

Mapping the Second Development Curve with New Finance

2019 Interim Results Announcement

Beijing/Hong Kong August 2019

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Financial Performance Improved Steadily

(RMB Billion)	30/6/2019	31/12/2018	Change
Total assets	24,383.2	23,222.7	↑ 5.00%
Net loans and advances to customers	14,087.3	13,365.4	↑ 5.40%
Total liabilities	22,311.1	21,231.1	↑ 5.09%
Deposits from customers	18,214.1	17,108.7	↑ 6.46%
NPL ratio	1.43%	1.46%	↓ 0.03ppt
	Jan – Jun 2019	Jan – Jun 2018	Change
Operating income	344.4	322.7	↑ 6.71%
Net interest income	250.4	239.5	↑ 4.57%
Net fee and commission income	76.7	69.0	↑ 11.15%
Net profit	155.7	147.5	↑ 5.59%
Return on average assets	1.31%	1.31%	— Flat
Return on average equity	15.62%	16.66%	↓ 1.04ppt
Earnings per share (RMB Yuan)	0.62	0.59	↑ 5.08%

Agenda



**Strategy
Implementation**



**Capability
Enhancement**



**Financial
Performance**



**Outlook
And Strategy**

Strategy Implementation

Three Major Strategies

House Leasing



Open source ecosystem took shape

Inclusive Finance



Led the market through innovation

Fintech



Unleashed innovation through pooling wisdom and empowerment

Caring Station



Created harmonious social resonance

CCB University



New model of industry and education integration

Open Source House Leasing Ecosystem Took Shape

Nurturing a house leasing ecosystem to reinstate the original purpose of financial and housing markets

Integrated House Leasing Service Platform
Covering **94%** of cities at prefecture level or above
Cumulative online listings exceeded **17 million**
Registered individual users exceeded **17 million**



Diversified multi-tier model

Commercially sustainable house savings business
Smart Public Housing Renting, Jianrong Public Housing Rental innovative products
Providing fiduciary management services to corporates, institutions and resettlement housing projects



Synergistic Effect

House leasing industry alliance
"House Leasing + Consumption + Smart home + Property management" full-chain business
Insurance product series including **Zufangbao** and **Anxinzhu**
"House savings + Pension" collaboration model
Over 200 partnering organizations



House Leasing Price Index

Covering **52 cities**

House Price Index

Covering **40 cities**



Financial Services

Issuance of over **RMB 23 billion** and **RMB 150 million** of corporate and personal house leasing loans

Innovating Inclusive Finance to Drive The Market

Extending inclusive finance, promoting new inclusive finance, fostering new momentum for inclusive finance

A Wealth of Product Offerings



"Mingonghui" benefited **1.44 million** migrant workers
Accumulated loan balance of **RMB 15 billion**



Inclusive finance loans through network supply chain grew by **76.21%**
ERP on Cloud Platform as value-added services for small and micro enterprises



"Rapid Loan for Small and Micro Businesses" totalled **RMB 479.9 billion**
Newly rolled-out "Jiaoyikuaidai", "Helianyundai", "Xinjinyundai", "Yundiandai"

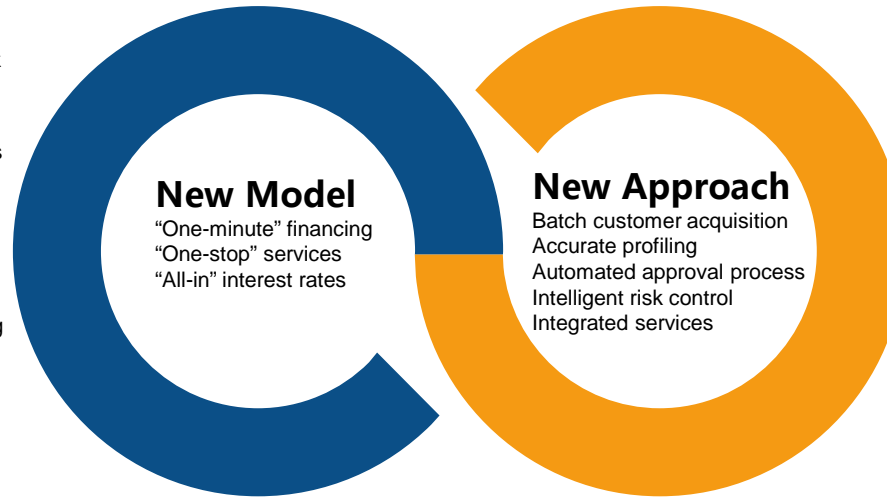


"Huidongni" APP accumulated **over 1.8 million** customers, calculating loan amounts accurately

Risk Management



Client selection with big data to control risks
System modelling to eliminate risks
Digitalized alerts to mitigate risks
NPLs and NPL ratio decreased continually

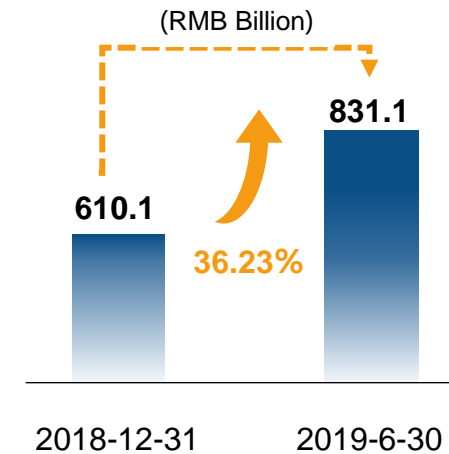


Identifying Core Issues of Rural Financial Reform



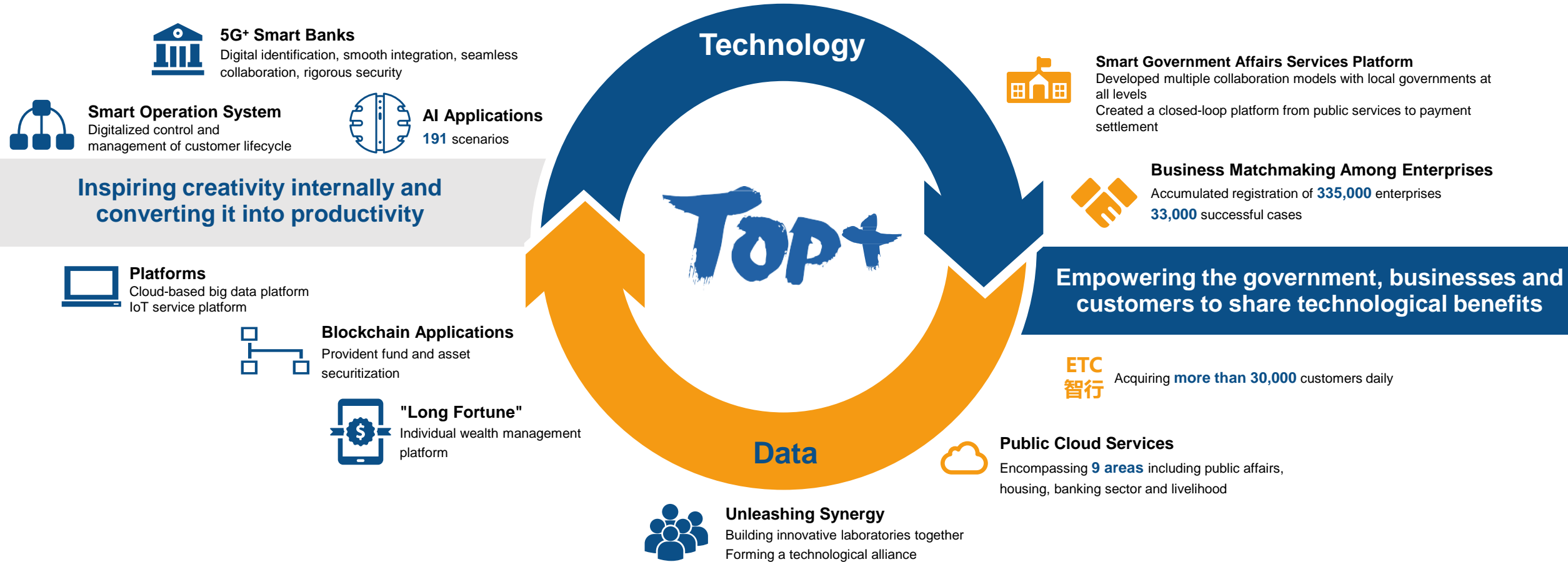
"Yunongtong" service outlets amounted to **224,000**
Promoted the building of smart rural areas
Rolled out online products including "Yunongkuaidai", "Diyayundai", "Nongxinyundai"

Inclusive Finance Loans



Fintech to Empower and Unleash Innovation

Being technology- and data-driven, inspiring creativity internally and empowering external entities to share technological benefits



