For immediate release

**Pushing Forward Transformation and**

**Enhancing Value Creation**

***China Construction Bank announces operating results***

***for the first half of 2014***

**Beijing/Hong Kong, 29 August 2014 –** China Construction Bank Corporation (Hong Kong stock code: 939, Shanghai stock code: 601939; “CCB” or the “Bank”) announced its operating results for the first half of 2014 on 29 August 2014. During the first half of 2014, CCB’s total assets amounted to RMB16.4 trillion. Net profit was RMB130,970 million, up 9.17% over the same period of last year. Annualized return on average assets and annualized return on average equity were 1.65% and 22.97% respectively. Net interest margin was 2.80%, an increase of nine basis points over the same period of last year. The Bank’s key financial indicators continued to lead the market.

As shown in the interim report, the steady growth of the Bank’s profitability was mainly due to the following factors: a moderate increase in interest-bearing assets resulted in stable growth of net interest margin; service and product innovation drove notable growth in the Bank’s fee-based business amid structural adjustment; the further strengthening of cost control and the optimization of the expense structure contributed to a decrease in the Bank’s cost-to-income ratio by 0.45 percentage point to 24.18%.

**Achieved good market performance and stable growth in all business segments**

According to the interim report, CCB’s profitability grew steadily during the first half of 2014 and posted a profit before tax of RMB169,516 million, up 9.23% over the same period of last year. Net profit was RMB130,970 million, an increase of 9.17% compared with the same period of last year. Operating income increased by 9.68% over the same period of last year to RMB276,727 million. Net interest income increased by 12.59% and net interest margin (NIM) stood at 2.80%, an increase of nine basis points over the same period of last year. Net fee and commission income increased by 8.39% and accounted for 21.75% of the operating income. Cost-to-income ratio was 24.18%, 0.45 percentage point lower than the figure in the same period of last year. The Bank’s total capital ratio and common equity tier one ratio were 13.89% and 11.21% respectively, making the Bank a leader among peers.

CCB achieved stable growth of assets and liabilities. As at the end of June, total assets increased by 6.75% over the end of last year to RMB16,399,790 million. Gross loans and advances to customers increased by 6.99% to RMB 9,190,601 million. Total liabilities amounted to RMB15,252,778 million, an increase of 6.75% over the end of last year. Deposits from customers rose by 6.00% to RMB 12,956,956 million.

The Bank further strengthened its customer base. By focusing on client funds management and services, the Bank established a system to drive the internal circulation of client funds in order to boost the take-up rate of business-related funds. The product innovation system operated smoothly and resulted in faster response to customers’ demands. As at the end of June, CCB had 3,268,900 corporate and institutional customers, representing an increase of 203,500, or 6.64%, over the end of last year. The number of the Bank’s personal customers rose by 9.21 million to nearly 300 million, up 3.17% over the end of last year. Online banking customers increased by 9.23% over the end of last year to 167 million. Mobile phone banking customers grew by 12.56% to 131 million.

The Bank optimized its business channels and pushed forward the transformation from traditional counter services to comprehensive electronic services. To enhance information architecture, process management and business intelligence, the Bank made full use of information technology and big data in operation and management. As at the end of June, the Bank’s service network was further expanded with a total of 14,707 operating outlets nationwide. The number of self-service equipment increased by 3,115 to 72,128 over the end of last year. The ratio of the accounting transaction volume through electronic banking and self-service channels to the total volume rose by 1.15 percentage points over the end of last year to 86.55%.

