



中国建设银行
China Construction Bank

2010 Annual Results Announcement

Beijing / Hong Kong
March 2011












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Key Financials (1)*

(RMB Bn)	31 Dec 2010	31 Dec 2009	YoY Change
Total Assets	10,810.32	9,623.36	 12.33%
Net Loans and Advances to Customers	5,526.03	4,692.95	 17.75%
Investments ⁽¹⁾	2,905.00	2,578.80	 12.65%
Total Liabilities	10,109.41	9,064.34	 11.53%
Deposits from Customers	9,075.37	8,001.32	 13.42%
Total Equity Attributable to Shareholders	696.79	555.48	 25.44%
NPL Coverage Ratio	221.14%	175.77%	 45.37 pps
Capital Adequacy Ratio	12.68%	11.70%	 0.98 pps
NPL Ratio	1.14%	1.50%	 0.36 pps









* All financial data are of the Group (China Construction Bank Corporation and its subsidiaries) unless stated otherwise

Note:

1. Including financial assets held for trading, available-for-sale financial assets, hold-to-maturity investments and debt securities classified as receivables.



Key Financials (2)

Key Financials	2010	2009	YoY Change
(RMB Bn)			
Net Interest Income	251.50	211.89	 18.7%
Net Fee and Commission Income	66.13	48.06	 37.61%
Pre-tax Profit	175.16	138.73	 26.26%
Net Profit	135.03	106.84	 26.39%
Earnings Per Share (RMB)	0.56	0.45	 24.44%
Dividend Per Share (RMB)	0.2122	0.2020	 5.05%
ROAA	1.32%	1.24%	 0.08 pps
ROAE	22.61%	20.87%	 1.74 pps



Retrospect on the Five-Year Journey Since HK-Listing

Transformation of Development

Financial Results

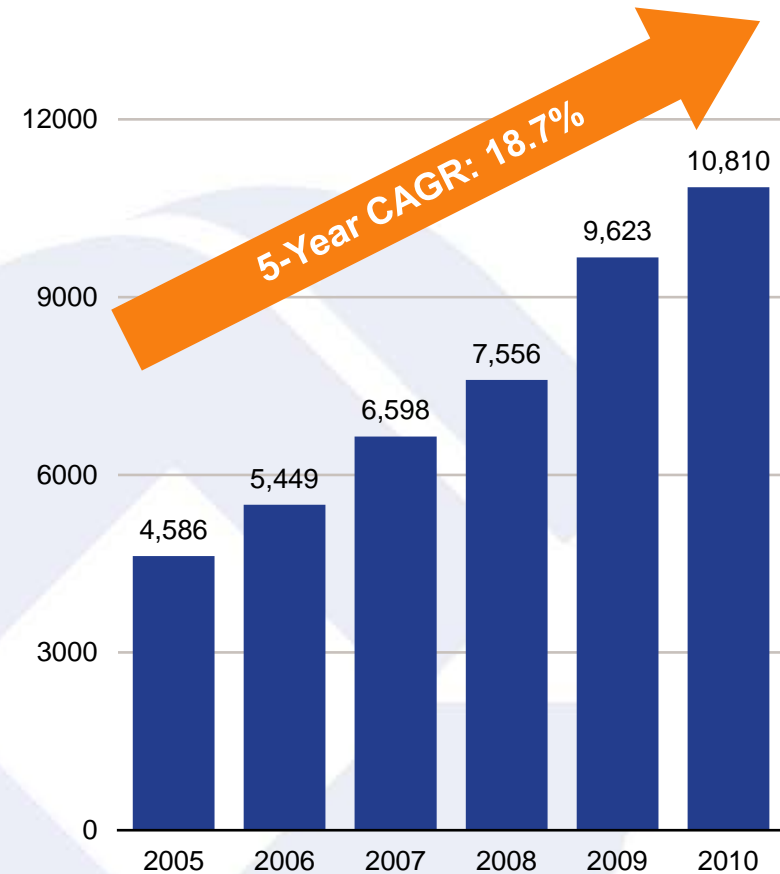
Outlook



Enhancing Overall Strengths

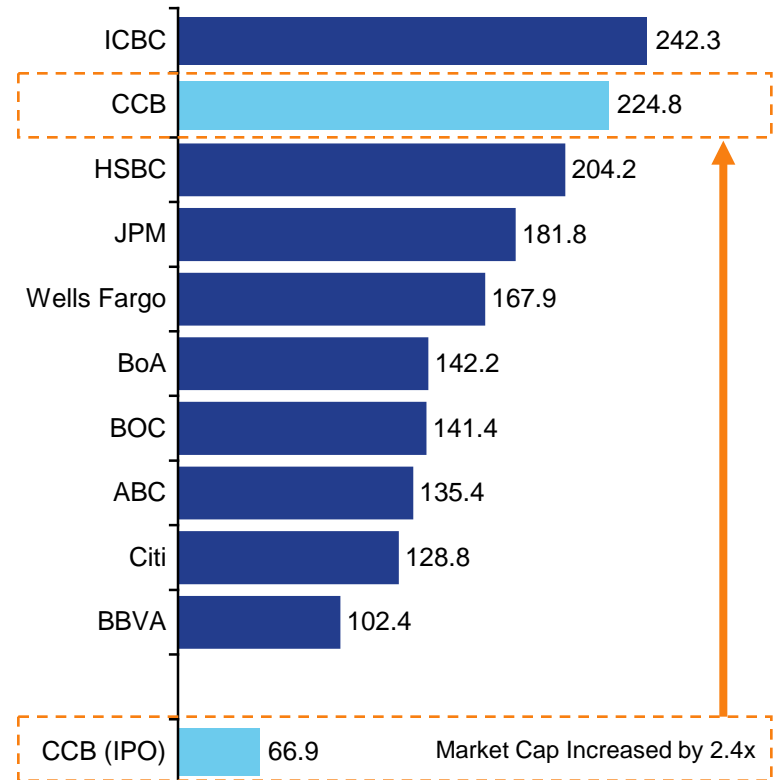
Total Assets Surpassed RMB 10 Trillion

(RMB Bn)



Leading Market Capitalization Among Top Global Banks

(US\$Bn)

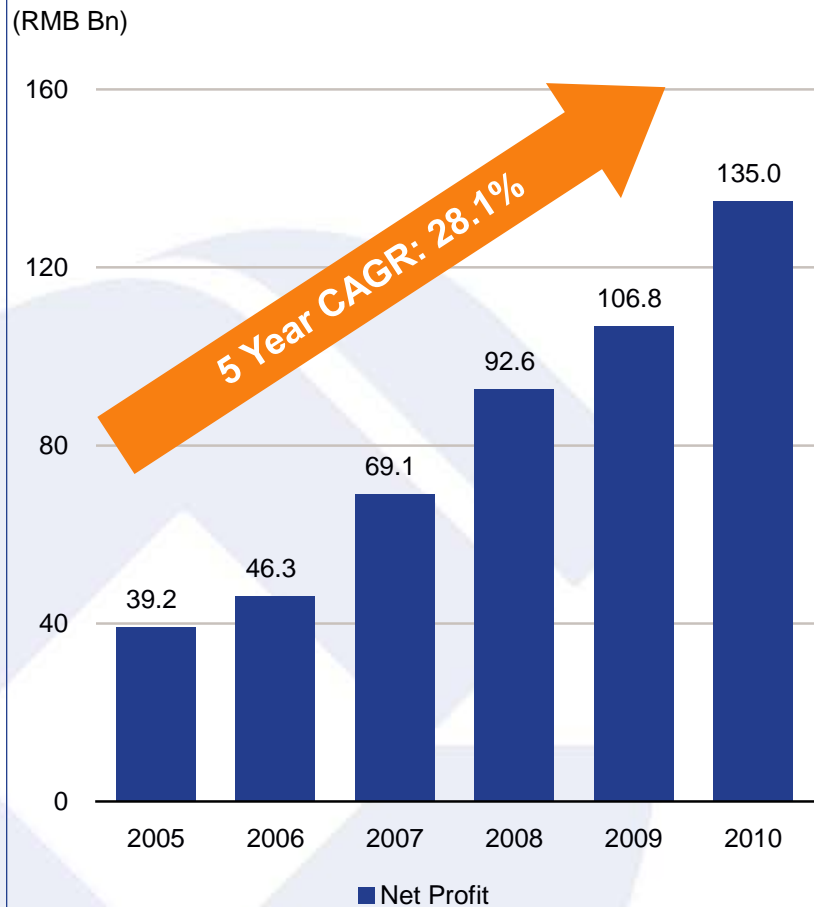


Source: Factset, CCB (IPO) market capitalization as of 27 Oct, 2005, others as of 22 Mar, 2011

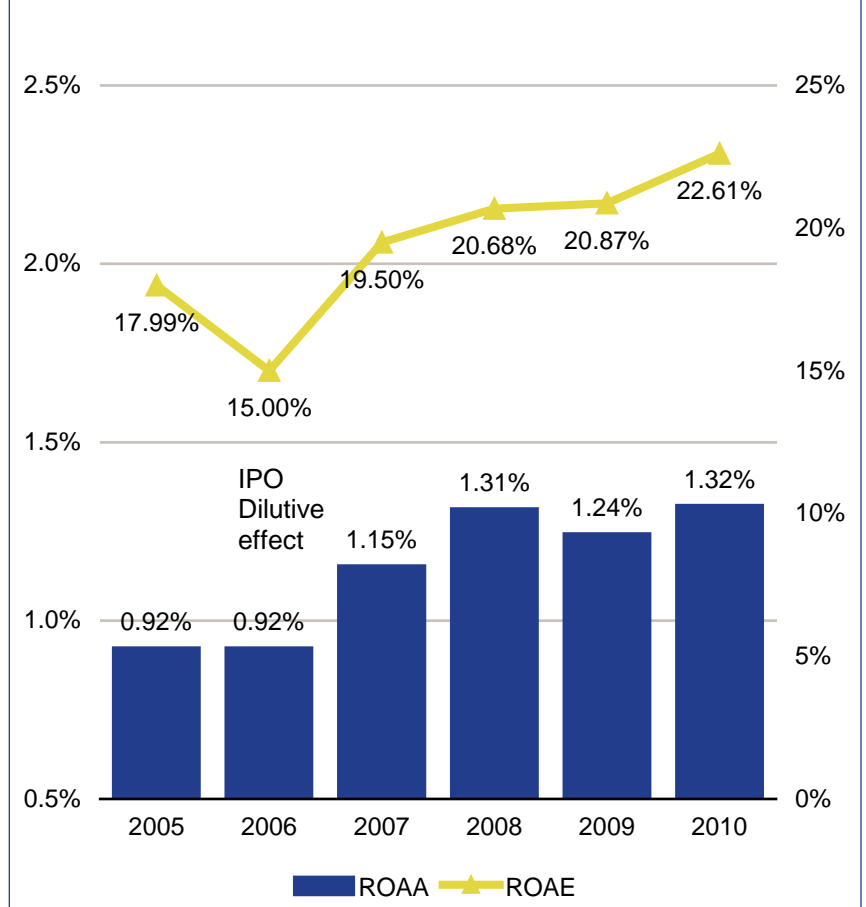


Remarkably Improving Profitability

Surging Net Profit



Improving ROAA and ROAE



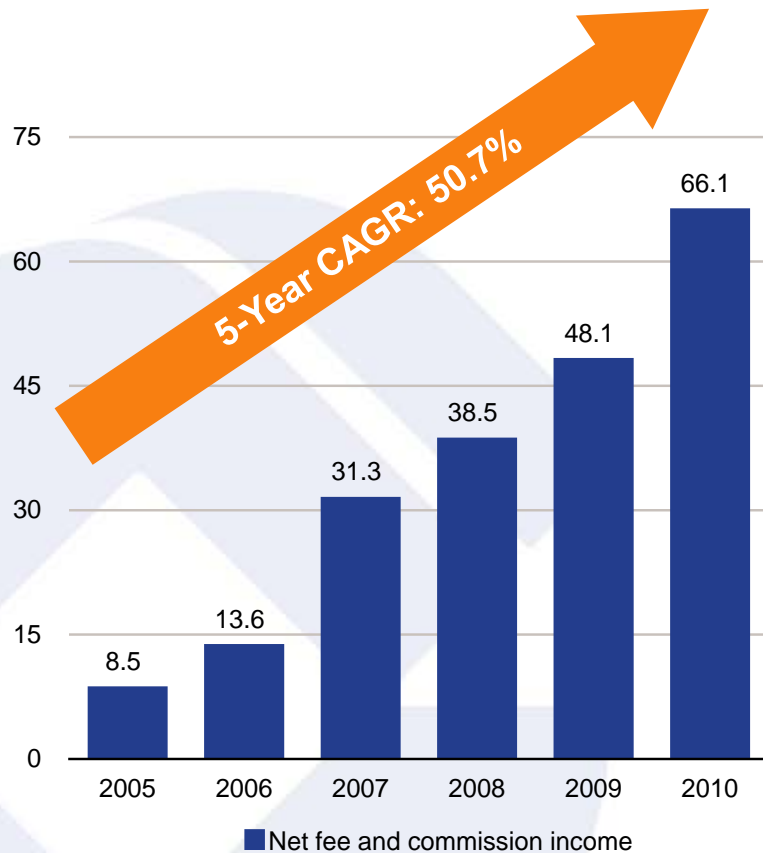
Note: Excluding the tax benefit of RMB 7.848 billion in 2005