"Caring Stations" Created Harmonious Social Resonance

Opening and sharing, shouldering responsibility



Social Influence Increased

- Opened **14,349** Caring Stations to the public
- Serviced about **68.5 million** cumulative visitors
- Over **7.5 million** registered users on "Caring Stations" APP



Service Continuously Enriched

- Government affairs
- Living convenience
- Poverty alleviation
- IT intelligence
- Education and training
- Special services



Recognitions

- First outdoor workers' service station with brand collaboration with National Federation of Trade Unions
- "Concentric Circle Special Award" in "2018 Online Positive Energy Featured Activity" co-organized by the National Federation of Trade Unions and the Cyberspace Administration of China
- "2018 Social Responsibility Case Study Excellence Award" by Xinhuanet
- "Best Social Responsibility Practice Award" by CBA



CCB University's New Model of Industry and Education Integration

Built to last with a common goal, benefiting the public



Agenda

**Strategy
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Capability Enhancement



Further enhanced
the capability to
support building
up the nation



Further enhanced
the capability to
prevent financial
risks



Further enhanced
the capability to
participate in
international
competition

**Three
Capabilities**

Further Enhanced The Capability to Support Building Up The Nation

Enhancing quality and capability to serve the real economy

Supported major national strategic initiatives and projects



- Supported the coordinated development of Beijing-Tianjin-Hebei region, Integration of Yangtze River Delta, Xiong An New Area and Guangdong-Hong Kong-Macau Greater Bay Area
- 5G, IoT, new urbanisation, Sponge City and integrated utility tunnel construction loans
- "**Shanxingchengjian**" financial service brand to support construction of the city

Supported supply-side structural reform



- Market-oriented and law-based debt-for-equity swaps amounted to over **RMB 180 billion**
- Investment and financing through collective trusts, finance leasing, bonds underwriting, public offerings, direct investment and other channels amounted to **RMB 695.1 billion**
- Established the first **CCB Wealth Management Co., Ltd.**
- **Full-cycle** service for companies on Sci-Tech innovation board
- Strategic Emerging Industries Fund of Funds raised **RMB 30 billion**

Accurately tackled economic weaknesses



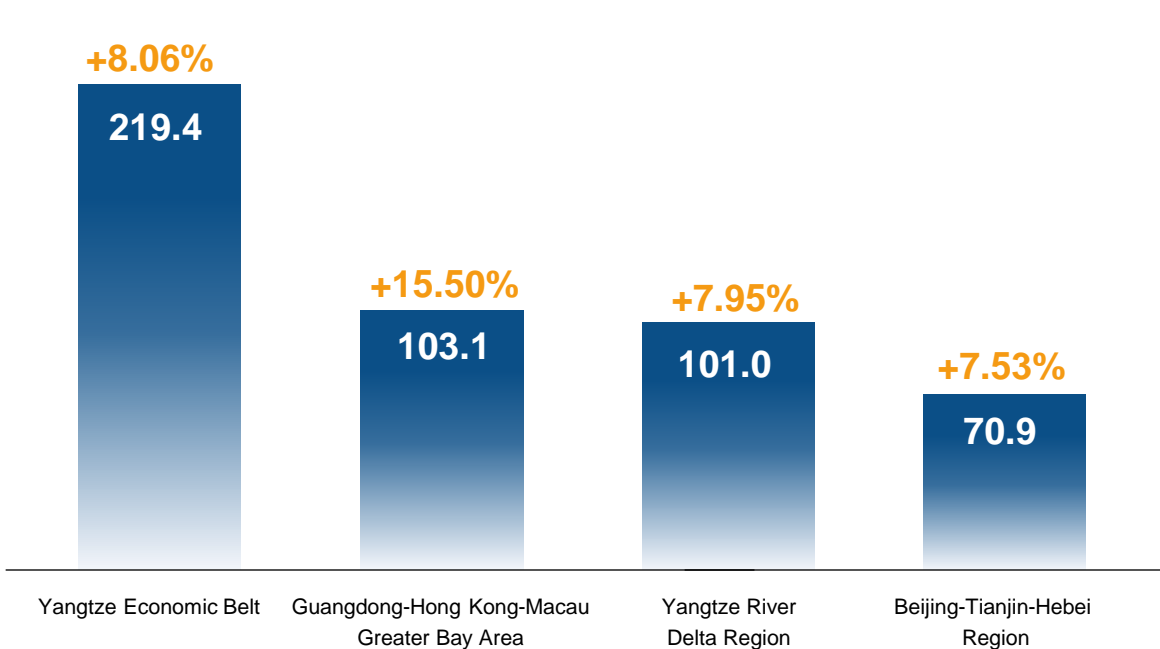
- Integrated rural revitalization service plan
- Agriculture-related loans amounted to **RMB 1.80 trillion**
- Poverty alleviation loans amounted to **RMB 195.5 billion**

Further Enhanced The Capability to Support Building Up The Nation

Enhancing quality and capability to serve the real economy

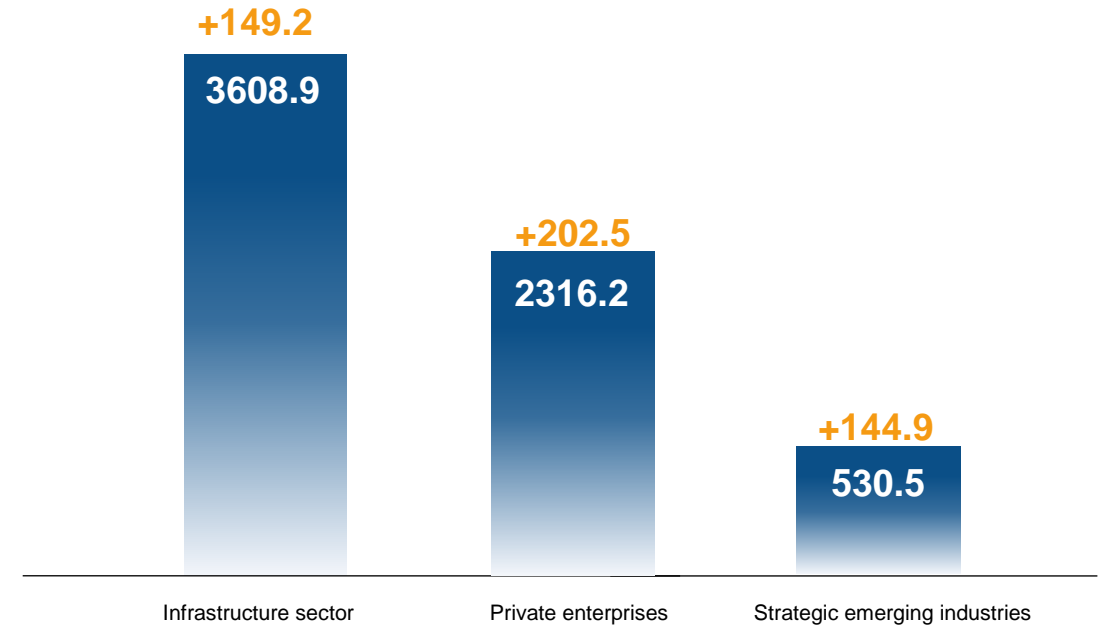
New loans in key strategic areas

(RMB Billion)



Balance and new loans in key industries and areas

(RMB Billion)



Changes at the end of June 2019 compared to the beginning of the year

Further Enhanced The Capability to Prevent Financial Risks

Deepening comprehensive and proactive risk management



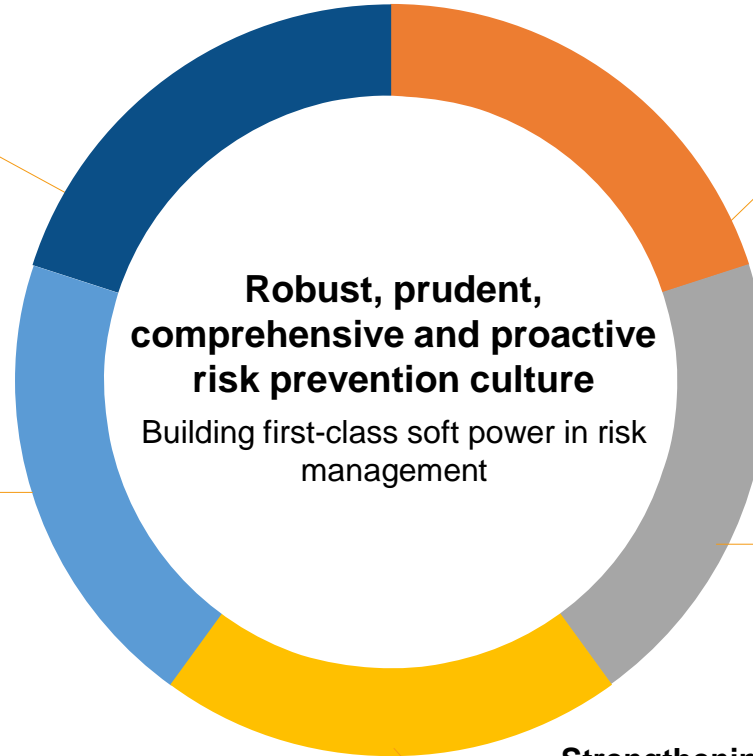
Optimizing the risk monitoring system

- Credit risk indicator monitoring system
- Market risk indicator monitoring system
- Economic capital monitoring system



