**Press release**

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**Endogenous Growth Boosted by Innovation, Steady Development Driven by Strategic Transformation**

*China Construction Bank Announces 2016 Annual Operating Results*

**2016 Financial Highlights:**

* Total assets amounted to RMB20,963.705 billion, representing an increase of 14.25% compared to 2015.
* Net profit reached RMB232,389 million, representing an increase of 1.53% compared with the previous year, while net profit attributable to equity shareholders improved by 1.45% year-on-year to RMB231,460 million. Net interest income declined by 8.73% and net interest margin (NIM) reached 2.20%.
* Total loans and advances to customers stood at RMB 11,757.032 billion, growing 12.13% year-on-year. Total customer deposits increased 12.69% year-on-year to RMB 15,402.915 billion.
* Return on average assets and return on average equity were 1.18% and 15.44%, respectively.
* Total capital ratio (CAR) was 14.94%, non-performing loan ratio was 1.52% and the provision coverage ratio was 150.36%.
* In view of a strong business performance, the Board of Directors recommends a final cash dividend of RMB0.278 per share (tax included).

**29 March 2017, Beijing and Hong Kong, China** – China Construction Bank Corporation (Shanghai stock code: 601939, Hong Kong stock code: 939; CCB or the “Bank”) today announced its operating results for 2016. As of the end of December 2016, CCB’s total assets reached RMB20.96 trillion, which delivered a net profit of RMB232,389 million. The Bank’s return on average assets and return on average equity were 1.18% and 15.44%, respectively. Net interest margin (NIM) was 2.20%, while the total capital ratio (CAR) equalled 14.94% and the common equity tier one ratio was 12.98%. In view of the strong business performance, the Board has recommended a final cash dividend of RMB0.278 per share for FY2016 (tax included).

FY2016 was the first year in China’s “13th Five-year Plan” and marked a year of critical importance in CCB’s strategic transformation programme. In an increasingly complex external environment, CCB has remained committed to serving the real economy by proactively supporting structural reforms on the supply side and making significant progress in strategic transformation efforts through innovation-led reform. This has ensured optimal asset quality through improved risk management. As a result, CCB’s various businesses have achieved steady upward development and generated strong momentum with the Bank’s core indicators and market capitalisation continuing to maintain leading positions among peers.

**Close alignment with national development and focused on serving the real economy**

The Bank consistently prioritised serving the real economy in its FY2016 business operations and gave full support to critical national strategies such as “One Belt and One Road” and the coordinated developments of the Beijing-Tianjin-Hebei region and the Yangtze River Economic Belt. In 2016, loans to infrastructure sectors grew to RMB2.90 trillion, representing an increase of RMB188,371 million or 6.96% over the previous year. In response to state structural reform on the supply side, the Bank led the country in implementing the first market-oriented debt equity swap (DES) investments with a central state-owned enterprise, a local state-owned enterprise and a private company. The Bank signed RMB222,000 million of market-oriented DES investment agreements with its clients, and lowered their asset-to-liability ratios.

The Bank bolstered efforts to reduce bank charges in a key move to lower financing costs for growing companies. The Bank boosted the development of inclusive financial services and strengthened its support to companies under the category of “mass entrepreneurship and innovation”. Loans to small and micro businesses reached RMB1,441,892 million, and were made in accordance with the regulatory requirements of “three no-lower-thans”.

Agriculture-related loans amounted to RMB1,693,968 million. Loans to the five industries with severe overcapacity, including iron and steel, cement, electrolytic aluminium, plate glass and shipbuilding, decreased by RMB4,986 million over the previous year.

The Bank increased support to international industrial capacity expansion and the “going global” of Chinese companies, as well as advanced the development of the offshore RMB business. The accumulated volume of RMB clearing business in 2016 exceeded RMB 12 trillion at the Bank’s London Branch, making the United Kingdom the largest RMB clearing centre outside of Asia. The Bank continuously optimised its asset structure, and supported the the transformation and upgrading of China’s traditional consumption.