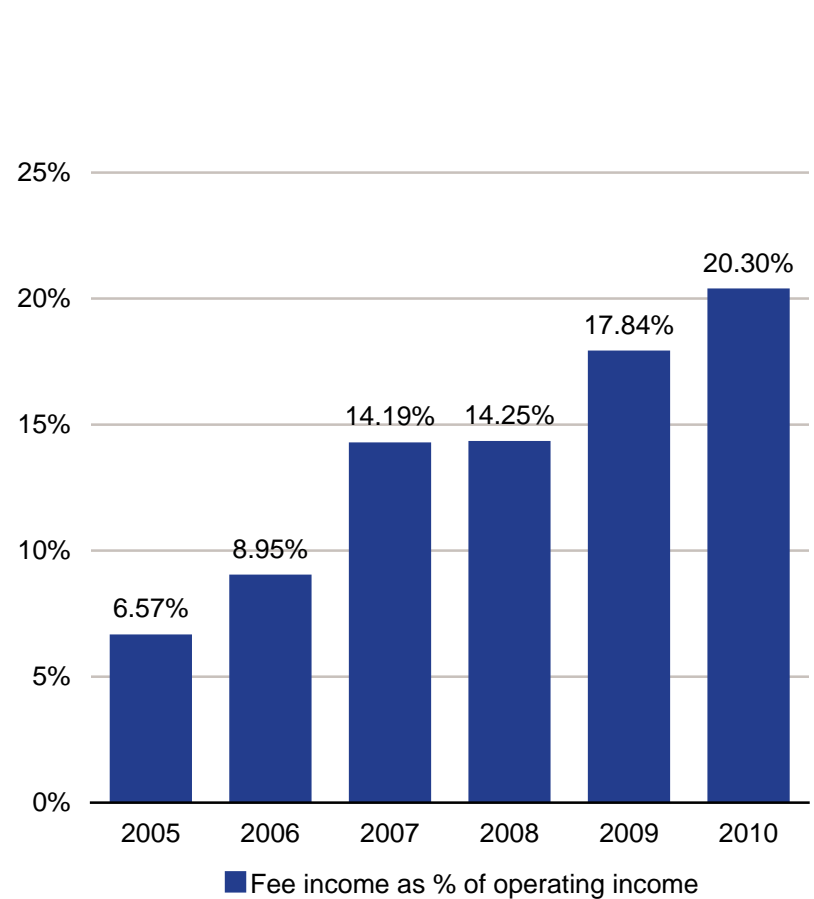
Optimizing Revenue Structure

Rapidly Growing Net Fee and Commission Income

(RMB Bn)



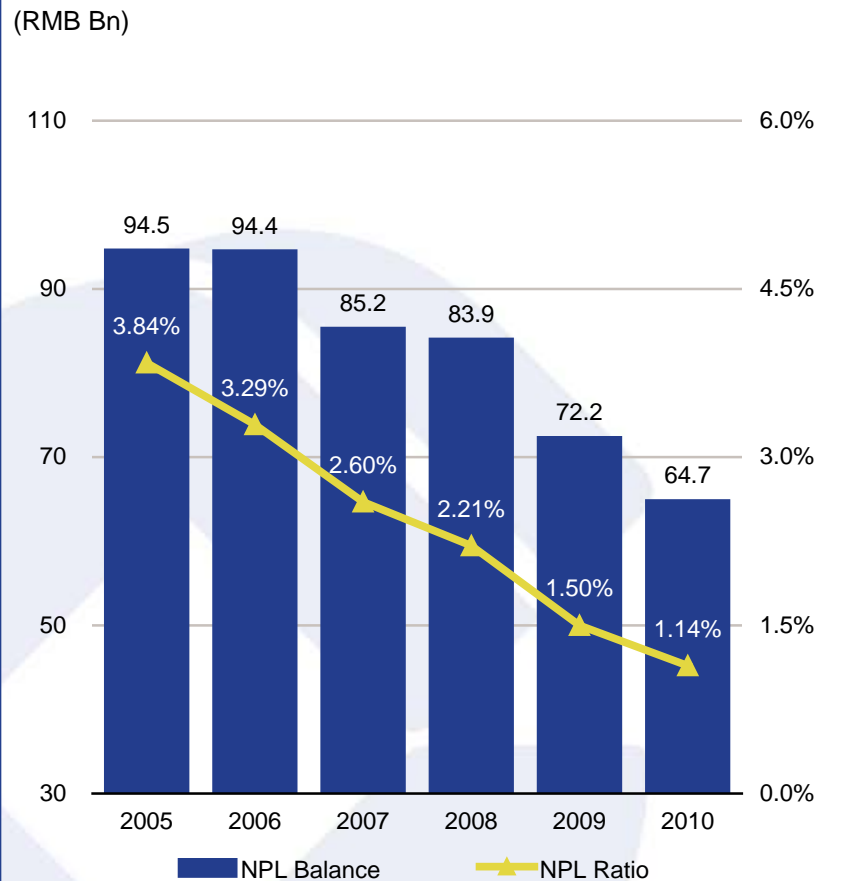
Increasing Fee Income as % of Operating Income



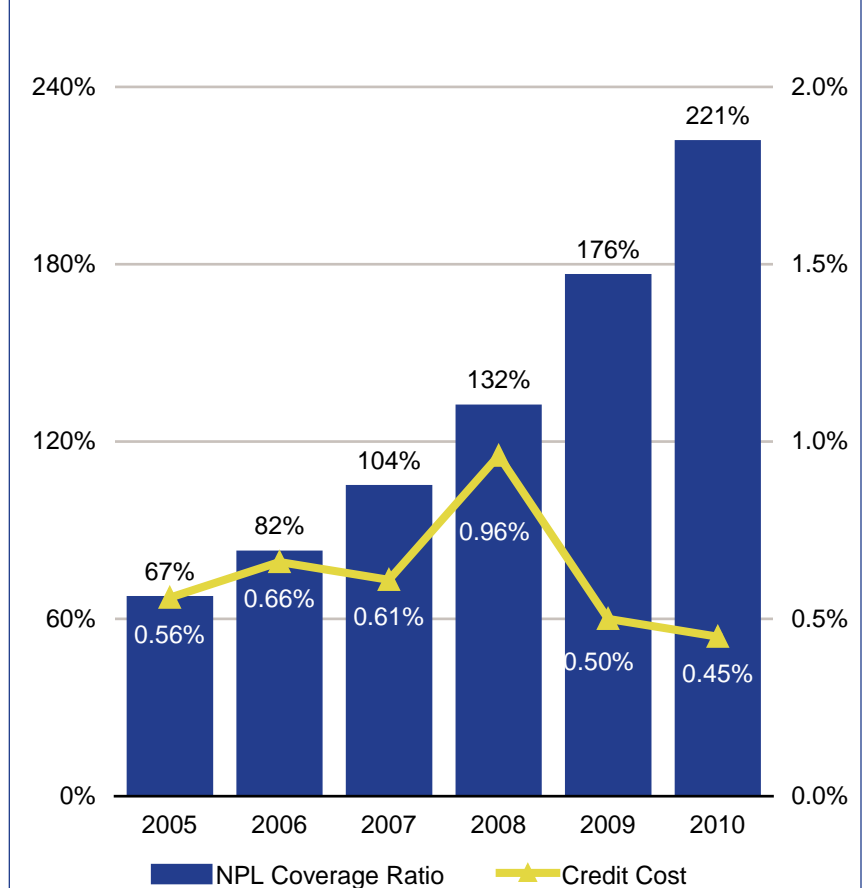


Continually Improving Asset Quality

Double Decline of NPL Balance and NPL Ratio



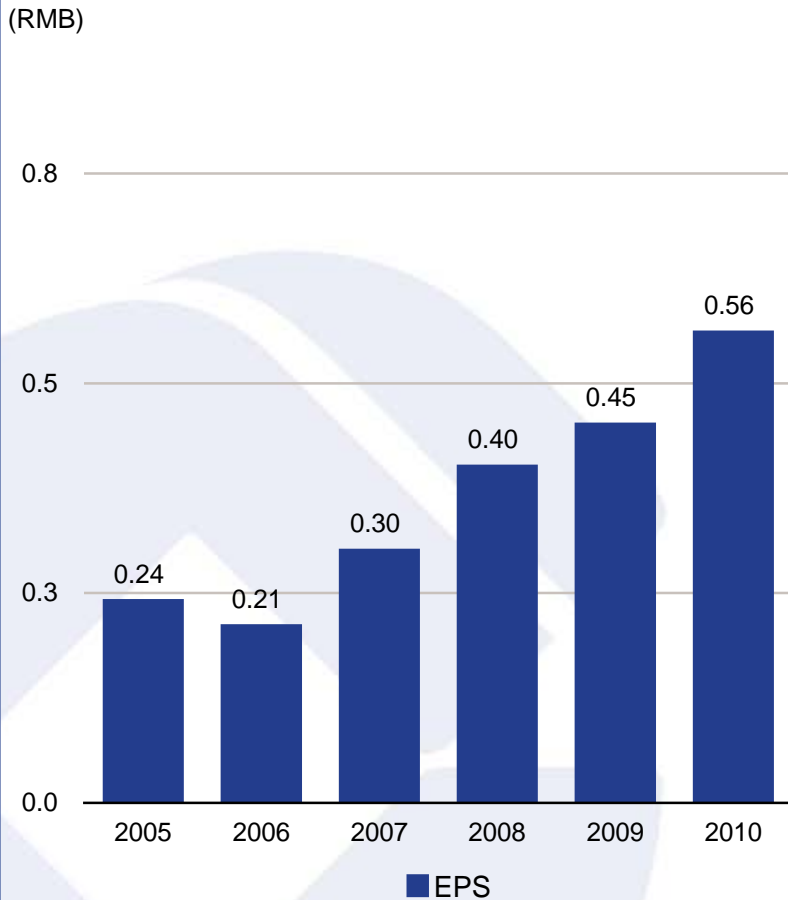
Steadily Enhancing NPL Coverage Ratio



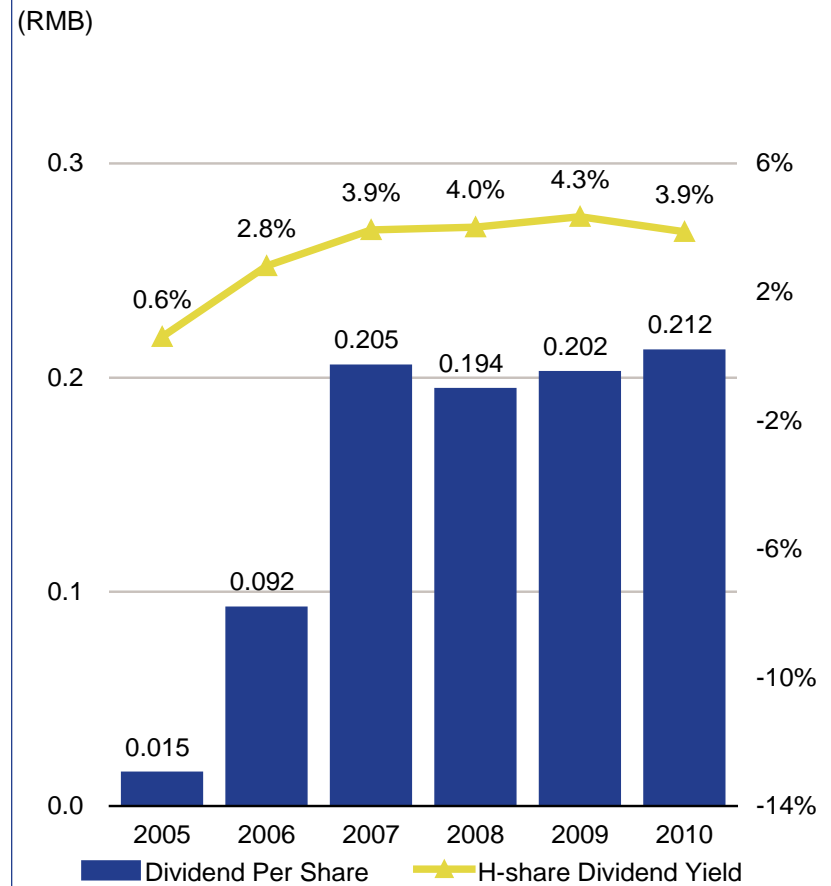


Generating Better Return for Shareholders (1)

Growing Earnings Per Share



Increasing Dividend Payout



Source: Company filings, Factset

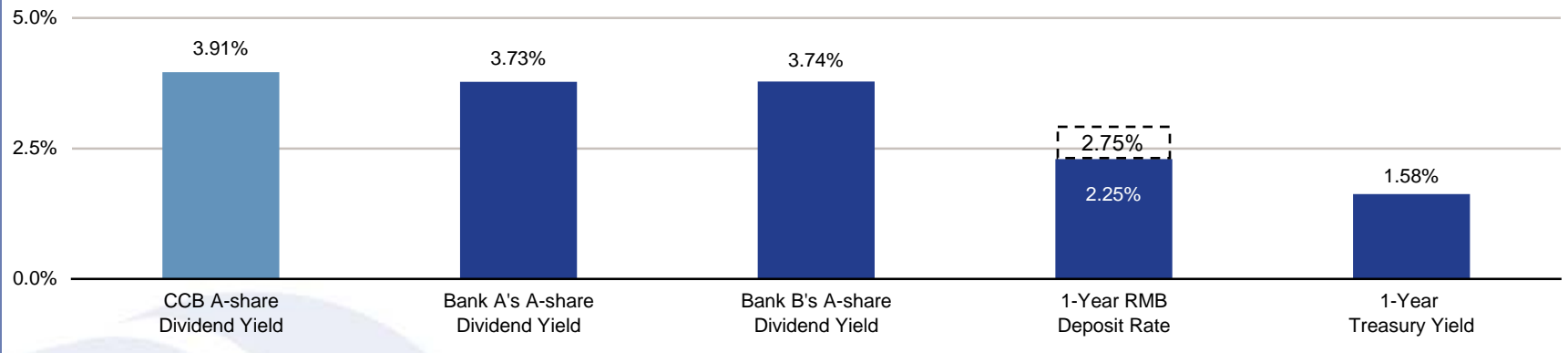
Note:

1. Dividend Yield = Annual dividend per share / average annual share price; dividend per share as after exchange rate (HKD/RMB) adjustment

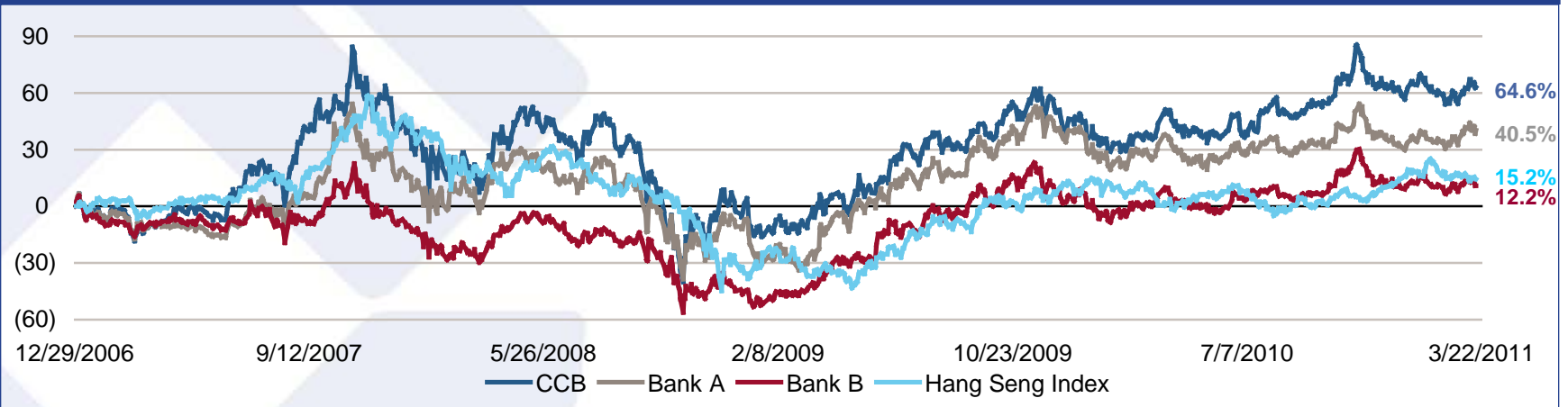


Generating Better Return for Shareholders (2)