Improving the risk management system

- Unified credit underwriting with full coverage
- Risk appetite management framework
- Comprehensive risk management evaluation system
- Trajectory inspection items
- Long-term risk prevention and control mechanism
- Risk management integrated into processes



Strengthening the risk prevention system



- Online business risk inspection system
- Model factory modelling platform
- Comprehensive risk monitoring and early warning platform
- Collaborative control and management with three lines of defence
- Pre-, mid- and post-management of loans and investments
- Preventing "grey rhinos" and "black swans"



Smart risk control

- Applying artificial intelligence, IT technology and big data to improve digital, intelligent and intensified risk management capabilities
- "Hui Risk Control" mobile APP



Strengthening compliance management to emphasize everyone's role

- Giving play to the three mechanisms – operation, progression and management
- Exploring grid management of employees' behaviour

Further Enhanced The Capability to Prevent Financial Risks

Continually optimizing structure of property loans with stable quality



Further Enhanced The Capability to Prevent Financial Risks

Asset quality improving steadily



Optimizing local governments' financing structures

- Compressing local government financing platform loans
- Prudently carrying out government purchase order loans
- Developing PPP loans



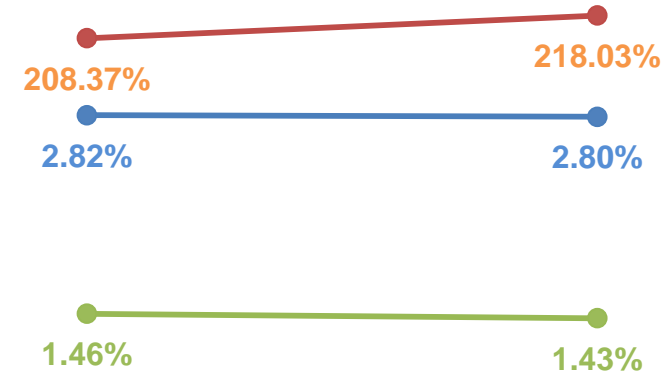
Cutting loans for overcapacity industries

- Reviewing the "Black and White List"
- Mainly providing support for industry-leading sectors and advanced capacity projects
- "De-capacity" risk customer account management
- Loans to industries with severe overcapacity decreased by **RMB 3.4 billion**

Note: Industries with severe overcapacity include steel, cement, electrolytic aluminum, flat glass and shipbuilding.

Core indicators of asset quality remained robust and stable

- Ratio of overdue loans for more than 90 days to non-performing loans was **67.18%**



2018-12-31

2019-6-30

● NPL ratio ● Special mention loan ratio ● Provision coverage

Further Enhanced The Capability to Prevent Financial Risks

Enhancing management of market and liquidity risks

Improved the management of market risks and transaction and investment businesses

- Enhancing level of systemic, refined and intelligent management of market, transaction and investment businesses
- Enhancing new product management
- Actively strengthening bond risk analysis and scrutiny
- Enhancing penetrating management of underlying assets in the asset management business
- Enhancing quota management of transaction and investment risk policies



Effectively managed liquidity risk

- Liquidity ratio: RMB **46.36%** ($\geq 25\%$), FX **56.70%** ($\geq 25\%$)
- Net stable funding ratio: **128.41%** ($\geq 100\%$)
- Liquidity coverage ratio averaged **143.88%** ($\geq 100\%$) daily in 2Q2019
- Enhancing liquidity analysis and prediction
- Optimizing the maturity structure of assets and liabilities
- Rationally handling the flow back of funds
- Improving liquidity risk stress tests

Further Enhanced The Capability to Participate in International Competition

Steady development of international and overseas businesses; steady growth in commercial bank overseas institutional assets

Improved overseas institutional infrastructure

- 215 operating institutions in 30 countries and regions
- Astana and Labuan branches were granted licenses
- New generation of overseas fully functional banking systems
- Improving compliance and anti-money laundering procedures



Improved cross-border financial services capabilities

- The total RMB clearing volume in London exceeded **RMB 36 trillion**
- Cooperating with Customs to build “Big Data Platform for Cross-border Trading”
- Contract amount of “The Belt and Road” overseas major projects reached **USD 21.74 billion**
- Realising “global account funds visible from one point” to help customers with their global cash management

Product innovation and platform building

- Total transaction volume on blockchain-based trade finance platforms exceeded **RMB 300 billion**
- Innovative “Cross-Border Fast Loan” product series
- Launched “The Belt and Road”-related financial bills in European markets
- Obtained pilot depository qualification, becoming the first custody bank to offer cross-border stock connect services for the “Shanghai-London Stock Connect”

Participated in global financial governance

- Host of the 3rd UK-China Financial Services Summit
- Host of the 1st China-Africa Economic and Trade Expo

Agenda

**Strategy
Implementation**

**Capability
Enhancement**

**Financial
Performance**

**Outlook
And Strategy**

Financial Performance



**Financial
Highlights**



**Business
Advantages
and Foundation**



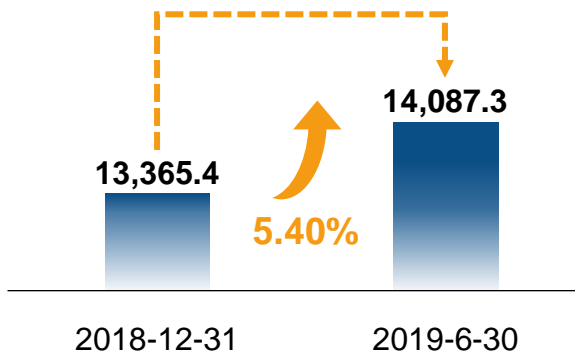
Recognitions

Faster Asset Growth While Structure Continuously Optimized

Loan issuances and debt securities investment recorded significant growth

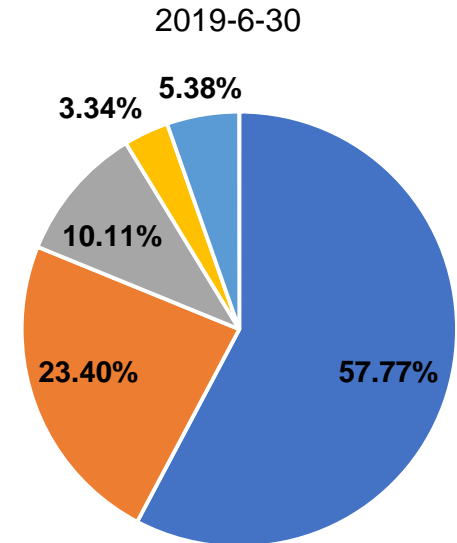
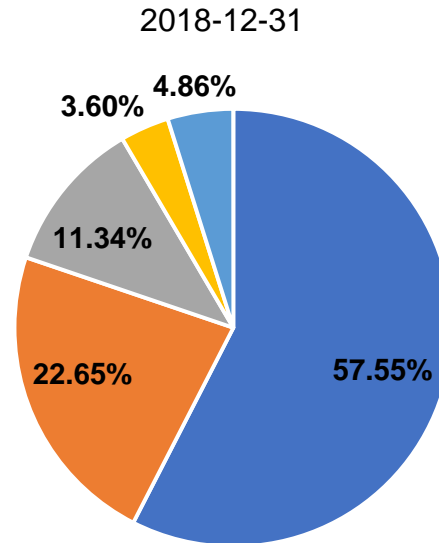
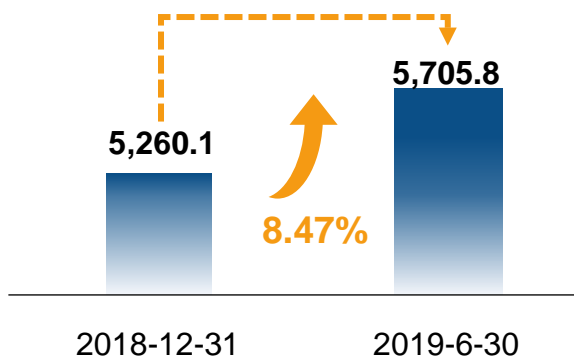
Net loans and advances to customers

(RMB Billion)



