



**中国建设银行**  
China Construction Bank

**Stable and Balanced Core Indicators**  
**Strong Strategic Support**  
**2018 Annual Results Announcement**

**Beijing/Hong Kong**  
**March, 2019**



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## Stable Management, Innovative Development, Leading Performance

In 2018, in the face of a complex domestic and international economic and financial situation, CCB continued to uphold its mission and responsibility, bringing together the wisdom of all employees, releasing the power of technology, focusing on serving the real economy, deepening the house leasing strategy, and launching inclusive finance in an all-round way, striving to implement the Fintech strategy and expanding the new retail business with digital platforms. To fully realize its role as the cornerstone of corporate business, CCB adhered to the combination of financing and intelligence financing so as to cultivate new edges in transaction business. The Bank deepened refined management as well as reform and innovation, supported supply-side structural reform, strengthened risk management and internal control, promoted the high-quality development of the Group's businesses, and achieved good economic and social benefits.



# Financial Performance Improved Steadily

(RMB Billion)	31/12/2018	31/12/2017	Change
Total assets	23,222.7	22,124.4	4.96%
Net loans and advances to customers	13,365.4	12,574.5	6.29%
Total liabilities	21,231.1	20,328.6	4.44%
Deposits from customers	17,108.7	16,363.8	4.55%
NPL ratio	1.46%	1.49%	0.03pps
	Jan-Dec 2018	Jan-Dec 2017	Change
Operating income	633.8	594.0	6.69%
Net profit	255.6	243.6	4.93%
Net interest margin	2.31%	2.21%	0.10pps
Return on average assets	1.13%	1.13%	flat
Return on average equity	14.04%	14.80%	0.76pps
Earnings per share (RMB Yuan)	1.00	0.96	4.17%
Dividend per share (RMB Yuan)	0.306*	0.291	5.15%

Note: The board of directors proposes a final cash dividend of 0.306 yuan per share (including tax) for 2018.





# Stable and Balanced Core Indicators

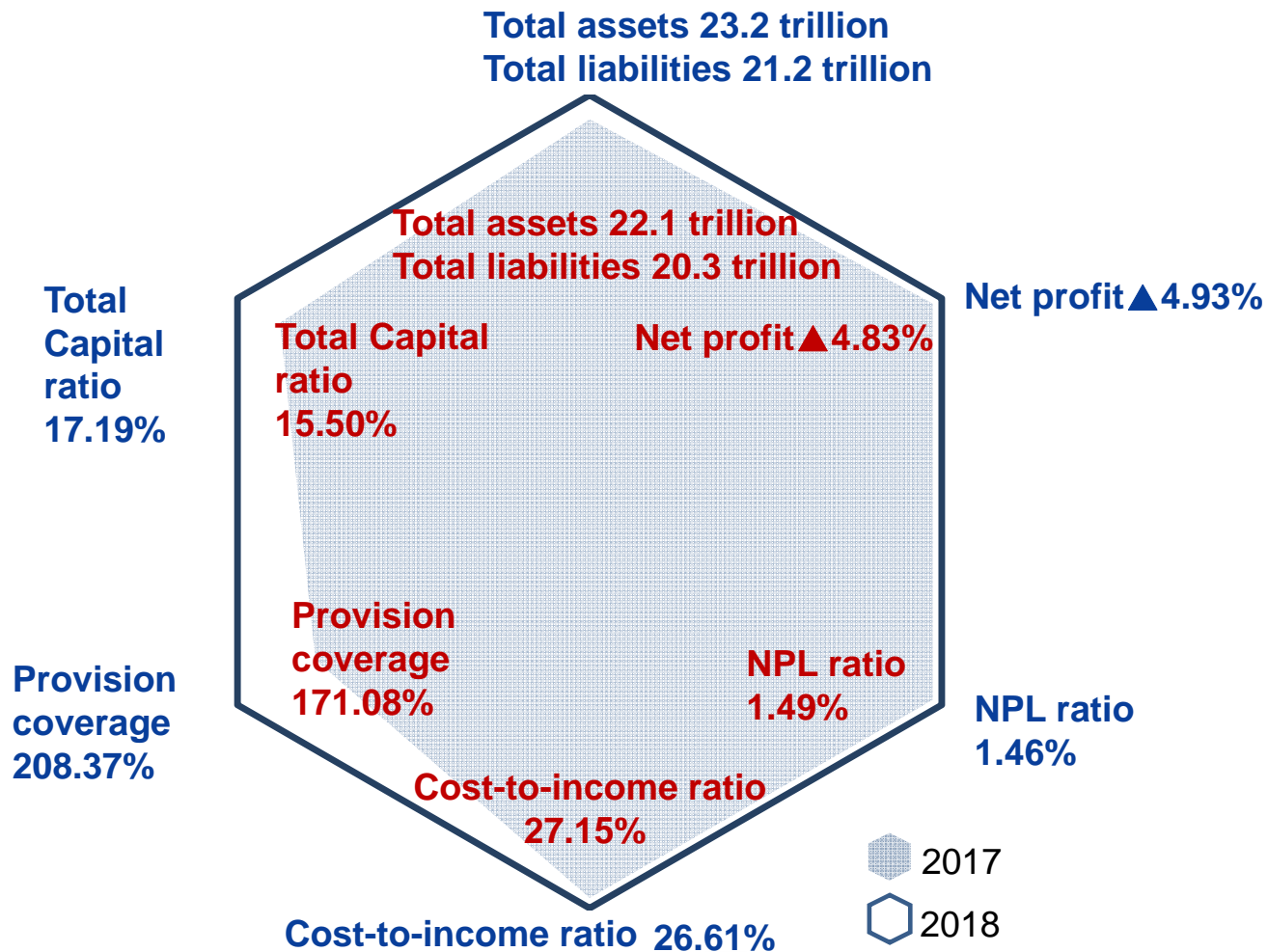
Balanced growth of assets and liabilities

Continued growth in profitability

Steady improvement in asset quality

Accurate and efficient resource allocation

Leading the industry in capital adequacy





# Steadily Enhanced Market Position



中国银行业协会  
CHINA BANKING ASSOCIATION

Ranked No.1 in National Commercial Banks in  
2018 "Gyroscope" Evaluation System

**The Banker**

Ranked No.2 in Top 1000 Banking Brands 2018

**Brand Finance<sup>®</sup>**

Ranked No.2 in The World's Most Valuable  
Banking Brands ( US\$69.7 billion )



**Strategic Implementation and Management**

**Financial Performance**

**Risk Management**

**Social Responsibility and External Recognition**

**Outlook**



# Strategic Implementation and Management

CCB focuses on the key areas of the real economy to support the supply-side structural reform – deepening the house leasing strategy to expand the new business model with a sharing platform; fully launching the inclusive finance strategy and accelerating development through technology; focusing on the implementation of the Fintech strategy to stimulate new power of development; deepening the implementation of "double priorities" strategy, expanding new retail business with digital platforms, adhering to the combination of financing and intelligence financing to cultivate new edges of transaction business; steadily developing overseas and subsidiary businesses; deepening refined management as well as reform and innovation; and building a solid foundation for sound development.



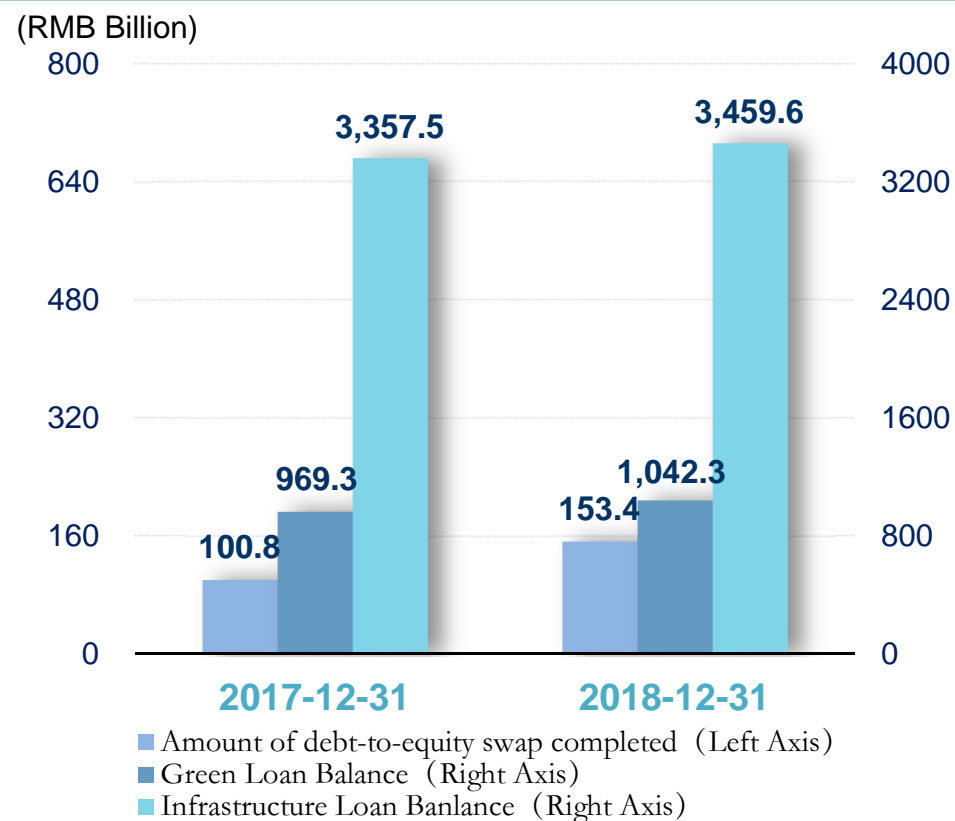


# Improving Quality and Efficiency to Serve the Real Economy

## Serving the real economy by improving quality and efficiency

- Supporting major national strategies
  - Supporting the Beijing-Tianjin-Hebei Collaboration, the Yangtze River Economic Belt, the Xiong'an New District, and the Guangdong-Hong Kong-Macao Greater Bay Area construction
  - Market-oriented and law-based debt-to-equity swap
  - Comprehensive investment and financing in credit, bonds, wealth management, trusts, etc
- Maintaining traditional business advantages
  - Consolidate the advantages in infrastructure lending
  - Launch a professional financial brand for "Shan Xing Cheng Jian" urban construction
- Promoting economic transformation and upgrades
  - Support biology, new energy, high-end equipment manufacturing and other emerging strategic industries
  - Participate in the launch of the National Strategic Emerging Industry Development Fund
  - Green credit exceeds 1 trillion yuan
  - First green and sustainable development bond
- Precise targeting of economic weak-points
  - Private enterprise loans, bonds and wealth management
  - Participate in the launch of the National Financing Guarantee Fund