Comparison of 2010 A-share Return ¹



Comparison of H-share Accumulated Return Since the End of 2006 ²



Source: Company filings, Bloomberg, Factset

Note:

- 2010 dividend yield of A-share CCB, Bank A and Bank B = distributed dividend in 2010 / average of 2009 daily A-share price; 1-year treasury bond yield quoted from early 2010's treasury bond yield curve
- Share price adjusted by rights offering and include distributed cash dividend when calculating the accumulated return of CCB, Bank A and Bank B (H-share, from 1/1/2007 to 3/22/2011)



Retrospect on the Five-Year Journey Since HK-Listing

Transformation of Development

Financial Results

Outlook



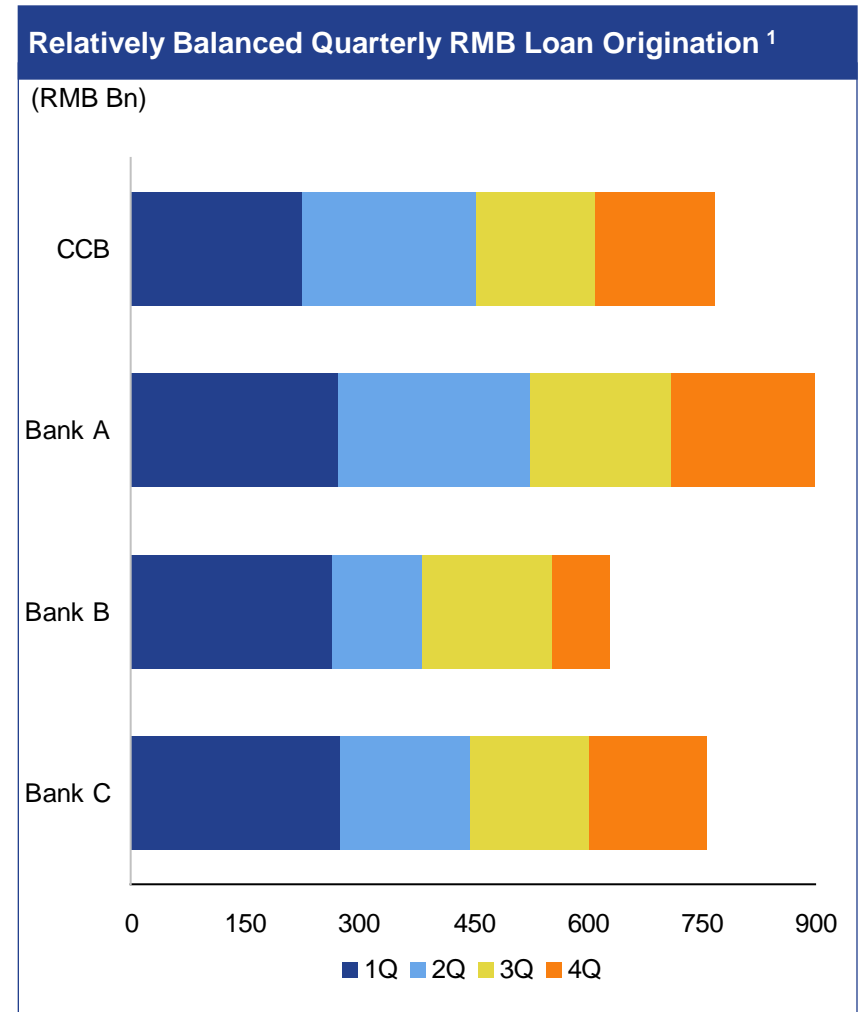
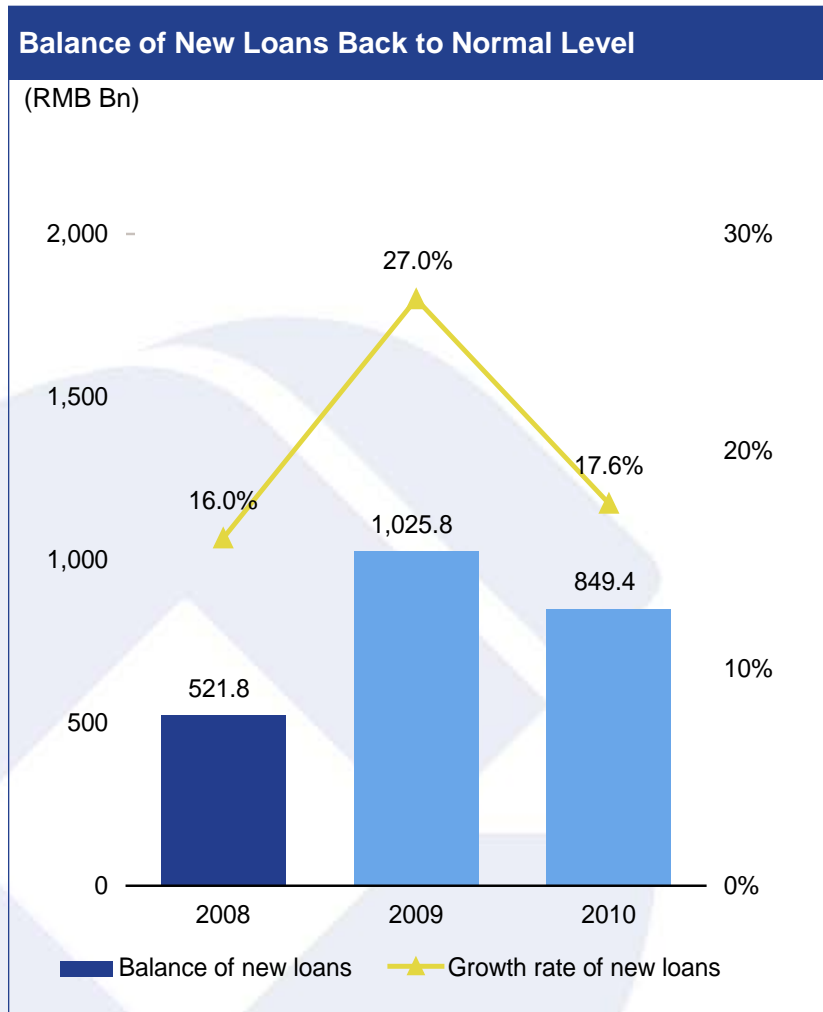
Strategy Transformation and Structural Adjustment

5 “Balanced Focus”

- ◆ Focus on both wholesale and retail business
- ◆ Focus on both traditional and innovative products
- ◆ Focus on both physical and electronic distribution channels
- ◆ Focus on both commercial banking and comprehensive operations and management
- ◆ Focus on both domestic business expansion into countryside as well as overseas exploration of selective markets



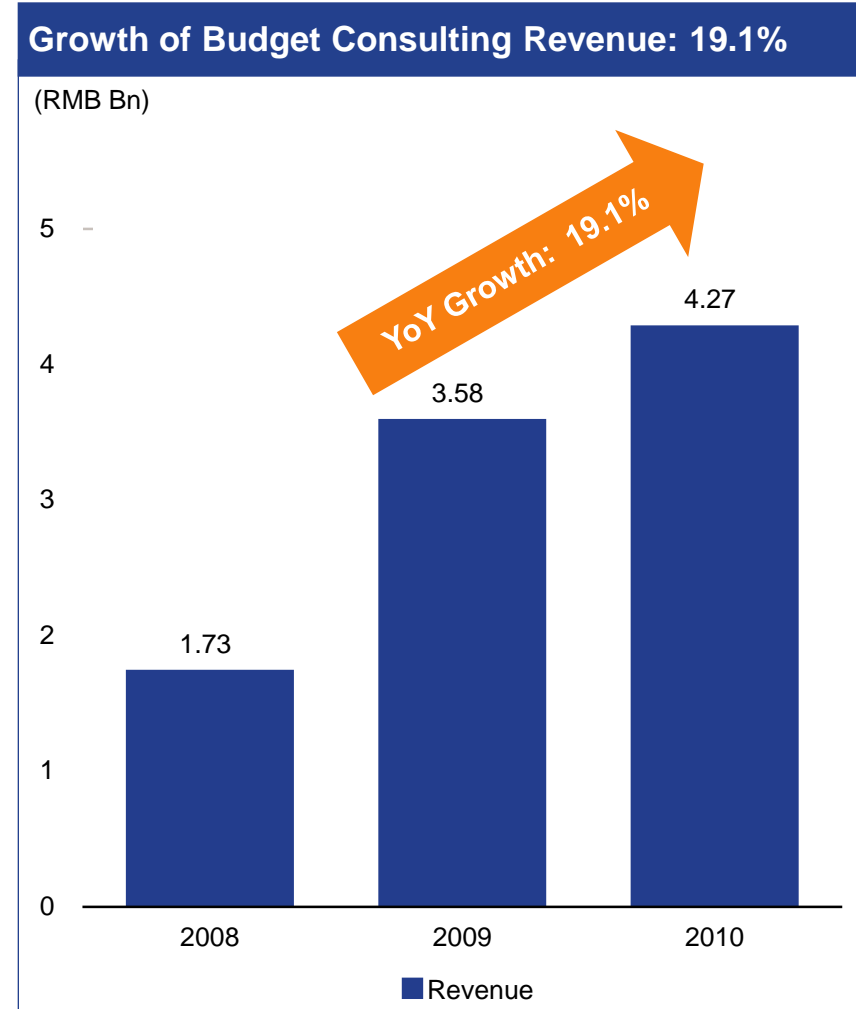
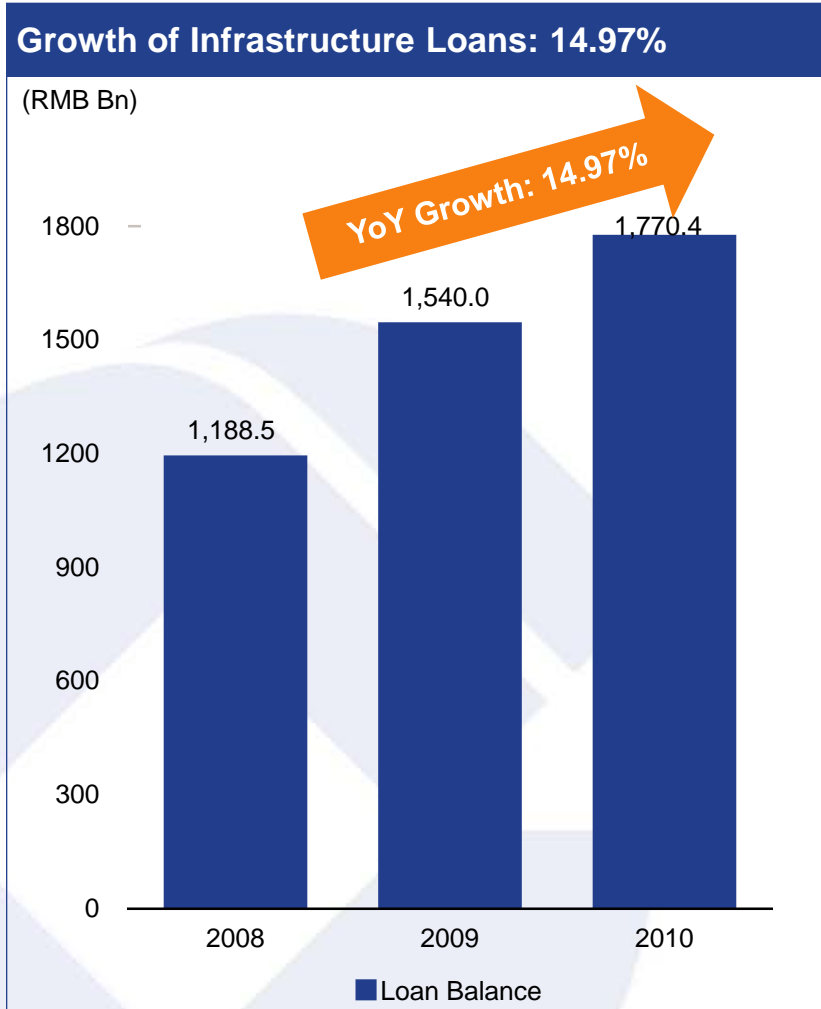
Reasonable Control of Size and Pace of Credit Supply



Note: 1. "Sources & uses of credit funds of financial institutions" by PBC



Reinforcing Traditional Strengths of Infrastructure Loans

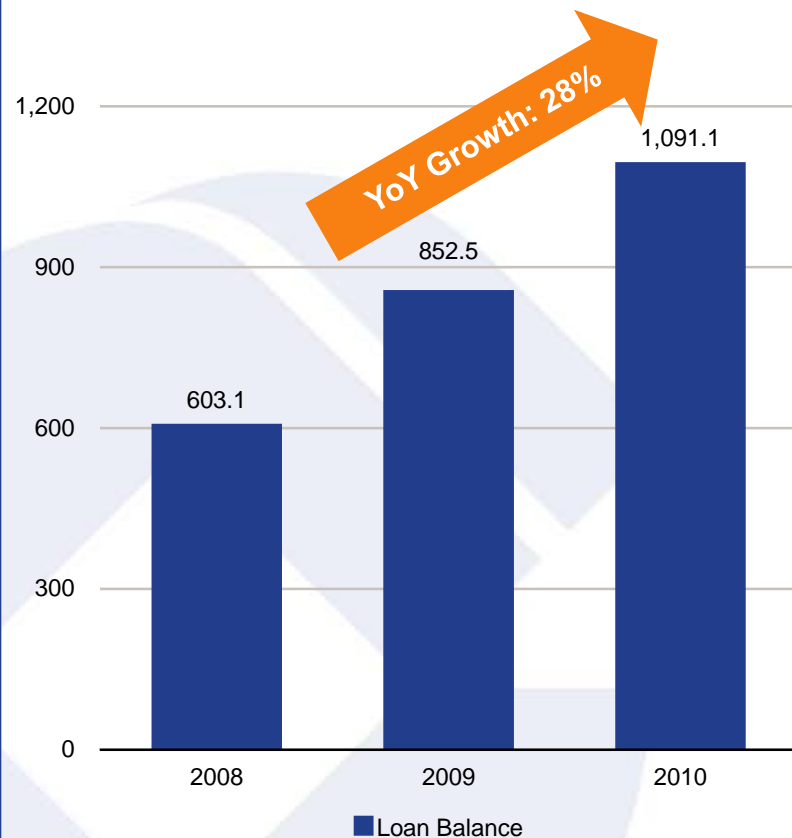




Continually Extending Personal Housing Mortgage Loans

Growth of Personal Mortgage Loans: 28%

(RMB Bn)

