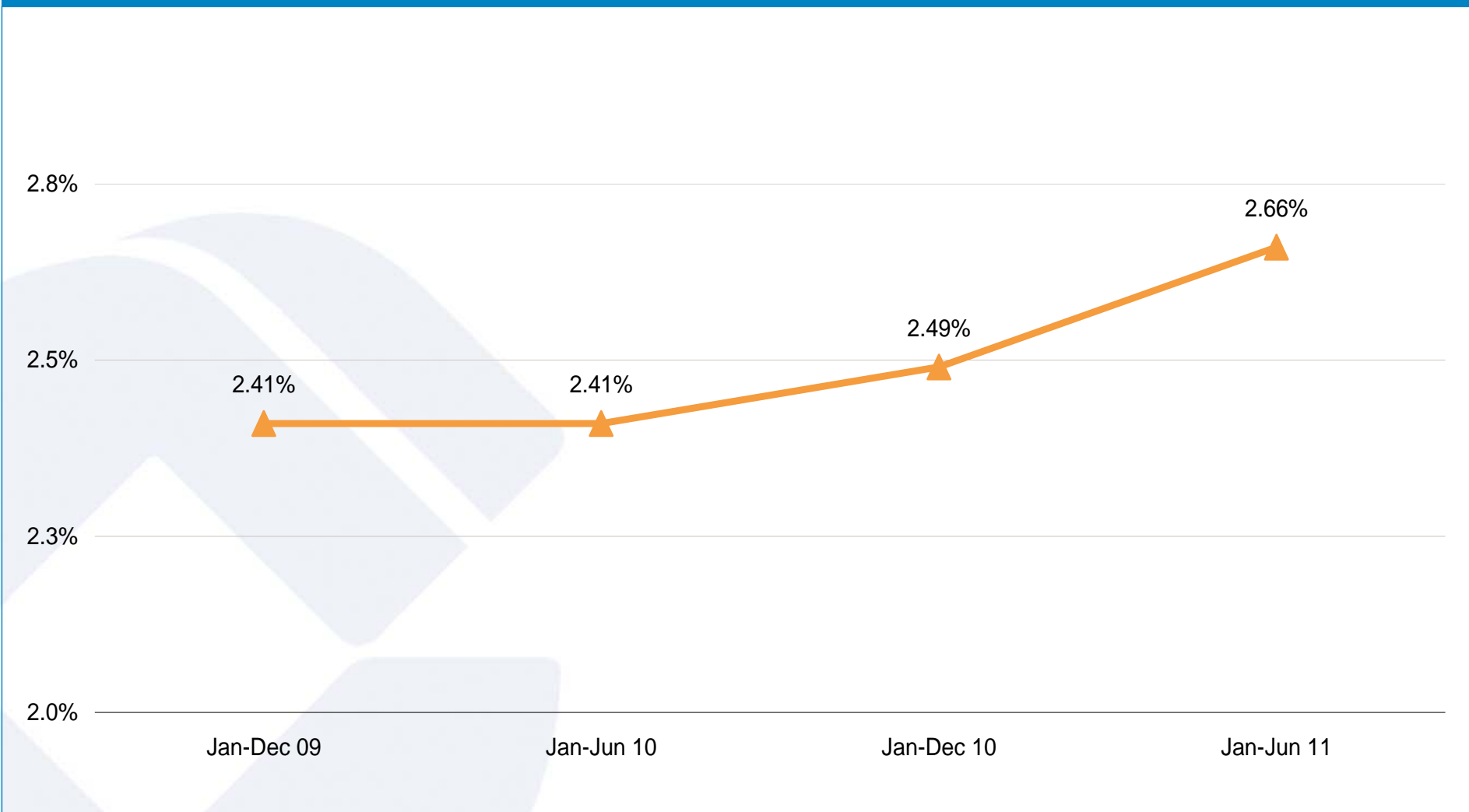
- Advisory income grew 44.47%
- Agency fee income grew 26.58%
- Bank card fee income grew 41.73%
- Settlement and clearing income grew 45.35%
- Income from trust and fiduciary businesses grew 21.41%
- Insurance brokerage income in China grew 137.0%



