



中国建设银行
China Construction Bank

2011 Annual Results Announcement

Beijing / Hong Kong

March 2012












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Key Financials 1

(RMB Bn)	31 Dec 2011	31 Dec 2010	YoY Change
Total Assets	12,281.83	10,810.32	 13.6%
Net Loans and Advances to Customers	6,325.19	5,526.03	 14.5%
Total Liabilities	11,465.17	10,109.41	 13.4%
Deposits from Customers	9,987.45	9,075.37	 10.1%
Total Equity Attributable to Shareholders	811.14	696.79	 16.4%
NPL Coverage Ratio	241.44%	221.14%	 20.3 pps
Core Capital Adequacy Ratio	10.97%	10.40%	 0.57 pps
Capital Adequacy Ratio	13.68%	12.68%	 1 pps
NPL Ratio	1.09%	1.14%	 0.05 pps



Key Financials 2

Key Financials	2011	2010	YoY Change
(RMB Bn)			
Net Interest Income	304.57	251.50	 21.1%
Net Fee and Commission Income	86.99	66.13	 31.6%
Profit Before Tax	219.11	175.16	 25.1%
Net Profit	169.44	135.03	 25.5%
Earnings Per Share (RMB)	0.68	0.56	 21.4%
Dividend Per Share (RMB)	0.2365	0.2122	 11.5%
ROAA	1.47%	1.32%	 0.15 pps
ROAE	22.51%	22.61%	 0.1 pps



Financial Performance

Business Development

Risk Management

Outlook



Outstanding Financial Performance – Remarkably Improving Profitability

Net Profit Achieved YoY Growth of 25.5%

(RMB Bn)

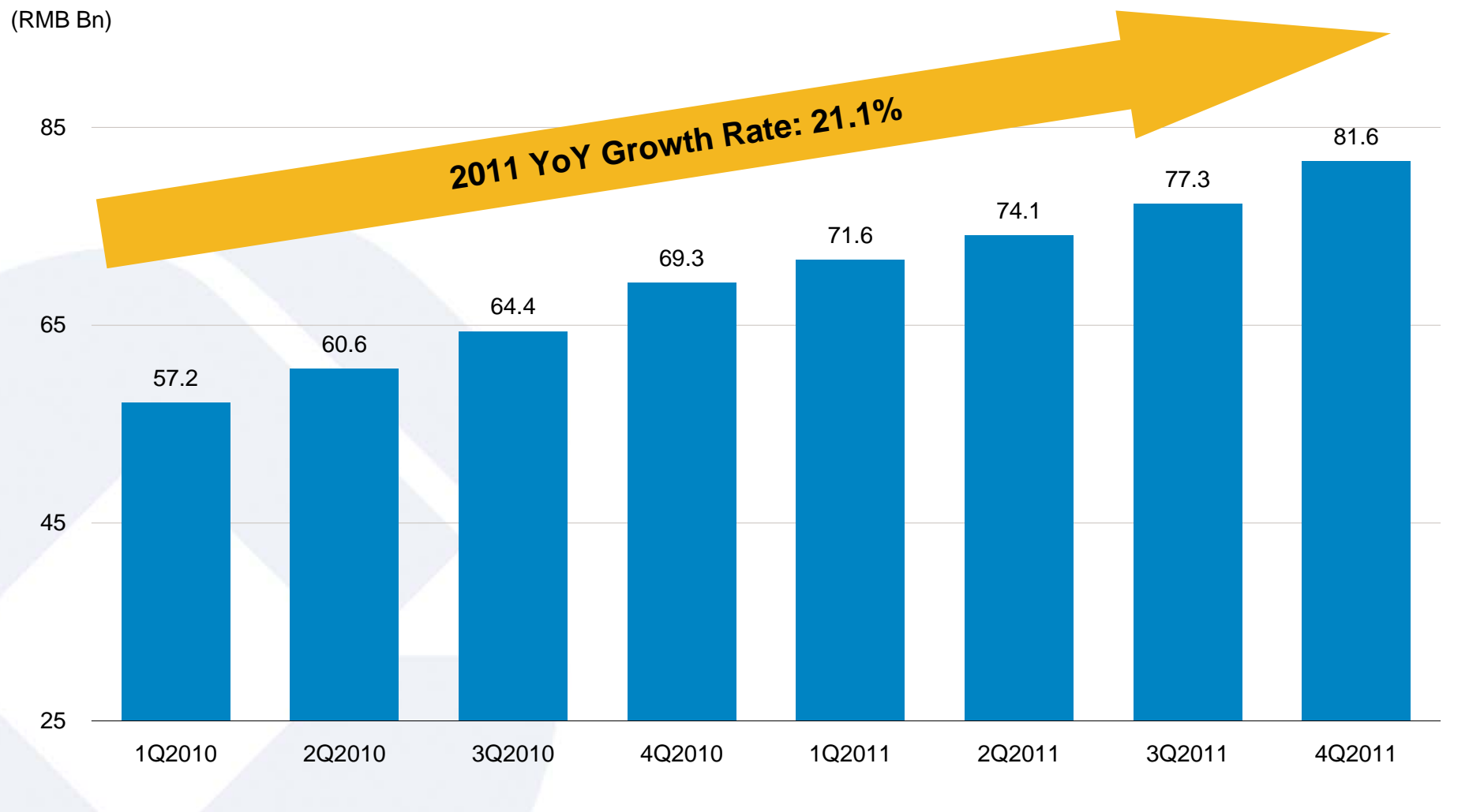




Outstanding Financial Performance – Continually Growing Net Interest Income

Net Interest Income Achieved YoY Growth of 21.1%

(RMB Bn)





Outstanding Financial Performance – Increasing Yield from Interest-Earning Assets

Significantly Improving Yield from Interest-Earning Assets



Note: including investments in trading debt securities and investment debt securities. Investment debt securities refer to debt securities in available-for-sale financial assets, held-to-maturity investments and debt securities classified as receivables

Increasing High-Yielding Assets as % of Total Assets

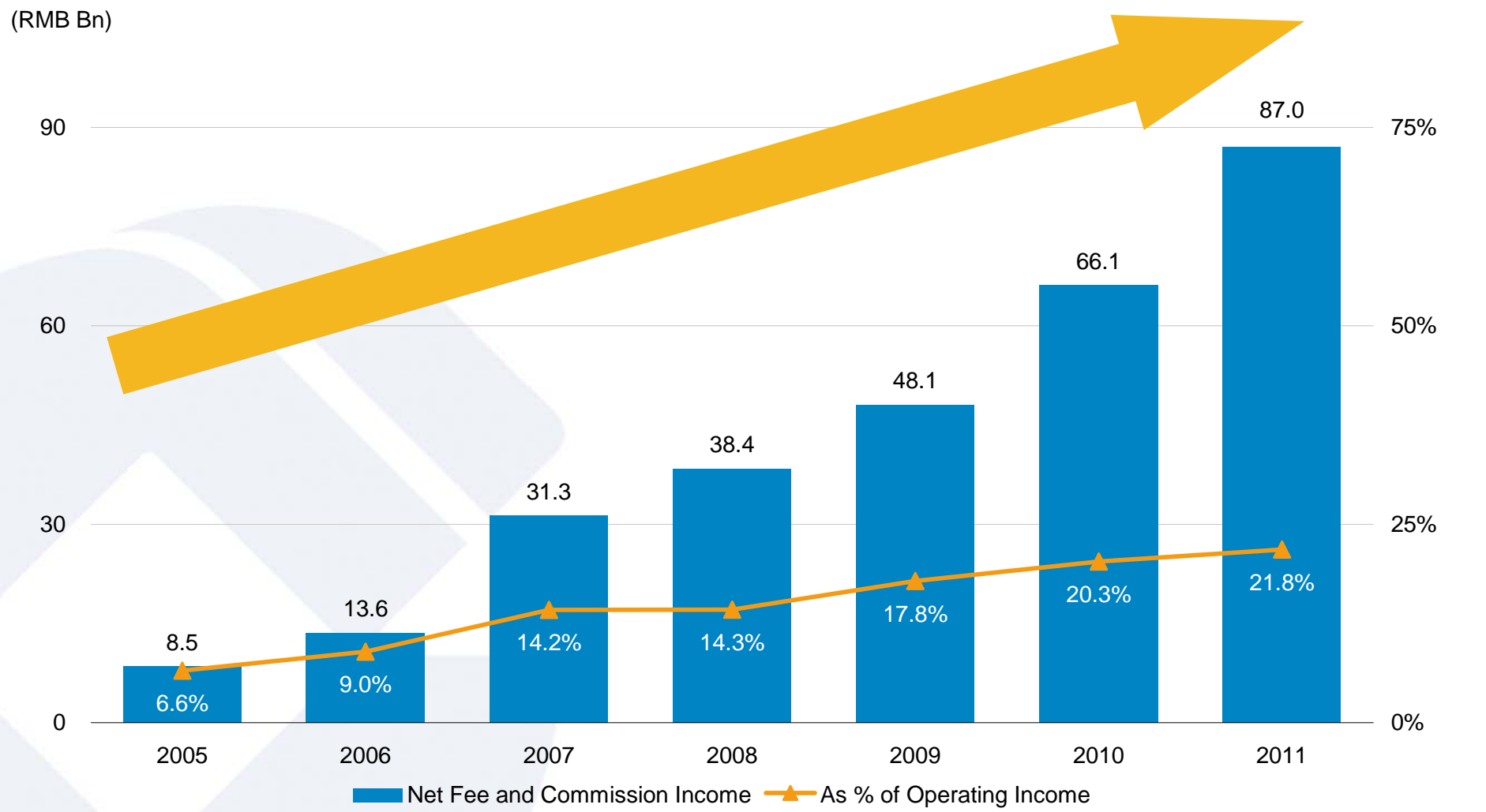
- ◆ Growing % of high-yielding assets
 - Loans and advances to customers as a percentage of total assets increased by 0.38 pps YoY to 51.5%
- ◆ Reduced amount of low-yielding assets
 - Bond investments as a percentage of total assets declined by 4.46 pps YoY to 22.14%
 - Balance of Cinda Bond declined, receiving accumulative repayment of bond principal of RMB 132.239Bn
 - Financial assets held under resale agreements as a percentage of total assets declined by 0.05 pps YoY to 1.63%



Outstanding Financial Performance – Optimizing Revenue Structure

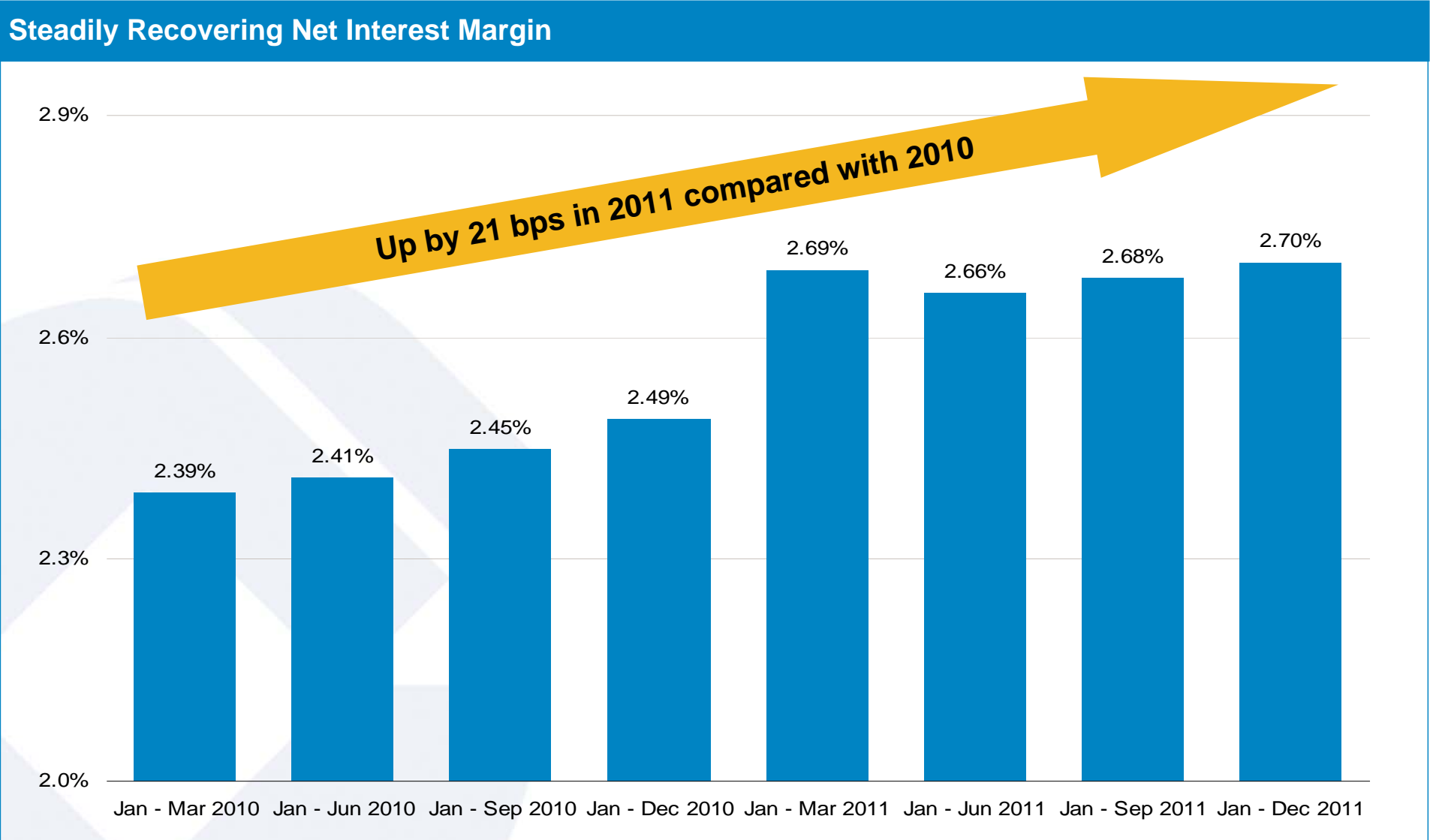
Increasing Net Fee and Commission Income as % of Operating Income

