

2012 Interim Results Presentation of China CITIC Bank



Aug. 2012

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Part 1

Business Management in 1H2012



Part 1 Business Management in the First Half of 2012



❖ Major Indicators

Unit : RMB
100 million

● **Profitability**
improved rapidly →

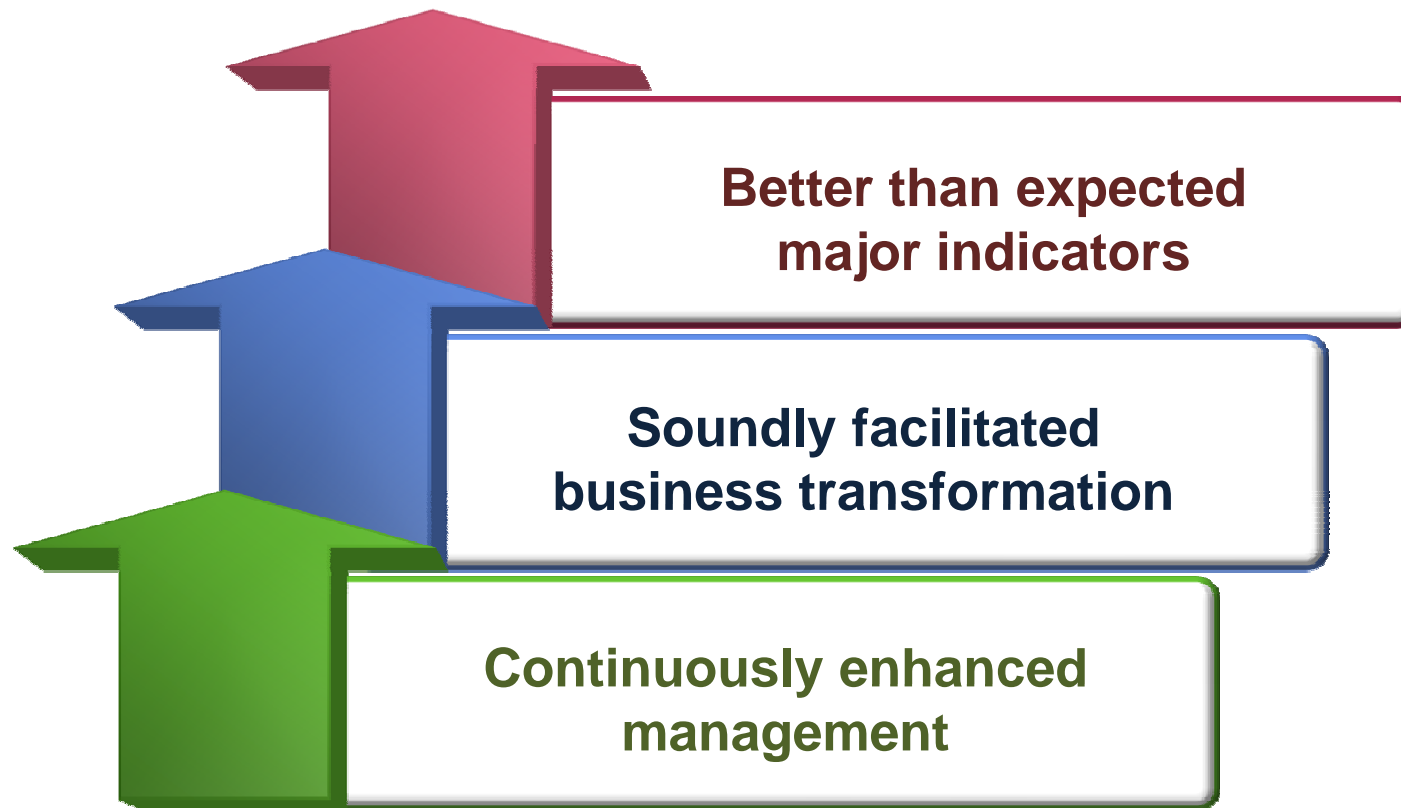
● **Asset quality**
remained stable →

● **Business scale**
grew steadily →

● **Regulatory indicators**
reached the goal →

Performance indicators	1H20112	Year-on-year increase	Year-on-year growth rate
Net profit attributable to shareholders	193.7	43.5	29.0%
Net interest income	369.3	71.2	23.9%
Net non-interest income	72.4	17.5	31.8%
Cost-to-income ratio	28.4%	Down 1.9 percentage points	
Quality indicators	30-Jun-2012	Change from year beginning	
NPL	93.9	Up RMB850 million	
NPL ratio	0.61%	Up 0.01 percentage point	
Provision coverage ration	273.2%	Up 0.9 percentage point	
Scale indicators	30-Jun-2012	Change from year beginning	Growth rate
Total assets	29,164	1,505	5.4%
Self-operating deposits	21,888	2,208	11.2%
Loans	15,354	1,014	7.1%
Other indicators	30-Jun-2012	Change from year beginning	
Loan-to-deposit ratio (the Bank)	70.07%	Down 2.90 percentage points	
Capital adequacy ratio	13.44%	Up 1.17 percentage points	