## Helping supply-side structural reform





# Deepening the House Leasing Strategy

## Exploring the potential value to establish a sustainable development model

<b>Biggest and Brightest Comprehensive House Leasing Service Platform</b>	<ul style="list-style-type: none"><li>Basically covering all cities in China</li><li>The number of online listings has exceeded 10 million</li></ul>	<ul style="list-style-type: none"><li>Servicing all entities and types of housing in the market</li><li>Registered individual users has exceeded 10 million</li></ul>
<b>New Model of House Leasing</b>	<ul style="list-style-type: none"><li>Make your house a home through long-term leasing</li><li>Explore and finalize the house deposit business model</li></ul>	<ul style="list-style-type: none"><li>CCB “Jian Rong Jia Yuan” brand</li><li>House leasing price index</li></ul>
<b>House Leasing Ecosystem</b>	<ul style="list-style-type: none"><li>Jianxin Housing Service Co. Ltd.</li><li>Long-term leasing cloud ecosystem</li></ul>	<ul style="list-style-type: none"><li>Home industry alliance</li><li>Smart community</li></ul>
<b>Comprehensive House Leasing Financial Services</b>	<ul style="list-style-type: none"><li>House leasing loan product series</li><li>Payment and settlement, financial supervision and supporting services</li></ul>	<ul style="list-style-type: none"><li>House leasing service center</li><li>Pension, property insurance, trust</li></ul>



# Fully Launching the Inclusive Finance Strategy

## New model of inclusive finance improves efficiency and reduces cost

### ◆ New model of inclusive finance

- Large-scale customer acquisition
- Automatic approval
- Comprehensive service
- Accurate profiling
- Intelligent risk control

### ◆ Platform management

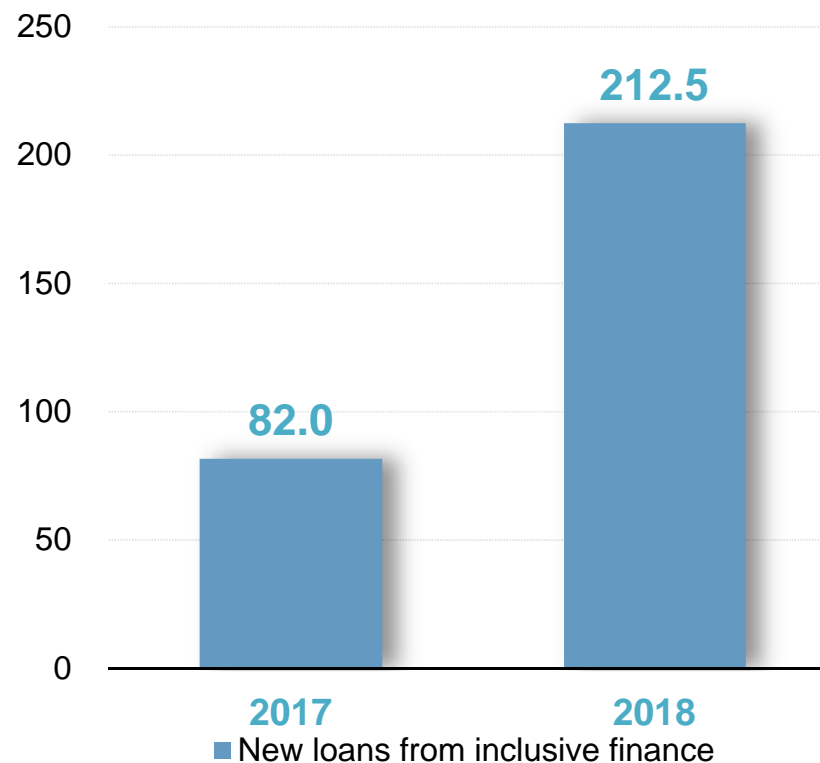
- SME Quick Loan
- "Hui Dong Ni" one-stop service platform
- Precise network supply chain financing that is directly accessible by SMEs
- "Jian Rong Zhi He" enterprise intelligent integration service platform
- Corporate ERP cloud platform provides customized and integrated service solution
- "Yu Nong Tong" covers 25.4% of administrative villages
- "Min Gong Hui" provides comprehensive financial services for migrant workers

### ◆ Comprehensive benefits

- Jointly develop online banking, credit card, settlement, payroll and other businesses
- Inclusive finance second-tier targeted RRR cut (1.5%)
- VAT exemption

## Inclusive finance loans grow rapidly

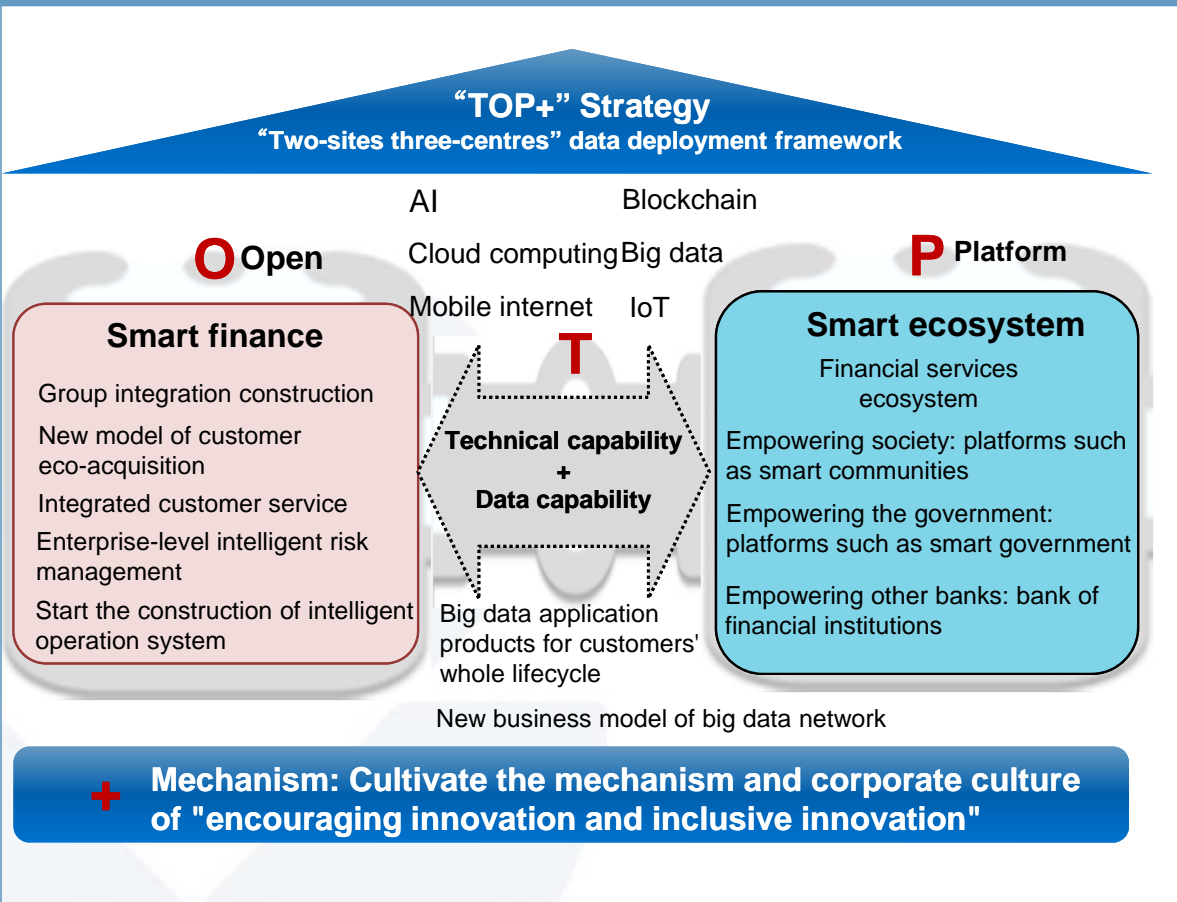
(RMB Billion )



