Press release

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**Steady Growth Driven by Innovation,**

**Actively Serving the Real Economy**

*China Construction Bank Announces 2017 Annual Operating Results*

**2017 Financial Highlights (RMB):**

* Total assets amounted to 22.12 trillion, representing an increase of 5.54% compared to 2016.
* Net profit reached 243.62 billion, representing an increase of 4.83% compared with the previous year, while net profit attributable to equity shareholders improved by 4.67% year-on-year to 242.26 billion. Net interest margin (NIM) reached 2.21%.
* Total loans and advances to customers stood at 12.90 trillion, a year-on-year increase of 1,146.41 billion or 9.75%. Total customer deposits increased by 960.84 billion or 6.24% year-on-year to 16.36 trillion.
* Return on average assets and return on average equity were 1.13% and 14.80%, respectively.
* Total capital ratio (CAR) was 15.50%, non-performing loan ratio was 1.49% and the provision coverage ratio was 171.08%.
* In view of a strong business performance, the Board of Directors recommends a final cash dividend of 0.291 per share (tax included).

**27 March 2018, Beijing and Hong Kong, China** - China Construction Bank Corporation (Shanghai stock code:601939, Hong Kong stock code:939; CCB or the “Bank”) today announced its operating results for 2017. As of the end of 2017, CCB’s total assets reached RMB22.12 trillion, a year-on-year increase of 5.54%, in which gross loans to customers were RMB12.90 trillion, up by RMB1,146.41 billion or 9.75% over 2016. The Group’s total liabilities reached RMB20.33 trillion, a year-on-year increase of 4.93%, in which total deposits from customers were RMB16.36 trillion, up by RMB960.84 billion or 6.24% over 2016.

The Bank’s profit maintained solid growth. The net profit reached RMB243.62 billion, a year-on-year growth of 4.83% or an increase of 3.30 percentage points in growth rate compared to 2016. Net interest income increased by 8.30% and the net interest margin grew quarter by quarter. Net fee and commission income accounted for 19.83% of the operating income. Overseas commercial banks and integrated operating subsidiaries increased their contribution to the profitability of the Group, with an increase of 69.46% and 22.86% in net profit respectively.

Core indicators remained steady and coordinated. The return on average assets was 1.13%, the return on average equity was 14.80%, the net interest margin was 2.21%, the cost-to-income ratio was 27.15%, and the capital adequacy ratio was 15.50%. The core indicators showed coordinated improvement, staying ahead in the industry.

In 2017, facing a complex external environment and new challenges, CCB focused on supporting the real economy, preventing and controlling financial risks and deepening financial reform. It implemented new development concepts, adhered to sound and compliant operations and actively undertook social responsibilities. It supported the real economy through reform and innovation. The Bank’s business structure has been further optimized and asset quality has been steadily improving, with good momentum for growth. The Bank’s core indicators and market capitalisation continued to be among the top in the industry.

**Active development of traditional advantages, and innovation to serve the real economy**

CCB accurately grasps the orientation of the national housing policy. It has seized the opportunity of encouraging both housing purchase and renting, by actively pursuing new models to develop its housing rental business and exerting its financial power to boost the structural reform of the country’s housing supply. Drawing on CCB’s wealth of experience in housing finance accumulated over three decades and the technological advantages of its New Generation Core System, CCB led the industry in providing comprehensive housing rental solutions and launched housing rental integrated service platforms. The Bank promoted new ideas in housing consumption and built up its reputation as the “If you want to rent, come to CCB”. As of now, CCB has signed cooperation agreements with over 300 prefecture-level and above administrative regions. The number of online apartments for housing rental platforms has exceeded 120,000.

In 2017, CCB continued to consolidate its business strengths and enhance its ability to serve the real economy. From loans to comprehensive financing, and then to comprehensive financing products and advisory services, the Bank has continued to expand the depth and breadth of its services.