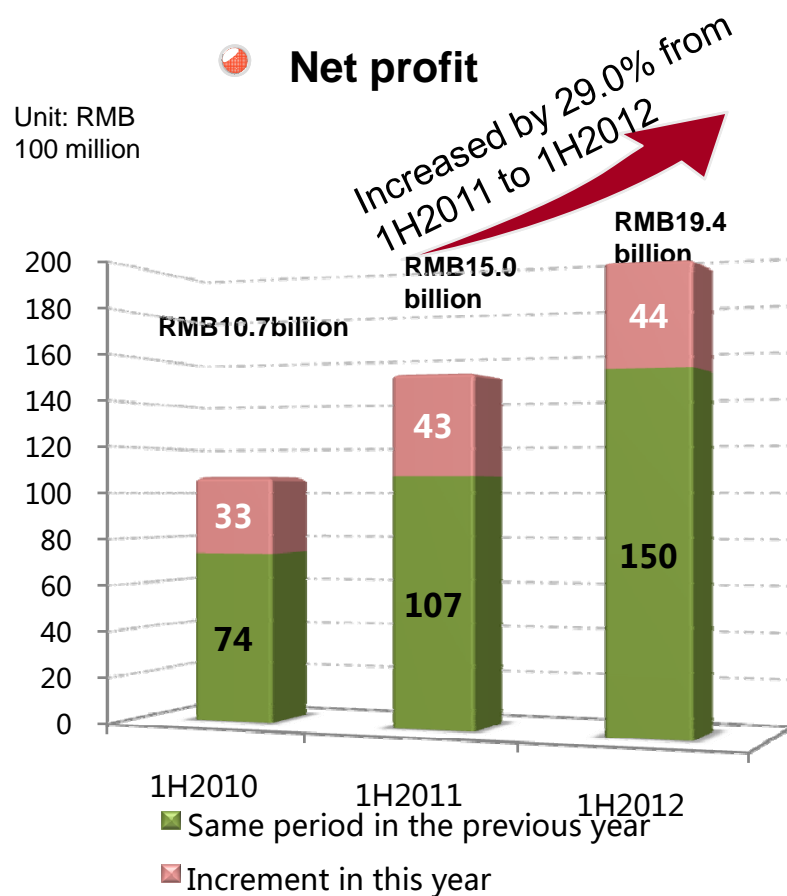
Part 1 Business Management in 1H2012



Part 1 Business Management in 1H2012



✦ Better than expected major indicators – profitability improved rapidly



Rate of return

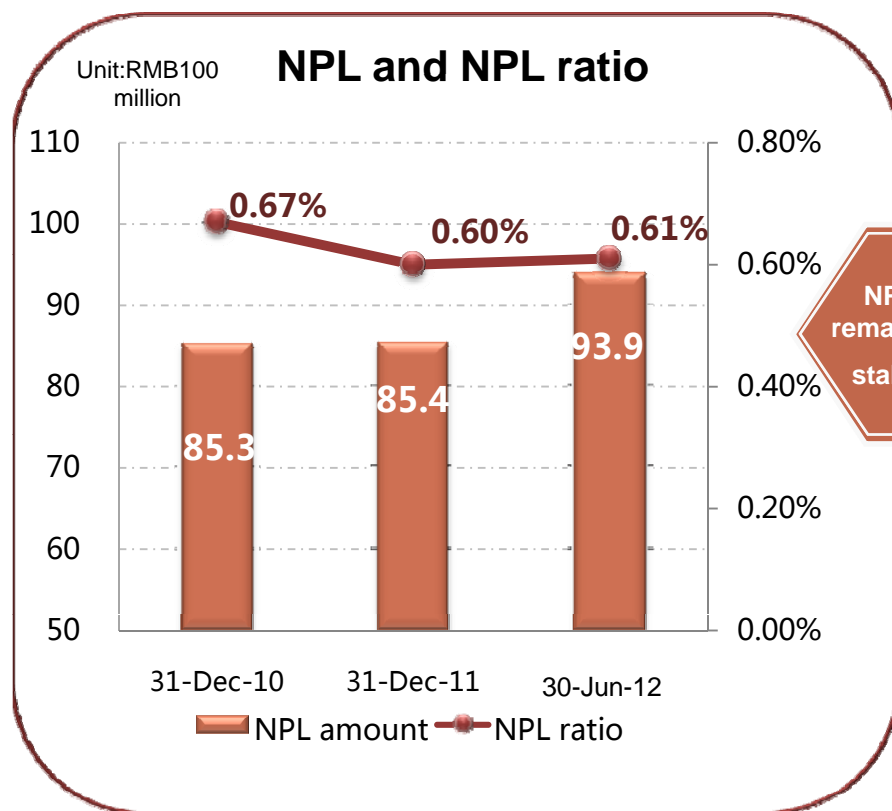
	1H2012	2011	2010
Return on total assets	1.38%	1.27%	1.13%
Return on equity	21.2%	21.1%	19.2%