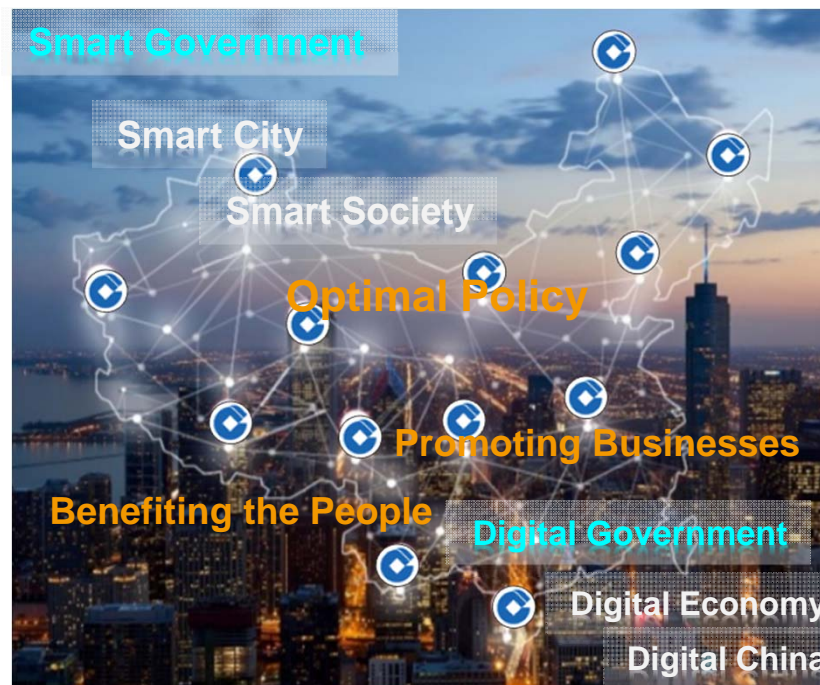


# Leading the Implementation of Fintech Strategy

## Launched A New Round of Fintech Strategy



## Smart City Government Service Platform





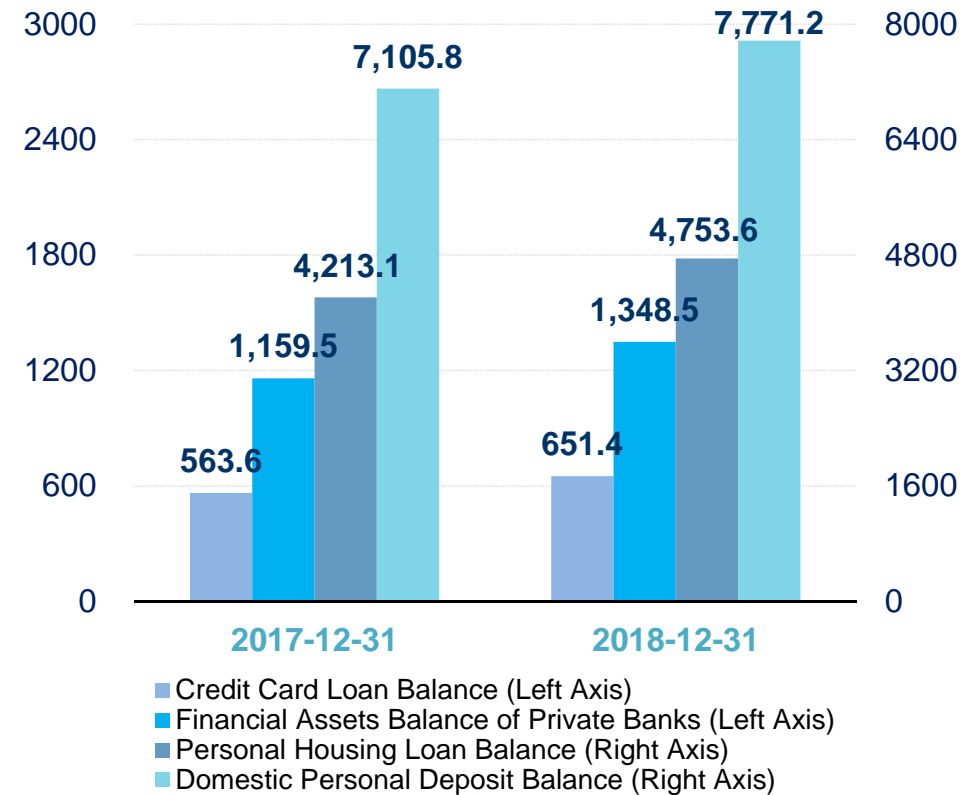
# Continuous Consolidation of Retail Business Franchise

## Accelerate the development of new retail

- 🔗 Open sharing, win-win value, digital interconnection, customer-centric
  - Excellent customer relationships
  - Integrated solutions
  - Scenario platform integration
  - Online and offline integration
  - Technology and business integration
- 🔗 New "Online Banking"
  - Mobile banking users grew by 16.20%
  - Users adding CCB account as WeChat payment method grew by 30.00%
  - Personal online banking users grew by 12.66%
  - Corporate online users grew by 25.56%
  - Accounting transactions in online financial channels accounted for 99.23%
  - "Long Payment" cumulative customers grew by 81.49%
  - 49,687 smart teller machines in operation
  - "Long Wealth" Personal Wealth Management Platform
  - Mobile e-private bank
- 🔗 Emerging Consumer Finance Business
  - The growth of personal quick loans was 21.49%
  - Individual customer family balance sheet
  - Comprehensive credit management for individual customers

## Rapid development of retail business

(RMB billion)







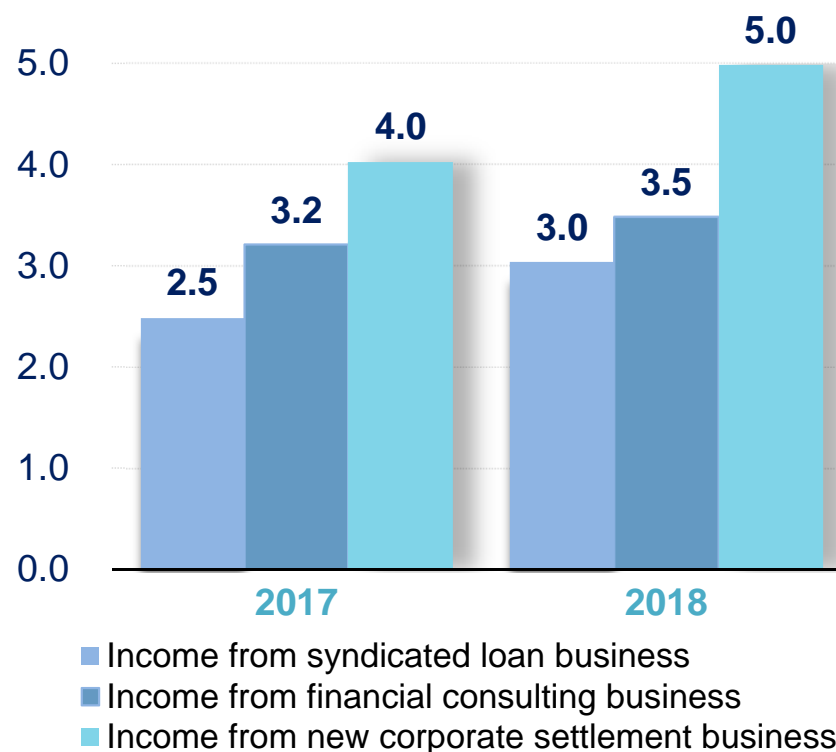
# Developing a Leading Edge in Corporate Transaction Business

## Improving "Financing + Intelligence Financing" service ability

- Leading in volume and revenue of non-financial enterprises debt underwriting business
- Leading in corporate credit asset securitization
- Leading in bond investment portfolio yields
- Rapid growth of NAV wealth management products
- China - Hong Kong mutual fund recognition agent business and custody service for target pension public funds maintained market leadership
- Promote the construction of inter-bank cooperation platform
- Intelligent, mobile, platformed and internationalized cash management

## Rapid growth of corporate transaction business

(RMB billion)



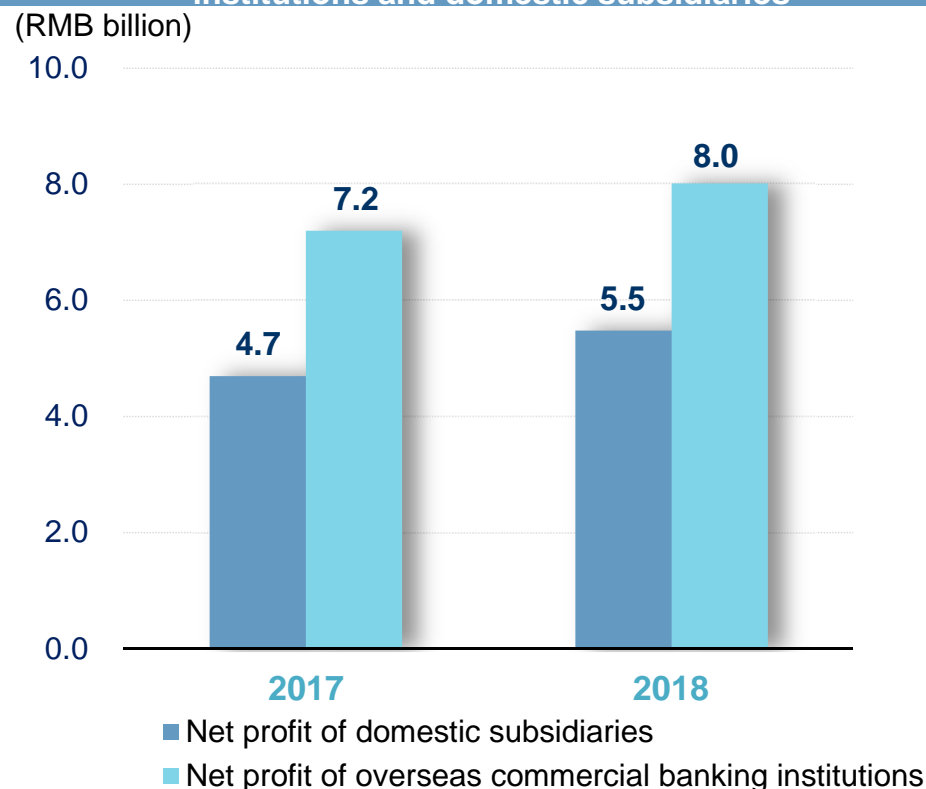


# Steady Development of Overseas and Subsidiary Businesses

## Steady development of overseas and subsidiary businesses

- International and overseas business
  - Overseas institutions cover 29 countries and regions
  - Support major national projects along the "Belt and Road"
  - Work with Customs to create "Intelligent Platform for International Trade"
  - Blockchain trade finance platform accumulated more than 200 billion yuan in transactions
  - The RMB clearing bank in London continues to be the largest outside Asia
- Subsidiaries
  - Total assets increased by 7.37%
  - Business structure optimization achieved remarkable results
  - Enhanced synergy between parent and subsidiary companies
  - The first bank to receive approval for establishing a wealth management subsidiary

## Rapid profit growth of overseas commercial banking institutions and domestic subsidiaries





# Solid Foundation for Steady Development

## Build intelligent operation system

- Intelligent operation and intelligent management
- Enhance users' experience
- Open sharing and efficient collaboration
- Improve the quality and efficiency of Group operation
- Cloud production platform
- Enterprise-level remote financial service platform
- "Cloud Customer Service"