**Stepped up credit structure adjustment and actively supported the real economy**

During the first half of 2014, CCB appropriately allocated its resources to facilitate economic development and industry upgrade. It focused on increasing the supply of financing and its ability to support key areas important for national welfare and people’s livelihood. An increase in loans to infrastructure accounted for 47.26% of the incremental corporate loans. The Bank actively supported the development of small and micro businesses, “agriculture, farmers and rural areas”, as well as people’s livelihood. During the first half of the year, the Bank granted a total of RMB494,277 million credit funds to 96,500 small and micro enterprises, and increased agriculture-related loans by RMB80,740 million. The Bank promoted its “Minben Tongda” comprehensive financial service solution with loan balance of RMB238,776 million in loans to the welfare sectors. The Bank also expanded financing channels for the construction of indemnificatory houses and the loan balance amounted to RMB81,161 million. In addition, the Bank captured opportunities arising from economic restructuring in order to adjust its credit structure. During the first half of the year, domestic retail loans increment accounted for 53.88% of the total domestic loan increment, and residential mortgages increased by RMB202,164 million to RMB2,082,383 million, ranking first among peers once again in loan increment and balance. Loans to five industries with severe excess capacity, namely steel, cement, electrolytic aluminum, plate glass and shipbuilding, decreased by RMB6,126 million compared with the beginning of the year. Loans to local government financing vehicles decreased by RMB9,274 million compared with the end of last year. The composition of the Bank’s customer base was further optimized.

**Accelerated strategic transformation and continued to improve innovation capability**

In line with the positioning of its transformation to pursue “integration, multifunction and intensiveness”, CCB sped up the pace of its various reforms. As shown in the interim report, the Bank achieved a further breakthrough in its integrated operation. Following the capital injection into Shanghai Liangmao Futures, CCB’s non-banking business was extended to cover commodity futures and financial futures, contributing to a leading integrated operational platform among its peers. The industry ranking of the Bank’s subsidiaries continued to rise, with key business indicators of CCB Life and CCB International ranking first among Chinese banks.

The Bank’s multifunctional transformation yielded significant effect and contributed to the rapid development of its strategic businesses. According to the interim report, the Bank had 50.2 million credit card users and the total number of cards issued exceeded 60 million, ranking first among peers in terms of new users, number of cards issued and number of transactions. The Bank’s underwriting volume of debt securities amounted to RMB 202,833 million, and continued to rank first among peers. The Bank also ranked first among peers in the following areas: the increase in market share of the Bank’s pension assets under custody, the number of new securities investments under custody, and the size of insurance assets under custody. The Bank was also among the first batch of Chinese custodian banks to participate in the RQFII scheme in Singapore.

Intensive transformation progressed as planned and the Bank’s fundamentals continued to strengthen. The Bank pushed forward the development of an integrated platform of its outlets. The Bank had 13,100 integrated outlets and 13,500 integrated marketing teams. The percentage of integrated tellers rose to 73%. Some of the branches have actively initiated the transformation of functional outlets into intelligent outlets. The Bank further implemented the separation of front and back offices, as well as the centralized processing at its headquarters for 28 types of real-time over-the-counter products and services across all outlets.

CCB has endeavored to transform itself into an innovative bank. The Bank completed 357 product innovation projects during the first half of the year, 60 more than the same period of last year. As part of the product innovation, the Bank accepted for the first time intellectual property rights and shares of non-listed companies as collateral for loans extended to technology enterprises. Targeting corporate clients and public institutions, the Bank provided value-added services such as custody consultancy, account information management and pension card through its financial product “Yangyiwuyou”. The Bank also launched the first supplementary medical insurance integrated management product among large-scale state-owned commercial banks in China.

Regarding technology innovation, the benefits of developing the “new generation” core banking system have gradually emerged. All 13 projects of Phase I of the system were put into operation and are functioning effectively, enabling the business operation and channel migration of 340,000 corporate cash management clients, 190,000 entrusted entities for whom the Bank provided payment and collection services, and 2.52 million corporate online banking clients. The 34 projects of Phase II of the “new generation” commenced to enable the advance delivery of 18 functions across nine projects involving customer and staff channels, providing support and guarantee for the Bank’s strategic transformation.