(RMB Bn)





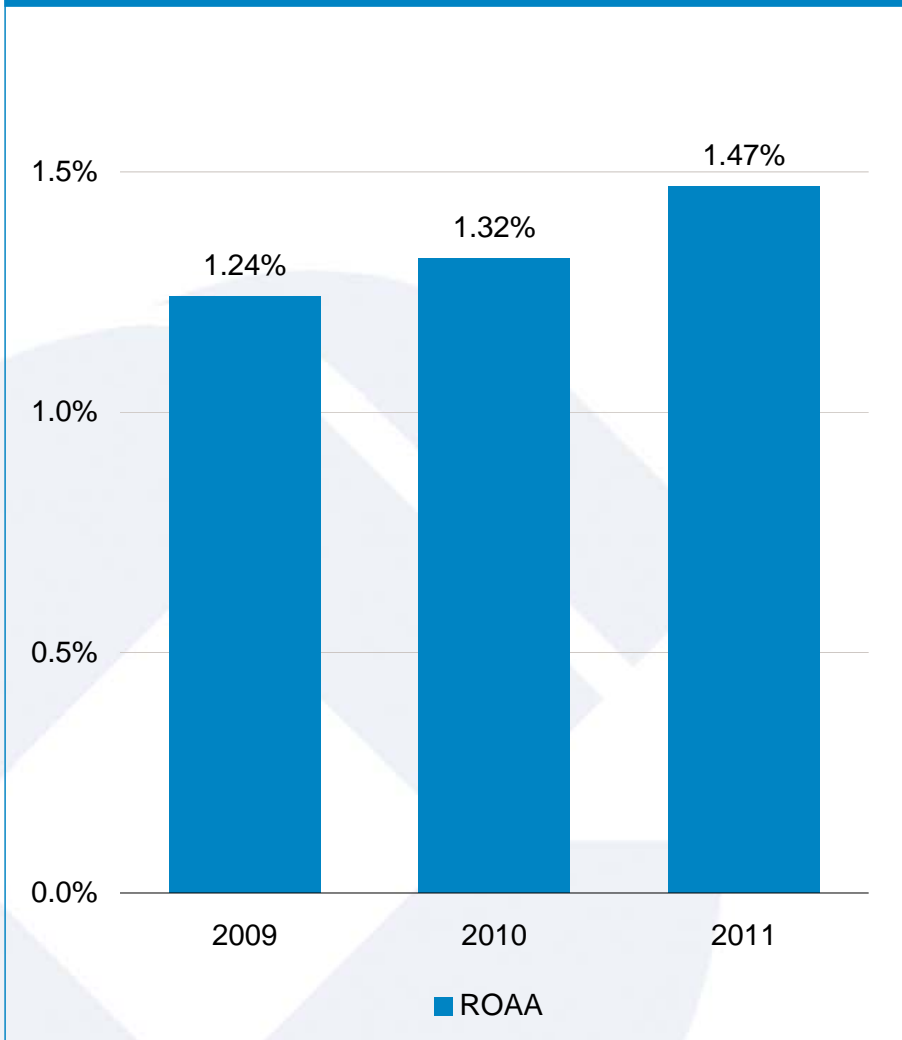
Outstanding Financial Performance – Steadily Recovering Net Interest Margin



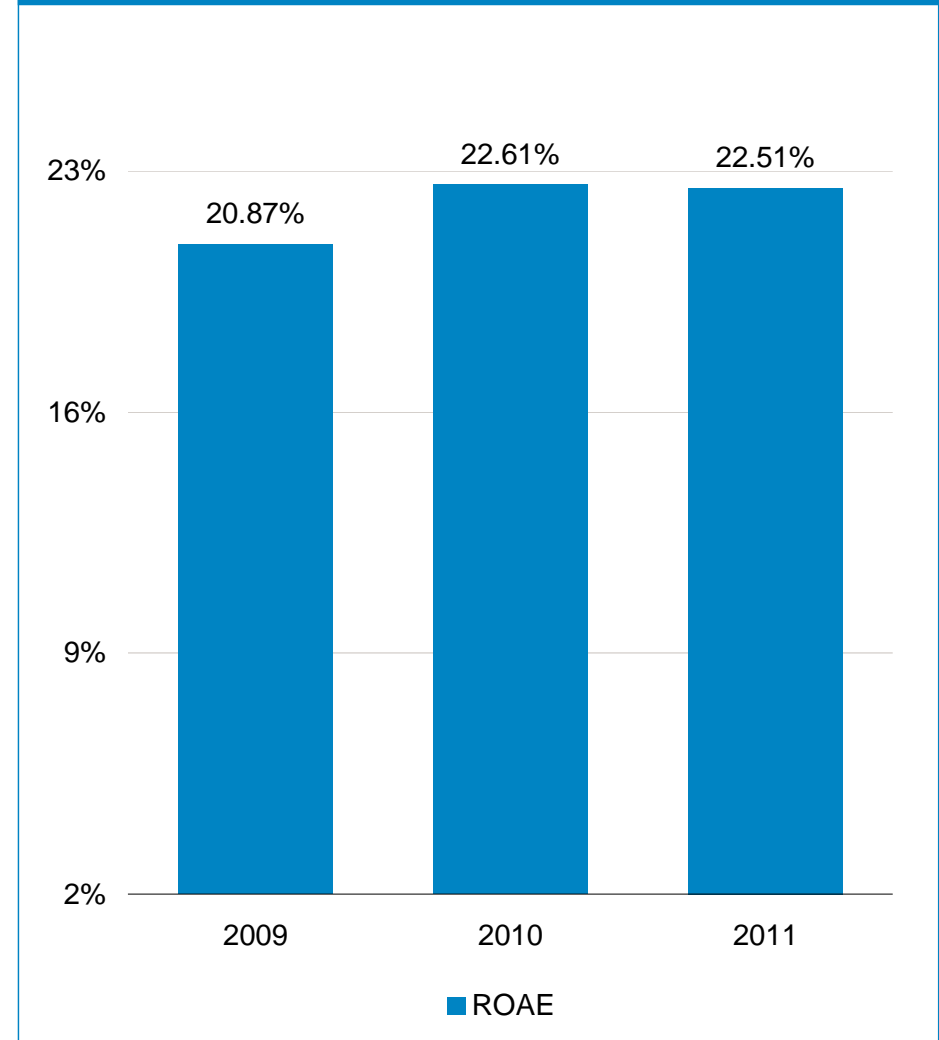


Outstanding Financial Performance – Consistently High Returns on Assets and Equity

ROAA Increased 0.15 pps YoY



ROAE Maintained at High Level

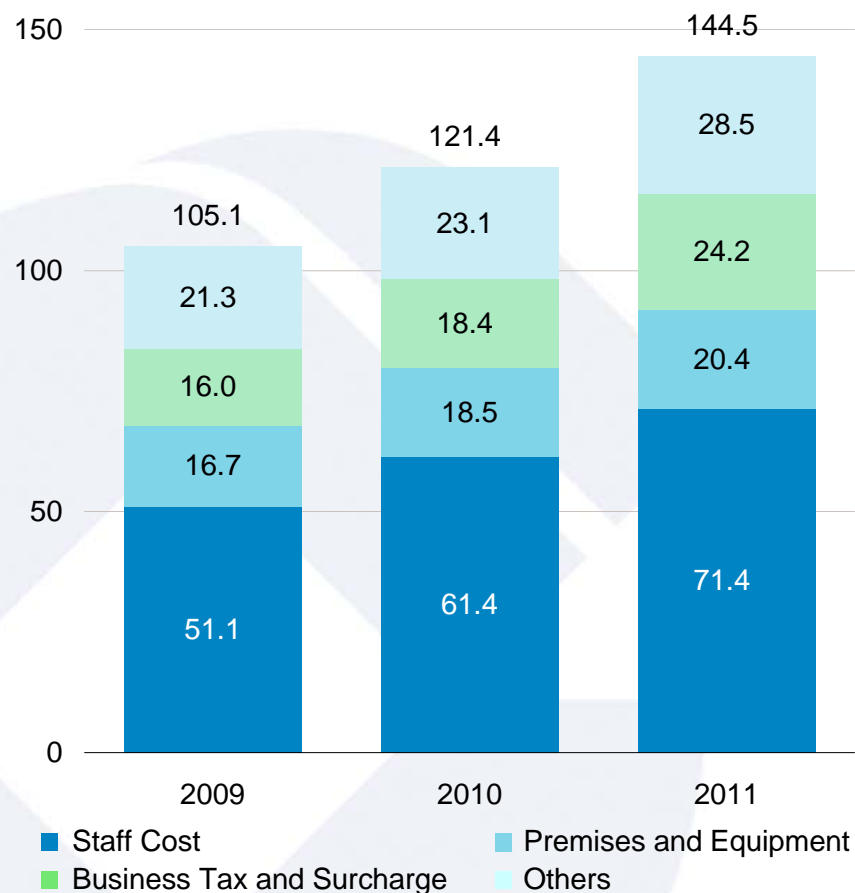




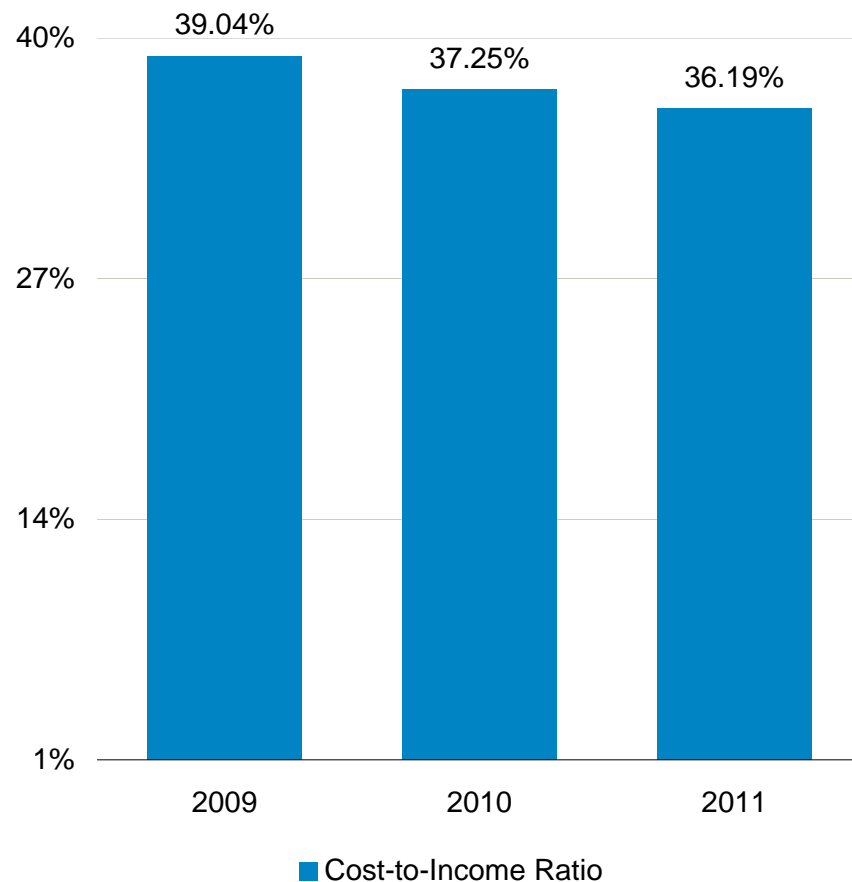
Outstanding Financial Performance – Improving Cost Efficiency

Effective Control of Operating Expenses

(RMB Bn)