Domestic personal loans increased to RMB4.34 trillion and accounted for 68.52% of total new loans of the Bank in 2016. Of these, residential mortgage loans increased by 29.26% to RMB3.59 trillion, topping industry peers both in terms of total balance and growth rate. The Bank built up its portfolio with the personal credit product “Quick Credit”, as well as adding revolving credit card loans and instalment consumer loans. Credit card loans and personal consumer loans reached RMB517,040 million, representing an increase of RMB71,339 million or 16.01% over the previous year. The Bank also led its peers across key credit card business indicators such as total new customers acquired, number of newly-issued cards and asset quality.

**Strategic transformation entered the crucial phase, a leader of the banking sector in terms of the deployment of comprehensive operations**

The year 2016 was critical for CCB’s transformation and development programme. The Bank accelerated its pace of transformation and improved capabilities across its comprehensive portfolio. In the past year, CCB established new businesses in property insurance and cost engineering consultancy, significantly improving the market rankings and competitiveness of its subsidiaries. The Bank’s extended business network has fully leveraged its leading position in non-banking and pan-financial licenses, and enhanced coordination between the headquarters’ operations and subsidiaries.

Total assets and net profit of all integrated operations and subsidiaries grew by 39.14% and 35.81% respectively over the previous year, which has helped diversify group income. The Bank also adjusted for intensive development in an orderly manner, made good progress in the integration of various operations in customer service, business processing, bills and documents, and custodial operation. It has also launched directly-run centres for asset management, its financial institutional business and financial market trading operations, thereby optimising resource allocation and improving operational efficiency. The Bank also improved its transaction and market making capability. Net income of precious metals and commodity business increased 51.71% year-on-year. The underwriting amount of debt financing instruments and the number of deals for non-financial enterprises continued to lead the market for the sixth year in a row.

The Bank provided comprehensive financing and consulting services. The assets under custody totalled RMB9.25 trillion, representing an increase of 29.05% over the previous year. Global institutional deployment neared completion with 31 overseas tier-one branches, building a global network that provides cross-time zone, cross-region, multi-currency and 24-hour financial services. The total assets and net profit of overseas commercial banks grew 16.19% and 3.24% respectively over the end of last year.

**Strengthening core foundations to maximize development potential and extend leadership edge through innovation**

2016 wintessed significant progress in CCB’s transformation to an innovation-driven bank with smart and dynamic operations. The Bank completed over 1,900 product innovation projects over the past year, launched new business platforms such as its global treasury management and smart scenario applications, and pushed through innovations in the customer segmentation system and the Bank’s business operation methodologies. The Bank also delivered an industry-first “Long Card” payment system, which integrates technologies such as NFC, QR code and face recognition, and covers all payment scenarios both online and offline.

The Bank also continued to bolster its core competitiveness in the Internet age. It successfully completed the deployment of its next-generation core banking system, as well as developed a financial cloud management platform that is safe, reliable and able to flexibly scale to support the rapid deployment of business functions. The Bank also developed a multidimensional and high-quality enterprise-wide information system that covers business activities across the entire value chain from the head office to all branches, from the parent bank to all its subsidiaries, both at home and abroad.

In addition, CCB has completed the initial rollout of its enterprise-wide big data platform with a number of application projects already implemented including smart marketing. The Bank has focused on building a complete financial ecosystem by developing the e-finance business, and continuing its transformation from traditional banking services to a model based on comprehensive multi-channel banking services. The volume of accounting transactions through electronic and self-service channels accounted for 97.82% of the total recorded transactions, an increase of 2.24% over last year. CCB also accelerated the deployment of key operating outlets and further optimised its network of self-service channels. By the end of 2016, the number of integrated outlets accounted for 99% of all outlets; plus 43 thousand smart teller machines were in operation, with total transactions reaching over 217 million.

**Enhanced risk management and quality control delivers improved asset quality**

The Bank has continuously improved its risk management system to deliver new levels of visibility and quality control. The risk management of credit and non-credit businesses, at parent-bank and subsidiaries, and in domestic and overseas entities has been expanded to customers and underlying assets. This ensures the Bank has comprehensive coverage of all institutions, employees, businesses, procedures as well as all risk types. The result is the full implementation of its risk management system across all operational processes end-to-end.