Part 1 Business Management in 1H2012

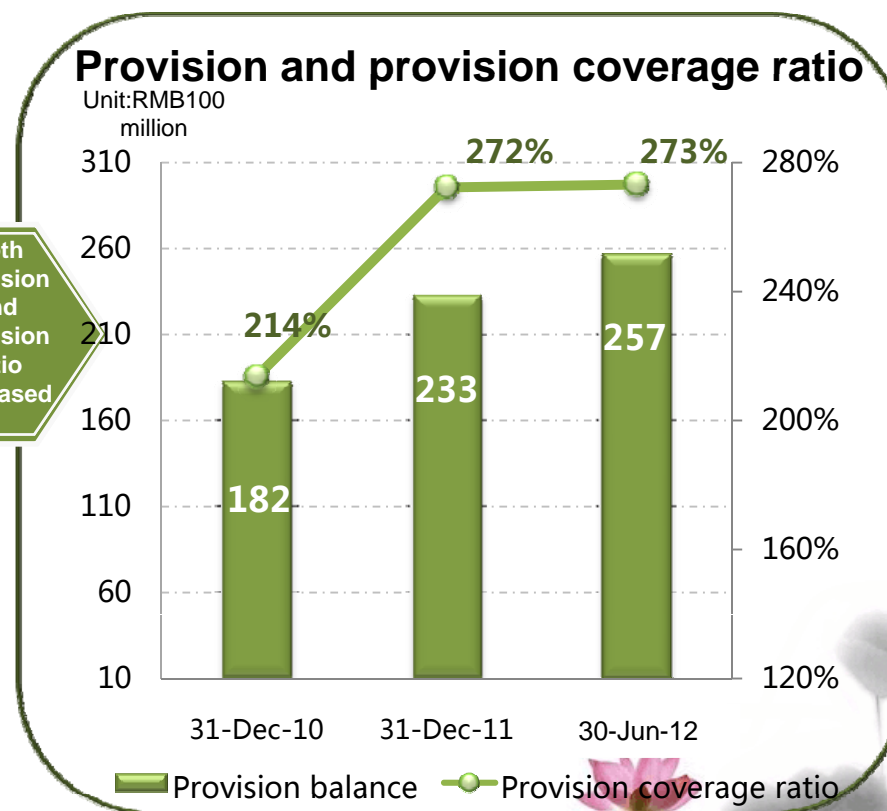


❖ Better than expected major indicators – asset quality remained stable



NPL remained stable

Both provision and provision ratio increased



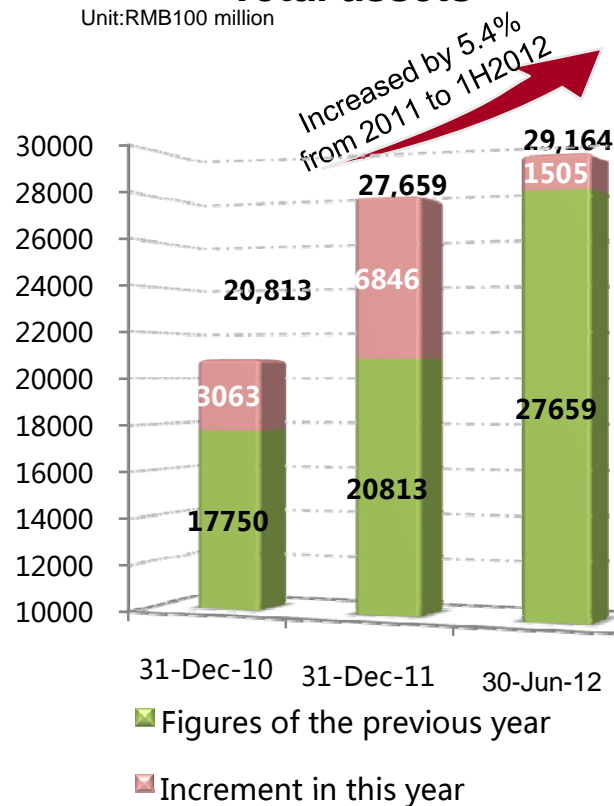
Part 1 Business Management in 1H2012