Continued Leading Position in Financial Performance

Net Interest Margin Achieved YoY Growth

NIM Increased by 25 bps YoY

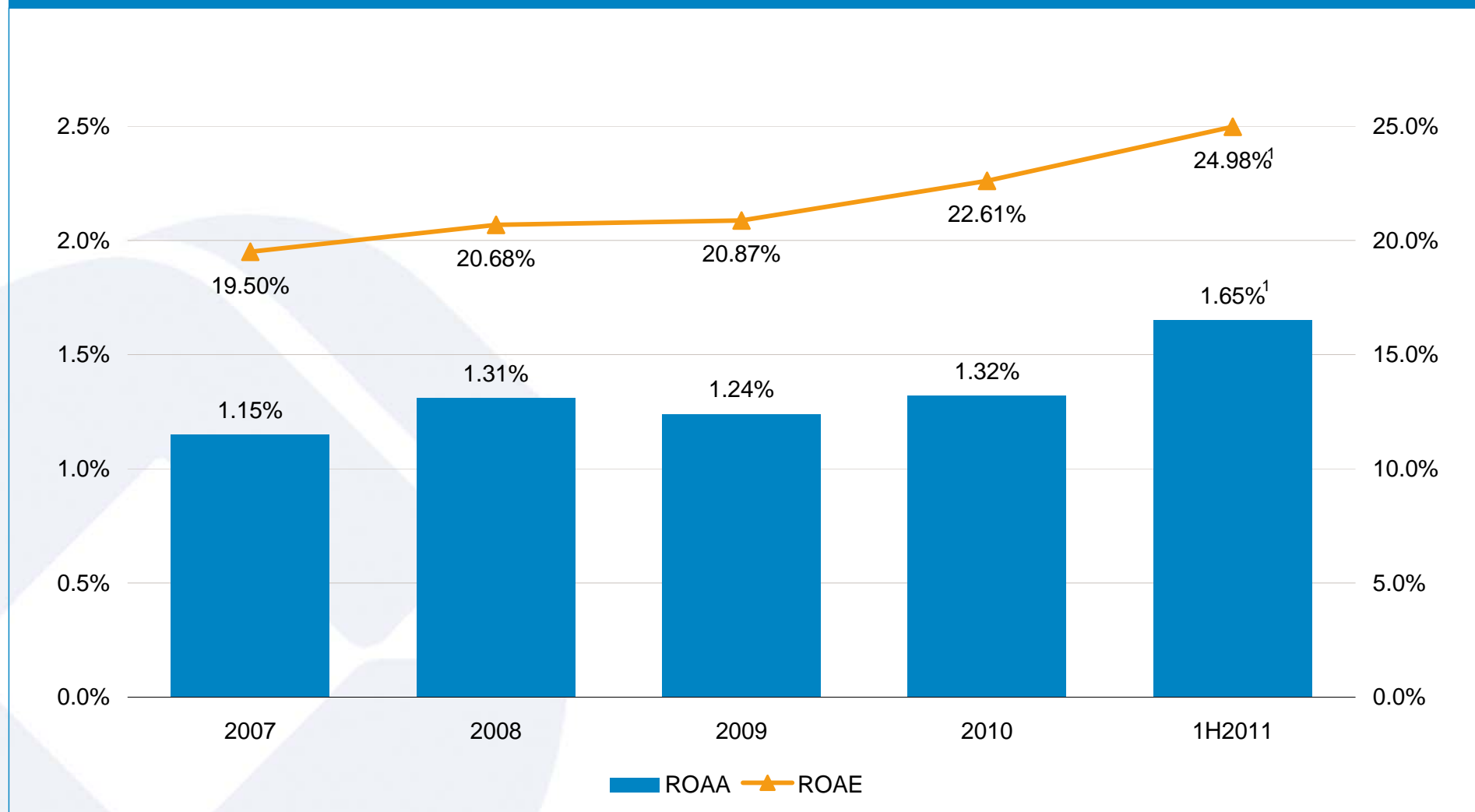




Continued Leading Position in Financial Performance

ROAA and ROAE Highest Among Peers