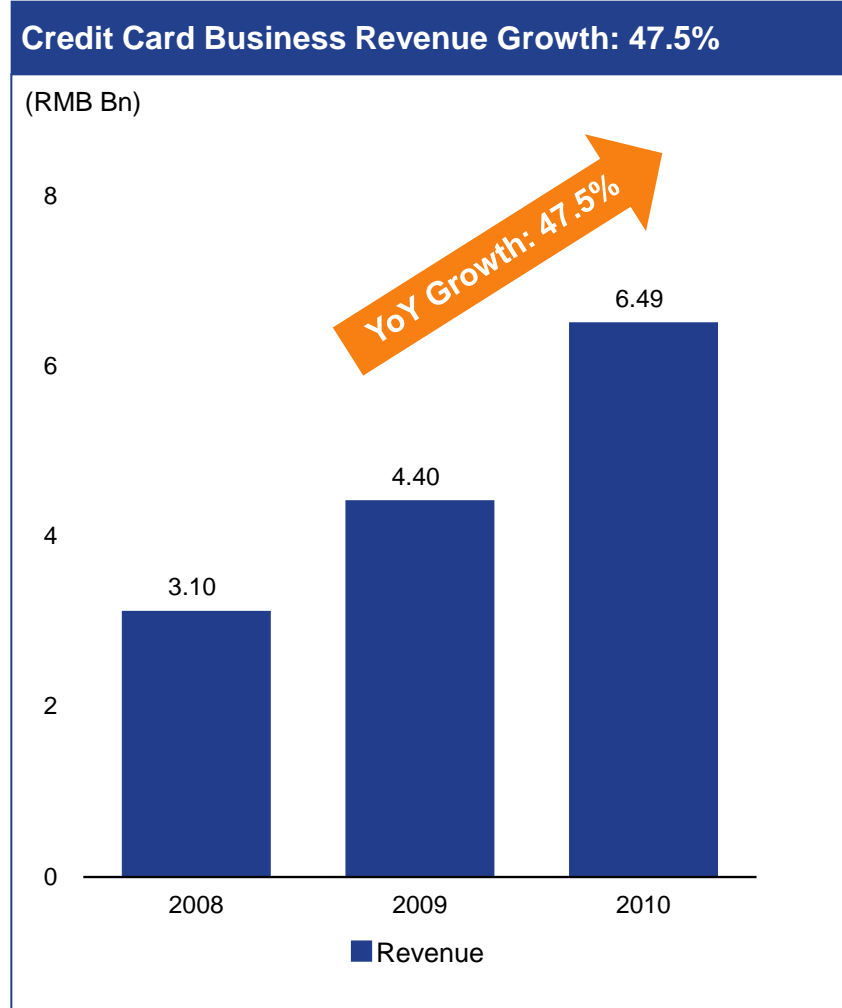
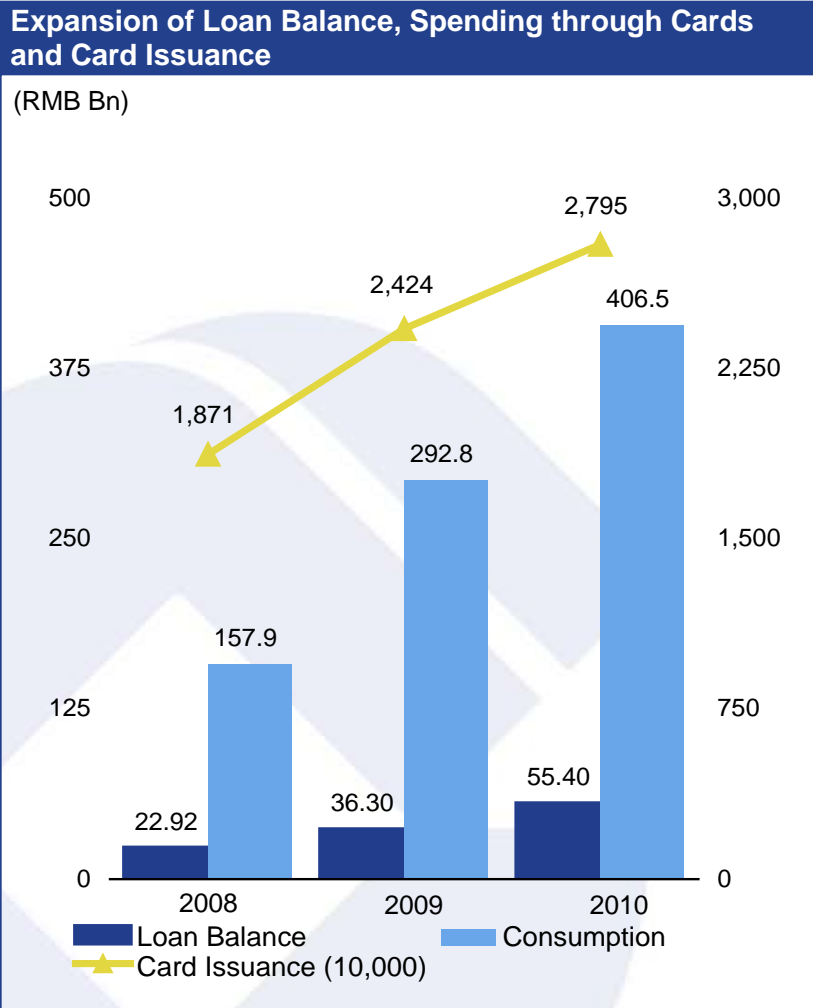


Ranked 1st in Extending New Personal Mortgage Loans

- Support the purchase of homes to be used as owners' primary residences
- Loan-to-value ratio: 51.4%
- NPL ratio 0.27%, down by 0.15 pps
- Rewarded again as the “Best Mortgage Bank” in China by *Global Finance*
- Ranked 1st among peers in extending the commissioned housing provident fund deposits and loans
- Online property financing platform



Maintaining Leading Position in Credit Card Business

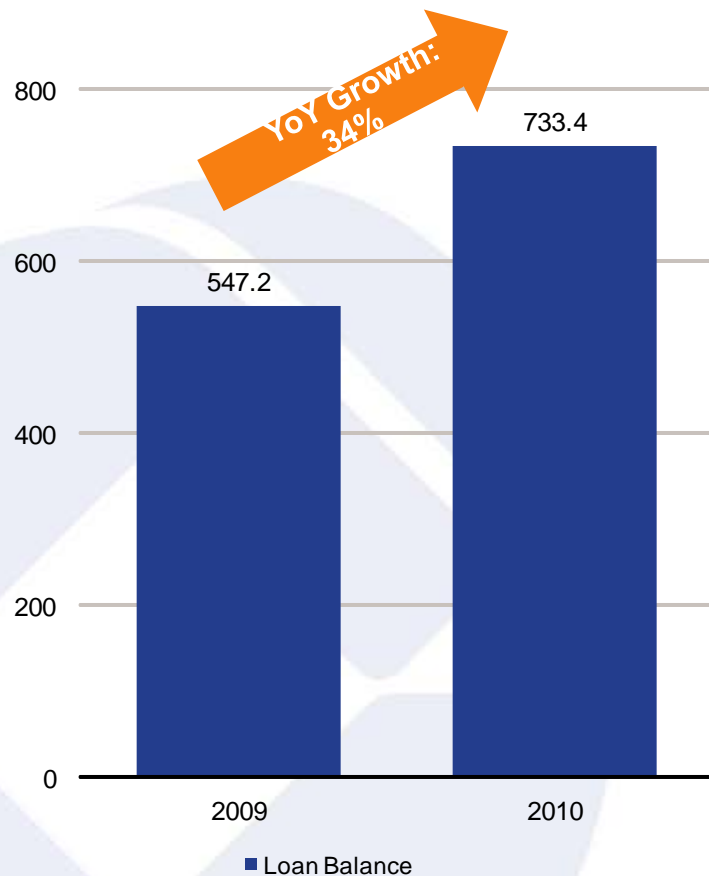




Rapidly Promoting Small Enterprise Loans and Agriculture-related Financial Services

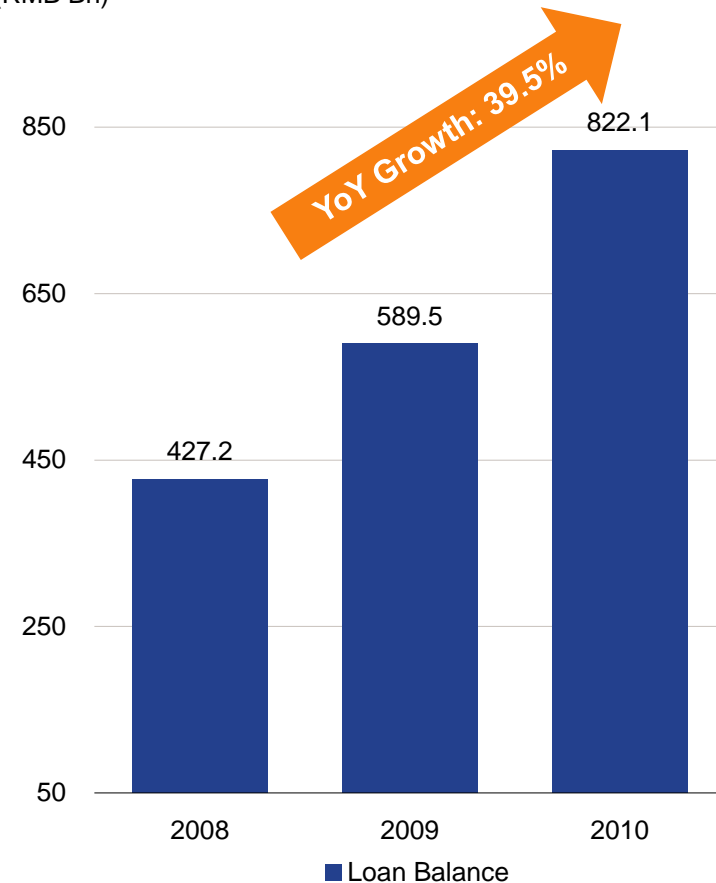
Growth of Small Enterprise Loans: 34%

(RMB Bn)



Growth of Agriculture-related Loans: 39.5%

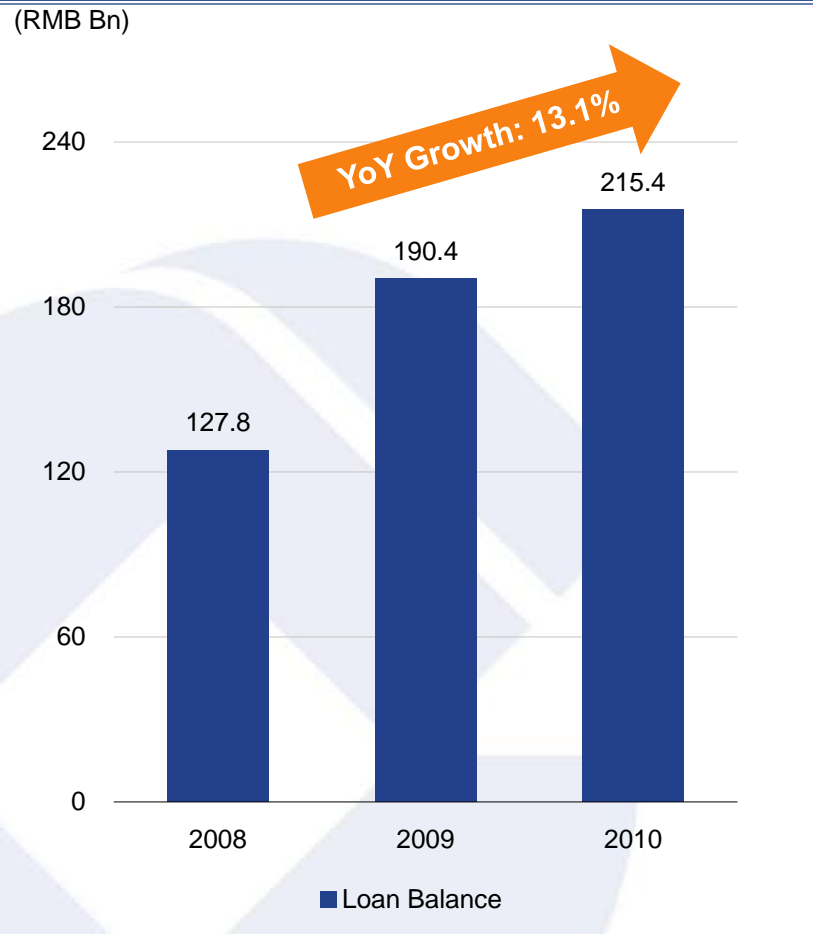
(RMB Bn)





Steadily Developing Livelihood Financial Services

Key Areas of Livelihood such as Education and Health Loans Grew by 13.1%



Outperforming Peers in Livelihood Financial Services

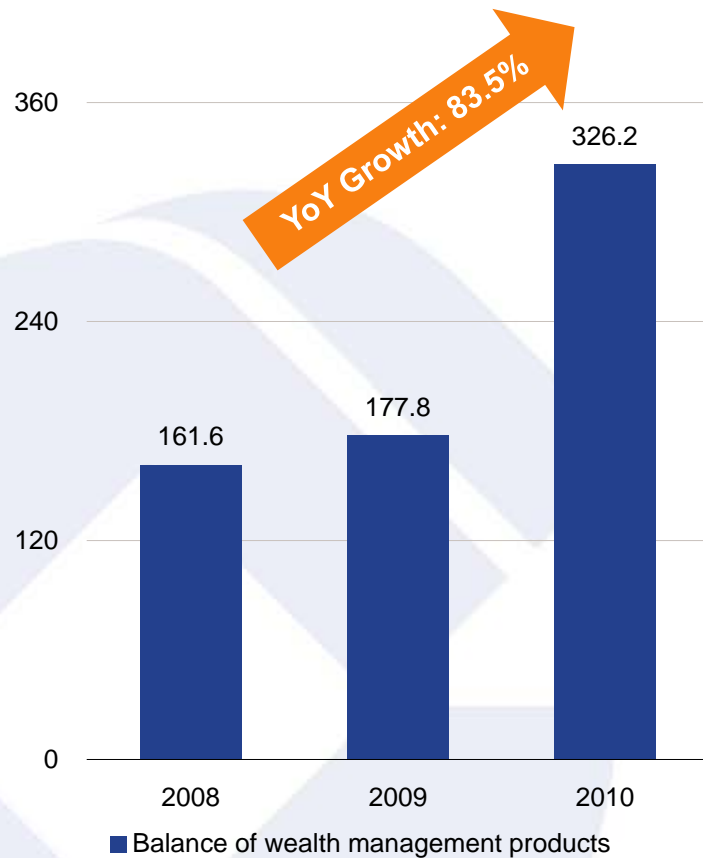
- Ranked 1st in education and health loans
- Livelihood related deposits increased by 25.8% from previous year
- The only bank to execute and monitor the process of cash payments to the migrants from Three Gorges area
- Number of the signed enterprise annuity personal accounts rose by 38%, and custodian assets grew by 46.1%
- Ranked 1st in the issuance of budget civil servant cards and, and 1st in the market share of central treasury authorized payment business