Debt securities investment

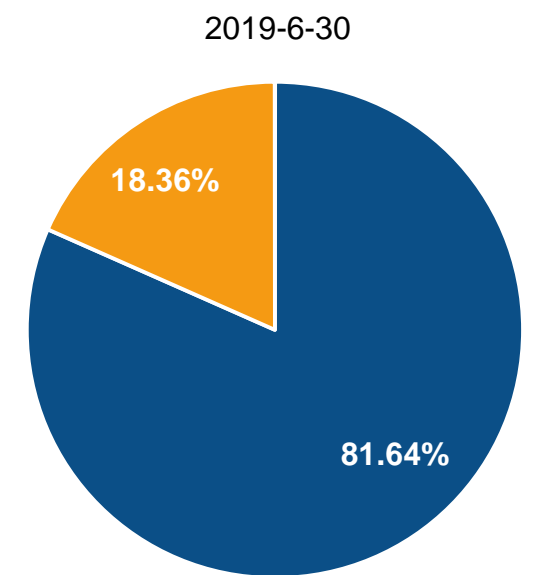
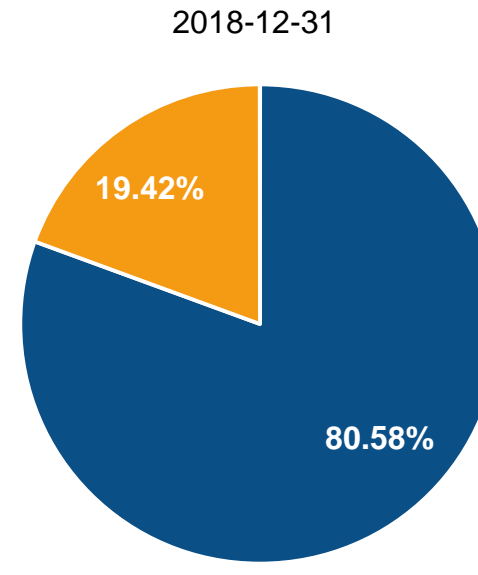
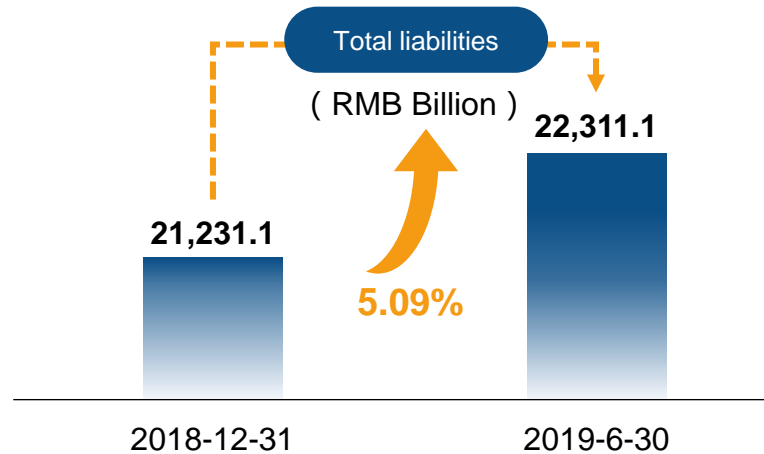
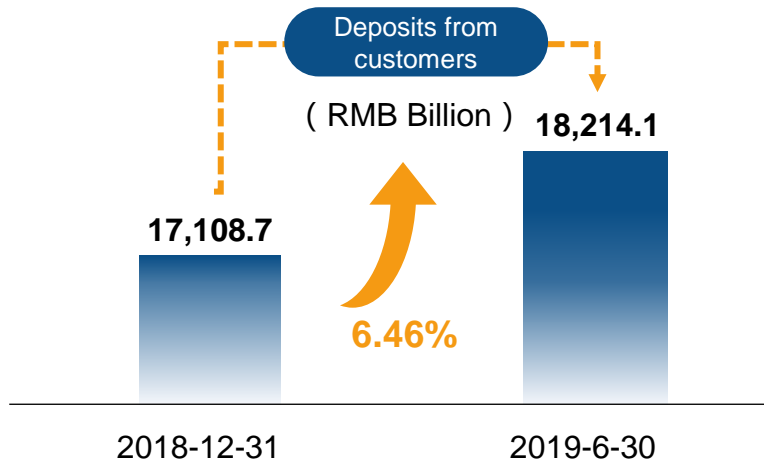
(RMB Billion)



- Proportion of net loans and advances to customers
- Proportion of debt securities investment
- Proportion of cash and deposits with central banks
- Proportion of deposits and placements with banks and non-bank financial institutions
- Proportion of other assets

Liability Structure Continuously Optimized With Faster Deposit Growth

Proportion of deposits from customers increased



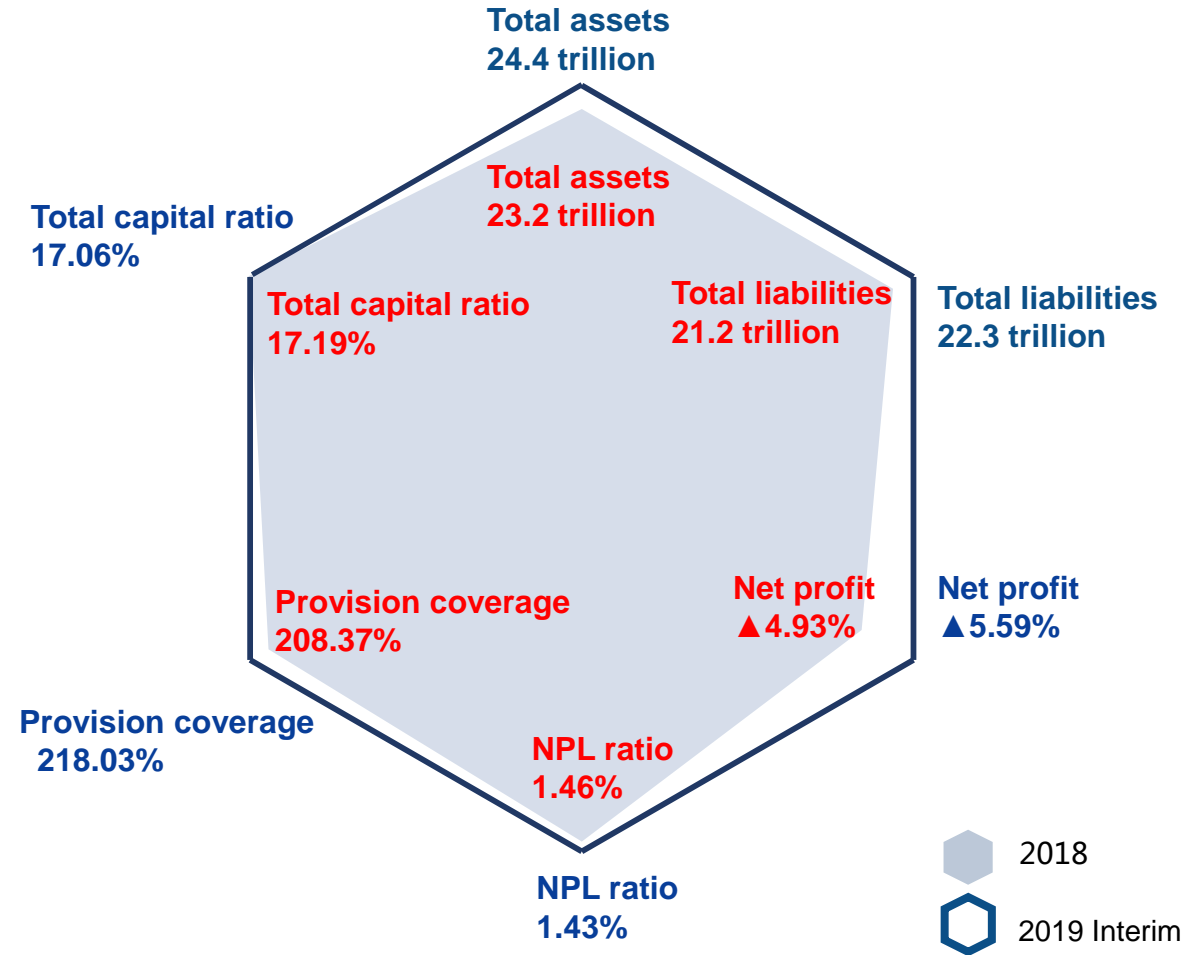
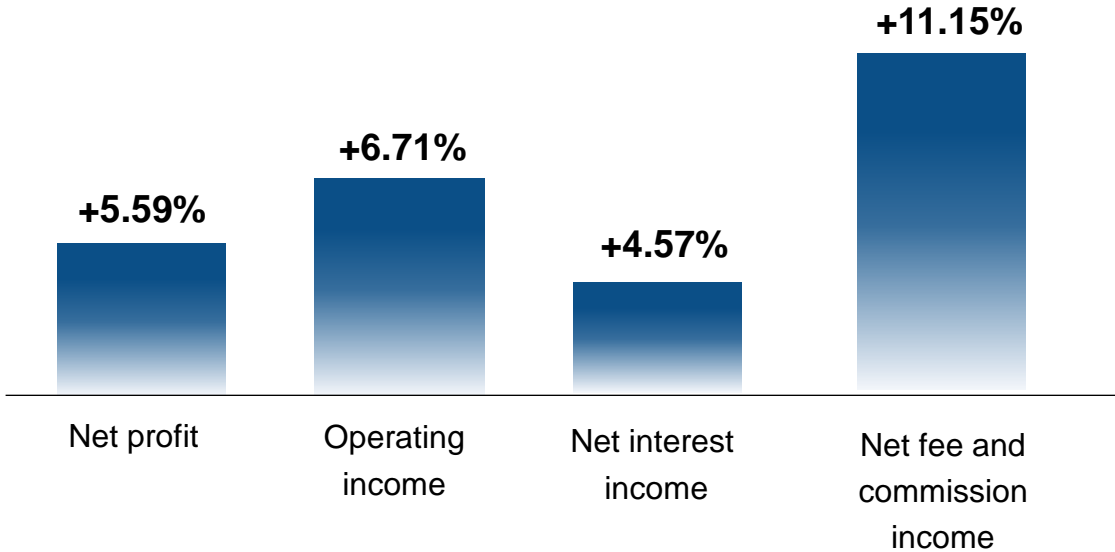
■ Proportion of deposits from customers