ROAA up 0.22pps YoY. ROAE up 0.98pps YoY



(1) Annualized data



Continued Leading Position in Financial Performance

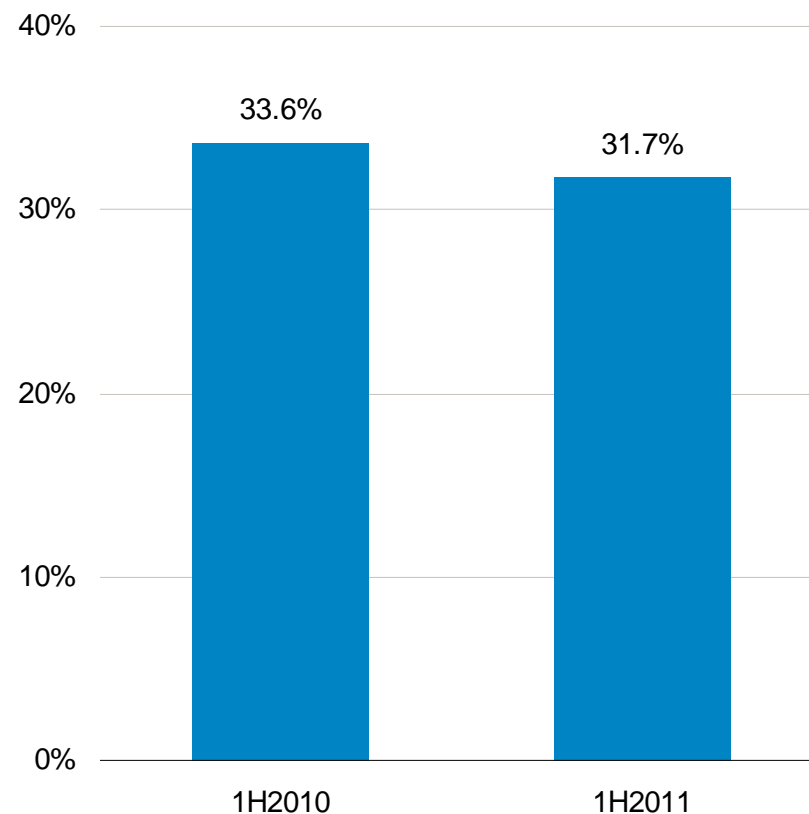
Effective Cost Control

Effective Control of Operating Expenses

(RMB bn)