❖ Better than expected major indicators – business scale grew steadily

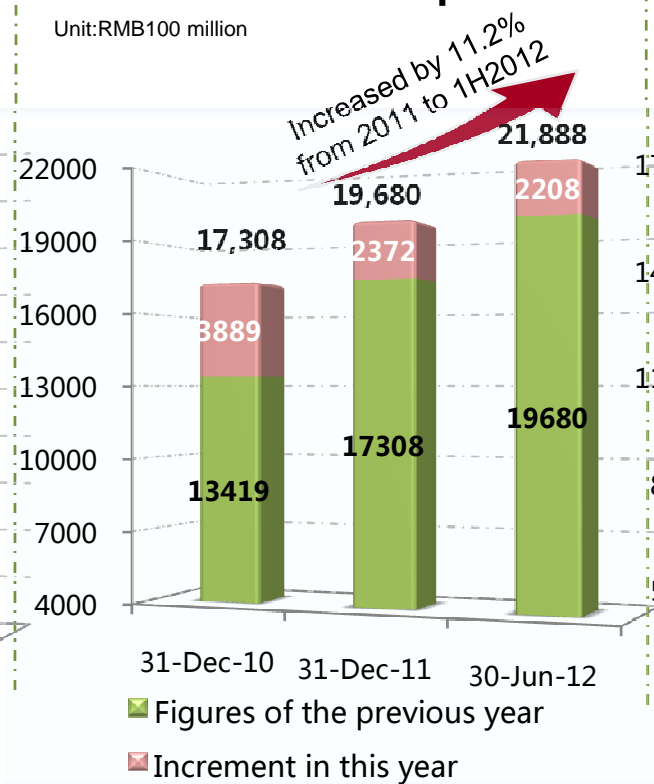
• Total assets

Unit: RMB100 million



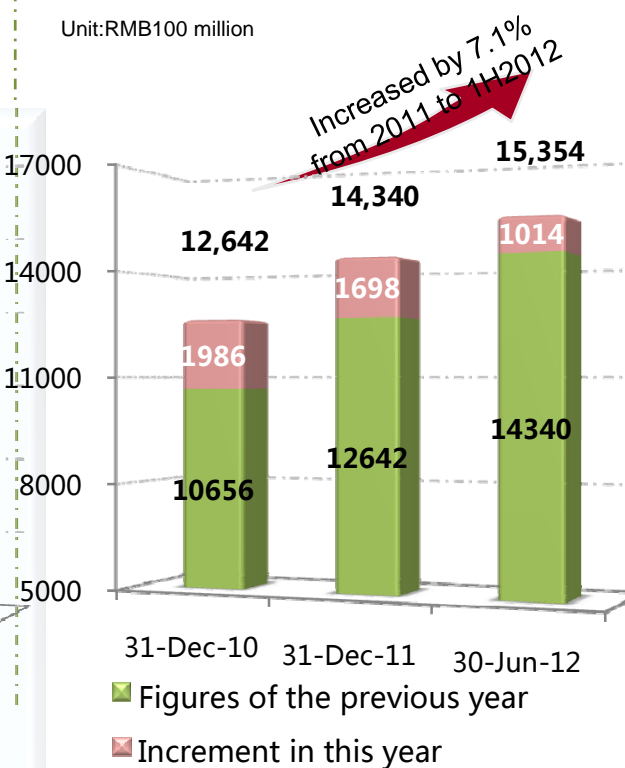
• Customers deposits

Unit: RMB100 million



• Customers loans

Unit: RMB100 million



Part 1 Business Management in 1H2012