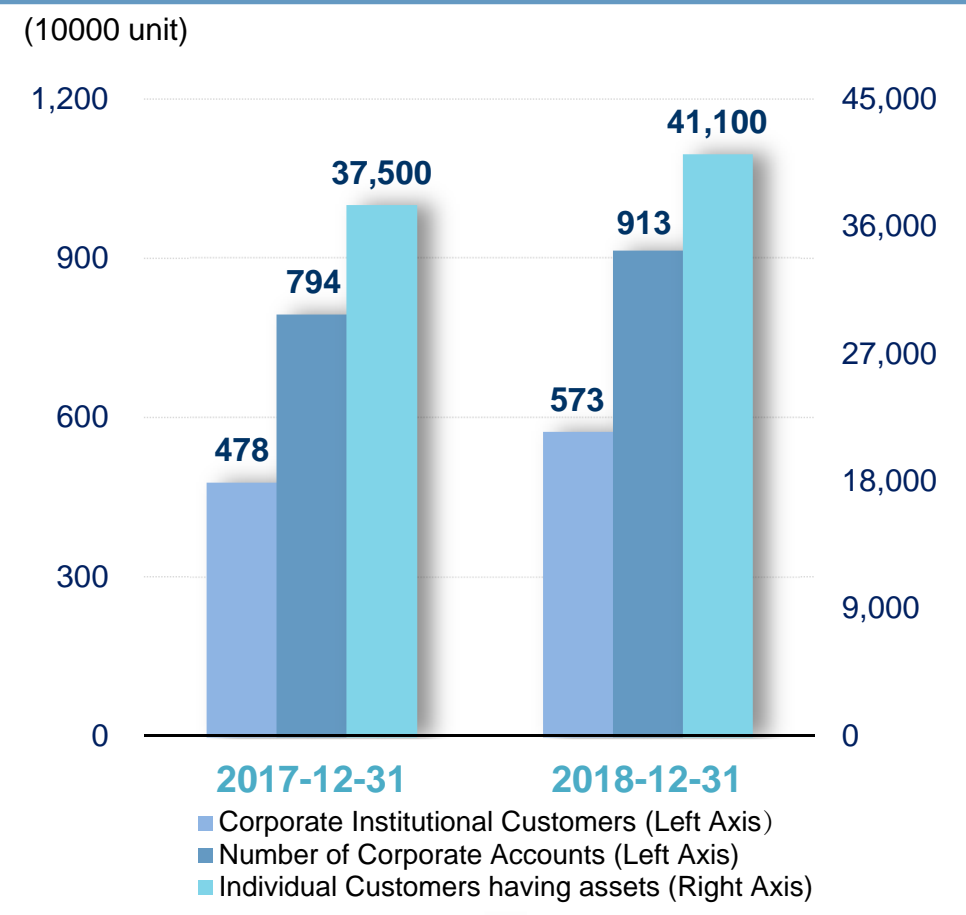
## Implement refined management

- Flat management
- Accurate resource allocation
- Intelligent system operation
- Process-oriented collaborative mechanisms
- Digitalization of risk compliance
- Proactive execution of duties

"Innovation Marathon" explores the long-term mechanism of innovation incubation

Number of outlets selected for "2018 Banking Civilization Standard Service 1000 Best Units" lead the industry

## Strong customer and account base





**Strategic Implementation and Management**

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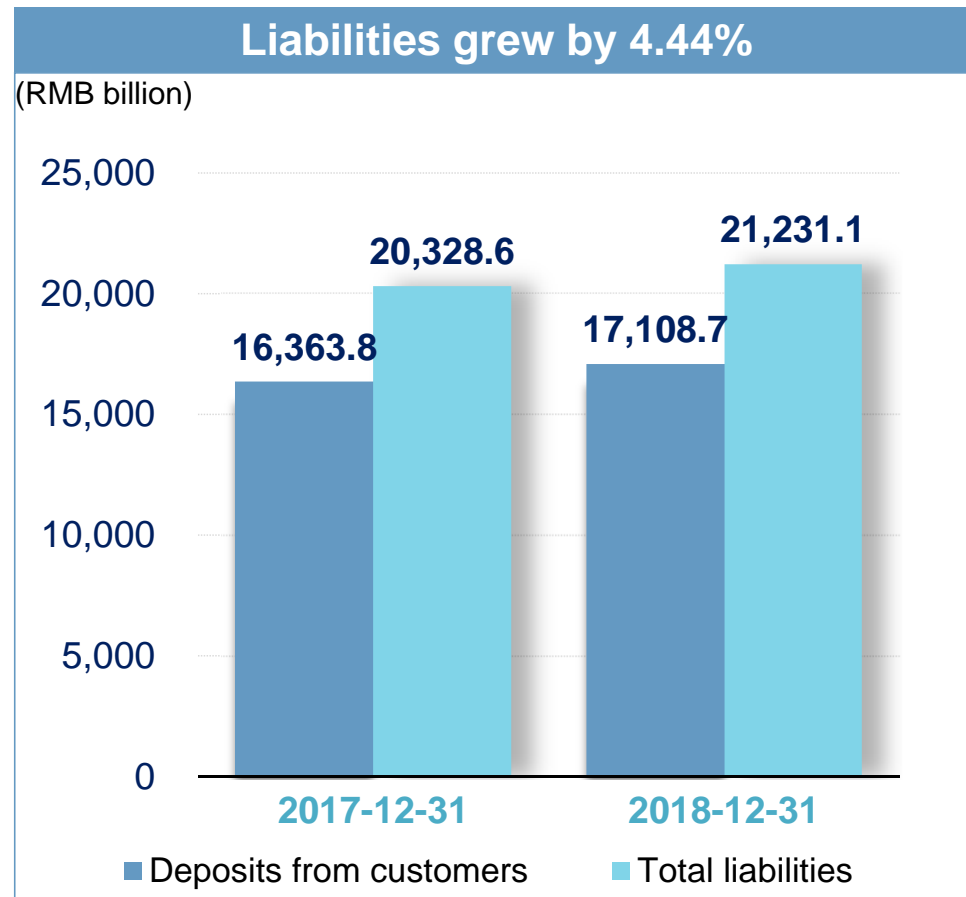
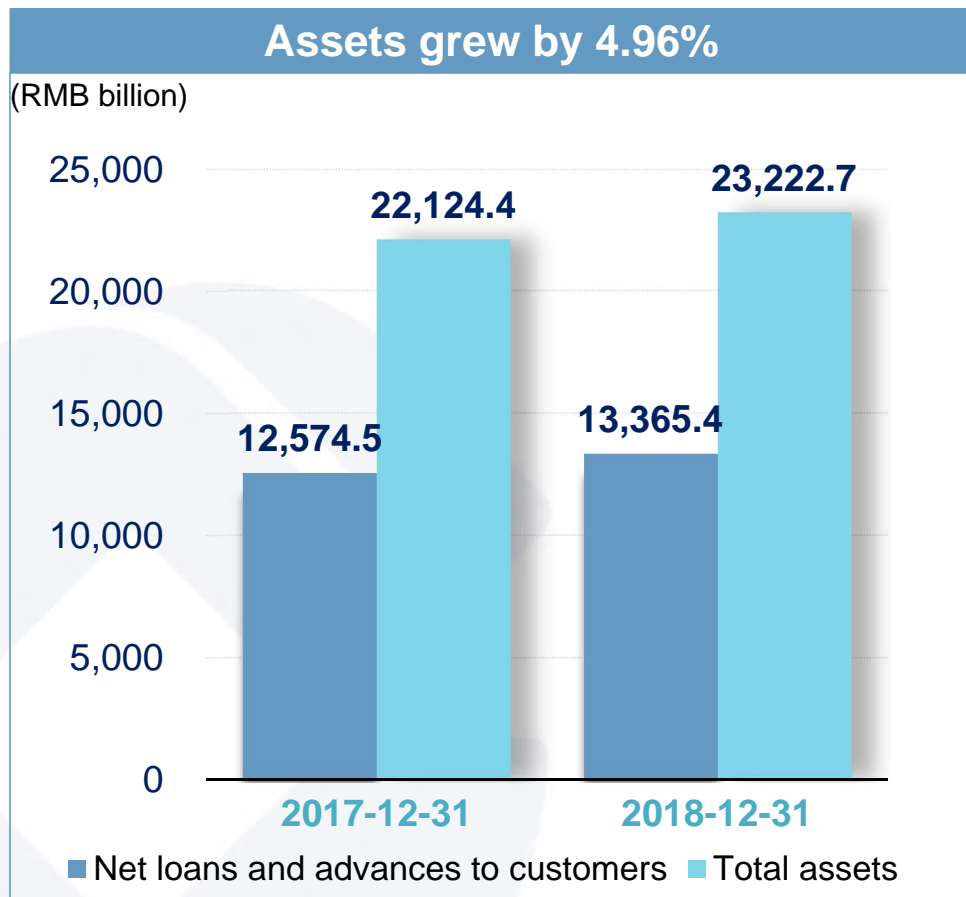
## Financial Performance

CCB adheres to stable business innovation and development, and its business performance has steadily improved. The Bank achieved balanced growth of assets and liabilities, and endogenous growth of capital; while profitability continued to rise, cost management continued to strengthen, and strategic investment was further enhanced.