Rapidly Promoting Wealth Management Business

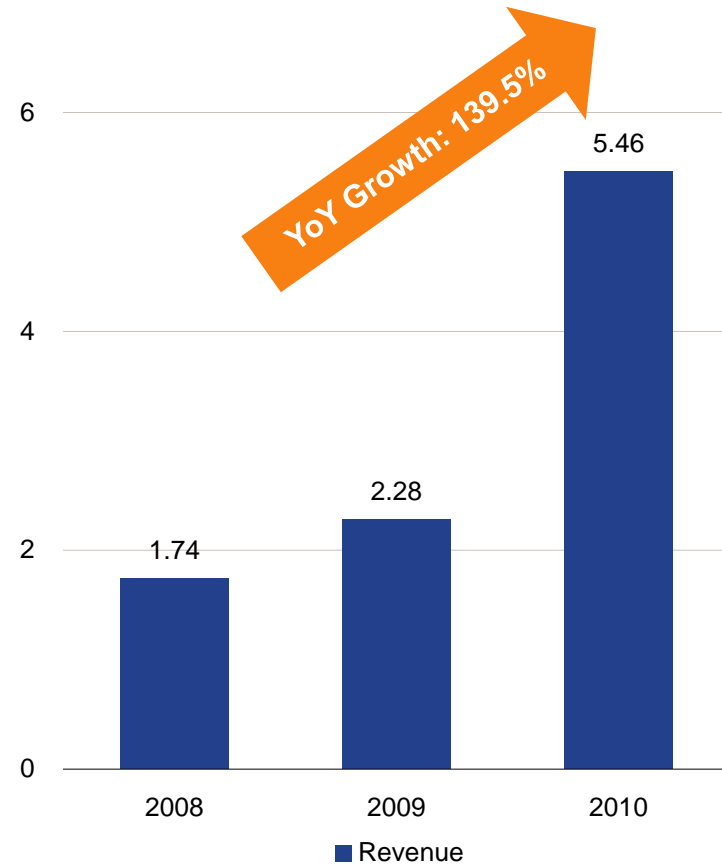
Growth of Wealth Management Products: 83.5%

(RMB Bn)



Growth of Wealth Management Revenue: 139.5%

(RMB Bn)

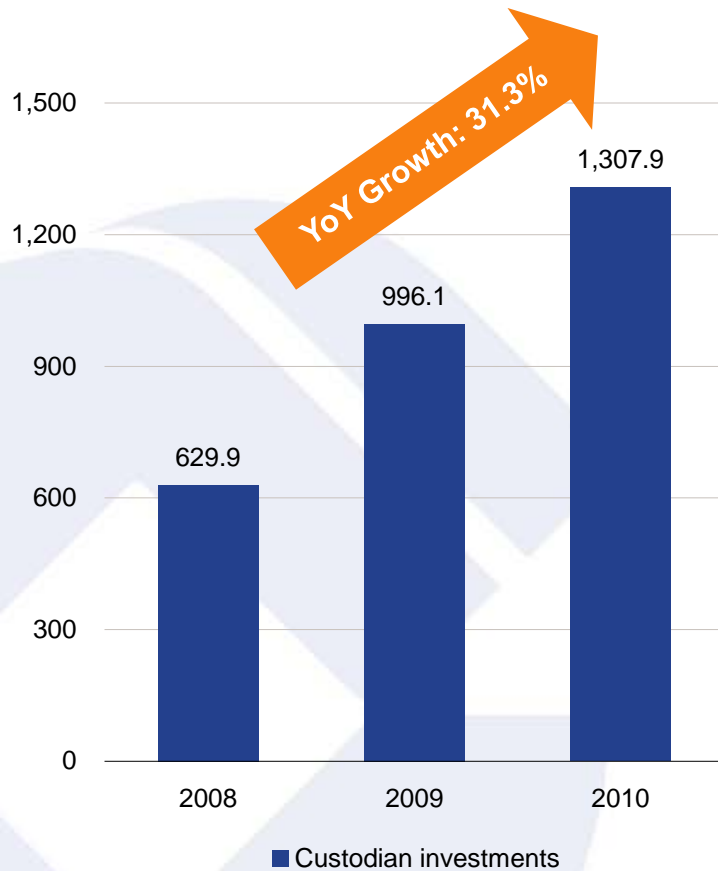




Proactively Exploring Custodian and Pension Business

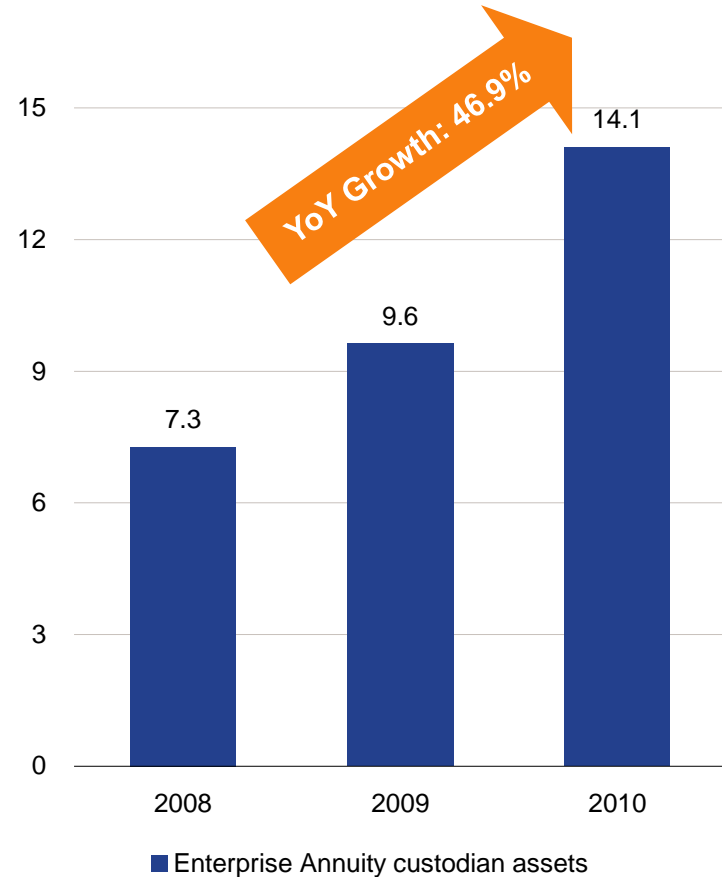
Growth of Custodian Investments: 31.3%

(RMB Bn)



Growth of Enterprise Annuity Custodian Assets: 46.9%

(RMB Bn)

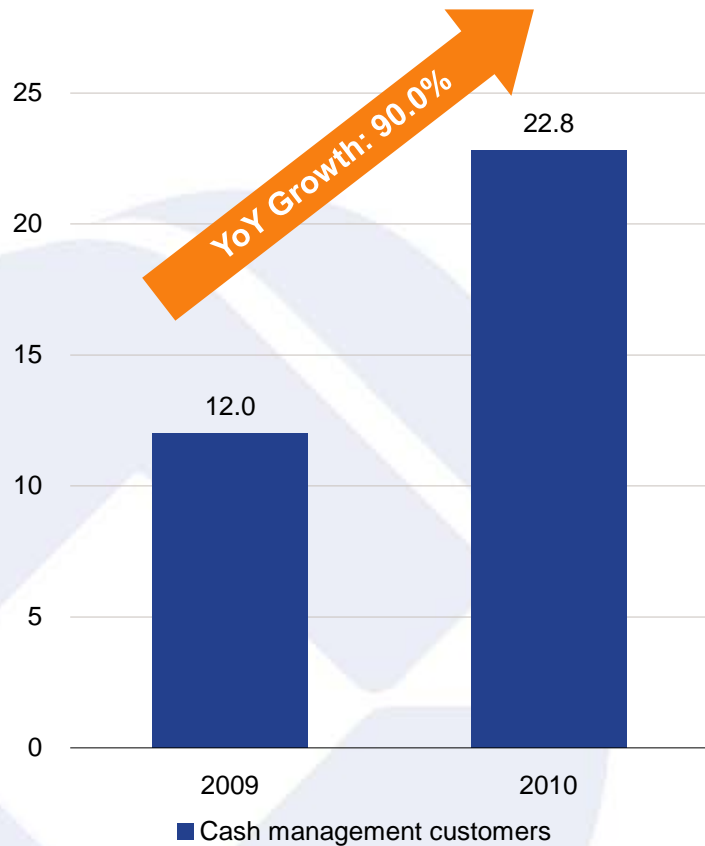




Accelerating Cash Management Business

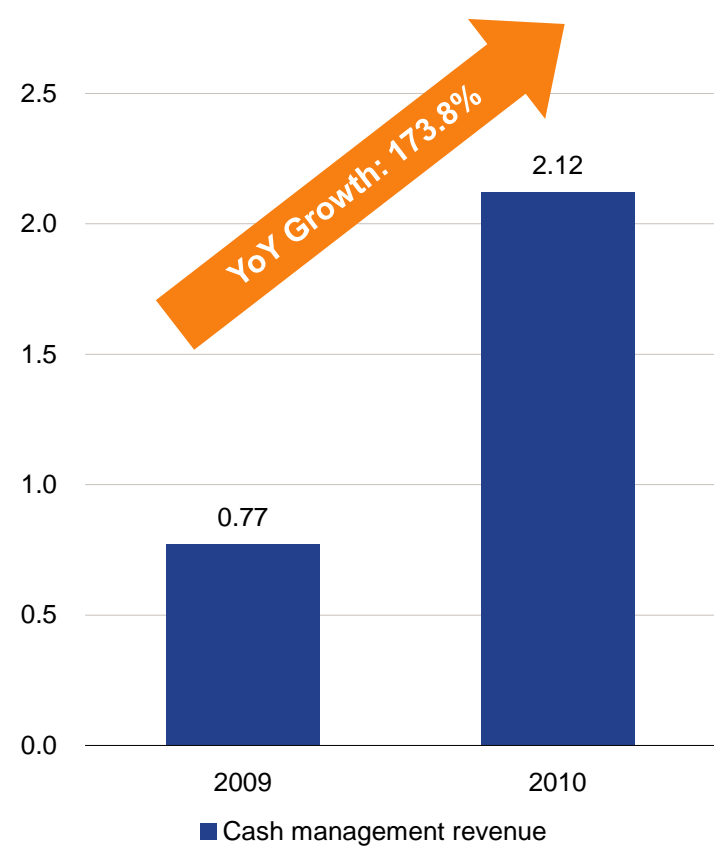
Growth of Cash Management Customers: 90%

(10,000 accounts)



Growth of Cash Management Revenue: 173.8%

(RMB Bn)





Proactively Enhancing Comprehensive Service Capabilities (1)

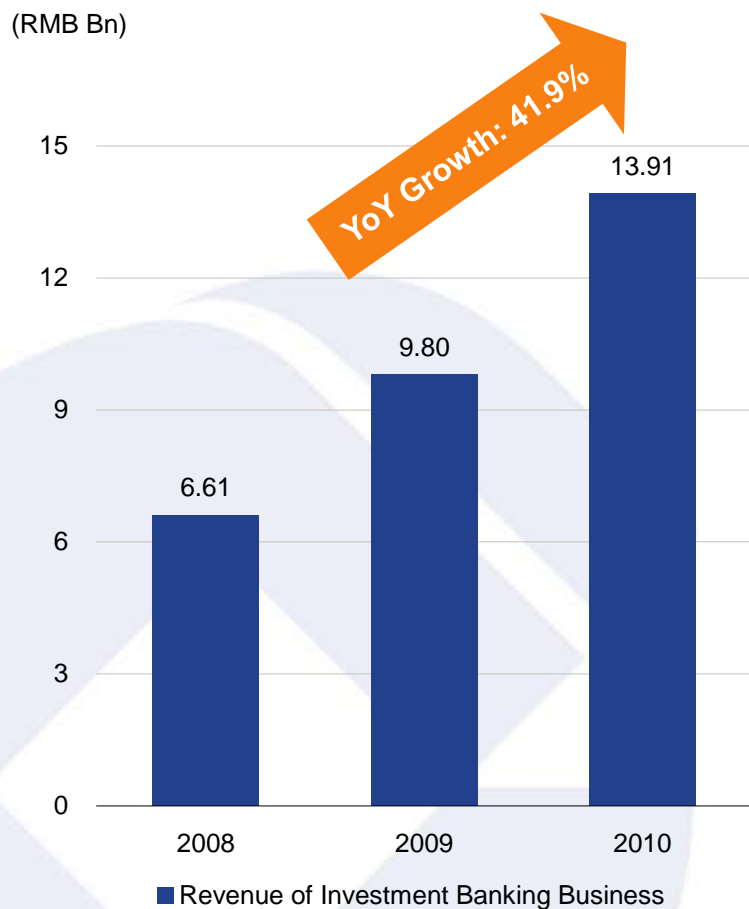
Gradual Perfection of Comprehensive Operation System

- Total assets of CCB (Asia) increased by 21.2% from previous year
- Assets of CCB Leasing grew by 196.7%, while net profit up by 37.1%
- Trust assets of CCB Trust soared by 140%, while net profit up by 141.4%
- Assets of Sino-German Bausparkasse surged by 130%, and net profit rose by RMB 37.69MM
- A total of 13 funds under the management of CCB Principal Asset Management, with net profit up by 33.9%
- Planning and opening of 18 rural banks
- Acquisition of Pacific-Antai Life Insurance Co. close to completion