Continual Decrease of Cost-to-Income Ratio





Financial Performance

Business Development

Risk Management

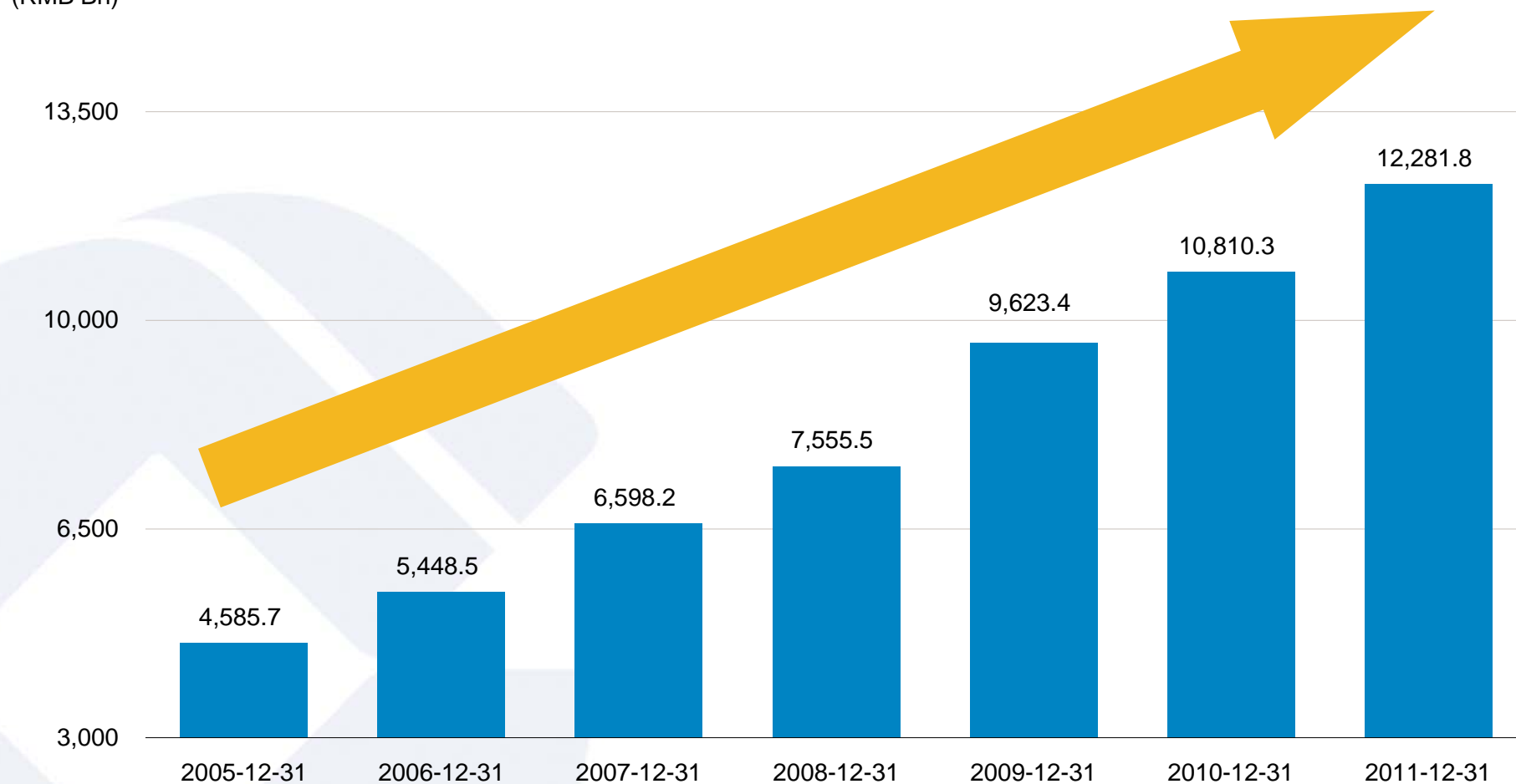
Outlook



Total Assets Exceeding RMB 12 Trillion

Total Assets Exceeding RMB 12 Trillion

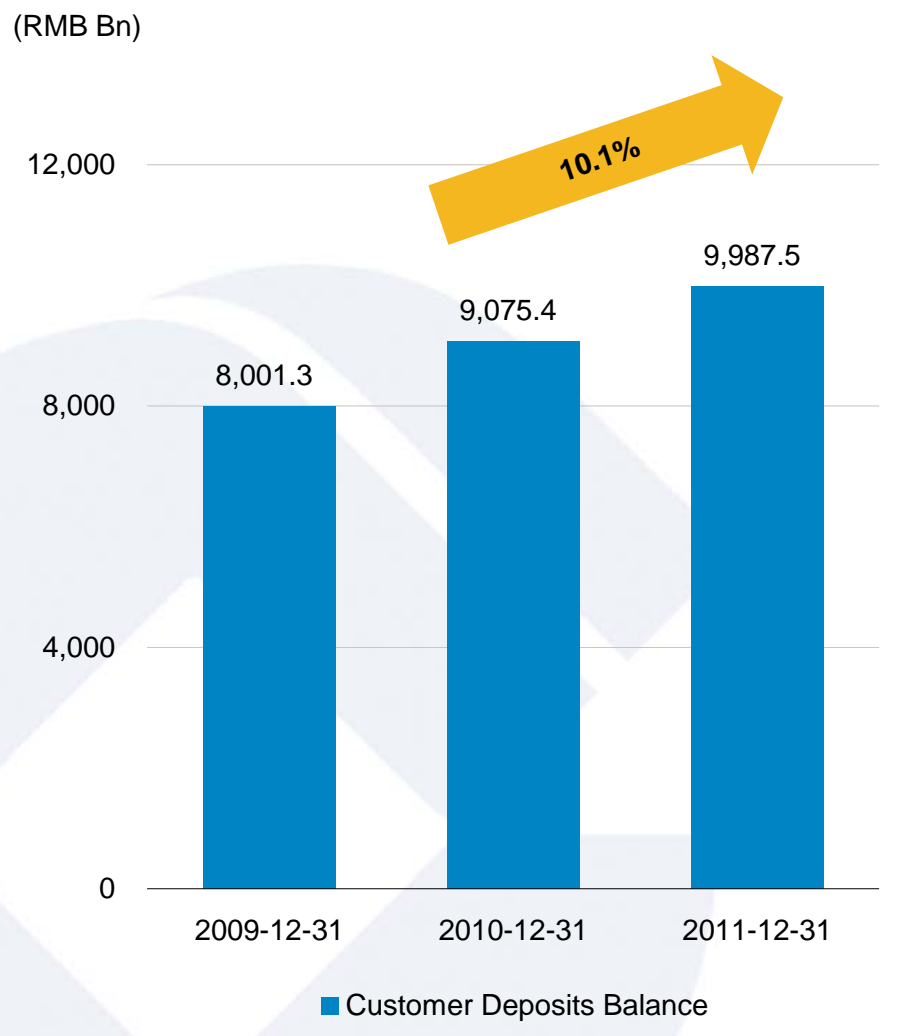
(RMB Bn)



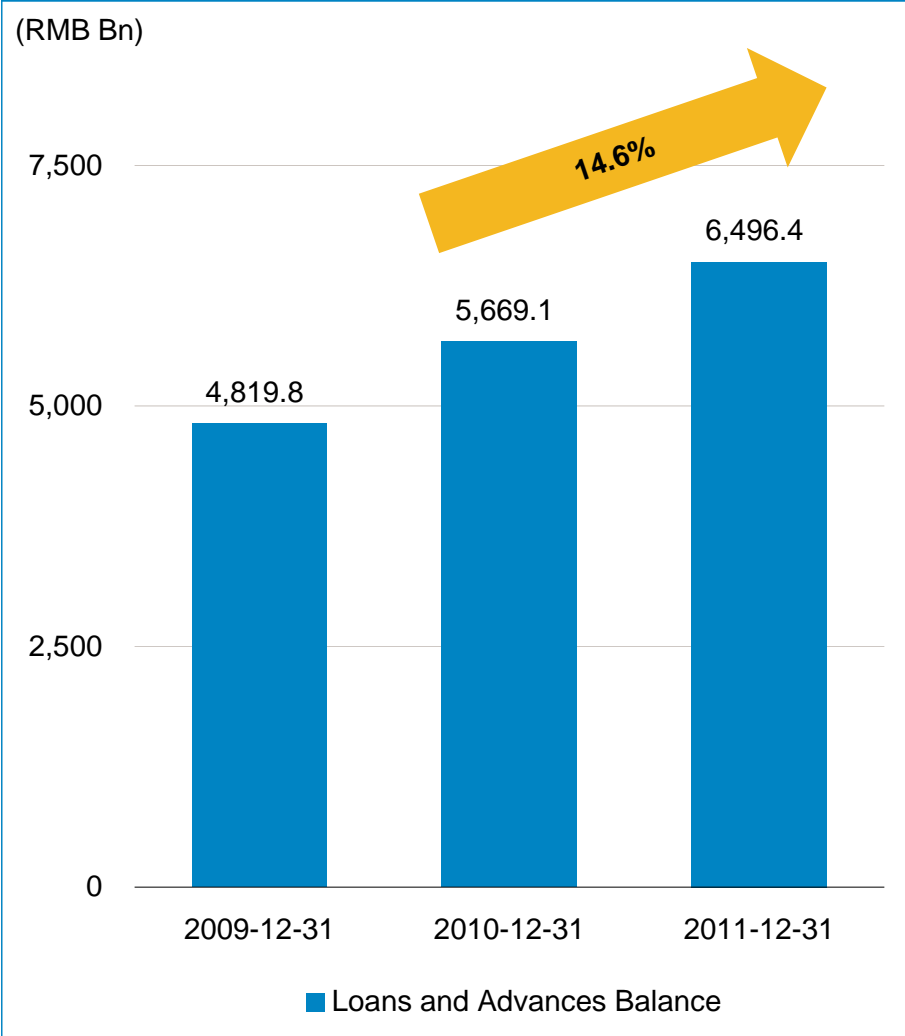


Steadily Increasing Customer Deposits and Loans

Steadily Increasing Customer Deposits

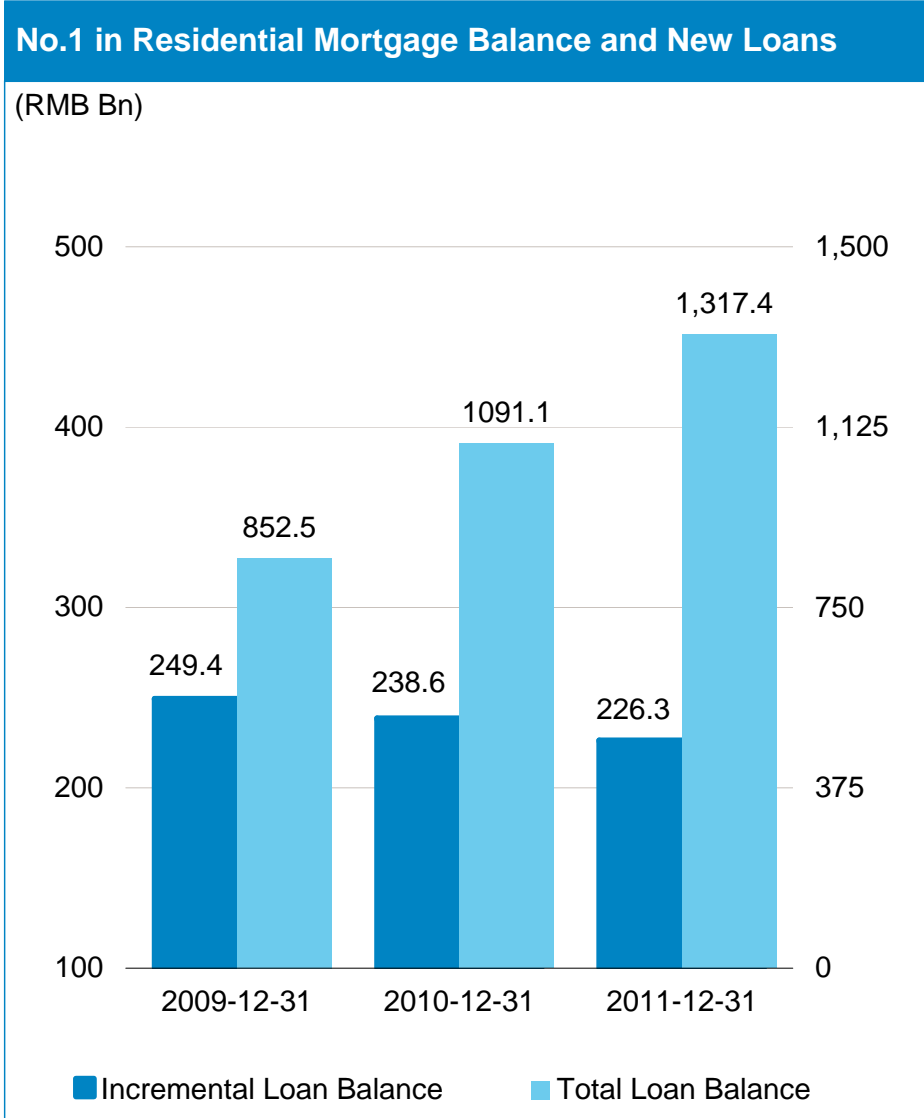
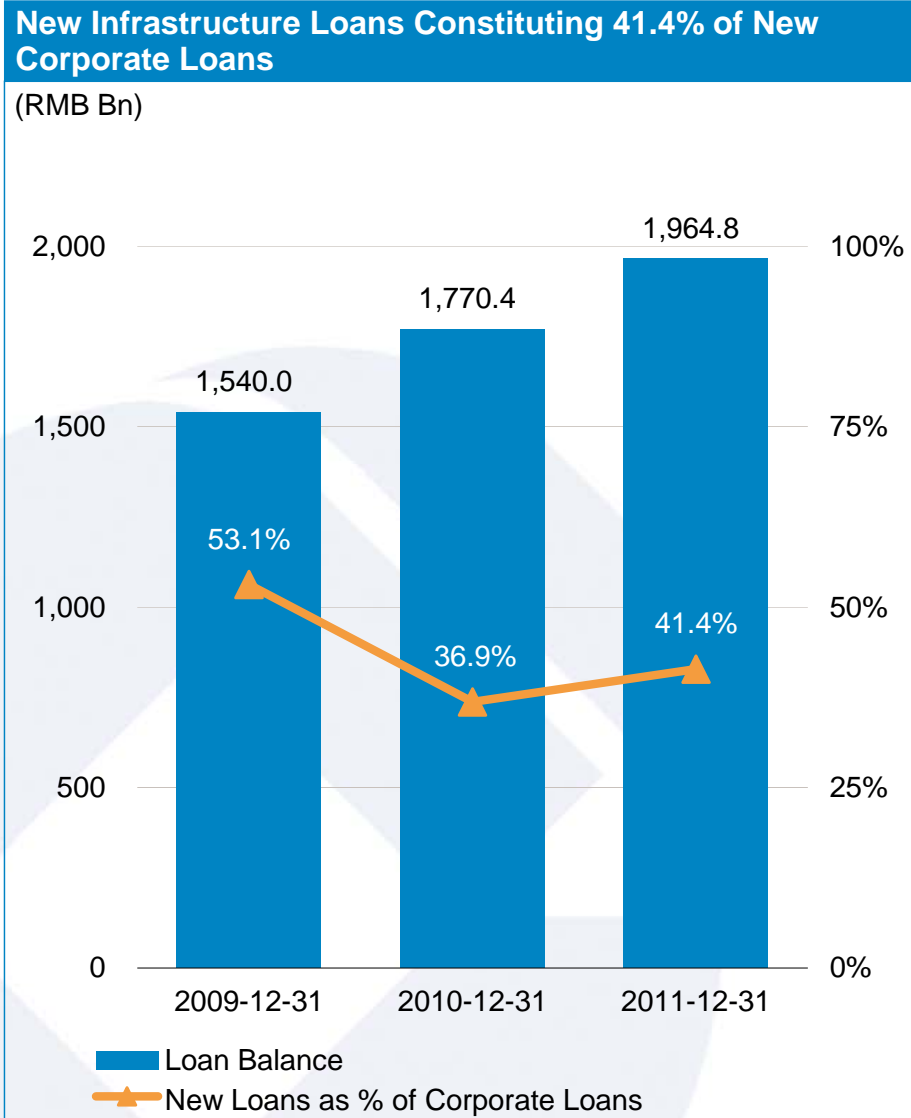