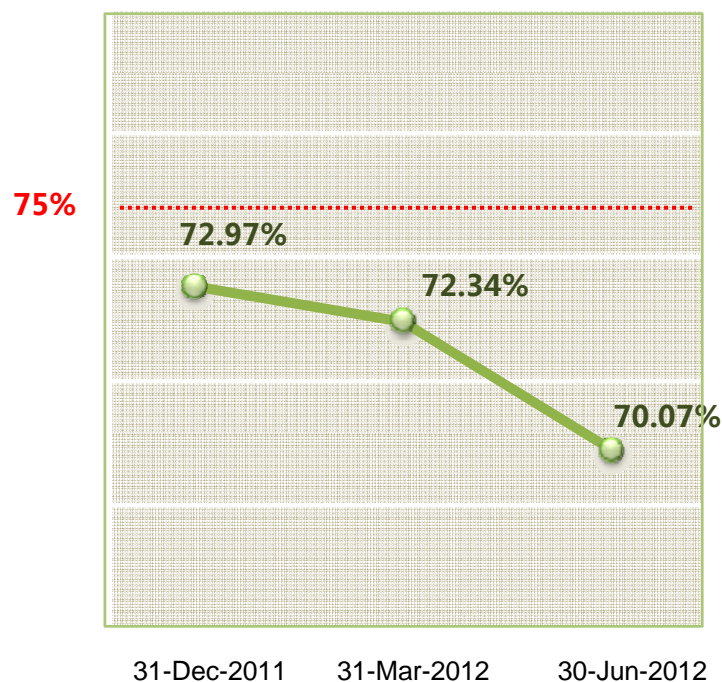


❖ Better than expected major indicators – regulatory indicators reached the goal

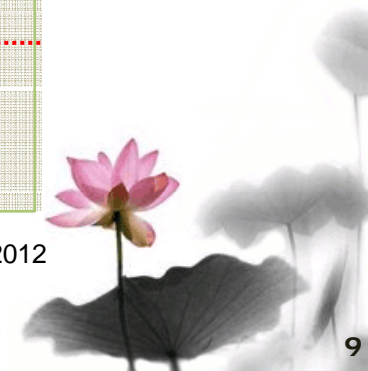
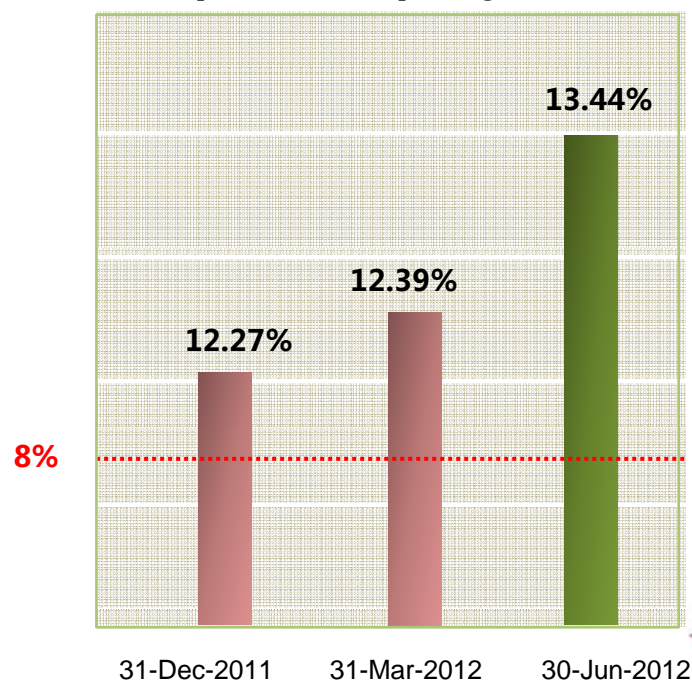
✓ Foreign and local currency LTD ratio reached 70.1%, consecutively achieving the standard.