■ Proportion of other liabilities

Profits Maintained Steady Growth

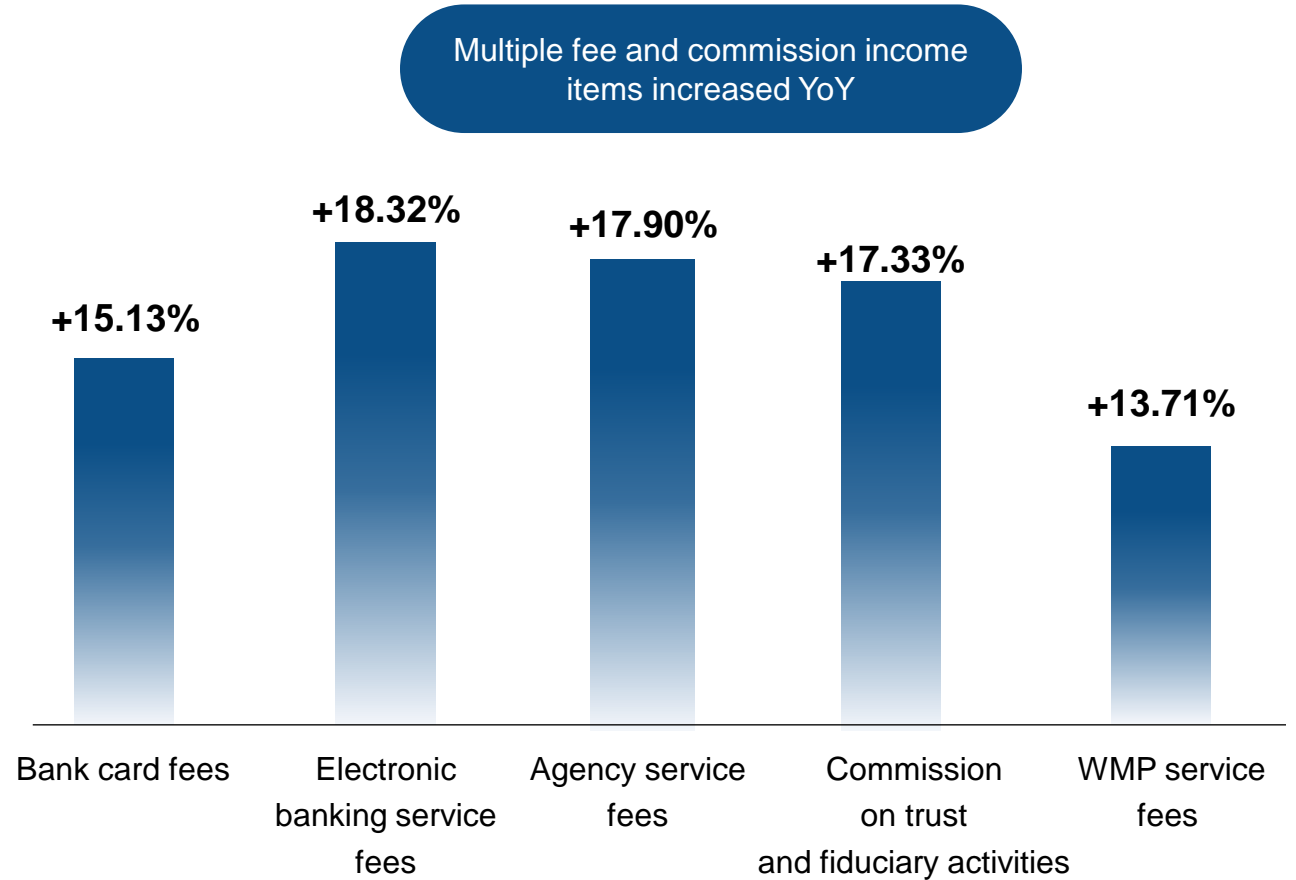
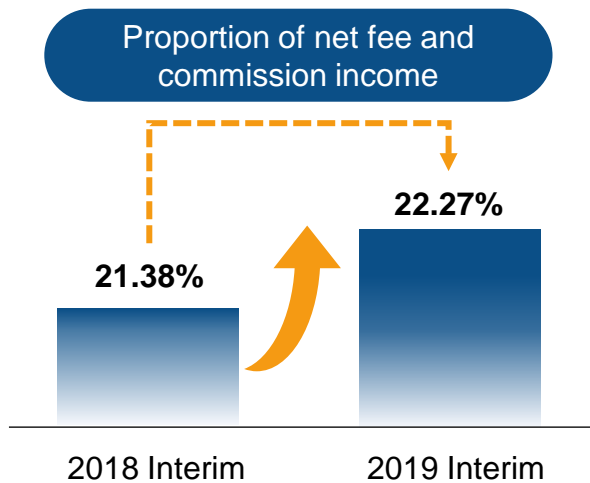
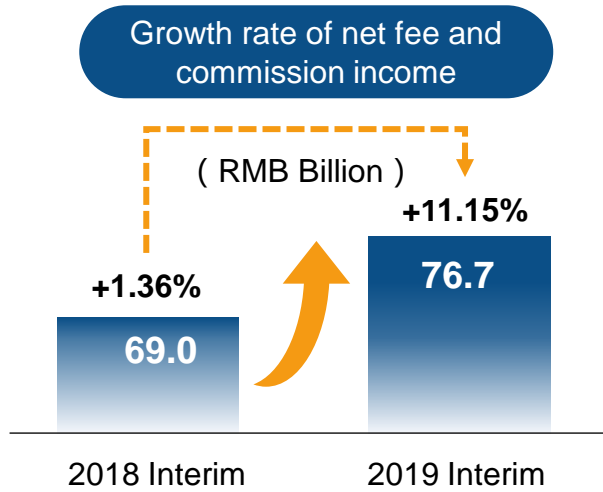
Good growth in operating income, stable and balanced indicators