CCB made full use of its unique strengths to proactively align to national strategies. It was the first to support the construction of the Xiong’an New Area. It strongly supported major initiatives including the “Belt and Road”, the development of the Yangtze River Economic Belt and the Collaborative development of Beijing-Tianjin-Hebei region. Loans to infrastructure sectors amounted to RMB3,357.45 billion, an increase of RMB461.30 billion or 15.93% compared to 2016. The Bank was active in building up its M&A teams with new members from diversified business lines and regions, and prioritised projects such as SOE reform and Chinese companies “going global”. CCB’s overall investment and financing maintained fairly rapid growth.

CCB made great efforts to help “cut excessive industrial capacity, destock, de-leverage, lower corporate costs and enhance weak links”. It supported the development of the new economy and upgrading of traditional industries. Loans to strategic emerging industries and advanced technology sectors grew significantly; the balance for green loans exceeded RMB 1 trillion, an increase of 12.74%, with effective control on loans granted to industries with overcapacity. CCB maintained its leading advantage in the marketisation of debt-to-equity swaps, with a contract value of RMB589.70 billion and implementation value of RMB100.80 billion – both of which led the field and helped enterprises to trim their leverage ratios.

CCB worked hard to reduce the cost of financing and fees and gave concessions to ease the burden on enterprises. It rolled out innovative products such as the “Fast Loan to Small and Micro Businesses”, “Yunshuidai” and “Yunongtong” to support vulnerable parts of the economy. Loans to small and micro enterprises and agriculture-related sectors reached RMB1.61 trillion and RMB1.77 trillion respectively. CCB made strides in building a more inclusive business, helping small enterprises to become big businesses.

CCB continued to prioritise its retail business. The personal banking business accounted for 45.95% of pre-tax profit, an increase of 2.16% compared to 2016. At the end of 2017, individual housing loans stood atRMB4.21 trillion, the highest in the industry, with a year-on-year increase of RMB627.42 billion or 17.50%. Growth in personal consumer loans also outperformed peers, boosting the transformation and upgrading of the country’s household consumption. Personal self-service loans extended through the “Fast Loan” electronic channel reached RMB156.34 billion, an increase of RMB127.46 billion. The number of credit cards issued reached 100 million; spending through credit cards amounted to RMB2.62 trillion and the loan balance totalled RMB563.61 billion, with core indicators such as the number of customers, the amount of loans, the number of merchants and asset quality remained at the top in the industry.

**Accelerated fintech innovation, continued to enhance CCB’s first-mover advantage**

In 2017, CCB accelerated its fintech strategy to create new competitive advantages. Through the successful completion of the “New Generation Core System”, CCB has built an industry-leading data management and application system which has significantly strengthened its competitiveness. CCB delivered the system to grow its customer base and create a new revenue stream through system improvements and software products. In 2017, 140,000 new customers successfully applied for “Fast Loan for Small and Micro Businesses”. In total, RMB171.80 billion of loans have been granted to 210,000 customers. The Bank progressed its big data strategy by building a big data working platform, delivering more than 430 big data application projects and establishing a property price index and house rental index – the first in the industry. The Bank has extended its smart banking offering and made STMs available at all outlets. Combining technological innovation with the idea of pursuing openness and sharing, the Bank has developed comprehensive financial service tools that utilise the Internet, big data and artificial intelligence to provide customers with multi-faceted, integrated services including financial products, advisory services and Internet plus services.

In 2017, CCB closely followed the national strategy of innovation-driven development. It promoted innovation of business models, moved from scale-driven to innovation-driven development, and diversified its product and service systems. The Bank completed the innovation of more than 1,500 items and product duplication of approximately 2,400 items. It enhanced its competitive advantage around emerging businesses to create growth drivers through a deep understanding of economic trends and evolving customer demands. The Bank also improved its transaction and market making capabilities. Revenue from the transaction business reached RMB13.98 billion, a year-on-year increase of 16.14%. The volume of debt securities underwriting for non-financial enterprises topped RMB400.10 billion, leading the market for the 7th consecutive year.