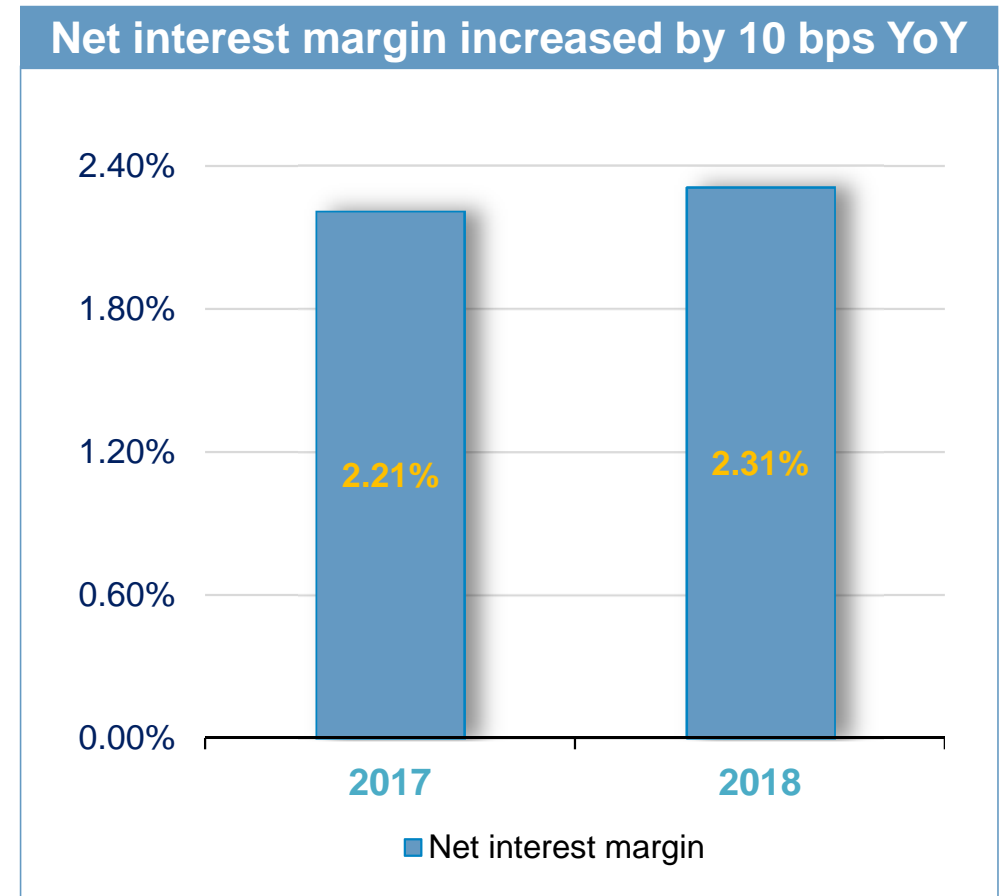
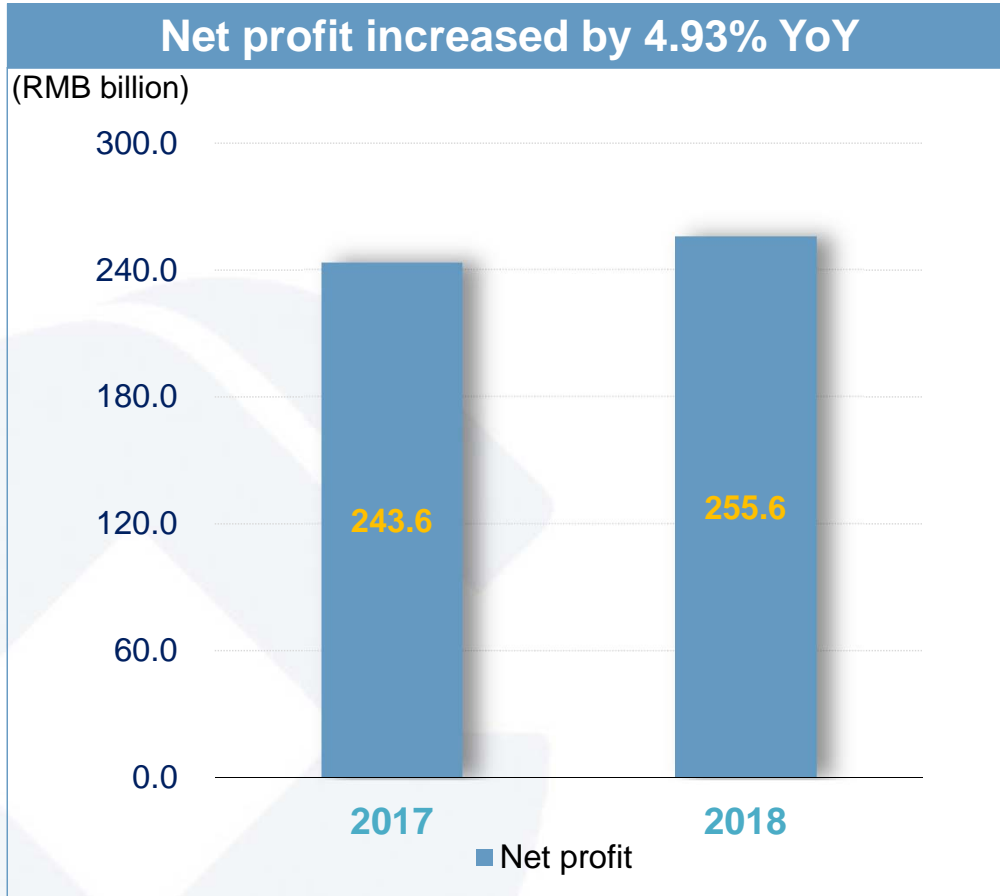


# Balanced Growth of Assets and Liabilities



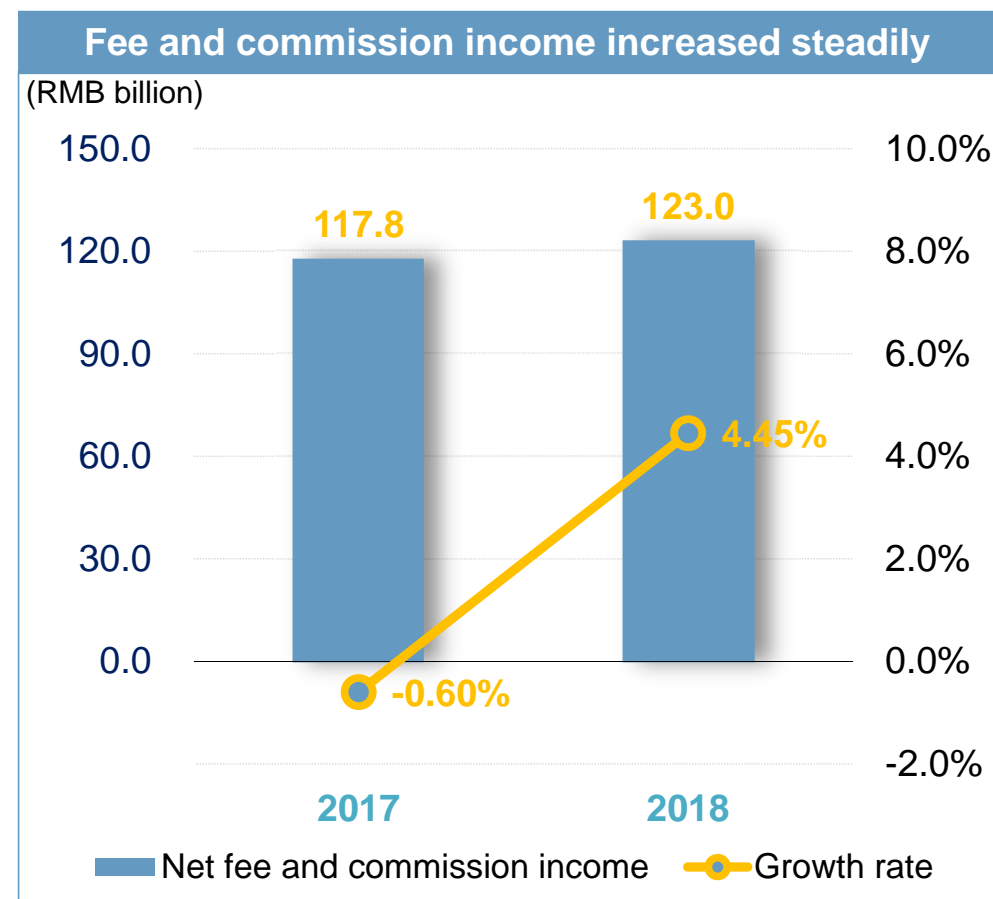
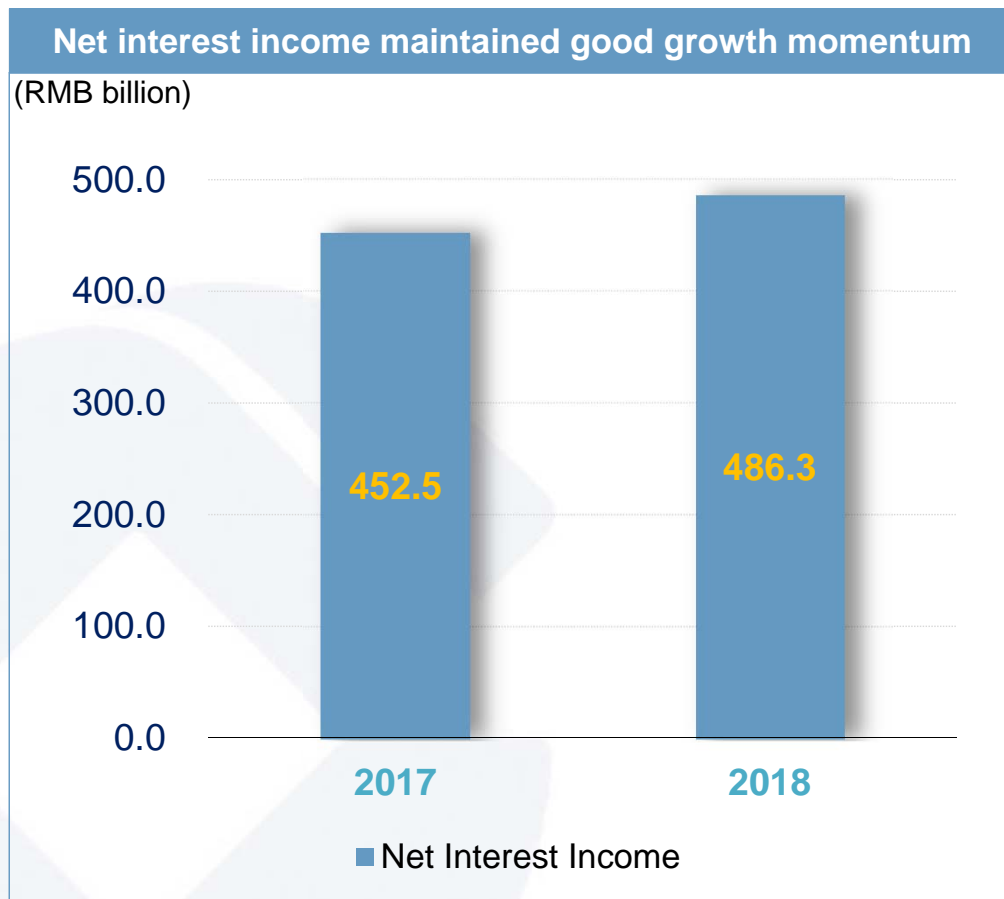