**Smoothly advanced overseas layout and achieved breakthrough in international business**

In the first half of 2014, CCB’s overseas business made great progress. The Bank was appointed as the RMB clearing bank in London, becoming the first designated RMB clearing bank outside of Asia; its Macau branch officially opened; it received licenses for its Toronto Branch and New Zealand subsidiary; and the Bank actively pushed forward applications to establish branches in Chile and London, as well as four branches under CCB Europe. With the rapid growth of overseas business and breakthroughs in key areas, CCB’s cross-border RMB settlement business volume reached RMB710,639 million, an increase of 79.85% compared with the same period of last year. The Bank actively supported the development of free trade zones and financial reform and innovation in border areas. It was the first bank to establish an entity in Horgos, Xinjiang Uyghur Autonomous Region; the Bank became one of the first pilot banks to operate in the Shanghai Free Trade Zone; it established cross-strait RMB clearing centers in Xiamen City of Fujian Province and Guangxi Zhuang Autonomous Region, as well as Sino-ASEAN cross-border RMB business center – piloting cross-border RMB financial services. Meanwhile, it successfully issued 1.5 billion yuan RMB bonds in Frankfurt, Germany.

**Effectively reformed risk management system and maintained asset quality steadily**

After CCB made adjustments and reforms to its risk management system, credit progress and credit approval mechanism, the Bank’s credit approval business procedures were separated into several sections, namely pre-lending evaluation, credit approval and post-lending management. The separation enabled the Bank’s relevant business units to assume their responsibilities and ensured overall risk prevention and management. The Bank’s ability to review credit approval was further enhanced via different methods, such as credit granting at the Group level, comprehensive credit approval and global credit approval, which further satisfied comprehensive financial needs of customers in a more centralized and efficient way. The Bank’s risk management has become more responsive to the market. Its credit approval cycle was greatly shortened which effectively boosted customer experience. In response to uncertainties in economic restructuring, CCB launched an annual campaign on the prevention and management of credit risk. During the campaign, the Bank took a number of actions, including enhancing risk detection, dismissing potential risk, resolving key risk issues under the direct leadership of the Bank’s management, and reinforcing disposal of non-performing loans. As a result, the quality of the Bank’s credit assets remained stable, and loans to industries with excess capacity and local government financing vehicles declined compared with the end of last year. As CCB’s interim results indicate, in the first half of 2014, the Bank’s non-performing loan ratio stood at 1.04%, up 0.05 percentage point from the end of last year; the ratio of allowances to non-performing loans was 248.87%, maintaining a comparatively high level among peers; the Bank also maintained an adequate level of liquidity and a reasonable level of allowances to non-performing loan ratio.

In addition, CCB’s capital adequacy level was further improved. In April 2014, after receiving regulatory approval, the Bank became one of the first banks to implement advanced methods in capital management. It seized the opportunity to continue boosting the fundamental capability in capital management, transforming into a management model used by financial groups, enhancing management and planning at the Group level, and pushing forward the intensive utilization of capital. By sharing various advantageous resources internally, the Bank aims to maximize its overall income. According to the advanced measurement method, as at the end of 30 June 2014, CCB’s capital ratio was 13.89%, with common equity tier one ratio at 11.21%.

According to CCB’s interim report, the Bank’s operation and management performance was fully recognized by media and institutions. The Bank received 45 accolades at home and abroad and had remarkable results in some of the rankings, including the second place in the “Top 1000 World Banks” in terms of tier one capital by *The Banker* magazine, advancing by three places from the previous year; the second place in “Forbes Global 2000”; and the 38th place in “Fortune Global 500”, climbing by 12 places from the previous year.

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**About China Construction Bank Corporation**

China Construction Bank Corporation, established in October 1954 and headquartered in Beijing, is a large and leading joint-stock commercial bank in China and a well-known brand in overseas markets. The Bank was listed on Hong Kong Stock Exchange in October 2005, and was listed on the Shanghai Stock Exchange in September 2007. As at the end of 2013, the market capitalization of the Bank reached USD187.8 billion, ranking fifth among all listed banks in the world. The Bank upholds an operating philosophy of “customers-centric and market-oriented”, adheres to a strategic direction featuring “integration, multifunction and intensiveness”, and strives to provide customers with premium, efficient, comprehensive and modern financial services by accelerating and achieving innovation across products, channels and service models.