Growth rate YoY



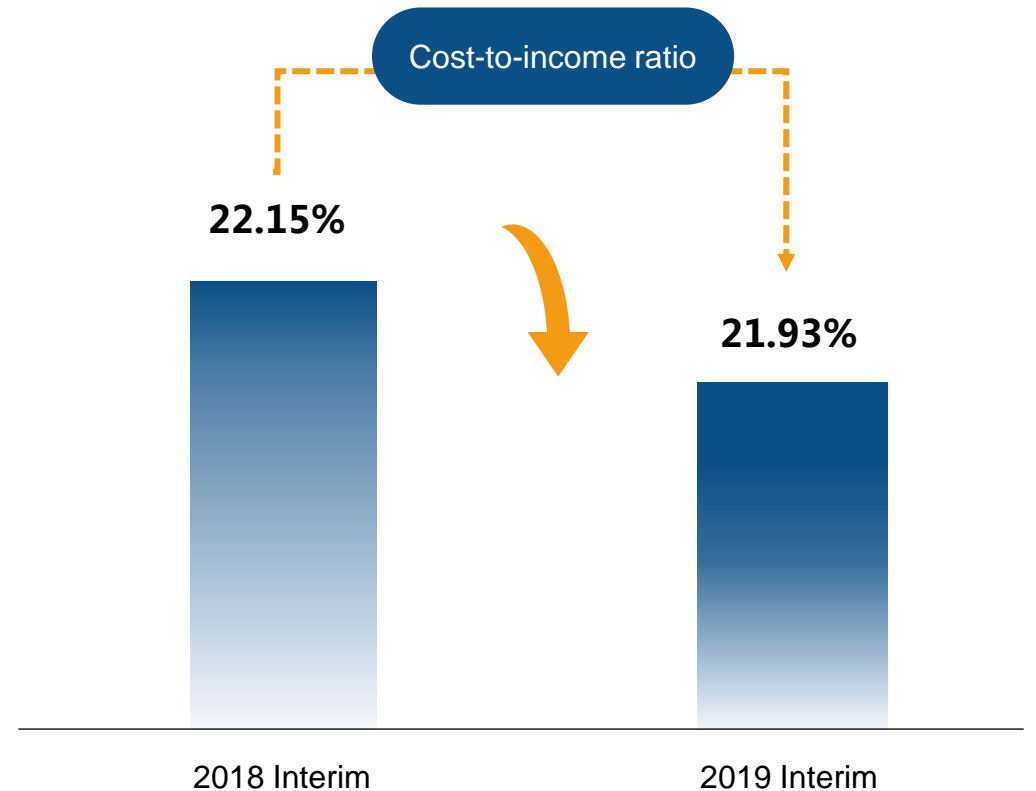
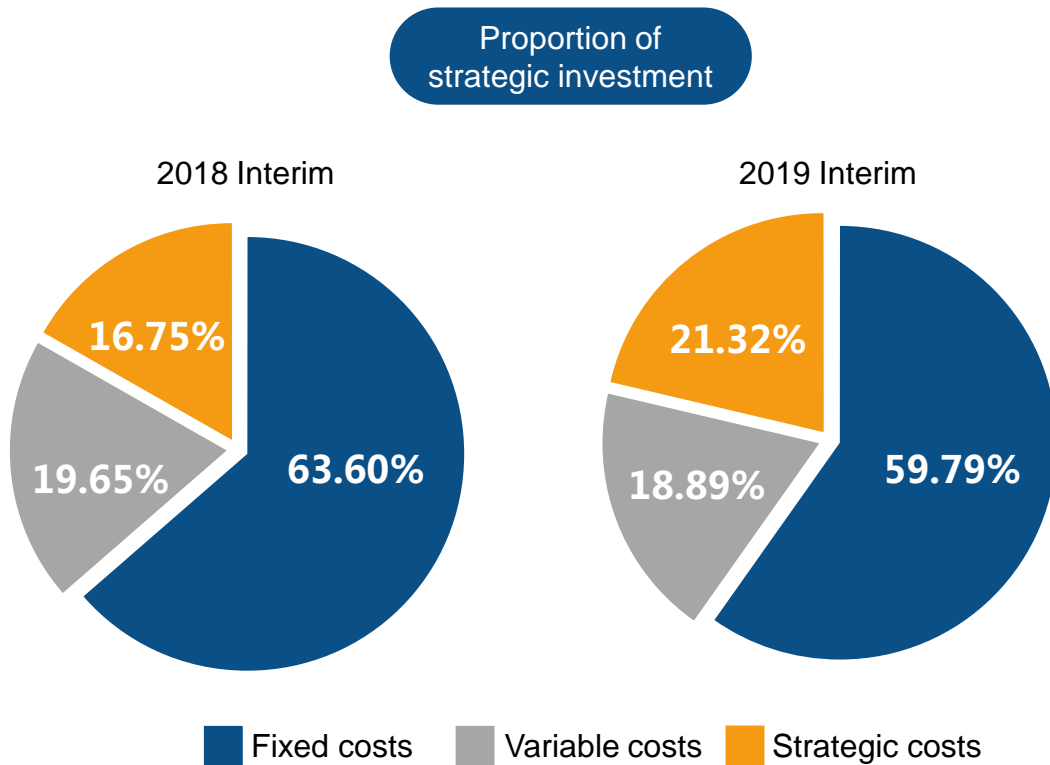
Good Growth Momentum in Fee And Commission Income

Proportion of net fee and commission income increased



Good Cost Control While Cost Structure Continuously Optimized

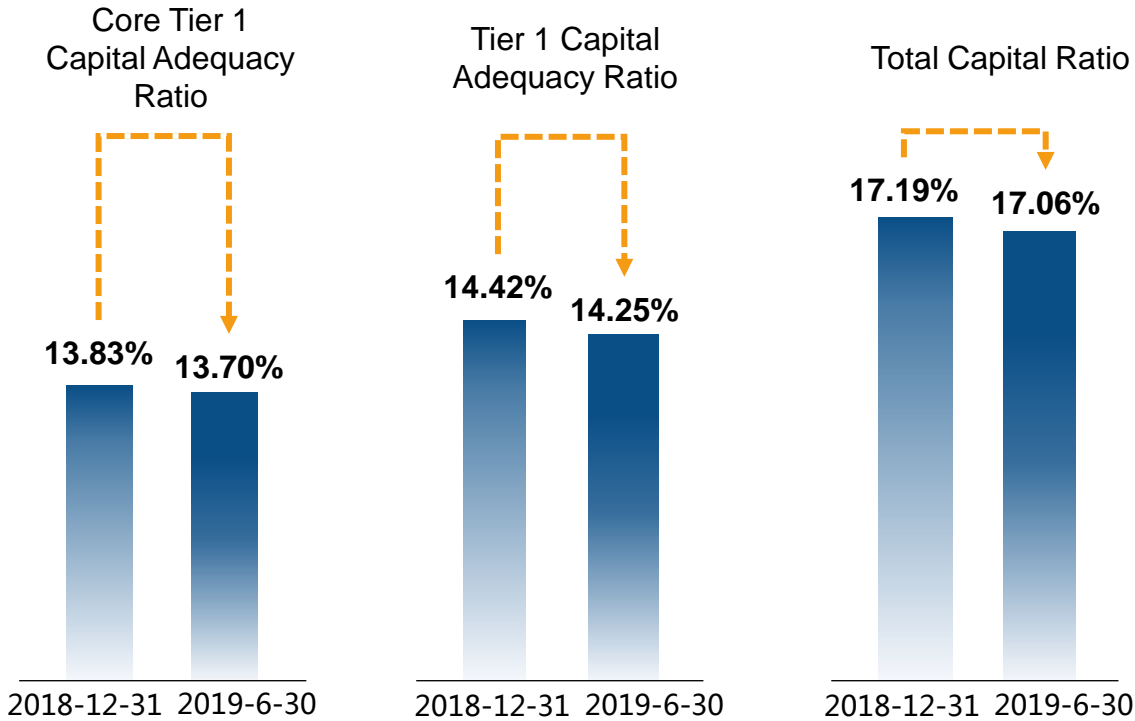
Cost-to-income ratio dropped YoY, proportion of strategic investment further increased



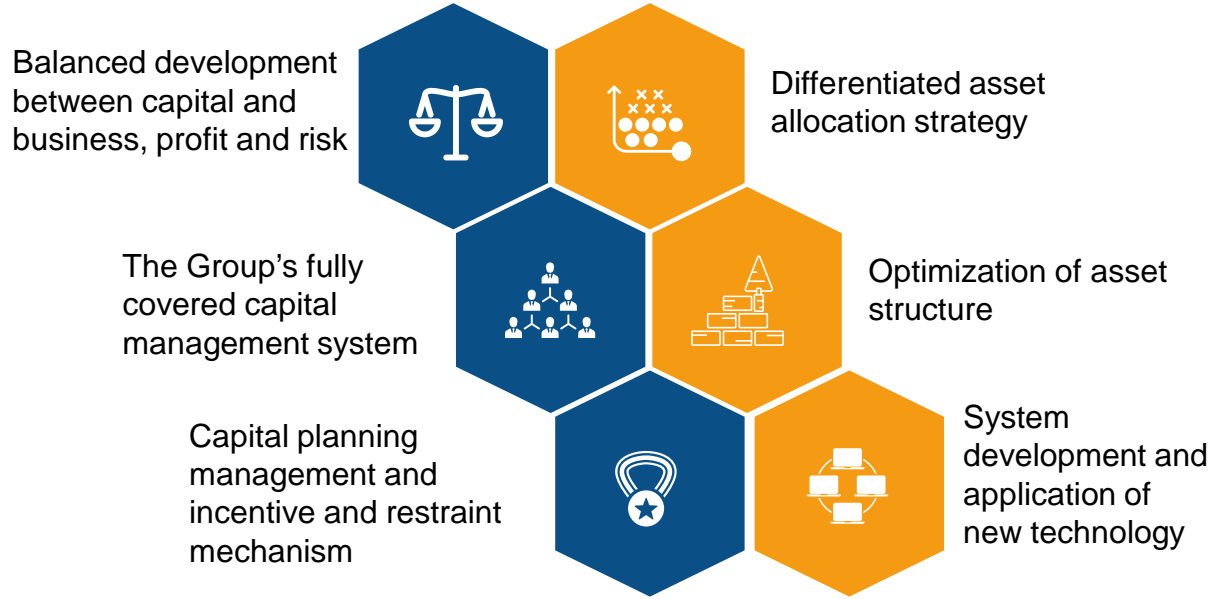
Capital Management Continuously Strengthened