Prudent Control of Customer Loans





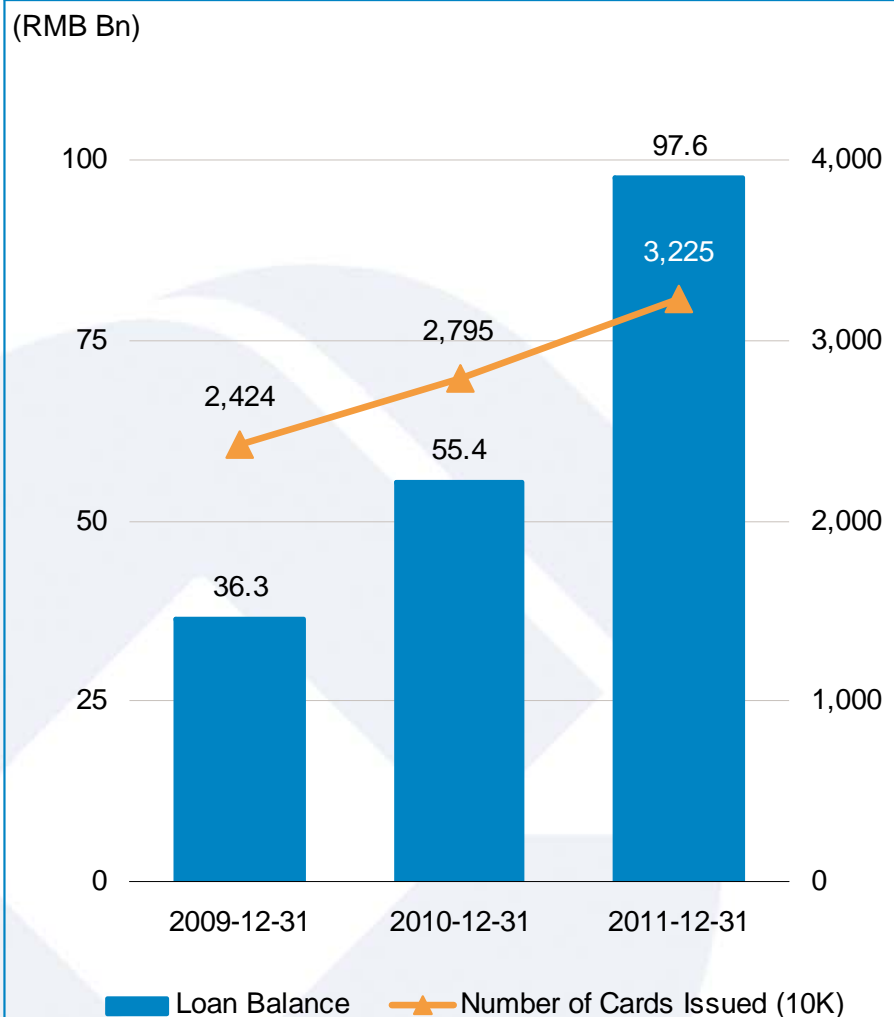
Continually Solidifying Traditional Strengths



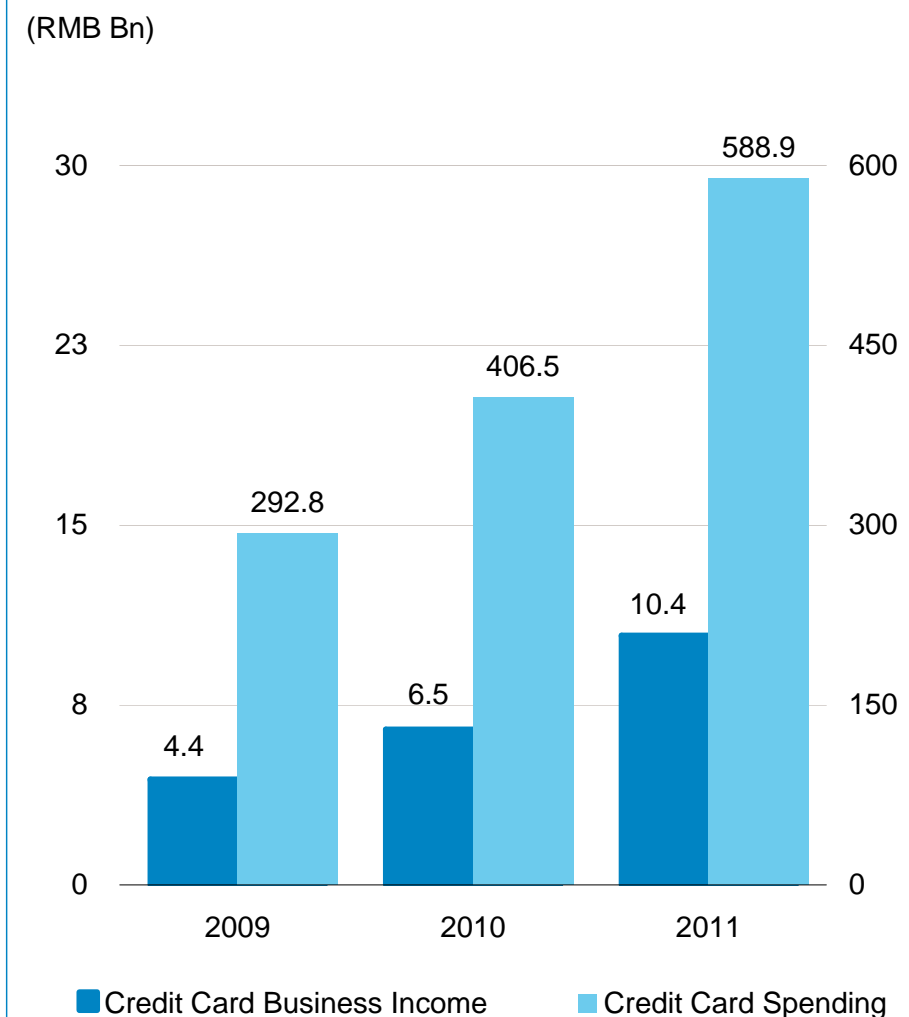


Rapid Growth of Emerging Businesses – Credit Card Business

Loan Grew by 76% and Number of Cards Issued Grew by 15.4%



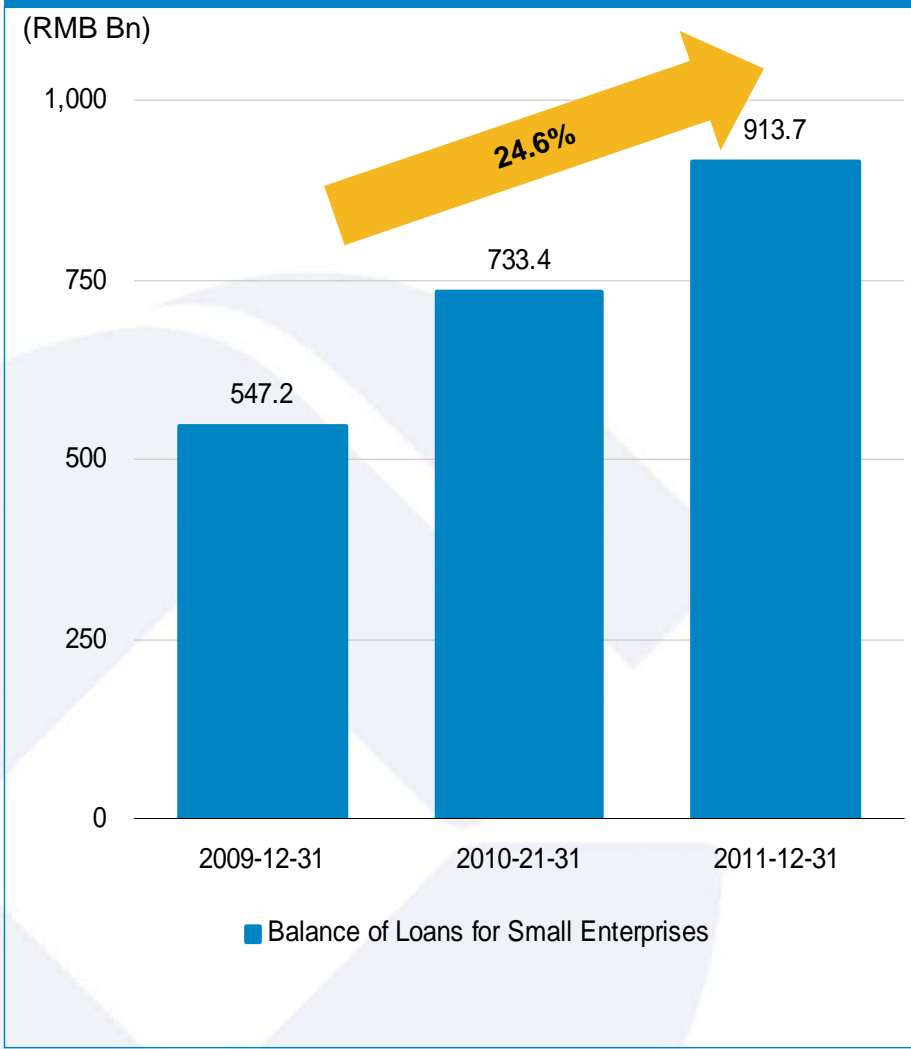
Credit Card Business Income Grew by 60% and Customer Spending Amount Grew by 44.9%





Rapid Growth of Emerging Businesses – Small Enterprises Financial Services

Loans for Small Enterprises Increased by 24.6%



Process Optimization, Product Innovation and Risk Control

- ⊕ Credit Factories increased by 18 to 240
- ⊕ Cooperative marketing platforms increased by 141 to 505
- ⊕ Product packages such as “*Road to Growth*”, “*Quick Finance*”, micro finance and credit loans
- ⊕ Loan business focused on economically developed regions with good credit worthiness, sound legal environment and strong operations management
- ⊕ Effective risk control through early warning, industry selection and customer screening
- ⊕ Won *the Best SME Product Award* in China for 2011 by *The Asian Banker*