Proactively Enhancing Comprehensive Service Capabilities (2)

Revenue of Investment Banking Business Grew by 41.9%



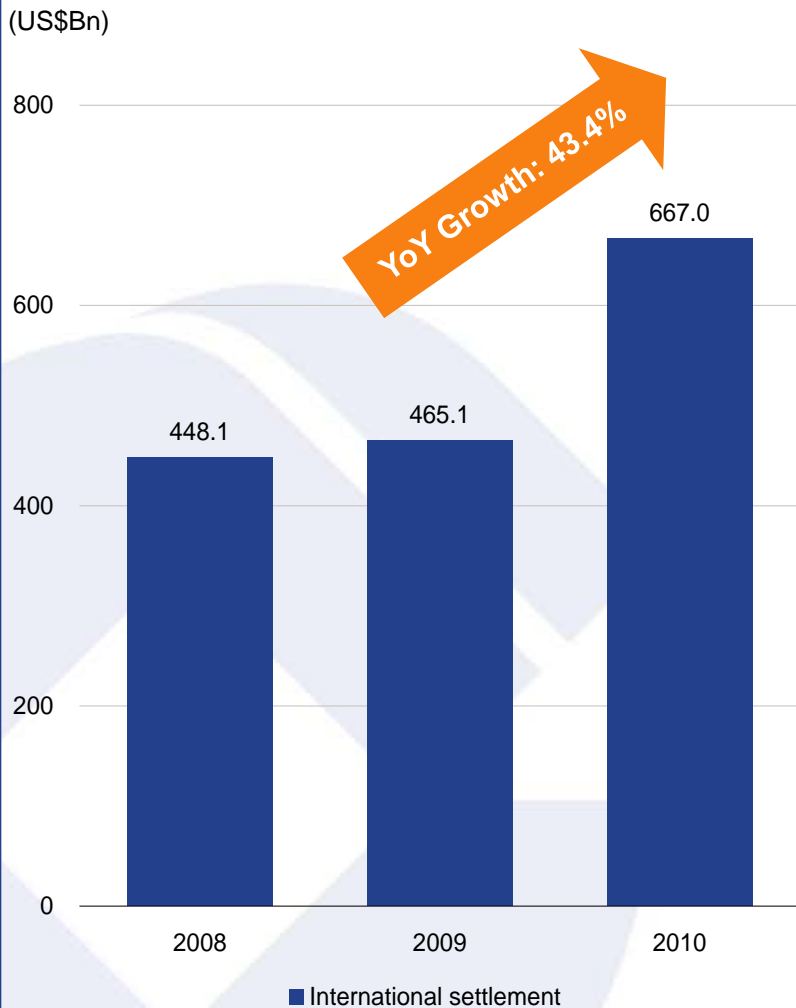
Prosperous Development of Investment Banking Business

- Revenue from M&A restructuring, debt restructuring, IPO and re-financing advisory surged by 154%
- Ranked 1st in terms of underwriting of short-term commercial paper for 5 consecutive years
- Offered Financial Integrated Total Solutions (FITS) to meet the needs of customers at different developing stages
- CCBI contributed an accumulated amount of HK\$4.9Bn of profit after tax, with key financial indicators outperforming its Hong Kong peers
- Share control or participation of 7 mutual fund management companies, and managed 5 industrial investment funds



Proactively Enhancing Global Financial Service Capabilities

Growth of International Settlement Tops Big 4

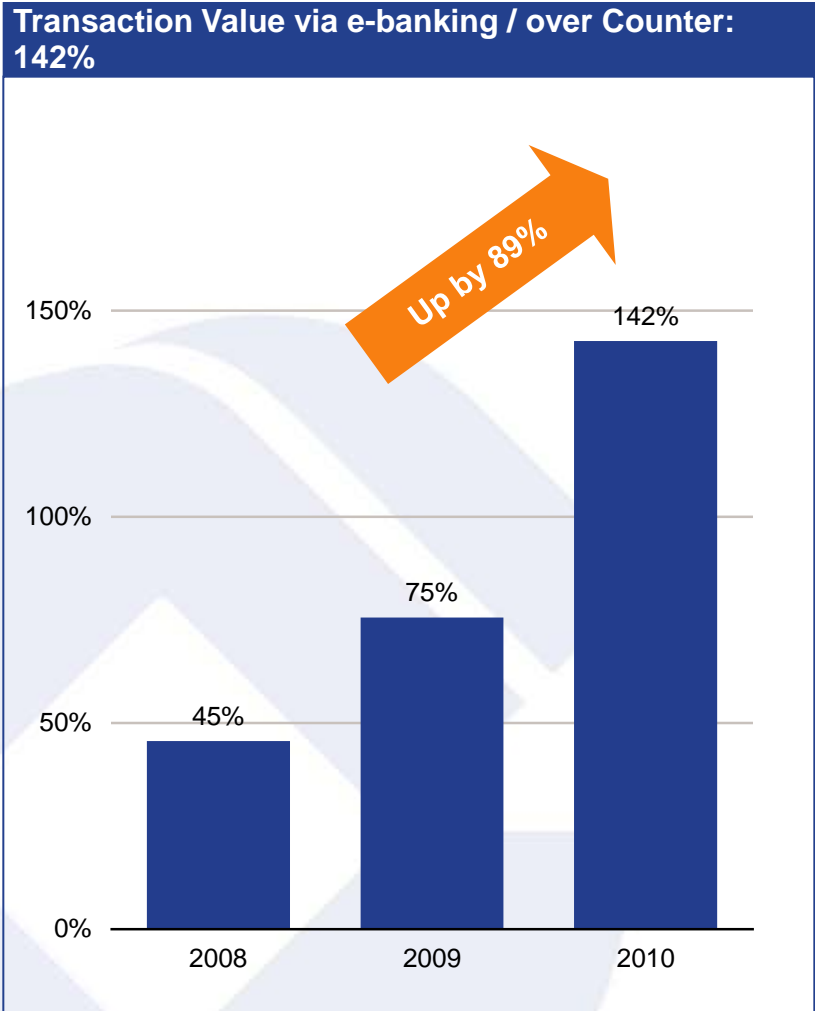


Optimization of Global Financial Service Network and Products

- Opened new branches in Ho Chi Minh City and Sydney – total branches and subsidiaries overseas increased to 12
- Upgraded license of Singapore branch and obtained approval to open Moscow rep office
- Obtained CBRC approval to open Taipei rep office and Toronto branch
- Cross-border trade RMB settlement business increased by over 100 times, CCB (Asia) obtained approval to trade in the domestic inter bank bond market with certain amount of trading limits



Rapidly Promoting Construction of E-Banking Channels



- Rapidly Growth of Emerging Channels**
- Number of retail customers of online banking increased by 44.1%, with aggregate transaction value up by 191%
 - Number of corporate clients of online banking rose by 34.8%, with aggregate transaction value up by 67%
 - Number of customers of mobile banking increased by 57.1%, with aggregate transaction value up by 99%
 - Number of ATM grew by 10.7%
 - Self-service banking rose by 19.1%



Enhancing Value Creation Ability through Strategic Cooperation (1)

Strategic Cooperation with Bank of America Entering into New Stage

- ❖ Strategic cooperation achieved periodic results and entered into a new stage
- ❖ Focus on further collaboration in terms of risk management, human resources management and business cooperation
- ❖ Strategic partnership and collaboration extended to the end of 2012, further cooperation under discussion
- ❖ Completed 8 strategic collaborative projects and 65 experience-sharing projects in 2010
- ❖ Bank of America sent experts in the area of wealth management, e-banking and IT
- ❖ On-the-job training and communications

Bank of America





Enhancing Value Creation Ability through Strategic Cooperation (2)

Continued Strategic Cooperation with Fullerton Financial Holdings



- Cooperation in wealth management and private banking
- Employee training

Strategic Cooperation with Santander



- Joint venture of rural bank holdings company
- Joint program of sponsoring international exchange students and college credit card programs
- Cooperation in trade finance
- Partnership in rural bank and retail banking business
- Employee training



Implementing New Basel Capital Accord to Refine Risk Management

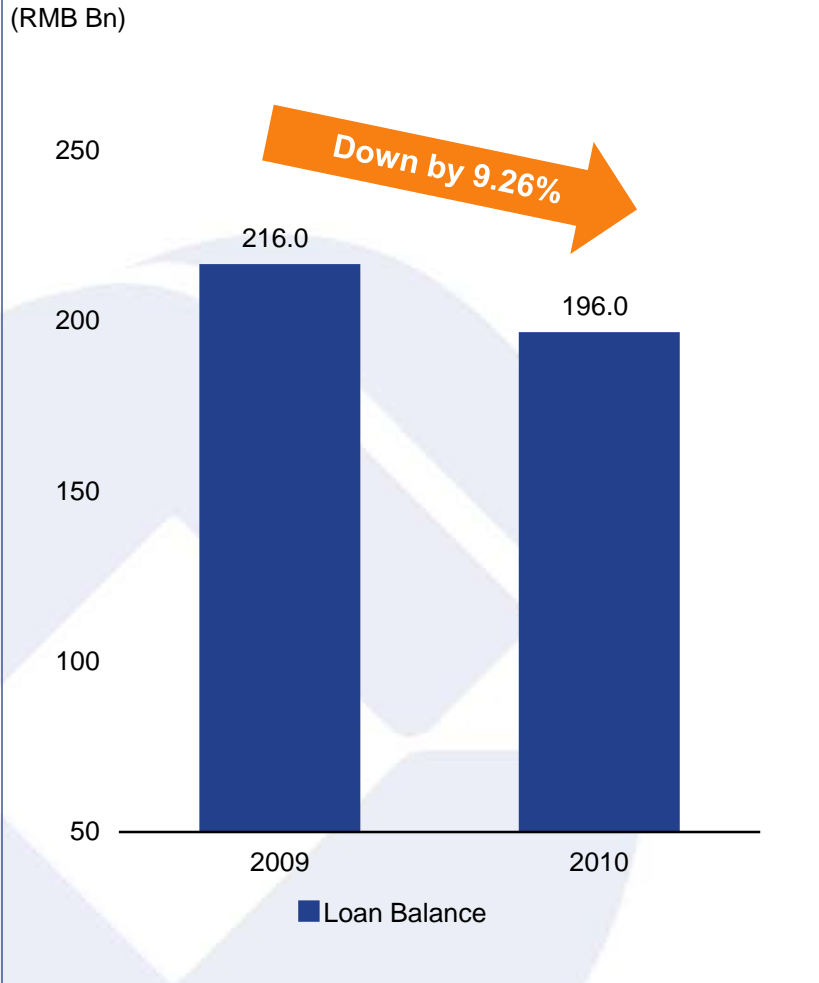
Accomplished Over 50 Projects to Set Up Foundation for the Implementation of New Basel Capital Accord

- ❖ Establish a comprehensive risk rating system to cover the corporate, retail and small enterprises related businesses
- ❖ Optimizing the risk management policy system to identify best possible customers and to control risks in a more scientific manner
- ❖ Merge the risk management measures into daily business, to further improve the risk control capabilities
- ❖ Deepen the scientific utilization of risk management technologies to support value creation
- ❖ Propel the execution of the New Basel Capital Accord, to uplift the fundamental management capabilities to a new level
 - Internal rating system covering customers across the whole bank
 - Establishing and optimizing 226 systems to build up a comprehensive risk management platform
 - Setting up data quality monitoring system to improve the ability of data administration

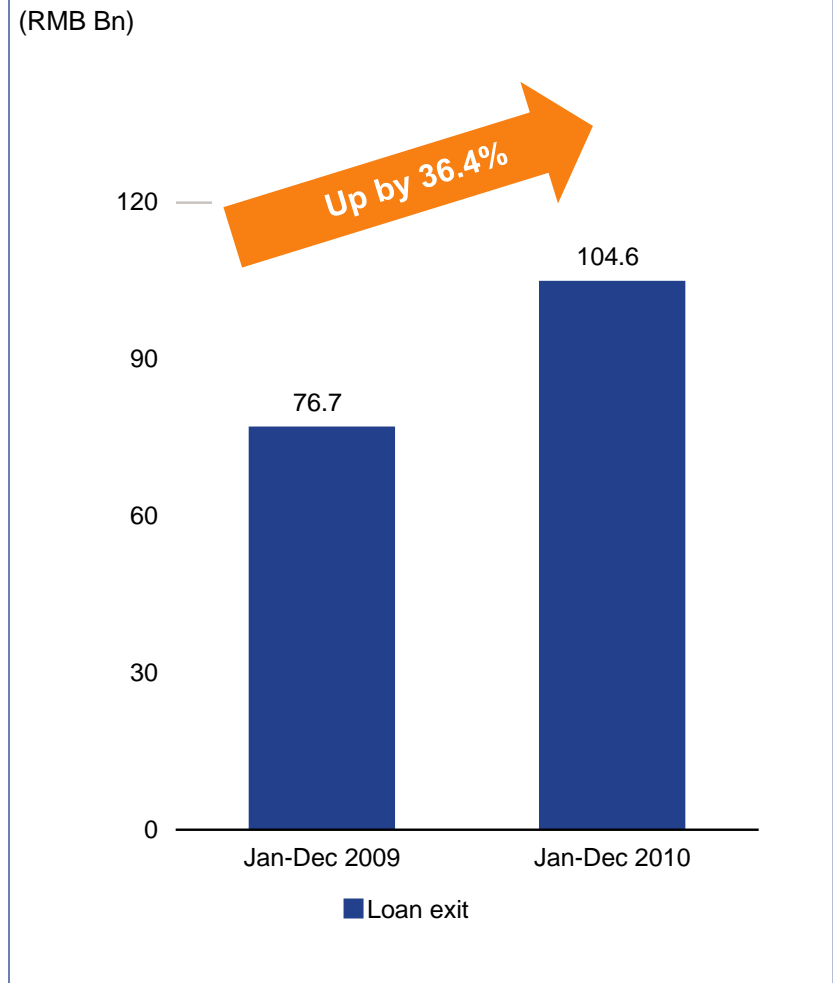


Effective Prevention of Operational Risk – Exit High-risk Industries with Excess Production Capacity