# Profitability Continued to Grow





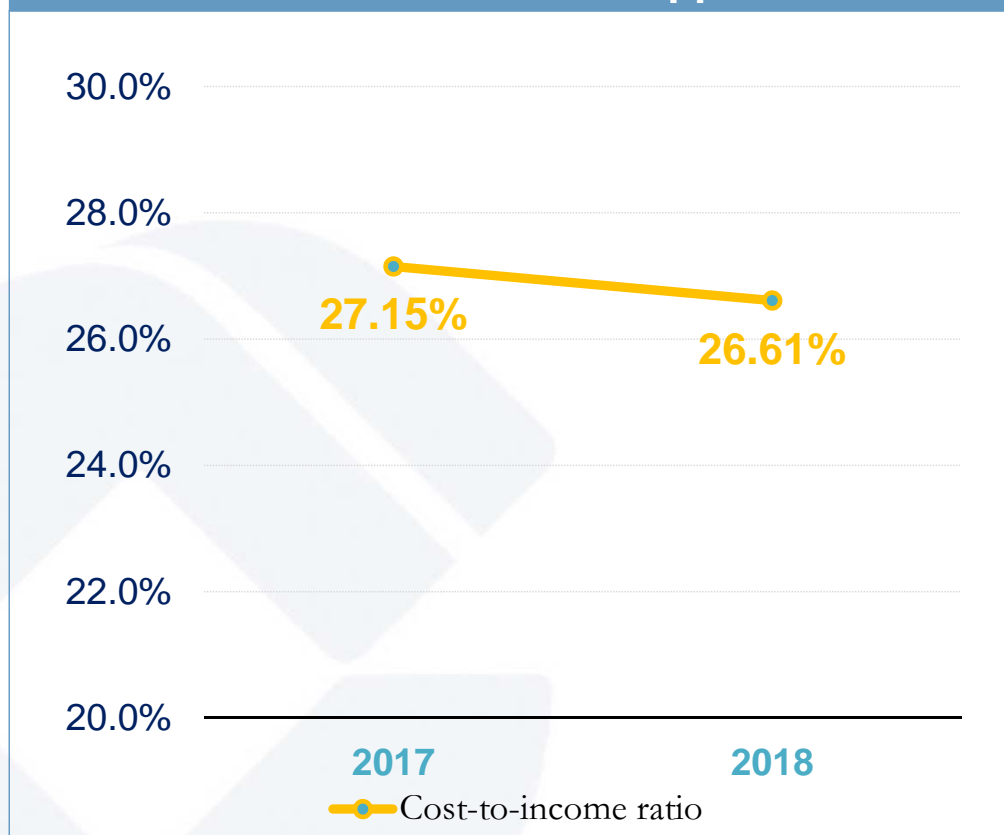
# Steady Growth in Operating Income



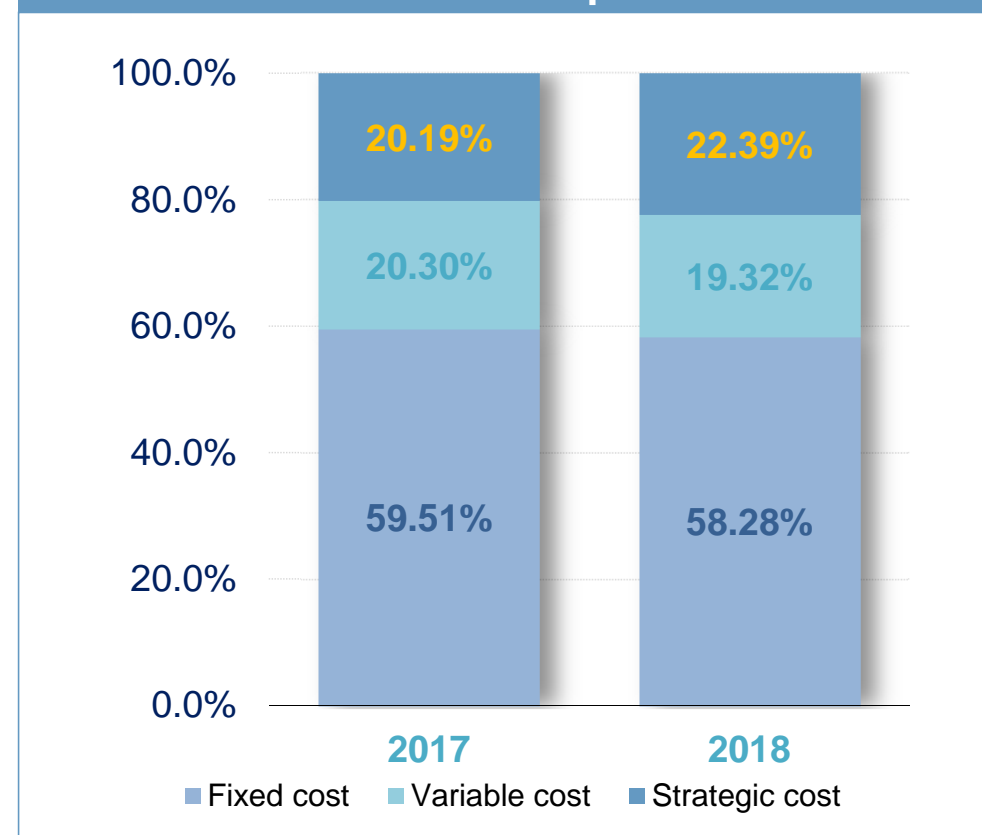


# Sound Cost Control

### Cost-to-income ratio dropped YoY



### Cost structure optimized





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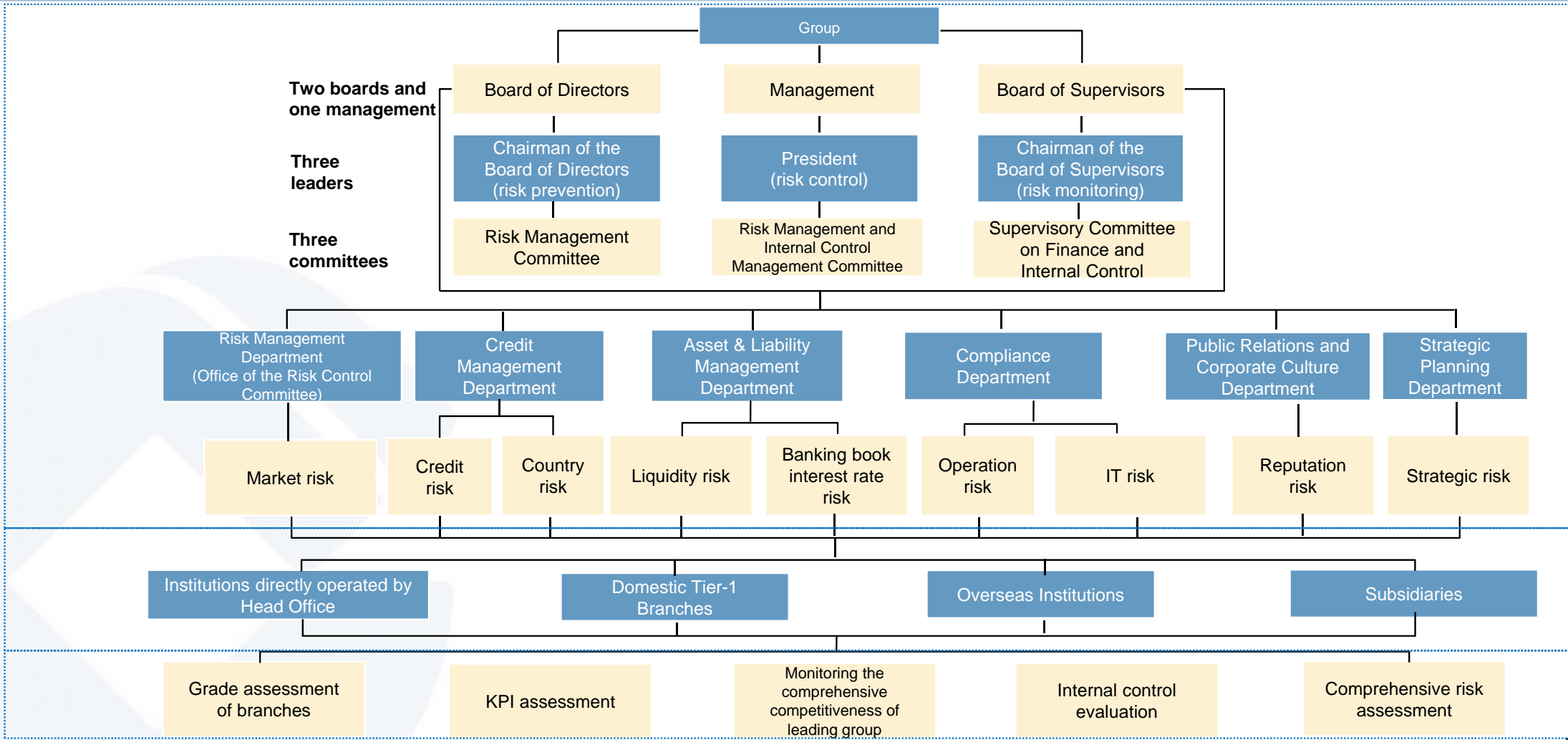


# Risk Management

With the best domestic and international first-class risk management objectives in mind, CCB continues to strengthen its comprehensive and proactive risk management system – enhancing both current risk monitoring and potential risk prevention management and promoting digital and refined, intelligent risk management to stabilize asset quality. All types of risks are generally stable, and comprehensive risk management capabilities are further enhanced, effectively ensuring stable operations and innovative development.