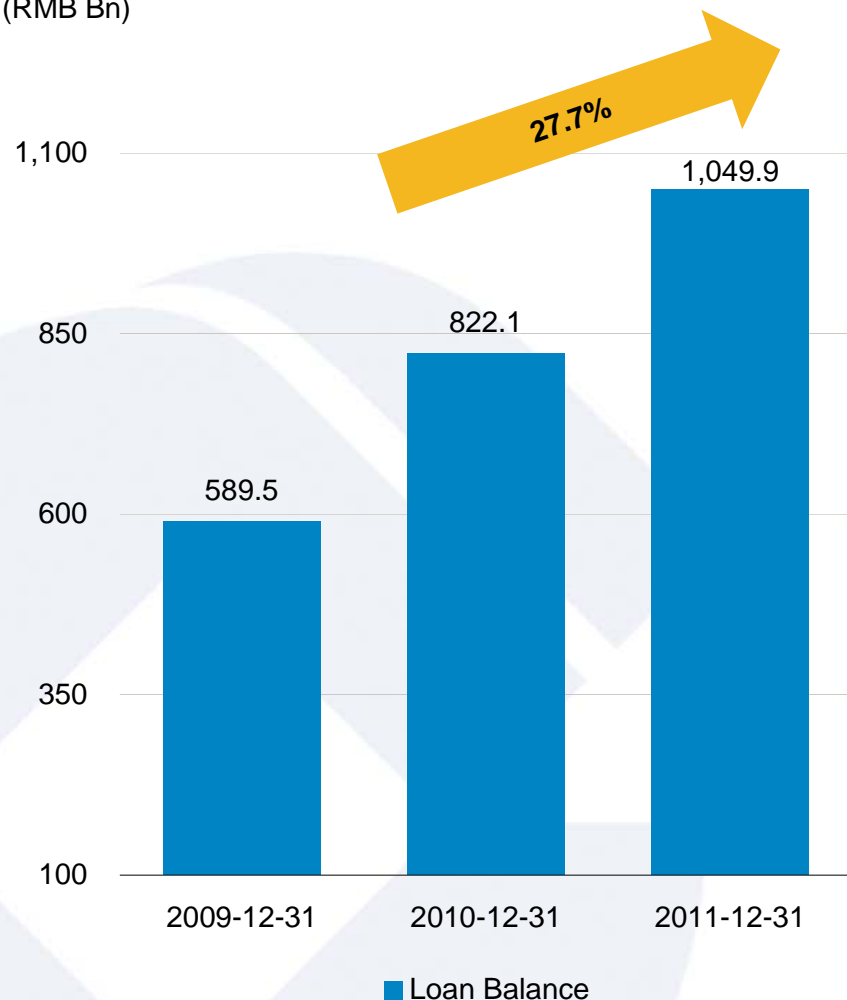
Note: Small Enterprises is defined by National Development and Reform Commission (NDRC) together with other three ministries and commissions (Industrial company with less than 300 employees, RMB 30 million revenue or RMB40 million total assets)



Rapid Growth of Emerging Businesses – Livelihood Sectors Financial Services

Agriculture-related Loans Increased by 27.7%

(RMB Bn)



Rapid Development of Livelihood Sectors Financial Services

- Deposits in livelihood sectors increased by 18%
 - Deposits in the social security area increased by 25% each year for 5 consecutive years
- Largest market share in terms of agency payment service authorized by the central government finance and non-tax revenue collection
- Largest market share of financial budget government credit card
- Second largest market share in terms of financial social security cards

Pension Businesses Maintaining Good Momentum

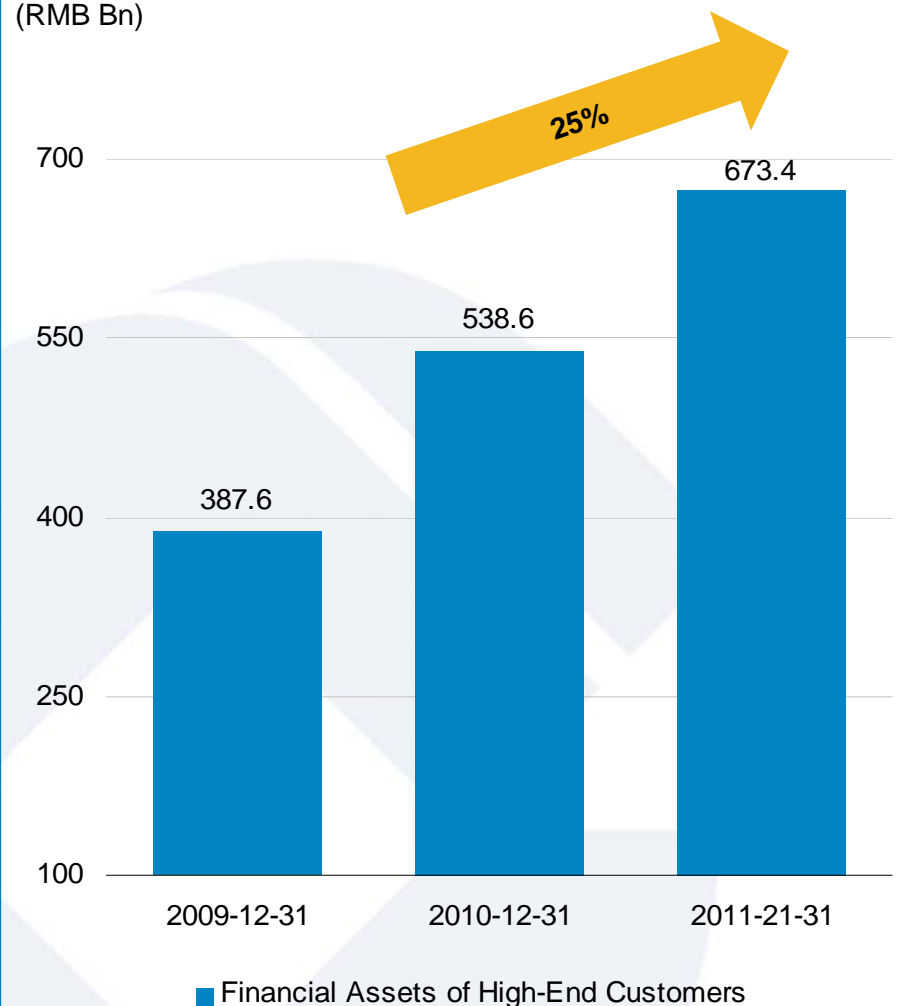
- Contracted corporate customers of enterprise annuities increased by 122%
- Contracted personal accounts of enterprise annuities increased by 52%
- Contracted assets under trusteeship increased by 38.9%
- No. 1 among peers in winning enterprise annuities for state-owned key enterprises



Rapid Growth of Emerging Businesses – Wealth Management and Private Banking

Financial Assets of High-end Customers Grew by 25%

(RMB Bn)



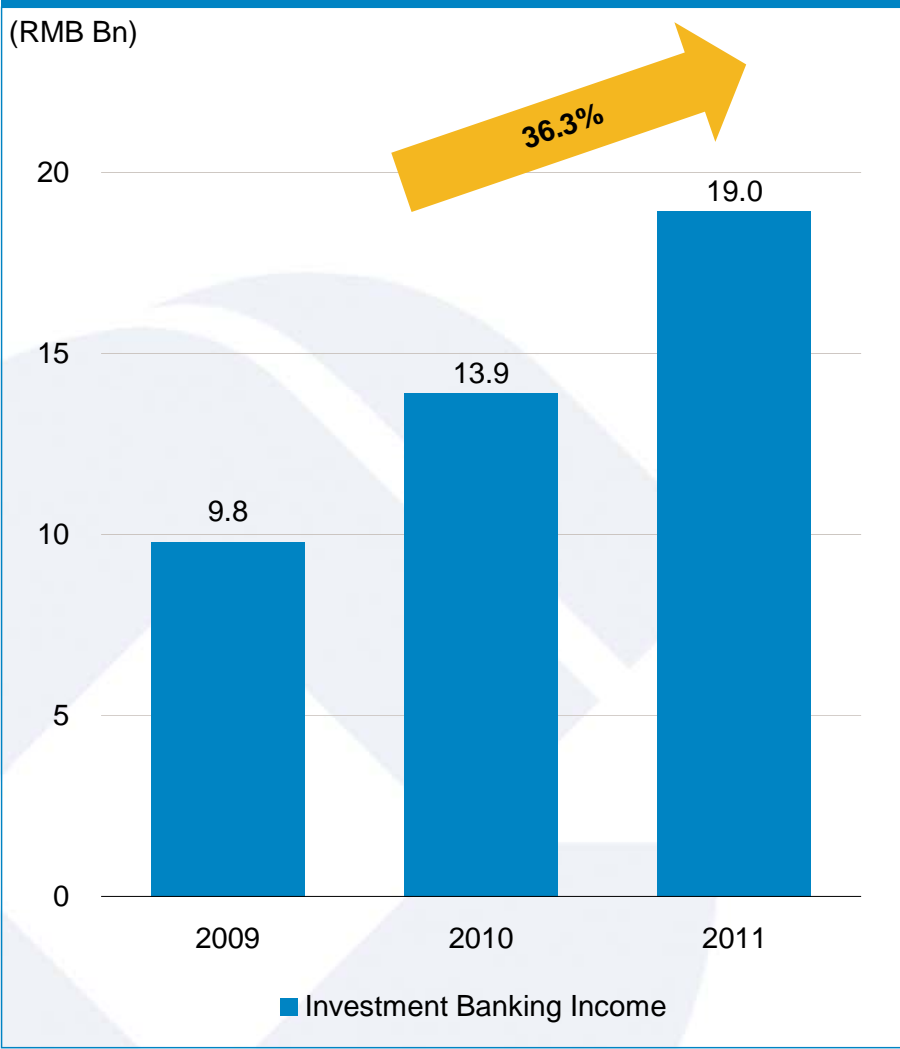
Honorable, Private, Professional, Prudent and Convenient Service Philosophy

- Private wealth management, integrated financial product service, and proprietary value-added service platform
 - Wealth planning, private wealth managers
 - Nearly 300 private banking wealth management products
 - Wealth management cards and private banking cards increased by 136% and 180%, respectively
- Professional team service model
- Exclusive service channel system
 - 245 private banking and wealth management centers, of which 48 were newly set up in 2011; also established the private banking service in Hong Kong
 - Hotline for private banking customers
- In the process to apply private banking license



Rapid Growth of Emerging Businesses – Investment Banking and Asset Custodial Service

Investment Banking Income Increased by 36.3% YoY

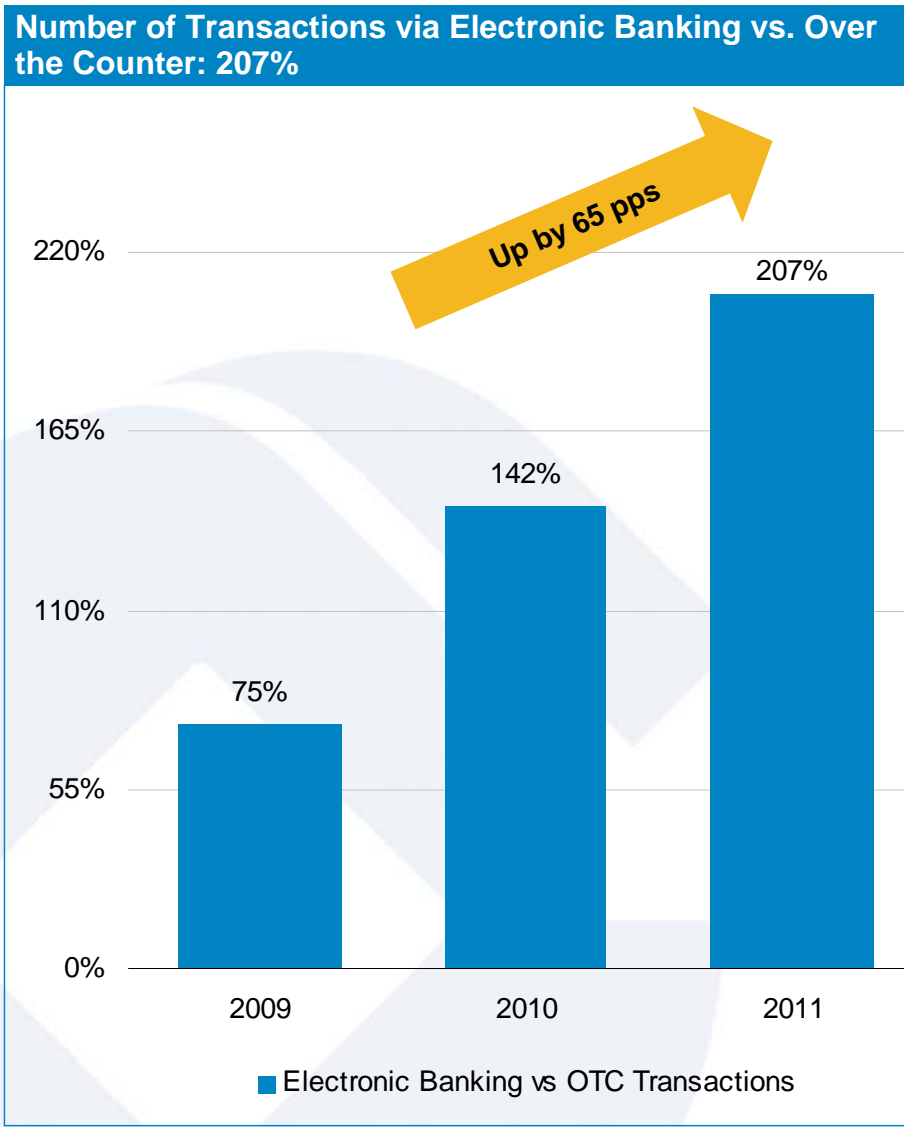


Sustainable Development of Investment Banking and Asset Custodial Service

- Revenue from innovative advisory services have increased by 101.9%
- No. 1 in terms of the accumulative underwriting volume of short-term commercial papers for the sixth consecutive years
- No. 1 in terms of the number of transactions, underwriting volume and total revenue of debt financial instruments
- Assets under custody surpassed RMB 2 trillion, up by 57.5%
- Awarded as China Best Custodian Bank in 2011 by *Global Custodian*