**Improved overall risk control and played the role of market stabilizer**

In 2017, through accurately analysing risk patterns, CCB has improved its risk prevention and control mechanism and stuck to the principle of avoiding systematic risk. The Bank played the role of a stabilizer and a pressure-reducing valve in the market by improving its comprehensive risk management regime. Leveraging new technologies including the Internet and big data, the Bank strengthened and improved the accuracy of its early risk warning and control procedures. Through early detection and handling, CCB has succeeded in proactively managing and controlling risk. The Bank’s key indicators of asset quality experienced “five falls and two rises”, with a decline in the NPL ratio, overdue loans ratio, special mention loans ratio, ratio of new NPLs and credit loss ratio, and an increase in the negative scissors of overdue loans and NPLs, and the Bank’s capability to mitigate risk.

In 2017, the Group’s NPL balance reached RMB192.29 billion, and the NPL ratio was down by 0.03% year-on-year to 1.49%. The ratio of allowances to NPLs was 171.08% and the ratio of allowances to total loans was 2.55%. The Bank delivered a stable performance with good momentum for improvement in asset quality.

**Proactive pursuit of corporate social responsibility and building a better life**

In 2017, CCB continued to advance its corporate social responsibility strategy that centres on commitments to serving the public, improving people’s livelihood, carbon reduction & environmental protection, sustainable development, and contributed to a better life. CCB engaged in targeted poverty alleviation through tangible actions that supported the development of poverty-stricken areas. As of the end of 2017, the balance of loans for targeted poverty alleviation amounted to RMB149.26 billion, an increase of 57.41%. CCB continued to support the long-term philanthropic projects, including CCB Health Express for Mothers, a Growth Plan for senior high students, CCB Hope Schools and financial aid for impoverished mothers, with charitable donations for the year amounting to RMB77.86 million. CCB is committed to creating a green bank and developing green credit in order to facilitate the national strategy of ecological civilisation construction. CCB continuously enhanced its consumer rights and protection measures and improved its customer satisfaction score. In 2017, the overall satisfaction rating amongst CCB’s personal customers was 2.90% higher than the average in the banking sector.

In 2017, the Bank was honoured with over 100 key awards from prominent organisations at home and abroad. For instance, CCB was named the “Best Bank in China 2017” by *Asiamoney*. It retained the “Diamond Award for RMB Internationalization Service” from *Institutional Investor* and was honoured with the title of the “Best Bank for Trade Financing in China 2017” by *The Asian Banker*. In 2017, the Bank placed second in the *The Banker*’s“Top 1000 World Banks” in terms of tier-one capital for the fourth year in a row.

**About CCB**

China Construction Bank Corporation (“CCB” or “the Bank”), headquartered in Beijing, is a leading large-scale joint stock commercial bank in Mainland China, and began operations in October 1954 as China Construction Bank. The Bank was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and listed on the Shanghai Stock Exchange in September 2007 (stock code: 601939).

At the end of 2017, the Bank’s market capitalisation reached US$232.898 billion, ranking fifth among listed banks in the world. The Bank ranked second in the “Top 1000 World Banks” in 2017 in terms of total tier-one capital according to the UK magazine *The Banker*.

With 14,920 branches and sub-branches, CCB has 352,621 employees and provides services to millions of personal customers and corporate clients. It cooperates closely with the leading enterprises in strategic industries across the Chinese economy and provides services to a large number of high-end customers. CCB owns more than 200 overseas branches of all levels in 29 countries and regions around the world. The Group’s subsidiaries cover multiple business areas, such as mutual funds, financial leasing, trust, life insurance, property insurance, investment banking, futures and pension.

The Bank upholds its “customer-centric, market-oriented” business philosophy and is dedicated to creating the highest value for its stakeholders, accomplishing the combined goals of short-term and long-term benefits, and those of business operation and social responsibility, and ultimately realising maximum value for the customers, shareholders, society and employees.