# Comprehensive Risk Management Structure





# Strengthening Comprehensive and Proactive Risk Management

## Deepening comprehensive and proactive risk management

- ◆ Risk appetite
- ◆ Trajectory supervision
- ◆ Risk assessment
- ◆ Asset restructuring
- ◆ Risk management in transaction and investment businesses
- ◆ Full global credit coverage of overseas institutions
- ◆ Compliance management of domestic and overseas institutions and management of anti-money laundering
- ◆ “Long Shi Jie” security management system

## Improving the core competence of risk measurement

- ◆ First risk measurement center
- ◆ Stress test
- ◆ Limits management
- ◆ Refined management of economic capital

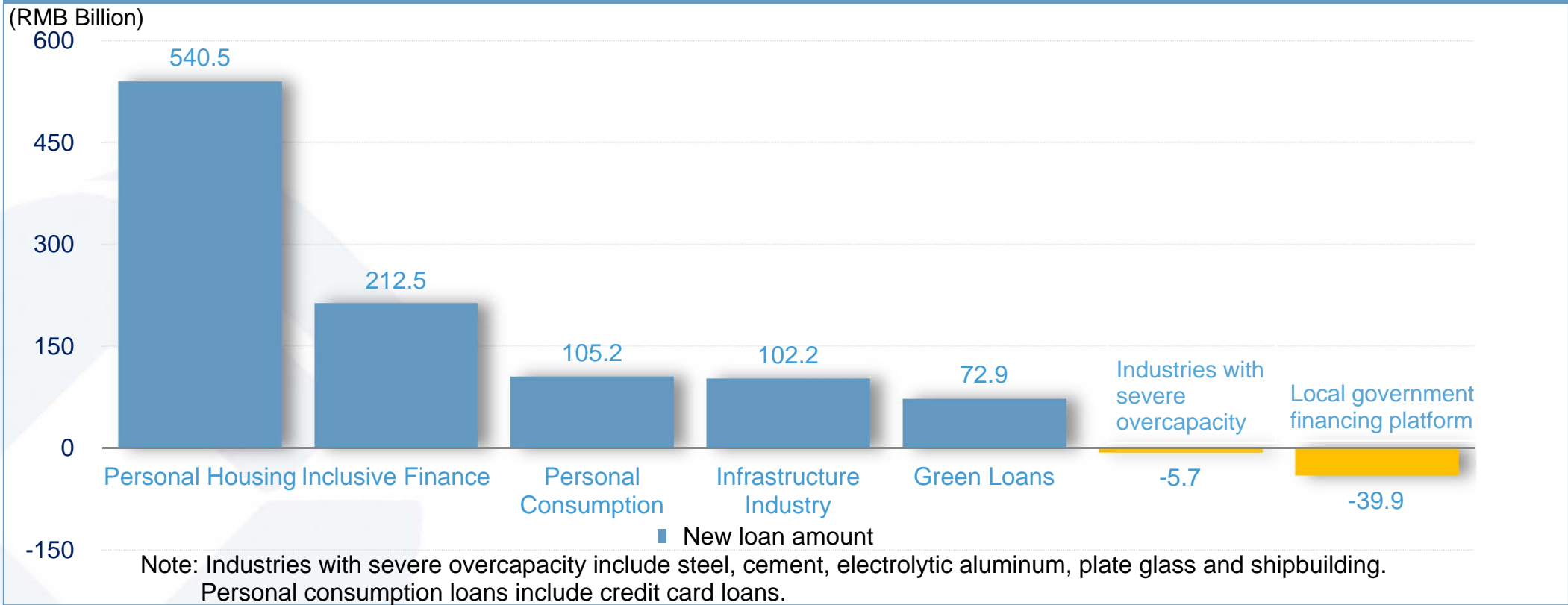
## New online risk control model promotes the steady development of strategic business

- ◆ Online business risk inspection system sorts out problem customers
- ◆ Risk model management component evaluates customer risk
- ◆ Comprehensive risk monitoring and early warning platform improves early warning risk management capability



# Continuously Optimizing the Credit Structure

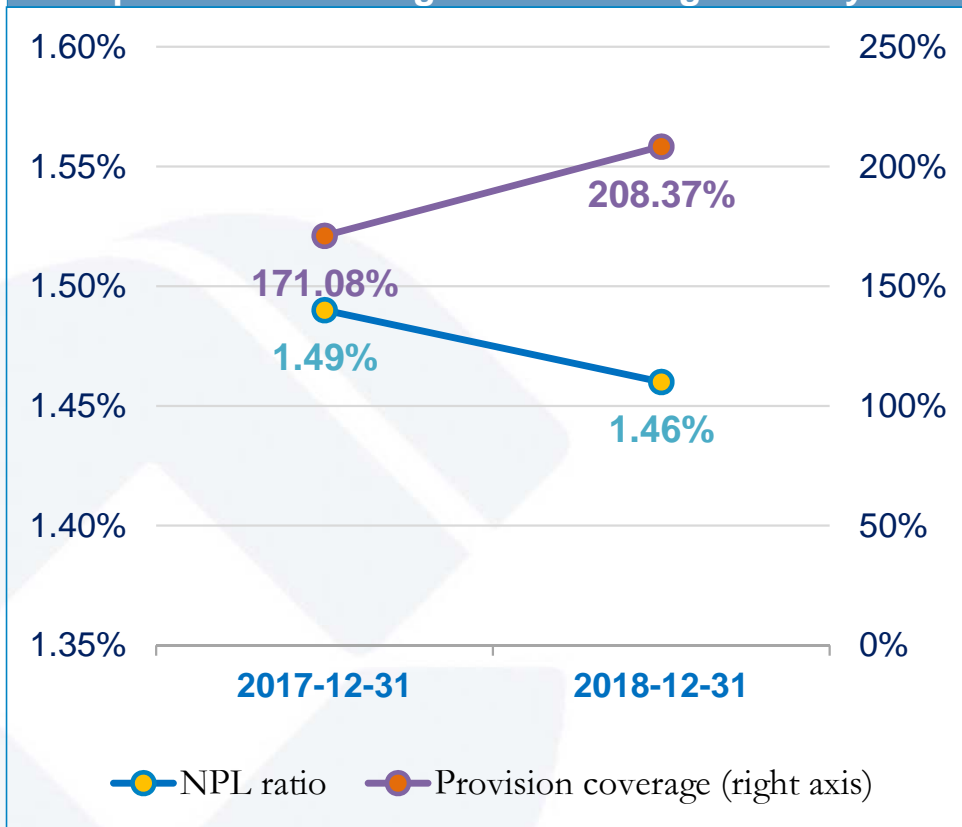
### Continuously adjusting the credit structure





# Asset Quality Continued to Improve Steadily

NPL ratio continued to fall and provision coverage ratio rose significantly



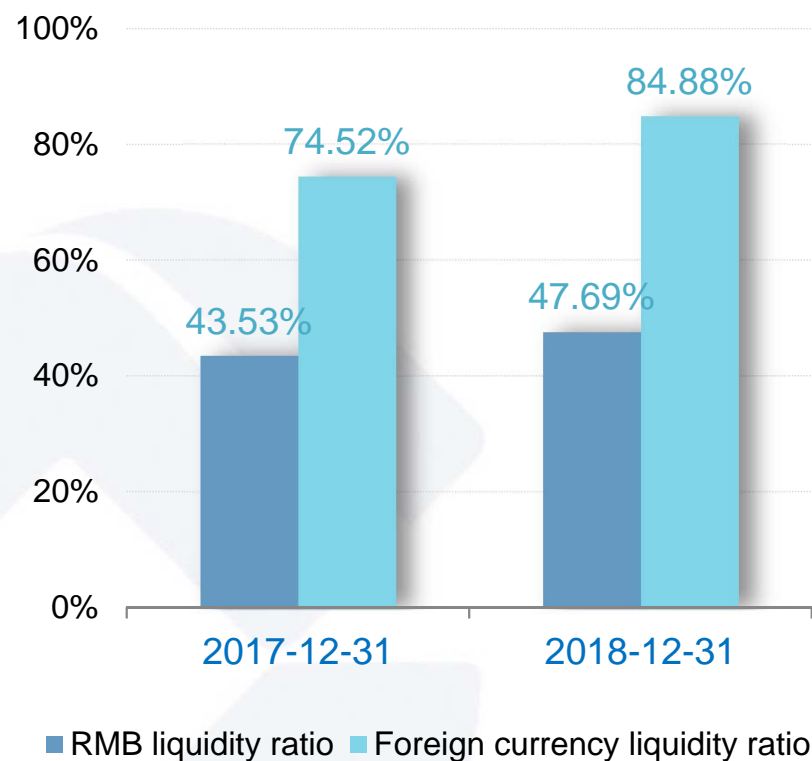
Steady improvement in asset quality

- Overdue loan ratio dropped by 0.02 pps from the beginning of the year
- New NPL formation ratio dropped by 0.11 pps YoY
- Ratio of special mention loans dropped by 0.02 pps from the beginning of the year
- Scissor gap of overdue loans and non-performing loans was negative
- Ratio of overdue loans for more than 90 days to non-performing loans was 60%



# Improved Liquidity Management

## Liquidity remained at a reasonable level



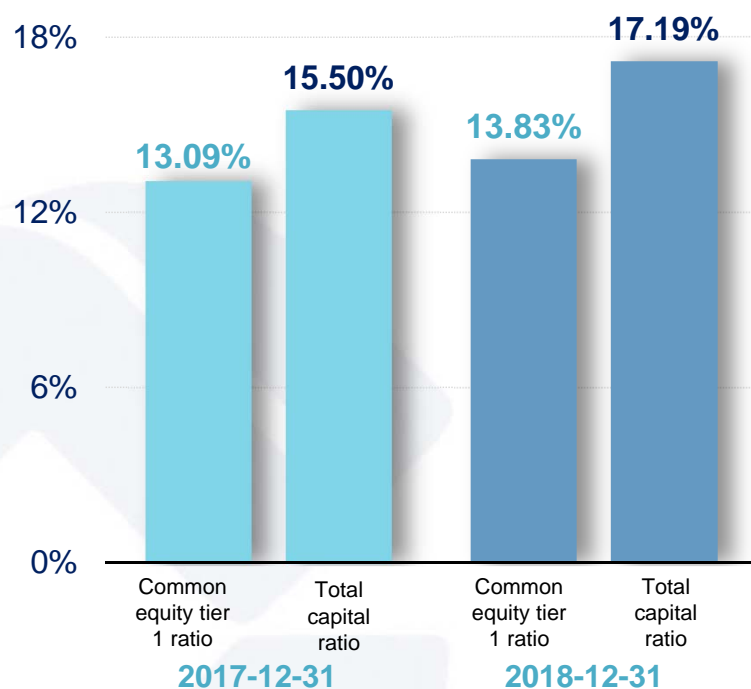
## Effectively managed liquidity risk

- Net stable funding ratio was 126.43%
- Average daily liquidity coverage ratio was 140.78% in the fourth quarter
- Identification, measurement and monitoring
- Limits management
- Forecast management
- Stress test



# Strengthening Capital Management

## Capital adequacy ratio remained high



■ 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.