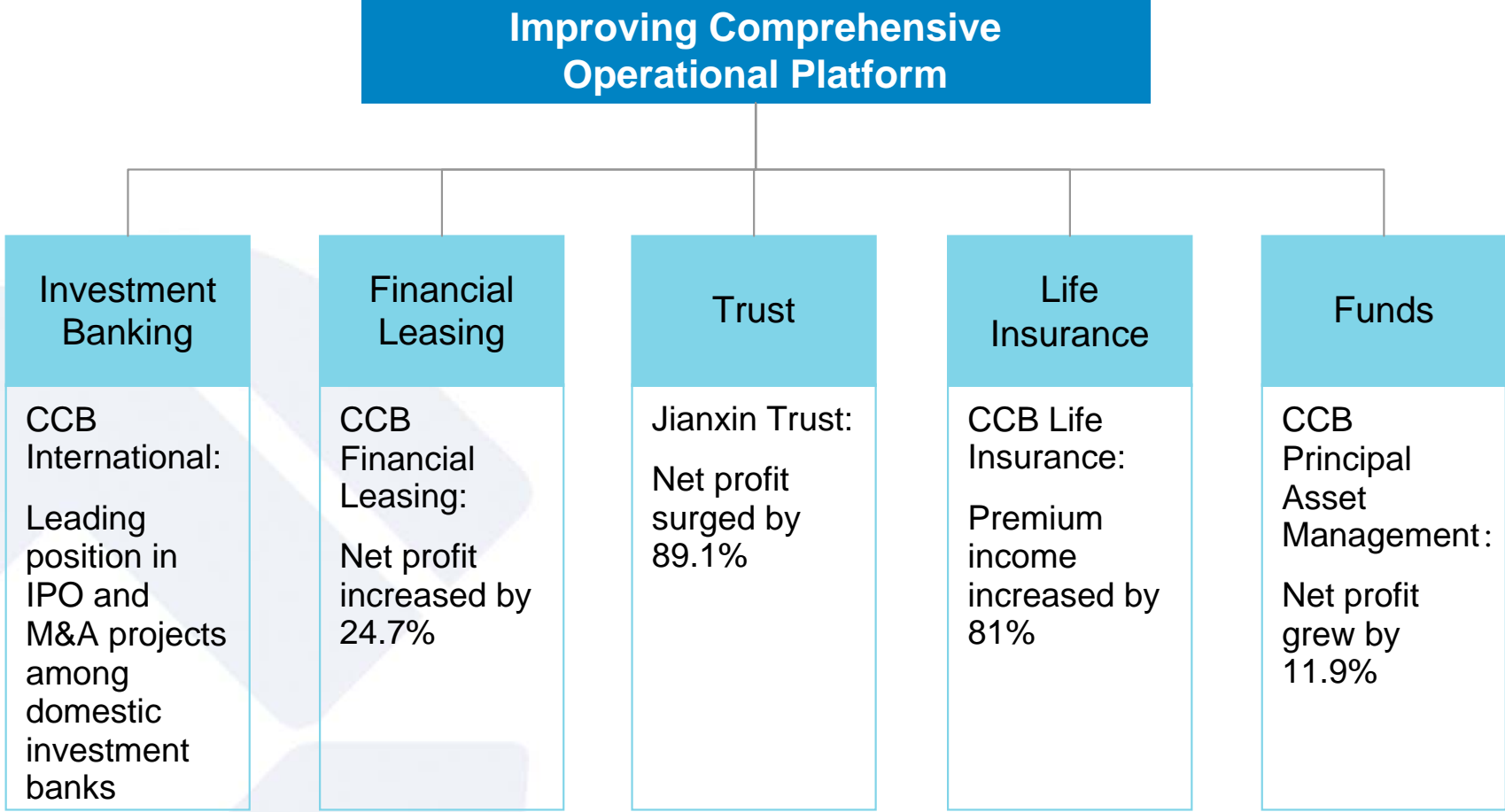
Rapid Growth of Emerging Businesses – Electronic Banking Service



- Rapid Development of Electronic Banking**
- ⊕ Online banking transaction volume of retail customers increased by 91% YoY
 - ⊕ Online banking transaction volume of corporate customers increased by 21% YoY
 - ⊕ Transaction value via mobile phone banking increased by 55% YoY
 - ⊕ Telephone banking customers grew by 33.8%
 - ⊕ Income from electronic banking increased by 47.5%
 - ⊕ 45,645 self-service facilities, of which 5,771 were newly set up in 2011



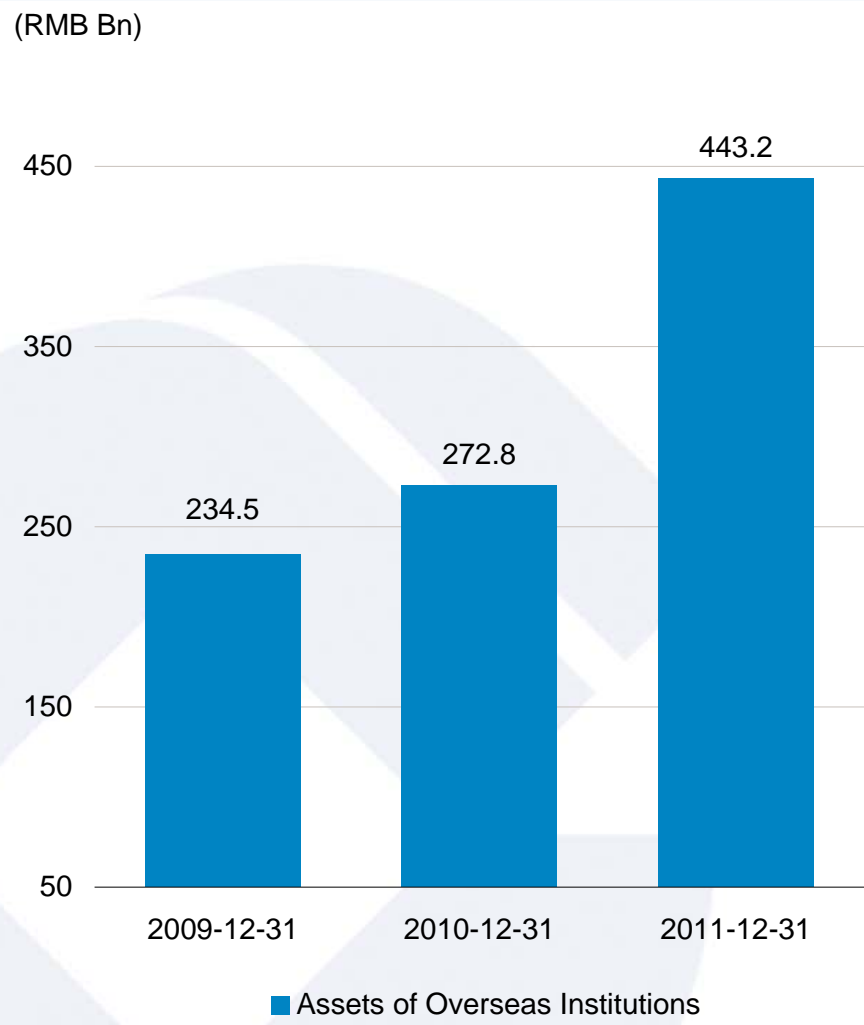
Steadily Developing Integrated Operations





Significantly Improving Global Financial Service Capability

Substantial Increase of Assets of Overseas Institutions



Accelerating International Expansion and Overseas Business Development

- Upgrade network positioning by opening representative offices in Taipei and Moscow
- In the process of applying for the opening of Toronto and Dubai branches
- Overseas institutions covering 13 countries and regions
- Expansion of overseas core business system
- Cross-border RMB settlement volume achieved 6.54 times that of the volume in 2010
- International settlement volume increased by 26.2% YoY



Actively Fulfilling Social Responsibilities

- “Sponsorship Program for Impoverished High School Students” assisted a total of 64,000 students
- “Sponsorship Program for College Students from Ethnic Minorities” subsidized a total of 7,833 students
- Assisted 7,238 Impoverished Mothers of Heroes and Exemplary Workers in China
- Donations to support the reconstruction work in Yunnan, Guizhou and other areas suffering from natural disaster such as earthquake and flood
- Donations to support environmental protection of Yangtze River area and Three Gorges reservoir area
- Implementation of “Mother Health Express” sponsorship
- Launching the online voluntary activity plan
- Assisted in building and maintaining 38 CCB Hope Primary Schools



2010 Most Responsible Enterprise



2010 China Ecological Contribution Award



No. 1 among Chinese Financial Institutions in *China Corporate Social Responsibility Top 100 Chart*



People's Social Responsibility Award



Best Corporate Social Responsibility Enterprise of the Year

Best Corporate Social Responsibility Report of the Year



Best Corporate Social Responsibility Award



Creativity Corporate Social Responsibility Award



Financial Performance

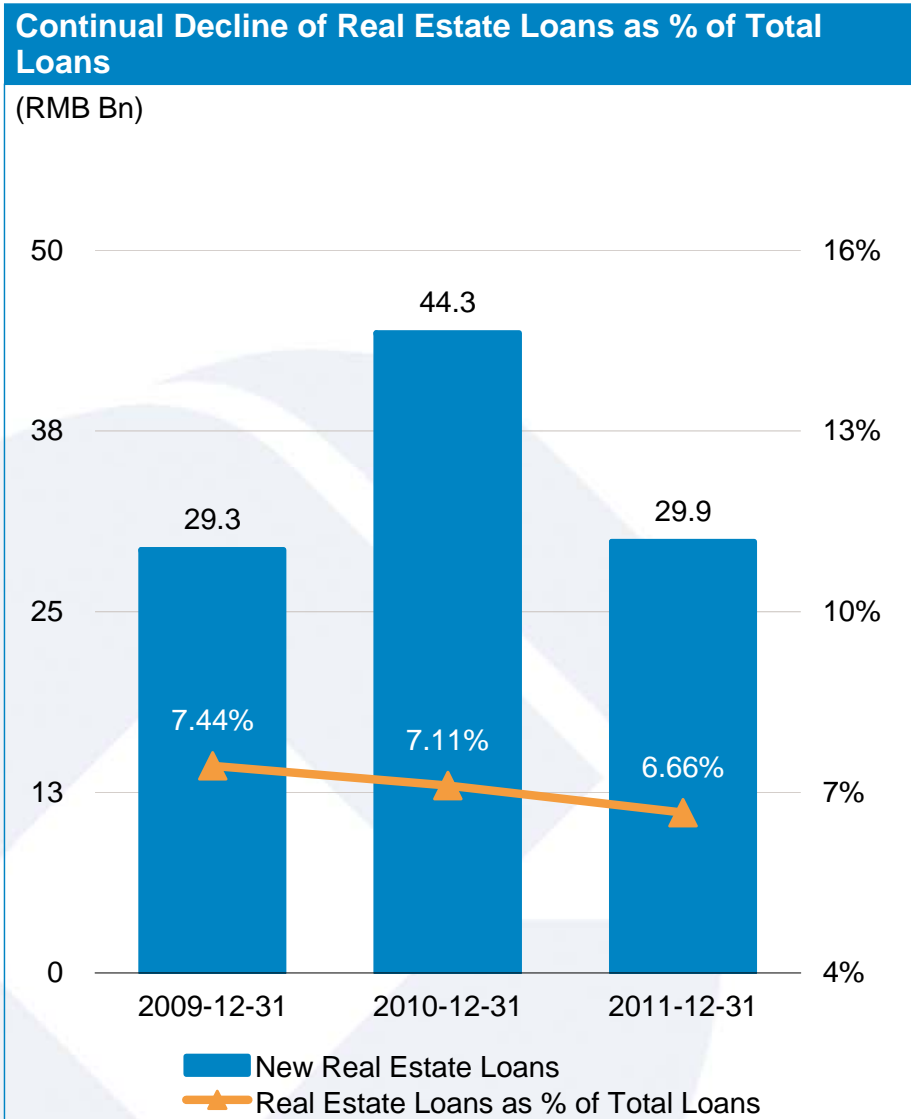
Business Development

Risk Management

Outlook



Strengthening Comprehensive Risk Management Capabilities – Real Estate Loans



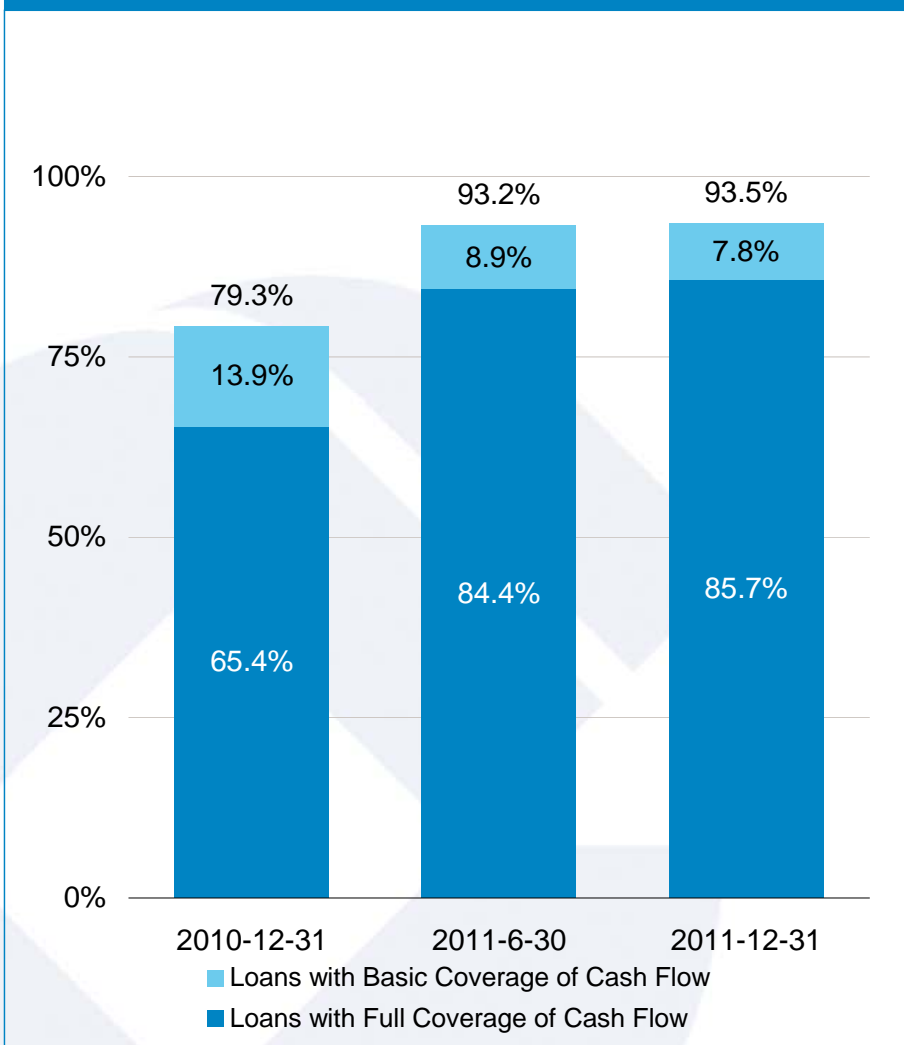
Effective Risk Control of Real Estate Loans