Loan Balance of Industries with Excess Production Capacity Declined by 9.26%



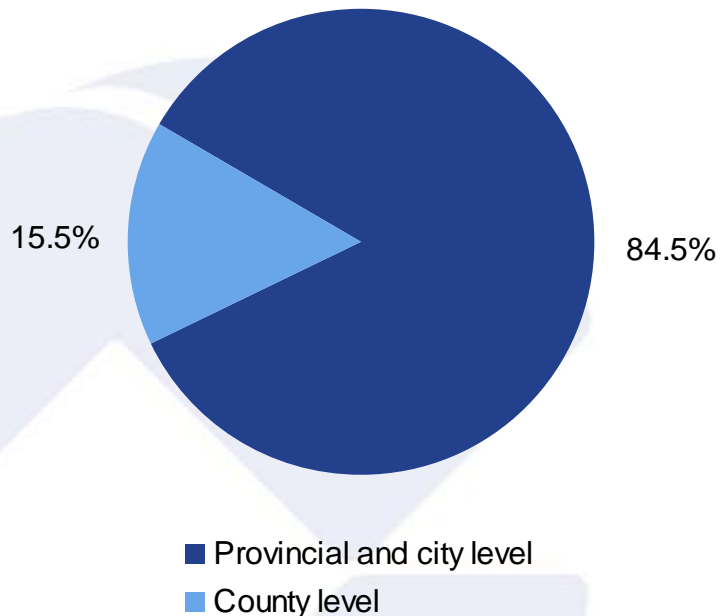
Aggregate Loan Amount Under Exit Strategy





Effective Prevention of Operational Risk – Preventing Risk from Local Government Financing Platform

Percentage of Loans to LGFV at Municipal Level or Above: 84.5%

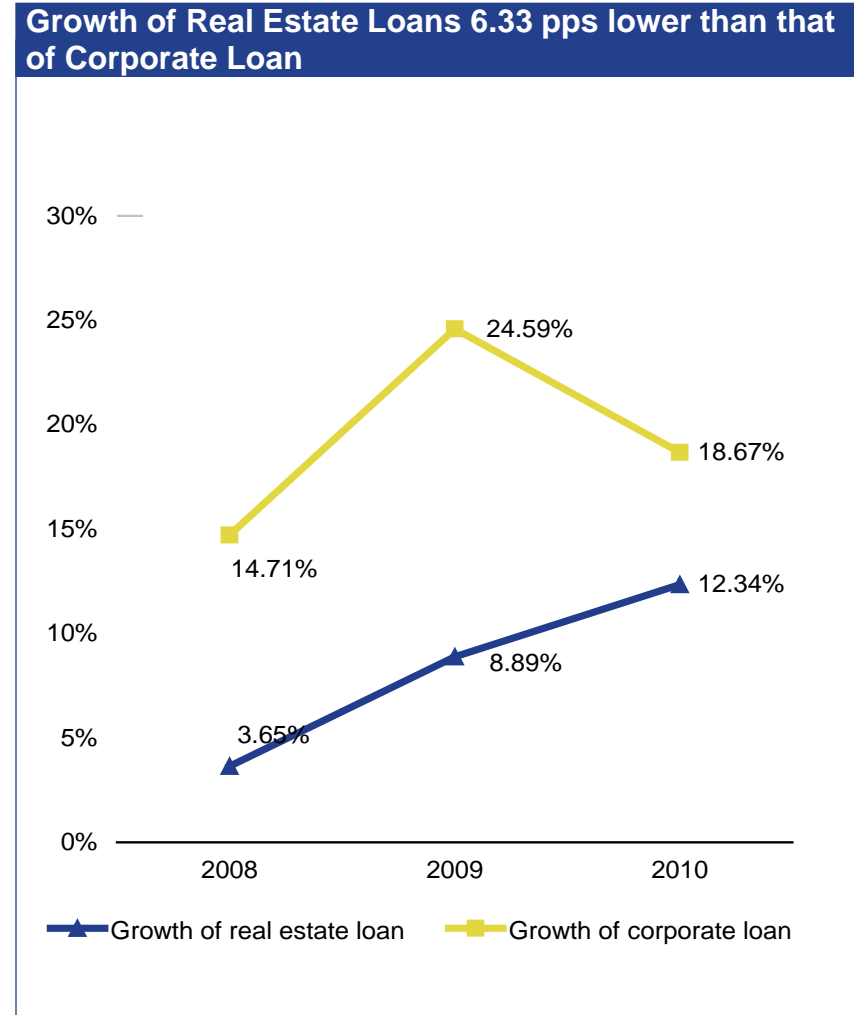
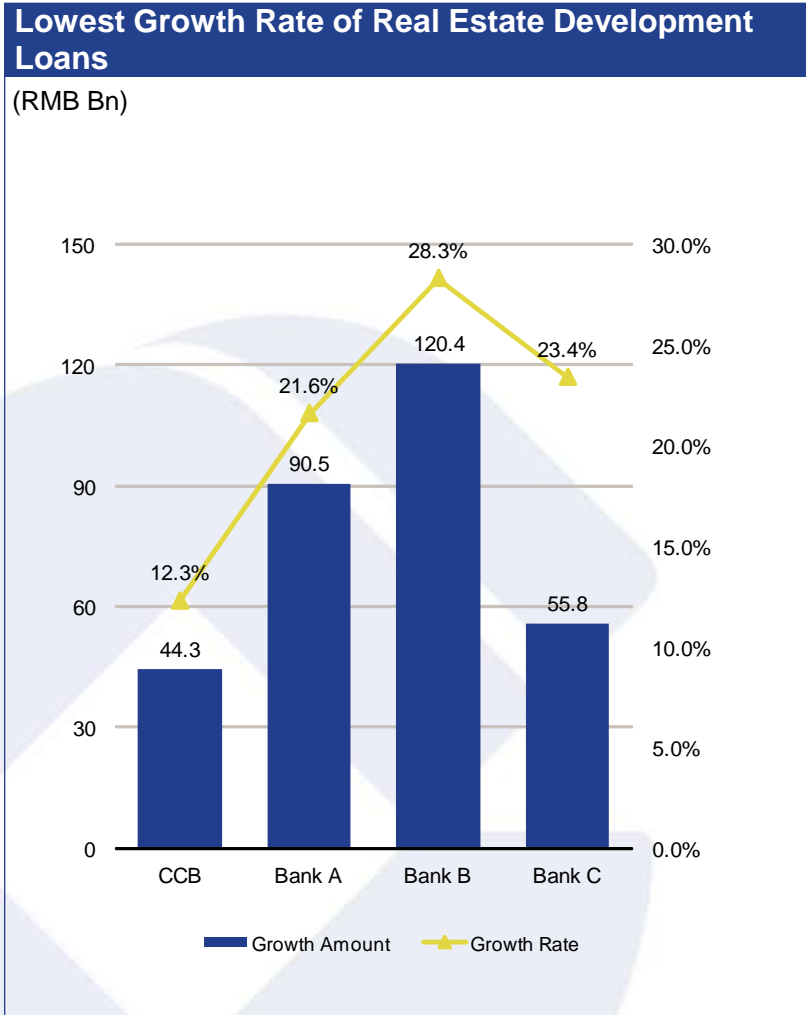


Effective Risk Control

- Constant detection and rectification to obtain support from local regulators
- Stringent control over loan volume to achieve the decline of loan balance
- Lifting up the entry barrier for new customers
- Focus on funding the customers and projects with sufficient cash flow and complying with government policies
- Termination of extending new loans to customers of government financing vehicles at county level
- Management of customers by different classifications
- Intensifying the efforts of loan contraction and repayment



Effective Prevention of Operational Risk – Prudent Development of Mortgage Loans



Source: Financial statistics from PBC



Retrospect on the Five-Year Journey Since HK-Listing

Transformation of Development

Financial Results

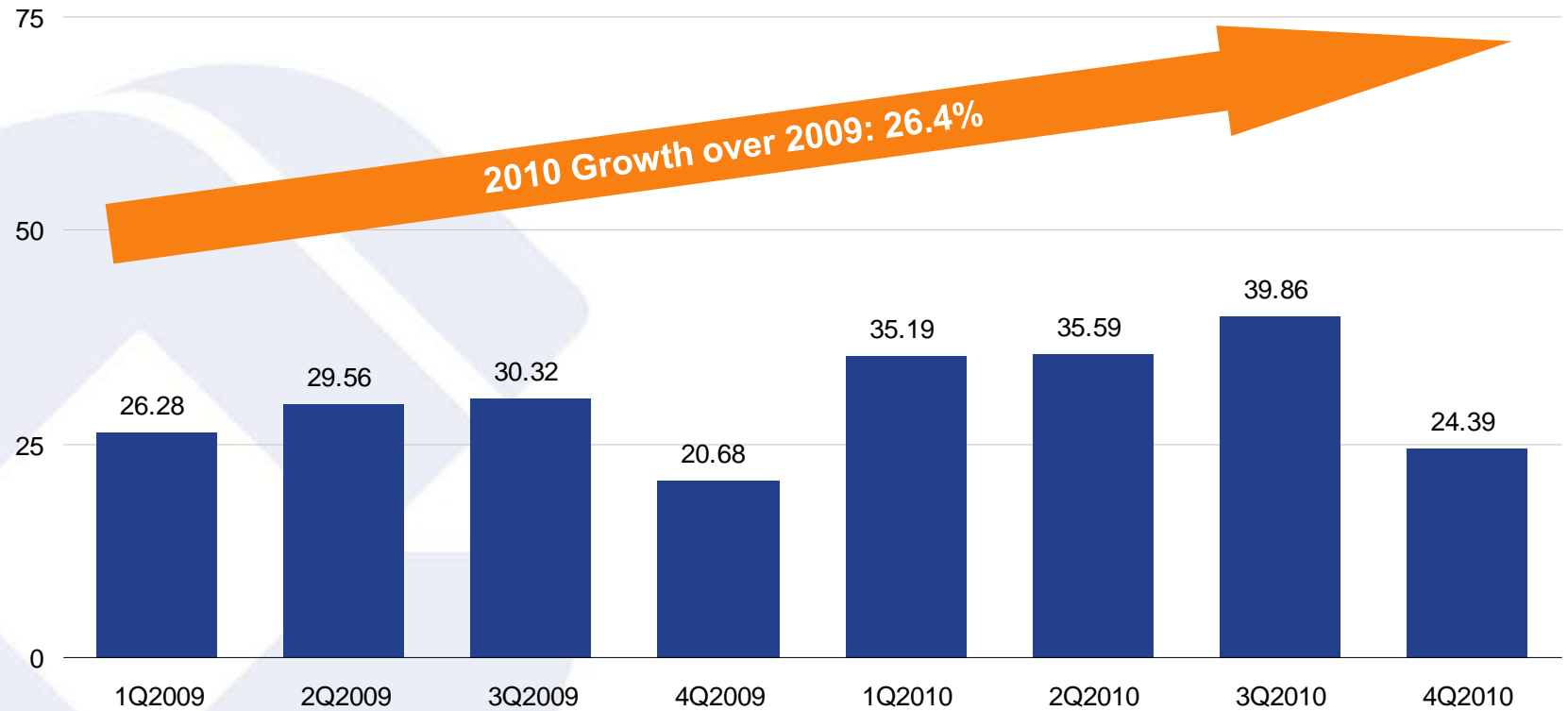
Outlook



Surging Net Profit

YoY Growth of Net Profit: 26.4%

(RMB Bn)

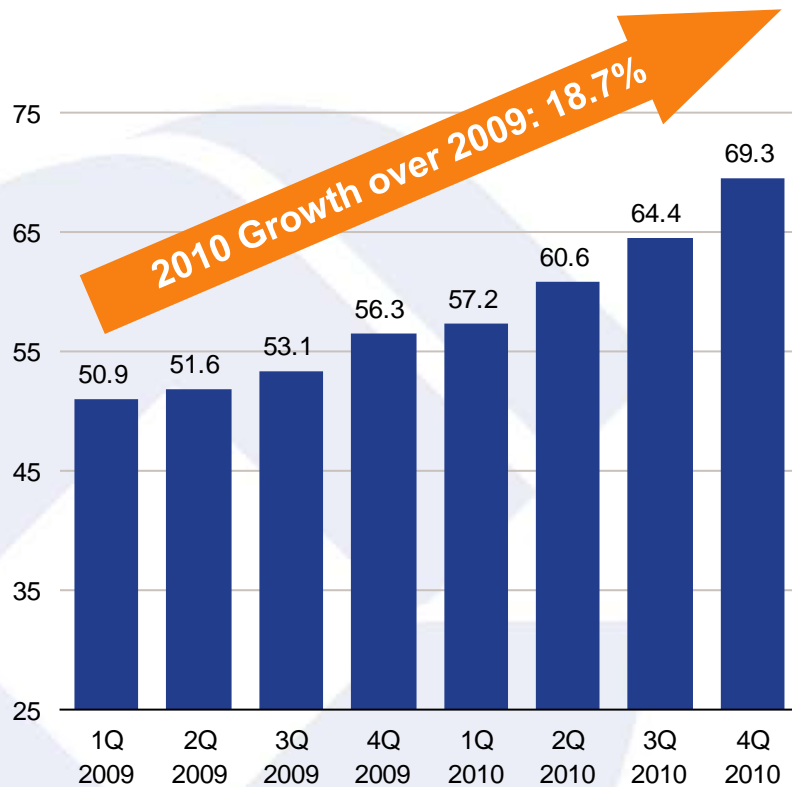




Rapid Revenue Growth

YoY Growth of Net Interest Income: 18.7%

(RMB Bn)



YoY Growth of Net Fee and Commission Income: 37.6%

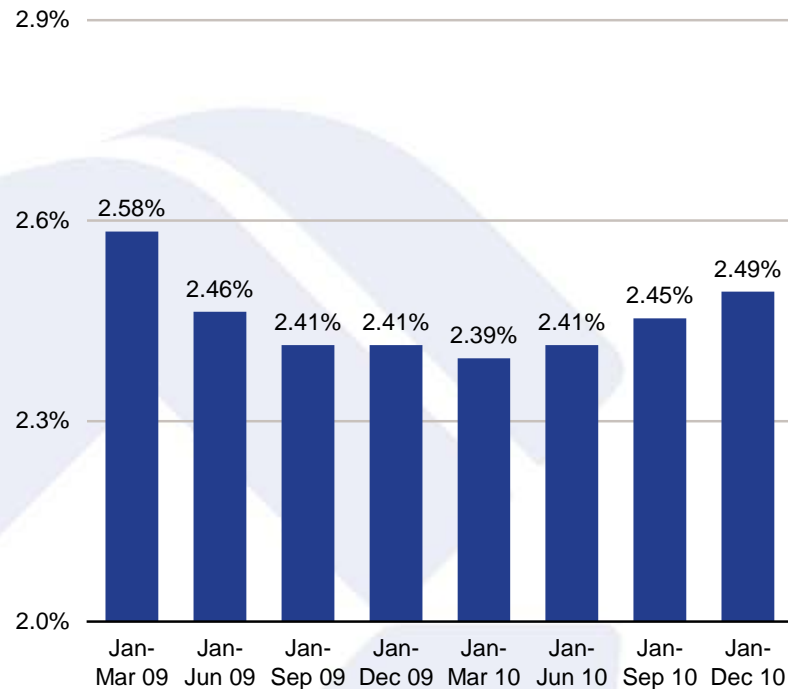
(RMB Bn)