Capital adequacy level continuously outperformed peers

Capital adequacy ratio remained high



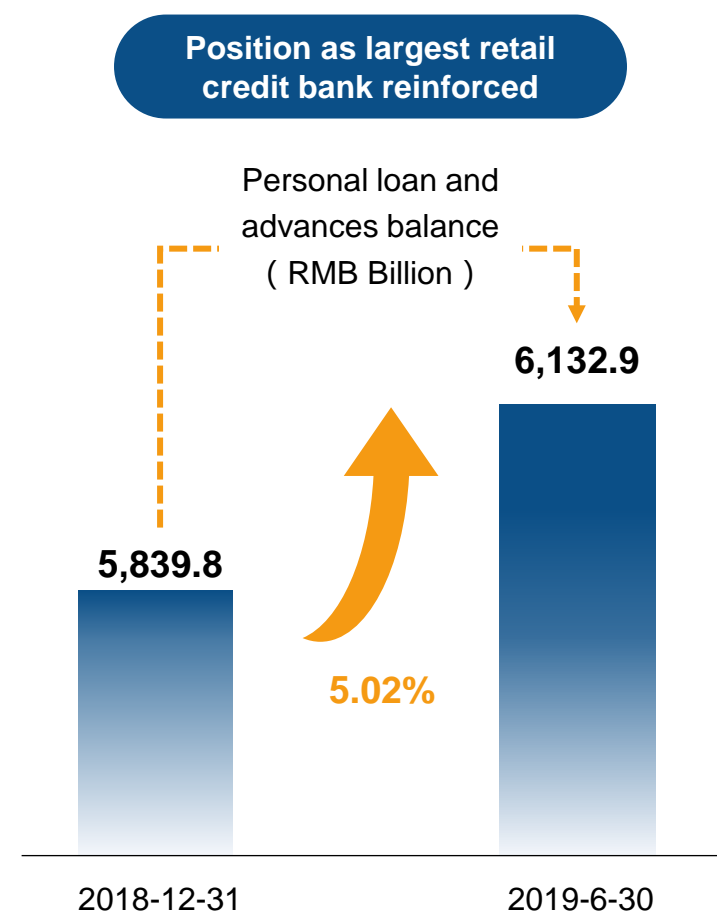
Strengthening capital management



In accordance with the "Capital Rules for Commercial Banks (Provisional)", the capital adequacy ratios were calculated using the Advanced Capital Measurement Approaches and applying the rules during the transition period. The 2018 annual cash dividend reduced the total capital ratio at the end of June 2019 by 54 BP.

Advantages in Retail Business Further Consolidated

Accelerating in New Retail, reinforcing the position as China's largest retail credit bank



Advantages in Corporate Transactional Business Gradually Fostered

Key products maintained good development momentum

Settlement
and cash
management
business

Unit RMB settlement accounts up 7.6%

Transaction volume of new settlement products
up 27.75% YoY

Investment
banking

Scale and revenue of non-financial enterprises'
debt ranked number one in the market

Revenue of financial advisory services up
30.9% YoY

Financial
market

Debt securities investments' real rate of return
stayed above peers for six consecutive years

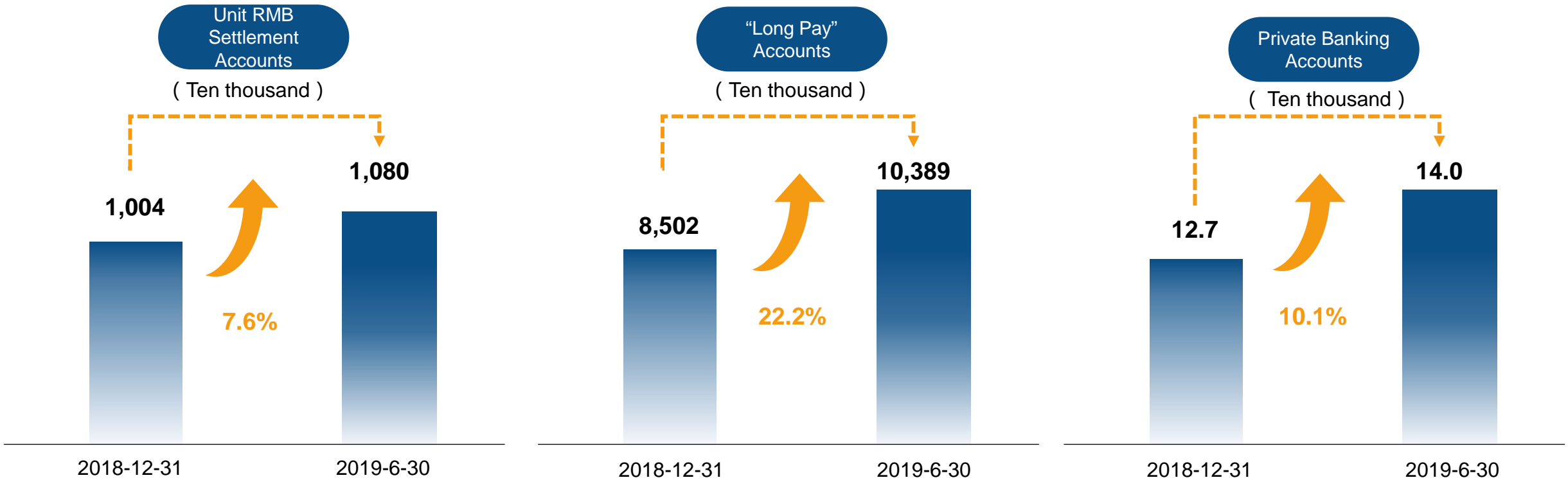
Maintained market leadership in the
underwriting of government bonds and policy
financial bonds

Custody

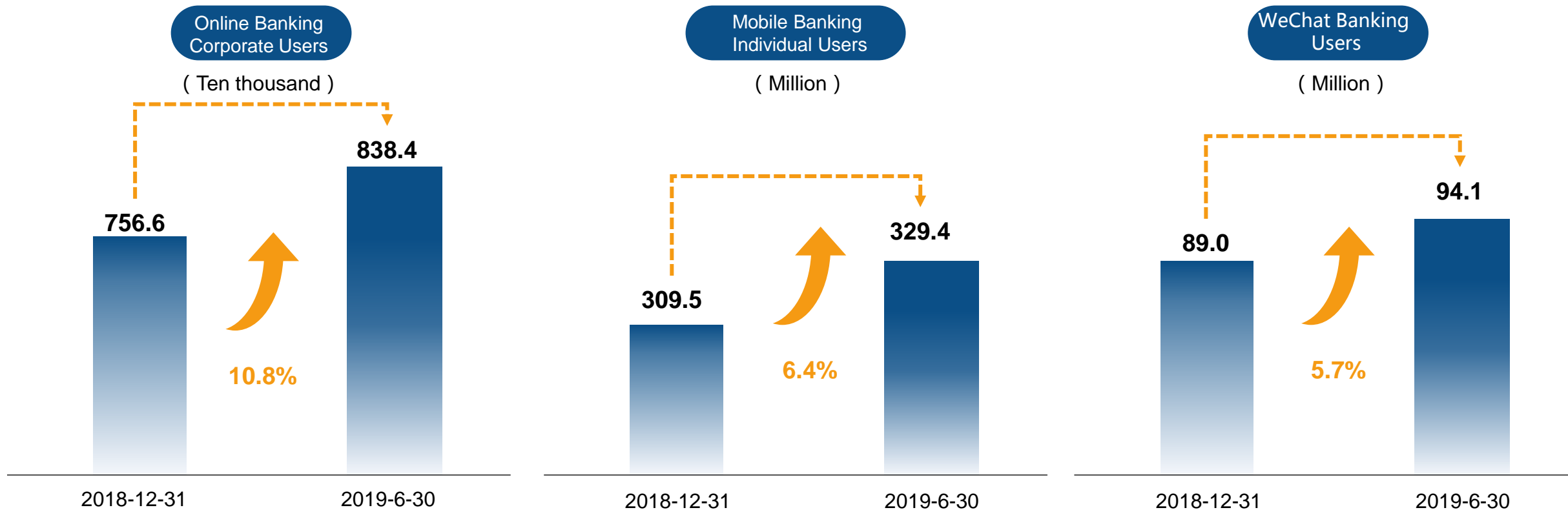
Assets under custody amounted to RMB 12.36
trillion

Fees from custody of securities investment
funds topped the market

Quality of Customers and Accounts Enhanced with Growth Leading



Good Growth in Online Financial Customers



Developmental Foundation Remains Steadfast

Channel competitiveness and customer service improvement

Cloud-based Customer Service

- “Human + Technology, Online + Offline, Service + Marketing” – New model of remote smart financial services that is digital, smart and scenario- and ecosystem-based
- **99.6%** of services handled by AI robots



Channel Competitiveness Enhanced

- Continuously optimizing layout of branch network
- Promoting digitization of outlets using data, smart technologies, online channels and ecosystem
- Intensive processing of **178 types** of services in branch counters, online outlets, middle office, subsidiaries and overseas businesses