## Strengthening capital management

- Capital planning
- Improved capital management mechanism
- Capital intensive management
- Capital refinement management
- Business structure optimization
- Domestic and overseas issuance of Tier-2 capital bonds





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## Social Responsibility

CCB focuses on economic and social development as well as customer needs to provide financial solutions, serving the people to live and work in peace and harmony and build a better modern life. CCB creates "Caring Stations" to add positive energy to the community, builds a CCB university to explore new paths for modern financial education. CCB is committed to being customer-centric and to continuous innovation of products and services. While achieving steady and healthy development of various businesses, it strives to be a bank that serves the public, promotes people's livelihood, supports low-carbon environmental protection and sustainable development.



# Building "Caring Stations" and CCB University

## Warmly create "Caring Stations" and add positive energy to the community

- ◆ 14,300 "Caring Stations"
- ◆ Cumulative number of people served was about 30 million
- ◆ Culture of convenience, sharing and community
- ◆ For ordinary workers and customers



## "Open, cooperate, build and share" enterprise university

- ◆ Built to last with a common goal, benefiting the public
- ◆ Integrate online and offline, in-house and external, domestic and overseas education and training resources
- ◆ Serving development strategy
- ◆ Serving the society
  - empowering customers
  - empowering the public
  - empowering the peer industry
  - empowering colleges and universities
- ◆ Serving the employees





# Actively Fulfilling Corporate Social Responsibility

## Serving the public to live and work in peace and harmony, to build a better modern life

### A bank which serves the public

- ◆ House leasing service to enable people to live in peace and harmony
- ◆ Optimize customer experience with global financial services, mobile banking and smart banking
- ◆ Protecting customer rights
  - Intelligent early warning and full process monitoring in personal customer information
  - External fraud risk control
  - Individual customer satisfaction levels lead the industry

### A bank which promotes people's livelihood

- ◆ Targeted poverty alleviation loans increased over 30%
- ◆ Emerging technology serving SMEs
- ◆ "Yu Nong Tong" inclusive finance services support rural revitalization
- ◆ Rural revitalization integrated financial services program

### A low carbon and environmentally friendly bank

- ◆ Develop green credit and reduce the supply of credit for resource industries with high pollution and energy consumption and industries with overcapacity
- ◆ Develop fintech and provide online financial services
- ◆ Low-carbon operation, reducing own energy consumption and its impact on the climate

### A sustainable bank

- ◆ Create value for customers and provide shareholders with continuous and stable returns
- ◆ Protect employees' rights
- ◆ Drive employees, customers and institutions to participate in charity



# External Recognition

## The Banker

The Banker(Britain)  
2018

Best Bank in China 2018

## ASIAMONEY

Asiamoney(Hong Kong)  
2018

Best Bank in China

## GLOBAL FINANCE

Global Finance(USA)  
2018

Best Bank in China 2018



China Banking Association

China Banking Industry  
Most Socially Responsible  
Financial Institution



The Asian Banker(Singapore)  
2018

The Best Mega Retail Bank in China  
Achievement in Enterprise Risk  
Management Award



Financial Times  
2018

Golden Dragon Award  
Best Inclusive Finance  
Services Bank



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# Opportunities and Challenges

## Opportunities

- ◆ The global economy continues to recover as a whole
- ◆ China's economic growth has great potential and resilience
- ◆ Fiscal policies such as large-scale tax cuts and fee reductions are more effective, and a moderately loose monetary policy is maintained
- ◆ The supply-side structural reform in the financial sector promotes high quality financial development
- ◆ National strategies such as Xiong'an New Area, Guangdong-Hong Kong-Macau Greater Bay construction were implemented
- ◆ Huge demand for financial services in areas such as consumption upgrades, strategic emerging industries and green finance
- ◆ Strengthening regulatory oversight and promoting a more standardized financial order

## Challenges

- ◆ The pace of growth in the global economy slows; instability and uncertainty increase
- ◆ External risk rises
- ◆ The downward pressure on the domestic economy has intensified
- ◆ Risks of financial related areas still exist
- ◆ Financial market volatility has strengthened
- ◆ Crossover competition in internet finance has intensified





# Accurately Understand the Nature of Finance and Implement Important Policies for Financial Reform

Accurately understand the nature of finance, comprehensively serve the real economy

- ◆ Meet the needs of the economy and support the development of society and people
- ◆ Economic prosperity leads to financial prosperity; strong economy leads to strong financial development

Deepen the supply-side structural reform of financial sector

- ◆ Strengthen financial service functions
- ◆ Adhere to market-oriented strategy and actively develop personalized, differentiated and customized financial products
- ◆ Accurately support private enterprises and SMEs that are in line with the direction of industrial development

Strike a good balance between ensuring steady growth and preventing risks

- ◆ Grasping the relationship between economic performance and potential financial risks
- ◆ Prevent and mitigate risks in promoting high quality development

Accurately and effectively handle risks in key areas

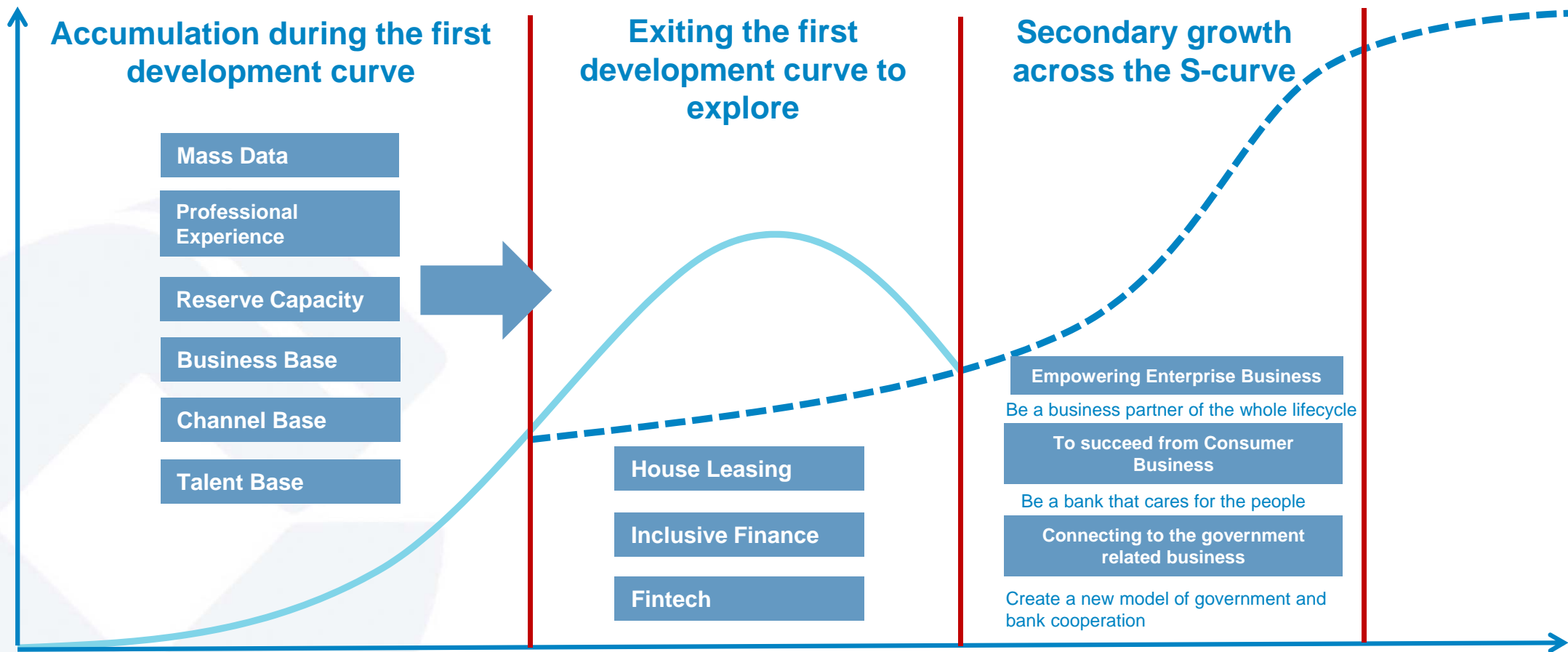
- ◆ External risk
- ◆ Local government debt risk
- ◆ Financial market volatility
- ◆ Credit risk in banking sector and bond market

Deepen financial reform and opening up

- ◆ Systematically promotes supply-side structural reform in the banking sector
- ◆ Reconstruct credit concept, service model, risk management, assessment and evaluation as a whole



# Embarking on the Second Development Curve; Building New Engines for Growth





# Consolidate Business Advantages and Play the Role of a Big Bank - (1)

Continue to serve the real economy, promote steady operation and innovative development, and deepen the implementation of the strategy of "double priorities" to create rich returns for shareholders

- ☑ Comprehensively coordinate the Group's resources to further enhance the ability to serve the real economy
  - Increase support for credit, bond investment, etc.
  - Strengthen support for corporate non-credit financial services
  - Support the implementation of supply-side structural reform
  - Further reduce financing costs
- ☑ Accelerate the implementation of the "double priorities" strategy and continuously improve business competitiveness
  - Deepen retail business priority
  - Consolidate the cornerstone of the wholesale business
  - Accelerate the development of leading edges in transaction businesses and enhance the service capacity of "financing + intelligence financing"
- ☑ Digitally and accurately allocate resources to continuously optimize asset and liability structure



## Consolidate Business Advantages and Play the Role of a Big Bank - (2)

Continue to serve the real economy, promote steady operation and innovative development, and deepen the implementation of the strategy of "double priorities" to create rich returns for shareholders

- ◆ Continue to deepen reform and innovation in key areas and enhance the supply of modern financial services
- ◆ Strengthen comprehensive and proactive risk management to ensure asset quality
- ◆ Deeply promote refined management and improve the operational efficiency of the Group
- ◆ Adhere to compliance priority, strive for steady progress, and promote the healthy development of overseas business
- ◆ Actively explore and make the best effort to build CCB university and research institutes



# Q&A



# Thank You!