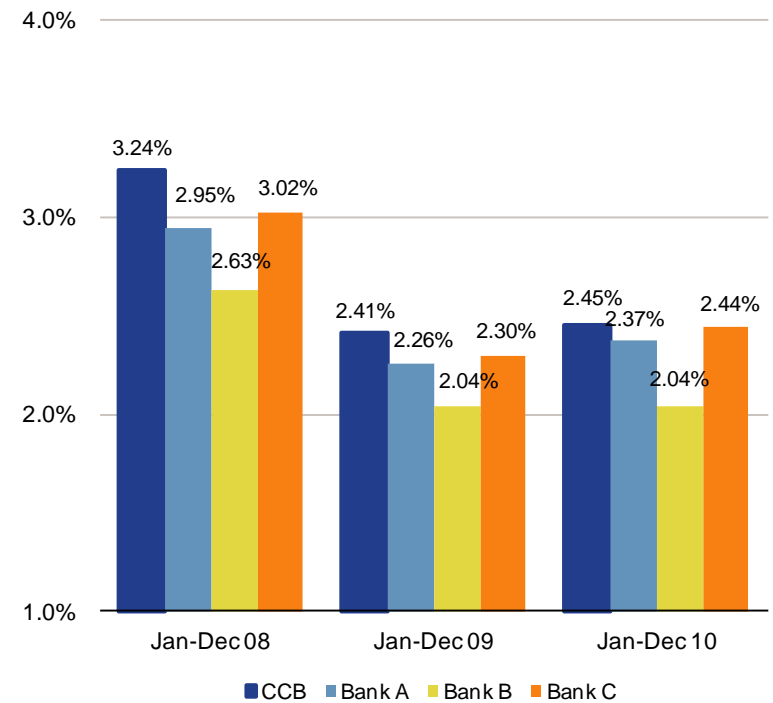


Stabilized and Recovering Net Interest Margin

Stabilized and Recovering Net Interest Margin



Key Drivers of Changes and Trends in NIM



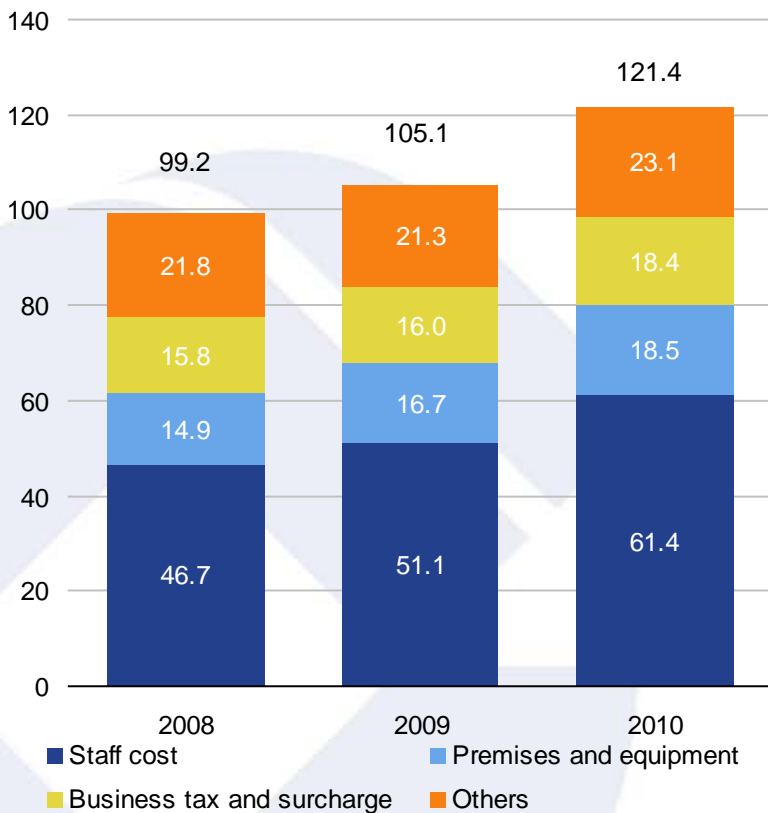
Note: The data of Bank A in 2010 refers to first half year's



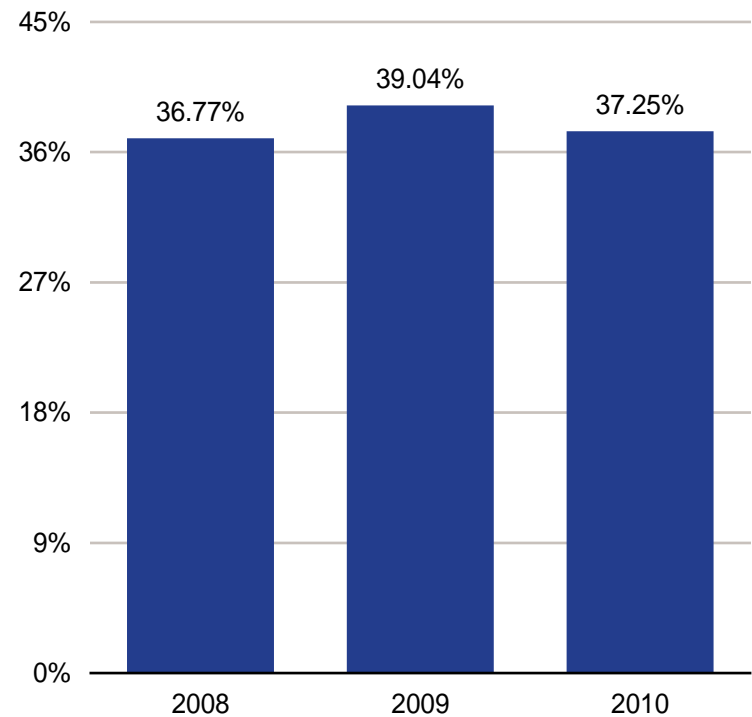
Enhanced Overall Cost Management

Composition of Operating Expenses

(RMB Bn)



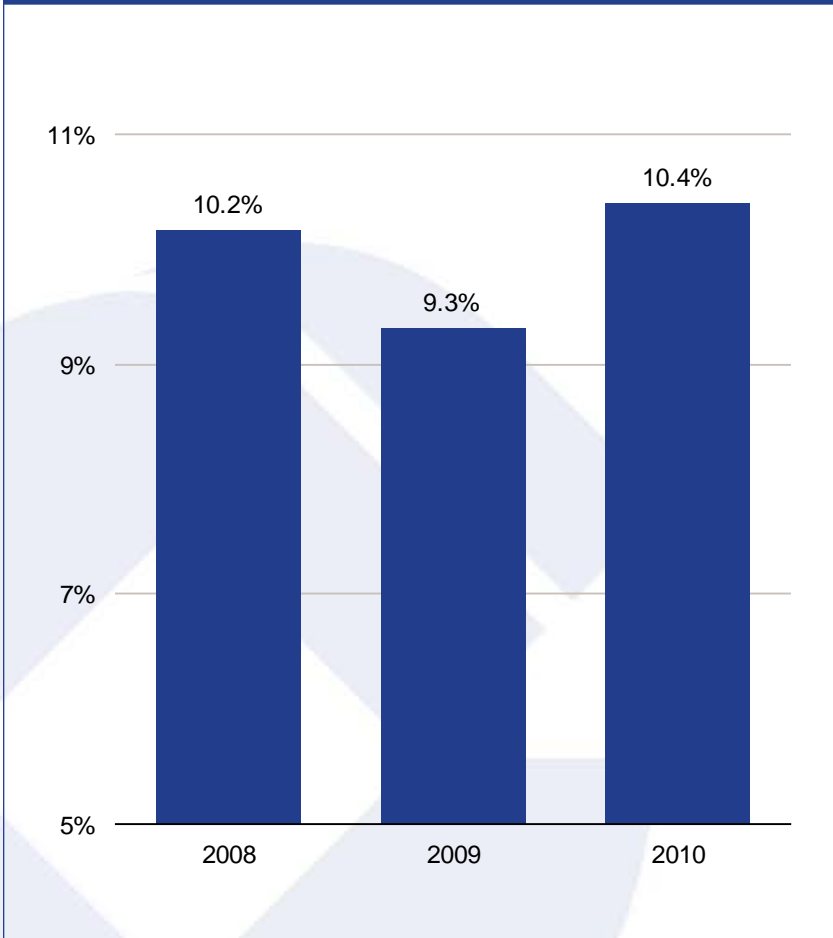
Cost-to-Income Ratio



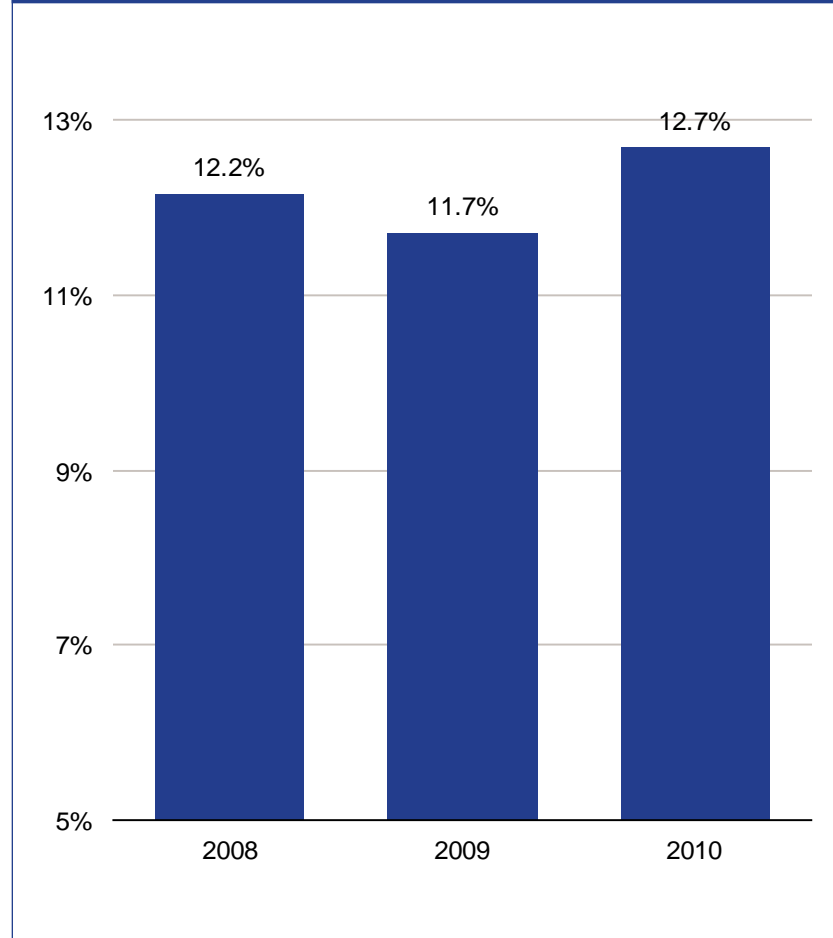


Constantly Strengthened Capital Base

Tier 1 Ratio



Capital Adequacy Ratio (CAR)





Actively Taking on Social Responsibilities

- ◆ Paid RMB 691.233bn taxes, dividends and other contribution to the government since 2005
- ◆ Granted RMB 12.03MM to college students from poor families and ethnic minorities
- ◆ Donated RMB 69.796MM to high school students from poor families
- ◆ Invested RMB 95.2799MM to 22 social programs
- ◆ Donated RMB 53.1315MM to support the reconstruction work in Yushu Zhouqu, and other area suffering from natural disaster
- ◆ Assisted in founding 38 Hope Primary Schools
- ◆ Actively participated in the environmental protection activities



◆ **China Red Cross Contribution Award**



◆ **Leading CSR Enterprise in China**



◆ **China Women Charity Award**



◆ **Voluntary Service Award of Special Contributions**



External Recognition



- ☉ Ranked 24th in the “Top 100 Brand Value”, up by 3 places
- ☉ Ranked 10th in the “Top 500 World Bank”, up by 3 places



- ☉ Ranked 116th among the “Fortune Global 500”, up by 9 places



- ☉ Best Sub-custodian Bank in China
- ☉ Best Bank in China



- ☉ Best Trade Finance Bank in China
- ☉ Best Mortgage Lending Bank in China
- ☉ Best Bank of Infrastructure Loans



- ☉ Ranked 13th among the “Top 500 Global Banks”
- ☉ Ranked 2nd among “Top 10 Global Commercial Banks”
- ☉ Ranked 15th among the “Top 1,000 Global Banks”
- ☉ Best Bank in China



- ☉ Ranked 3rd among the “Top 300 Asian Banks”



- ☉ Ranked 17th in the “World’s 2000 Biggest Public Companies”, up by 6 places from 2009
- ☉ Ranked 3rd among Interbrand’s Best Chinese Brands, and ranked 1st among Chinese Banks



- ☉ Best Bank in China



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Outlook



Outlook – Opportunities and Challenges

Opportunities

- ❖ Major developed countries started to recover
- ❖ Economy of emerging markets quickly rebounded
- ❖ Chinese economy is expected to maintain fast development in a relatively long term
 - Industrialization still at its climax
 - Urbanization with great potential
 - Rapid Advances in information technology
 - Broad prospect of the transition and development to market-oriented economy
 - Accelerating globalization

Challenges

- ❖ Slow recovery in the economy of major developed countries
- ❖ Transformation of domestic economic development
- ❖ More Rigid financial regulation
- ❖ More fierce competition in the financial markets



Outlook – Mitigants

Transforming Development Mode, Enhancing Core Competence and Capability of Value Creation, to Generate Better Return for Shareholders and Society

- ❖ Proactively reinforcing the prudent management and business operations, to struck a proper balance among growth, effectiveness and risk prevention
- ❖ Vigorously promoting the product, service, process and management innovation, to continue to be a pioneer in the development of China banking industry
- ❖ Solidifying technological support, building up a leading operational system and management platform
- ❖ Deepening various internal reform to ensure further sustainable development
- ❖ Reinforcing the traditional strengths, while developing new advantages in the area of small enterprise, personal wealth management and “Three Rurals” related business
- ❖ Continuing to emphasize the importance of risk prevention to ensure a safe and steady operation



Q&A



Thank you