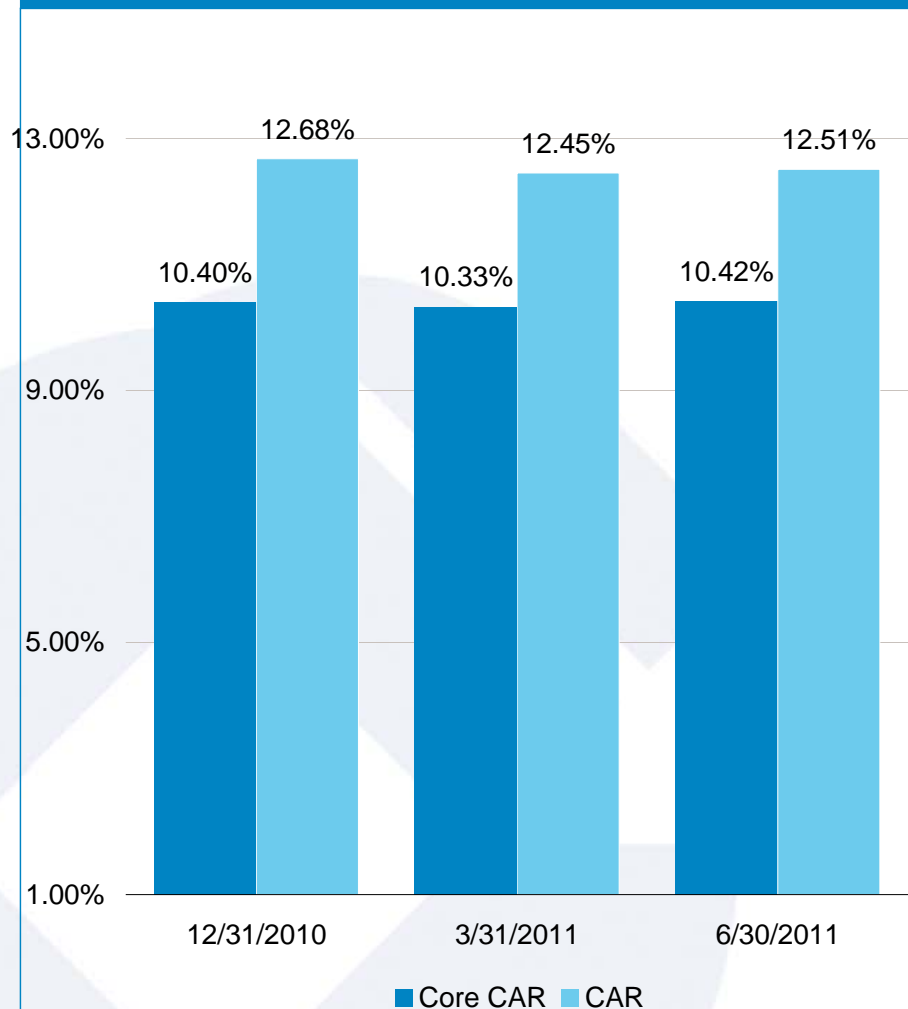
Cost-to-Income Ratio Slightly Decreased





Rational Capital Planning

Capital Adequacy Ratio Remains Stable



Rational Capital Planning

- Promote business transformation and structural adjustment. Reduce inefficient use of capital
- Improve returns and internal capital accumulation
- Prepare for implementation of the New Basel Capital Accord to conserve capital
- Issue subordinated debt to replenish Tier-2 capital



Actively Taking on Social Responsibility

- RMB 1mm donation to China Green Foundation
- Donation for the Yingjiang earthquake in Yunnan province
- Donation for floods in Guizhou province
- Sponsored the 16th IEA World Congress 2011
- Sponsored the 9th National Games for Minorities Traditional Sports
- Initiated the Internet charity program with a contribution of RMB 5mm



- 2010 Most Socially Responsible Company
- 2010 China Environment Contribution Award
- #1 financial institution among top 100 socially responsible Chinese companies
- Social Responsibility Award
- Annual Award for Most Socially Responsible Institution
- Annual Award for Best Social Responsibility Report
- Award for Most Socially Responsible Company



External Accolades



- Ranked # 17 among 2000 Global Publicly Listed Companies, up by 6 places



- Ranked # 24 in on "BrandZ Global Top 100 Brands" by Financial Times, up by 3 places
- Ranked # 7 among "Global 500", up by 4 places



- Ranked #10 among "Top 500 Global Banks"
- Ranked # 8 among "Top 1000 Global Banks", up by 7 places
- Ranked # 3 among "Top 10 Global Commercial Banks"
- Ranked # 9 among "Top 10 Global Investment Bank Brands"



- Ranked # 108, up by 8 places among Fortune Global 500



- Best Trade Finance Bank in China



- 2010 China Credit Card Achievement Award



- Best Private Bank in China



- Best Corporate Governance Award for Asia
- Best Executive Director Award for Asia
- Best Investor Relations Award
- Best Investor Relations Website



Strategic Planning

Operating Results

Outlook



Outlook

Opportunities and Challenges

Opportunities

- ✦ Industrialization is still at the stage of high-speed development
- ✦ Urbanization brings huge potential
- ✦ Deregulation creates great opportunities
- ✦ Internationalization will further speeds up
- ✦ Informatization is probing into in-depth areas

Challenges

- ✦ Global economic growth clouded by uncertainties
- ✦ Instable and uncertain factors of domestic economy substantially increased
- ✦ More stringent regulatory capital requirements
- ✦ Challenges in changing financial markets
- ✦ Intensified competition among peers



Promoting Business Development and Transforming Operations and Management to Raise Our Core Competitiveness in the Future

- ◆ Continuing to promote strategic transformation
- ◆ Deepening credit structure adjustment
- ◆ Improving capital management competence
- ◆ Strengthening overall risk management
- ◆ Improving competence in fundamental management



Q&A



Thank You