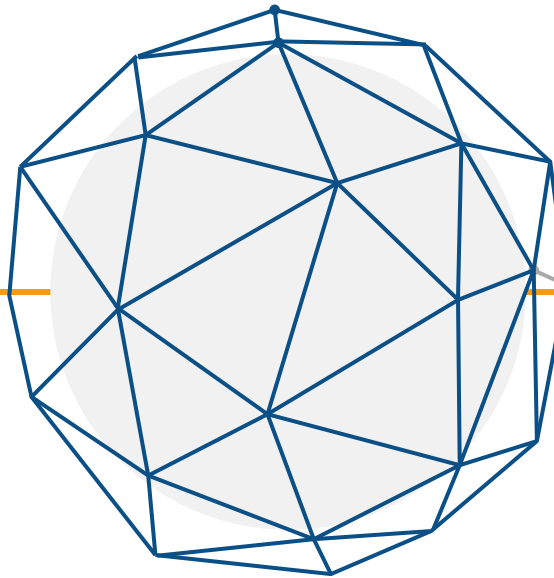
Intelligent Operating System

- Building an intelligent operation and control platform
- Launching end-to-end customer journey project
- Establishing service model of remote support services
- Building a “digital workforce”, leveraging new technologies including smart identification and robotic process automation
- Extending applications of cloud-based production



New Innovation System

- Continually carrying out "innovation marathon"



Recognitions

The Banker

The Banker(Britain)

Ranked 2nd in the
“TOP 1000 World
Banks”

Interbrand

Interbrand(Britain)

Ranked 1st in Best
China Brands
within the banking
industry

财富
FORTUNE
CHINA

Fortune(USA)

Ranked 31st in the
“Fortune Global
500”

ASIAMONEY

Asiamoney(Hong Kong)

Best Transaction
Bank for Payments
Services

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY

The Asian
Banker(Singapore)

Best Mega Trade
Finance Bank in
China
Achievement in
Enterprise Risk
Management Award



银行家
The Chinese Banker

The Banker(China)

Best Financial
Innovation Award

Agenda

**Strategy
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**Financial
Performance**

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And Strategy**

Opportunities



China's economy continues to be stable in its operations, and is making steady development



The country continues to promote supply-side reform



National strategic projects such as Beijing-Tianjin-Hebei project, Yangtze River Delta project, and Guangdong-Hong Kong-Macau Greater Bay Area projects have had their development accelerated



Benefits and business opportunities brought by policies stabilizing employment, finance, foreign trade, foreign investment, investment and expectation



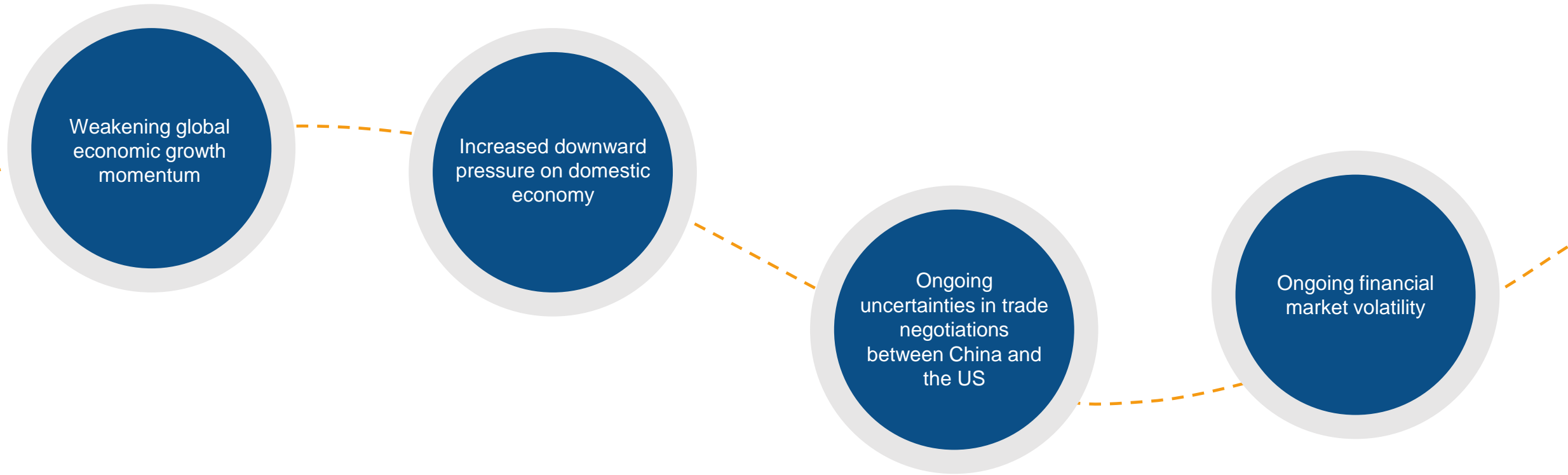
More efficient domestic fiscal policy, moderate easing of monetary policy, as well as reasonably abundant liquidity



The country has widened its opening-up to the outside world, implementing a series of measures

- Building Shenzhen into a pilot demonstration zone for socialism with Chinese characteristics
- Lingang area of the Shanghai Pilot Free Trade Zone

Challenges



Mapping the Second Development Curve with New Finance

Three characteristics of New Finance

Inclusiveness

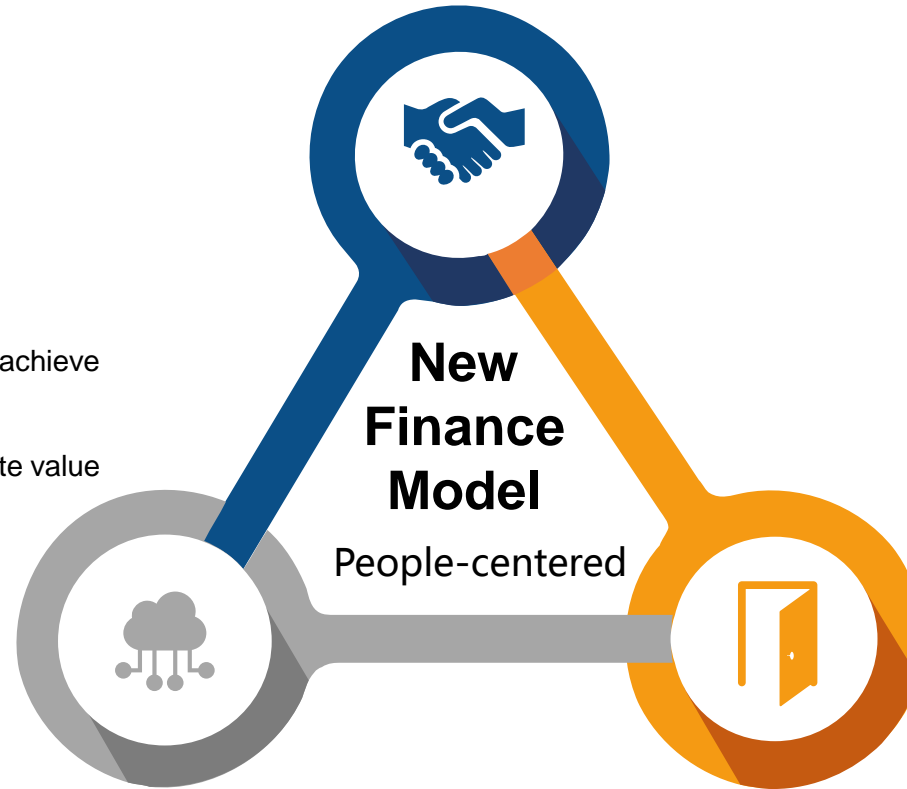
Truly establishing finance in infrastructure, making it a basic ability for people to achieve a better life

Technological

Using technology to enable financial services to achieve the best status
Transforming technology into functions that create value through finance

Sharing

Achieving cross-border flows of financial resources and related production factors
Eliminating barriers and sharing



Mapping the Second Development Curve with New Finance

Deepening implementation of Three Major Strategies, promoting development of New Finance in scope and depth

Integrate social resources to ease social pain points

House Leasing

- Enhancing platform activity to promote robust development of ecosystem
- Developing new model of wealth management represented by housing savings from ordinary people



Inclusive Finance

- Innovative service model for small and micro enterprises, forming sustainable and quality development model
- Developing corresponding model and matching products targeting key customer groups such as individual industrial and commercial households and small and micro business owners
- Enriching non-credit inclusive financial services
- Promoting the extension of new models of inclusive finance including Yunongtong and Mingonghui to a county level, developing the rural financial market
- Exploring new model of community finance



Fintech

- Opening integrated technological resources, achieving breakthrough on the Customer side, empowerment on the Business side and connection on the Government side
- Developing ecosystem for shared platform externally
- Encouraging hi-tech companies, R&D institutions and universities to participate in the Bank's R&D in Fintech and product innovation



Mapping the Second Development Curve with New Finance

Deepening implementation of key work priorities



Mapping the Second Development Curve with New Finance

Deepening implementation of key work priorities