- ❖ Strict implementation of customer list management
- ❖ Focusing on large or medium-sized cities with relatively stable real estate markets and lower house price-to-income ratio
- ❖ Mainly support ordinary residential projects with favorable location, reasonable price range and clear cost advantage
- ❖ Strict customer acceptance and lending criteria
- ❖ Regular stress tests
- ❖ Rapid growth of social housing loans, with NPL ratio of 0.05%



Strengthening Comprehensive Risk Management Capabilities – Local Government Financing Vehicles

Increasing % of Loans with Full Cash Flow Coverage

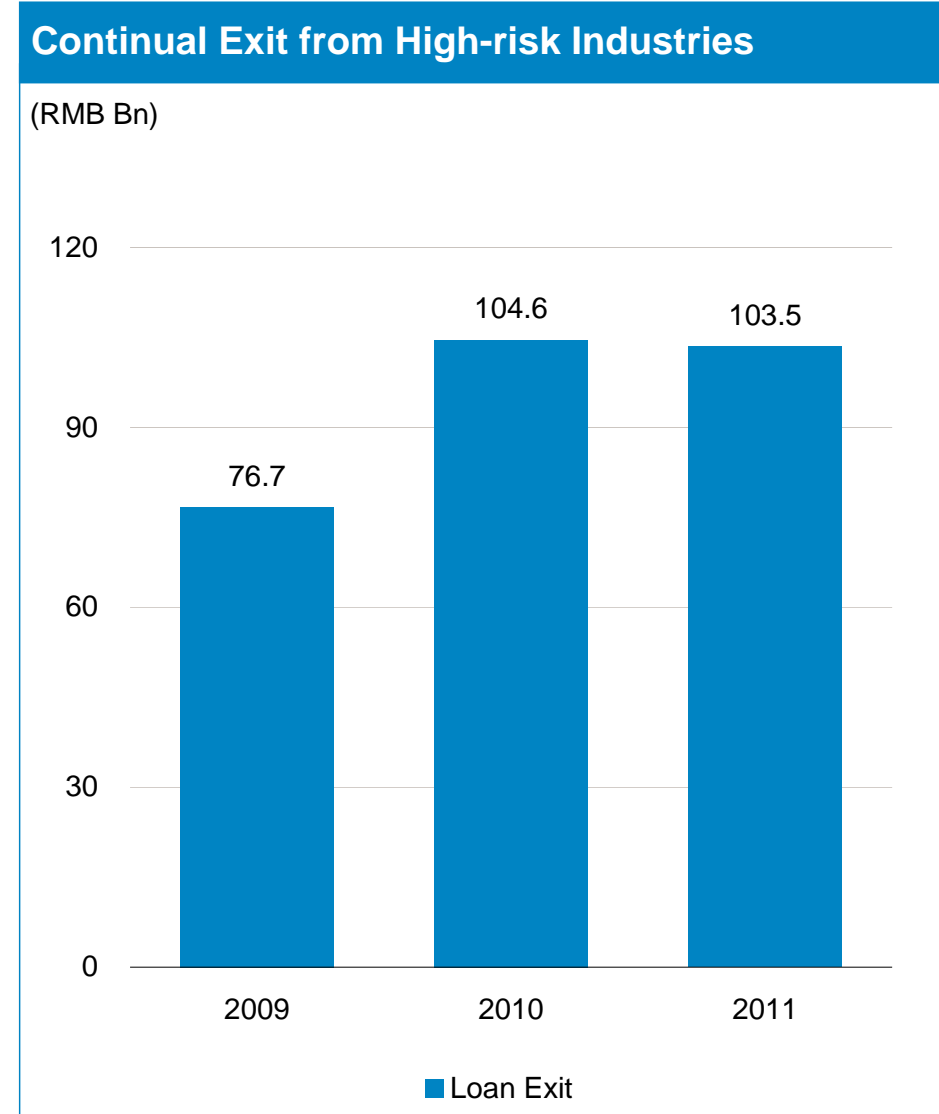
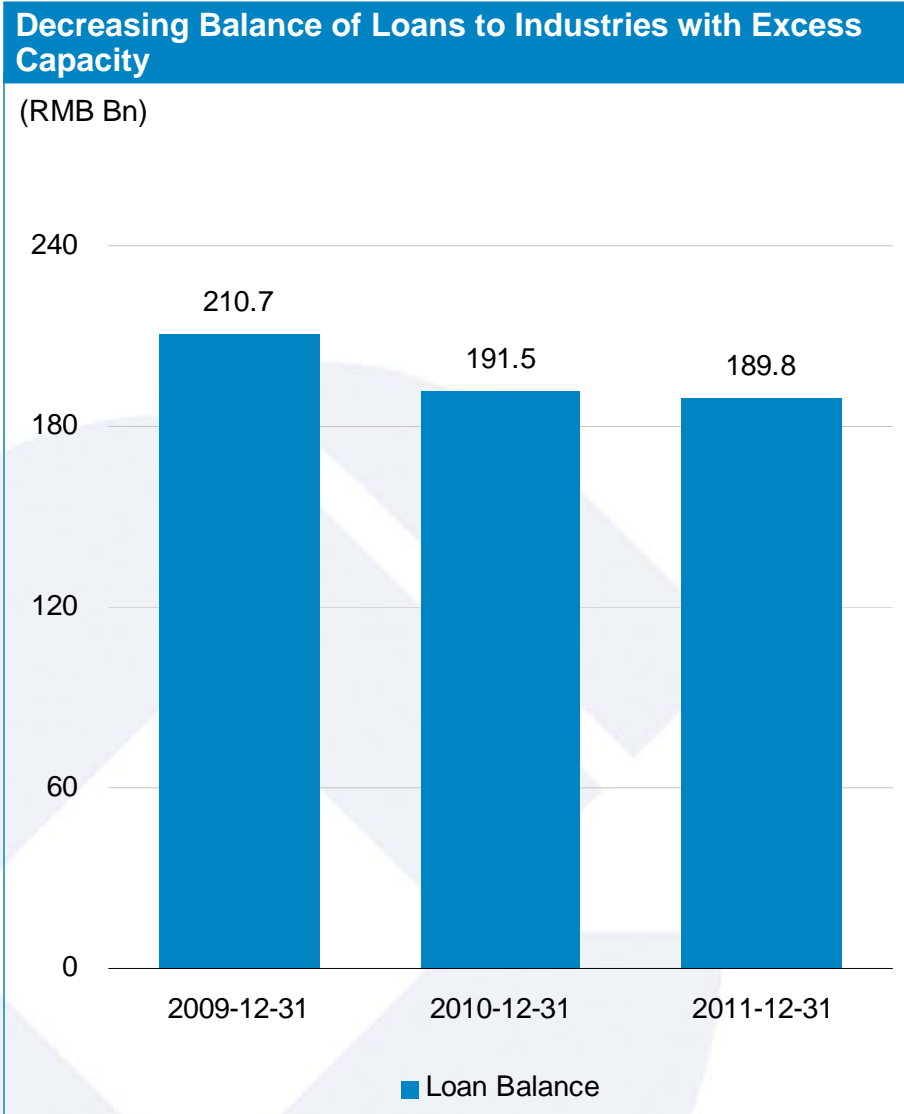


Effective Control of Operational Risks

- Enhancing customer list management
- Centralized approval at headquarters
- Strict control on extending new loans
- Actively implementing corrective measures on LGFV loans
- Strengthening the exit mechanism, reducing 158 customers and lowering loan balance by RMB 112.16Bn
- NPL coverage ratio achieved 304.5%, while loan loss reserve / total loans reached 3.76%



Strengthening Comprehensive Risk Management Capabilities – Loans to Industries with Excess Capacity



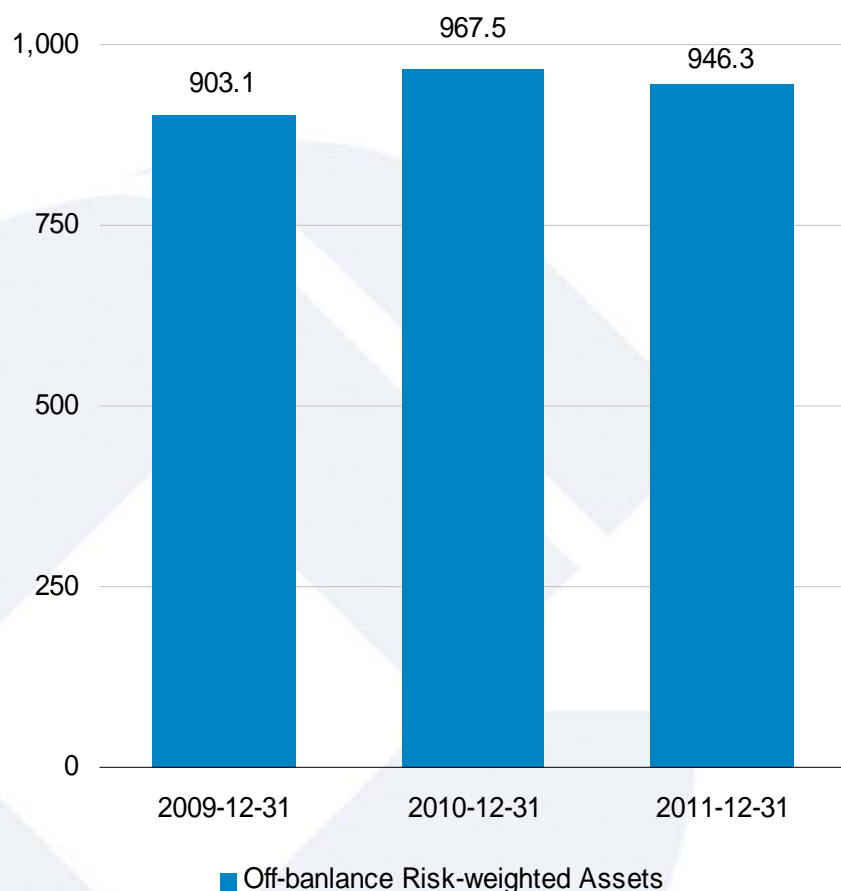
Note: The exit includes customers failing to meet the access criteria of the Head Office, of low credit rating or in level III of special mention category involved in industries of over-capacity and duplicated construction (namely steel, cement, sheet glass, coal chemical, Poly-Silicon, Wind Power Equipment, shipbuilding), property, LGFV, wholesale and retail, manufacturing and other industries.



Strengthening Comprehensive Risk Management Capabilities – Off-Balance Sheet Activities

Control of Risk-weighted Assets of Off-Balance Sheet

(RMB Bn)



Note: The off-balance sheet risk-weighted assets are the sum of audited risk-weighted assets relating to off-balance sheet loan commitment and the forex, interest rate and other derivatives.