The Bank also conducted a number of compliance pilot projects including the compliance officer system and the building of a new compliance system. Also, introduced by CCB in 2016 are the big data and systemic computer control measures. The Bank has strengthened a three-dimensional defence line for compliance in the front, middle and back offices, and in addition, the Bank has established a management system that requires the management to step up and direct the prevention and resolution of major operational risks. The Bank also strengthened risk prevention based on big data-enabled models, and closely tracked and mitigated risks that emerged from the foreign exchange market, bond market, stock market and commodities market.

In line with the transformation trend of traditional industries and supply-side structural reform, the Bank took the initiative to adjust credit structure and apply strict risk controls. Moreover, the Bank drove innovation in the methods of disposal of NPLs and increased the ratio of recovery. In 2016, the Bank’s asset quality continued to improve quarter by quarter. By the end of 2016, the Bank’s NPLs amounted to RMB178,690 million, which was RMB40,099 million less than the previous year in terms of newly formed NPLs. The NPL ratio stood at 1.52%, representing 0.06 percentage points lower than last year. The “scissors gap” between overdue loans and NPLs was negative at RMB591 million, turning negative for the first time since 2012. The special mention loans accounted for 2.87%, down by 0.02 percentage points over the end of 2015. The ratio of allowances to NPLs was 150.36%, complying with the regulatory requirements.

**Proactive pursuit of corporate social responsibility and continuous promotion of inclusive financial services**

In 2016, the Bank’s total philanthropic contributions amounted to RMB74,420,000. They were mainly made in the areas of education, medical care, poverty alleviation, disaster rescue and relief, environmental protection, and among others. The Bank continued to provide financial aid to impoverished high school students, impoverished mothers of heroes and Programme “Mothers’ HealthExpress”, and to support CCB Hope Primary Schools. The Bank donated to areas hit by severe floods and earthquakes, engaged in targeted financial poverty alleviation with practical initiatives, with the total amount reaching RMB94,824 million, representing an increase of RMB17,324 million or 22.35% over the previous year; applied the concept of green development to action and took more proactive steps in extending green credit. In 2016, the Bank set up the Department of Consumer Rights and Interests Protection, and included the protection of consumer rights and interests in its routine operation and management. In 2016, the Bank also won over 100 key industry awards from prominent organisations at home and abroad. For instance, CCB was named the “Best Bank in China 2016” by *Euromoney*, the “Best Consumer Bank in China 2016” and the “Best Bank for Liquidity Management in Asia-Pacific Region 2016” by *Global Finance*. It also received the “Diamond Award for RMB Internationalization Service” from *Institutional Investor*, and was honored with the titles of the “Best Mega Retail Bank in China 2016” by *The Asian Banker*, and the “Best Socially Responsible Financial Institution of the Year” by the China Banking Association. In 2016, the Bank was placed second in the “Top 1000 World Banks” in terms of tier-one capital by *The Banker*, and placed 22nd in the "Fortune Global 500” by *Fortune*.

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**About China Construction Bank**

China Construction Bank Corporation, established in October 1954 and headquartered in Beijing, is a leading large-scale joint-stock commercial bank in Mainland China. The Bank was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and listed on the Shanghai Stock Exchange in September 2007 (stock code: 601939). At the end of 2016, the Bank’s market capitalisation reached US$192.6 billion, ranking fifth among listed banks in the world. The Bank gained the second place among the “Top 1000 World Banks” in 2016 in terms of total tier-one capital according to the UK magazine *The Banker*.

With 14,985 branches and sub-branches in Mainland China, CCB has 362,482 employees and provides services to millions of personal customers and corporate clients, and maintains close cooperation with the leading enterprises of strategic industries in the Chinese economy and a large number of high-end customers. CCB has established commercial-banking branches and subsidiaries in 29 countries and regions around the world and owns a total of 251 overseas branches of all levels.The Group’s subsidiaries also cover multiple business areas, such as mutual funds, financial leasing, trust, life insurance, property insurance, investment banking, futures and pension.

By accelerating the transformation in five aspects to build a banking group featuring integrated operation, multifunctional services, intensive development, innovative banking and smart banking, CCB is dedicated to creating the highest value for its stakeholders, accomplishing the combined goals of short-term and long-term benefits, and those of business operation and social responsibility, and ultimately realising maximum value for the customers, shareholders, society and employees.