Risk Control of Off-Balance Sheet Activities

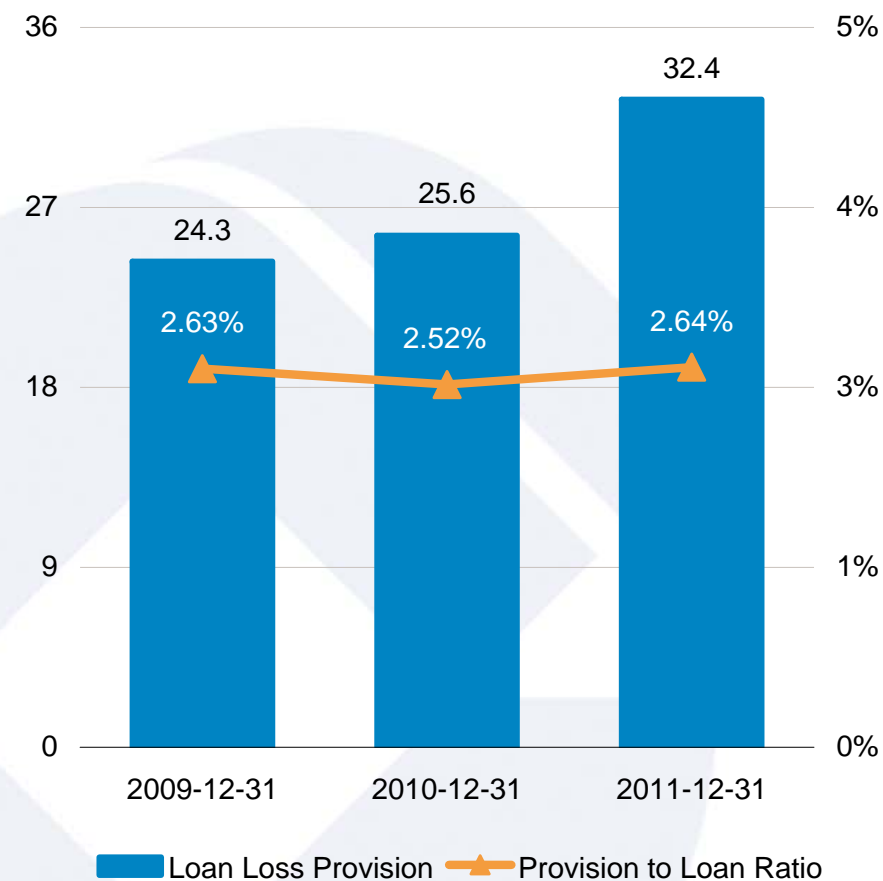
- Focusing on management of the off-balance sheet business in 2011
- Formulation of the bottom line for risk control policy
- Risk offsetting mechanism for off-balance sheet activities
- Industry credit limits management for off-balance sheet activities
- Enhancing the clean-up of low-efficient or ineffective risk assets



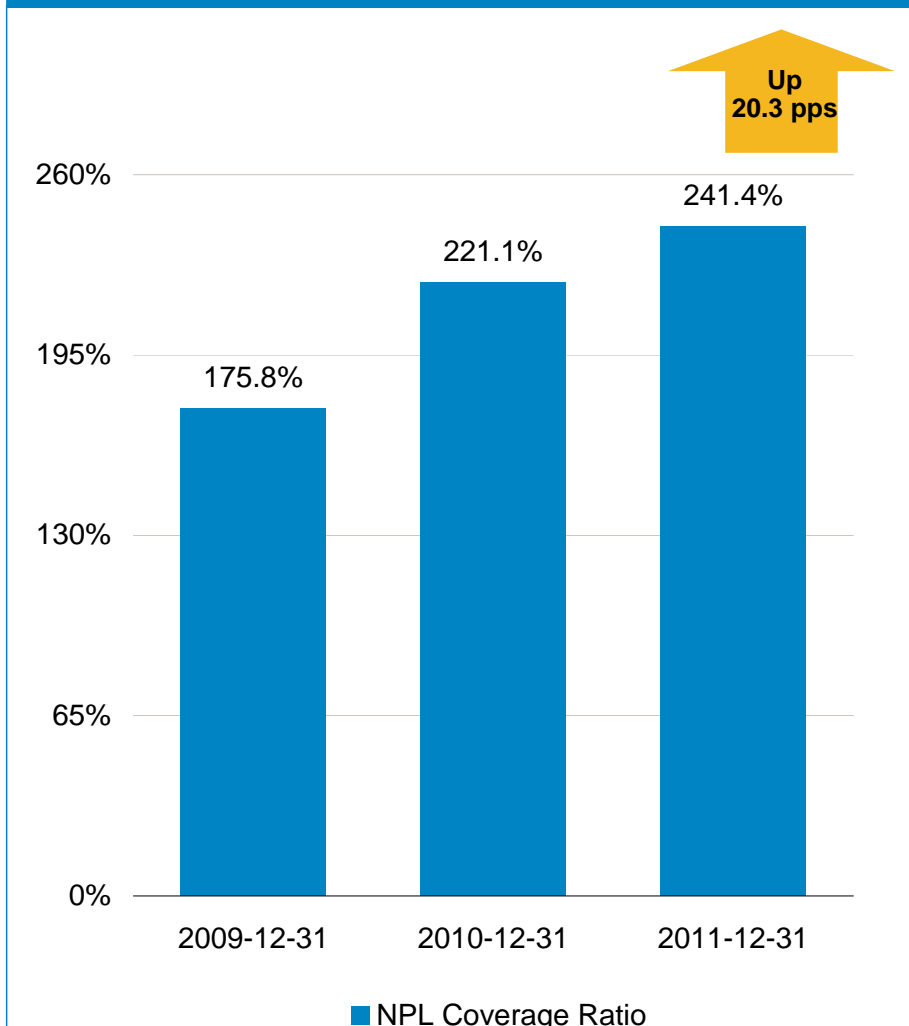
Strengthening Comprehensive Risk Management Capabilities – Adequate Loan Loss Provision

Sufficient Loan Loss Provision

(RMB Bn)



NPL Coverage Ratio Increased to 241.4%

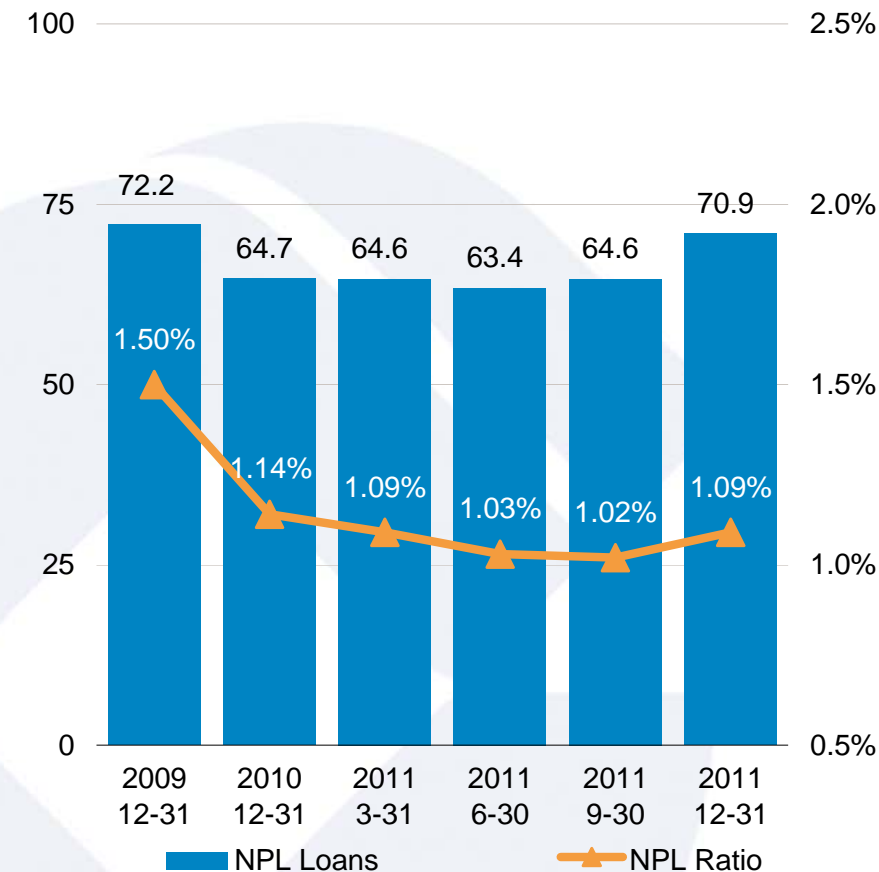




Strengthening Comprehensive Risk Management Capabilities – Continually Improving Asset Quality

Maintaining Stable Asset Quality

(RMB Bn)



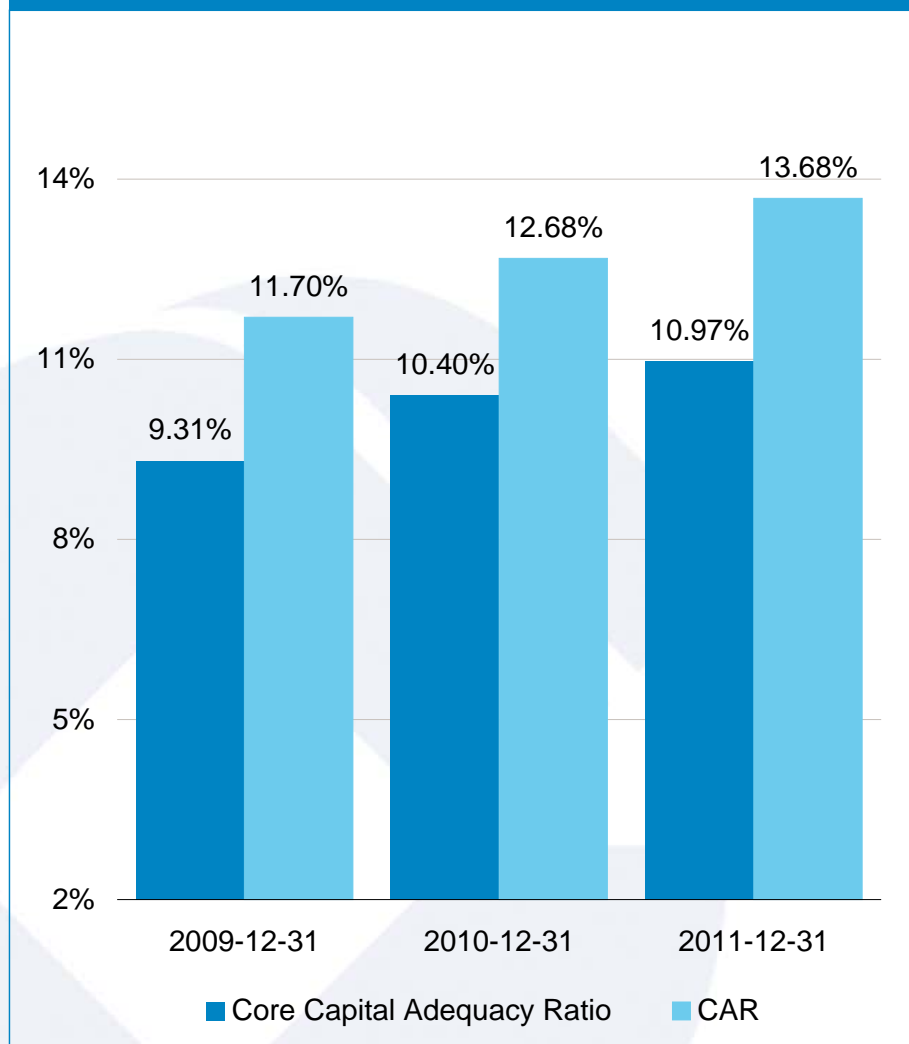
Strengthening Risk Management Capabilities

- Re-examine and refine the credit policy, and further implement credit structure adjustments
- Promote the optimization and use of risk management tools
- Complete and put the stress test system in operation
- Strengthen risk management of overseas business, off-balance sheet, country risks and consolidated statements
- Re-examine and optimize collateral management policy
- Promote the implementation of the New Basel Capital Accord



Implementing Efficient Capital Management

Continually Improving Capital Adequacy Ratio



Refined Capital Management

- Improve the mid-term capital planning
- Strengthen capital budget management
- Strengthen optimization and adjustment of business structure, as well as off-balance sheet business management, and minimize capital usage
- Maintain a reasonable dividend payout ratio and increase profit retention
- Issuance of subordinated debt of RMB 40Bn
- Actively prepare for the implementation of an advanced model of Internal Ratings-Based Approach



Financial Performance

Business Development

Risk Management

Outlook



Outlook – Opportunities and Challenges

Opportunities and Challenges

- While the recovery of world economy remains uncertain and unstable, the Chinese economy, being a notable exception, is expected to maintain steady and rapid development in the long run
- The government is expanding domestic demand and improving people's livelihood, thus providing new growth opportunities for Chinese banks
- Growth of the domestic economy is slowing down
- Regulation of capital requirements is becoming more stringent
- Competition in the banking industry is getting more intense

Comprehensive, Multi-functional and Integrated Large Modern Bank with Global Influence and Competitiveness, to Become the “Best Bank in China, and Top-tier Bank Worldwide”

- ❖ Optimize business structure
 - Reinforcing traditional strengths
 - Exploring emerging business opportunities
- ❖ Promote the strategy of “broad industries, big systems, large cities and high-end customers”
 - Broad industries: integrating upstream and downstream products, connecting production, supply and distribution to form a value chain, and achieving horizontal and vertical interactions among branches and within the bank
 - Big systems: strengthening the systemic marketing of social security and enterprise annuities
 - Large cities: promoting the strategy of key cities
 - High-end customers: enhancing services to high-end customers, so as to propel services to SMEs and ordinary customers
 - Providing tailor-made services to satisfy customer needs
- ❖ Strengthening the channel, marketing, IT and other infrastructure
- ❖ Strengthening the overall risk management and internal control capabilities



Q & A



Thank You