✓ Successfully issued 20 billion RMB subordinated bonds and capital adequacy ratio reached 13.4%.
✓ RWA increased by 122.3 billion RMB compared with the beginning of the year, with a growth rate of 7%.

Spot loan-to-deposit ratio



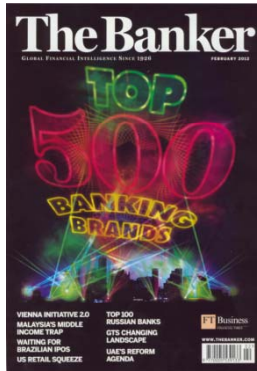
Capital adequacy ratio



Part 1 Business Management in 1H2012



❖ Better than expected major indicators – market position increased year by year



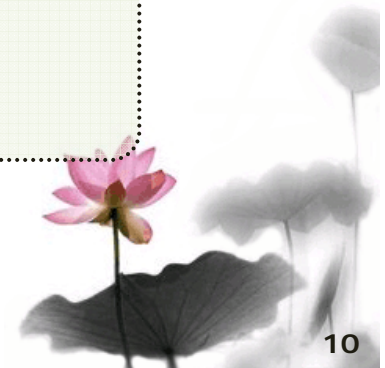
Ranking among “2012 Top 500 Banking Brands”:

- ✓ The Bank ranked 69th by brand value.
- ✓ The Bank’s brand value increased by US\$1.25 billion and its ranking was up by 30 positions in the past three years.



Ranking among “Top 1,000 World Banks 2012”:

- ✓ The Bank ranked 48th by primary capital, up 19 positions in the past three years.
- ✓ The Bank ranked 53rd by total assets, up 41 positions in the past three years.



Part 1 Business Management in 1H2012



❖ Soundly facilitated business transformation – lending structure was optimized continuously

Composition of general loans

Unit: RMB100 million

	Balance			%	
	30-Jun-2012	Change from year beginning	Increase	% of balance	% of increase
Small and micro business loans	1824	177	10.8%	13.2%	24.2%
Individual business loans	485	113	30.5%	3.5%	15.5%
Credit card loans	414	95	29.8%	3.0%	13.0%
LGFV loans	1253	-62	-4.7%	9.0%	-8.5%

53% of incremental loan

- Small and micro business loans, individual business loans and credit card loans developed rapidly and their combined increase accounted for 53%.
- The growth of LGFV loans was effectively controlled. LGFV loans decreased by RMB6.2 billion compared with the beginning of 2012, down 4.7%.



Part 1 Business Management in 1H2012

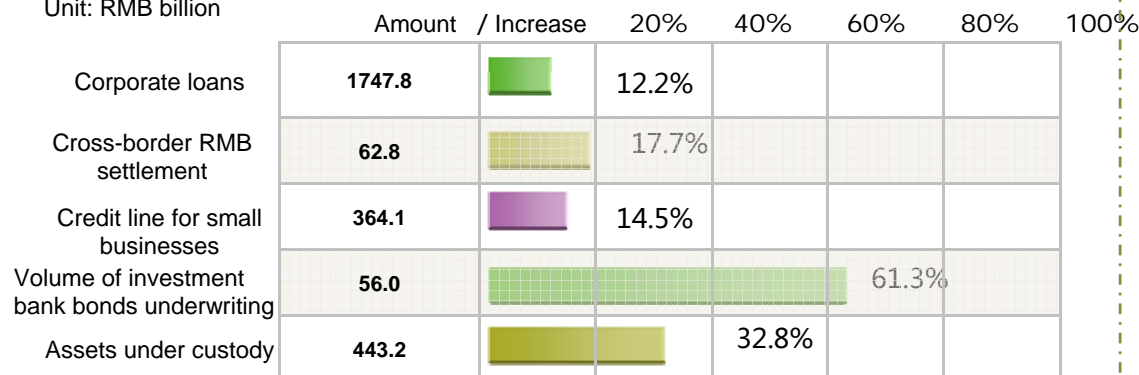


✦ Soundly facilitated business transformation – adjustment of business structure was accelerated

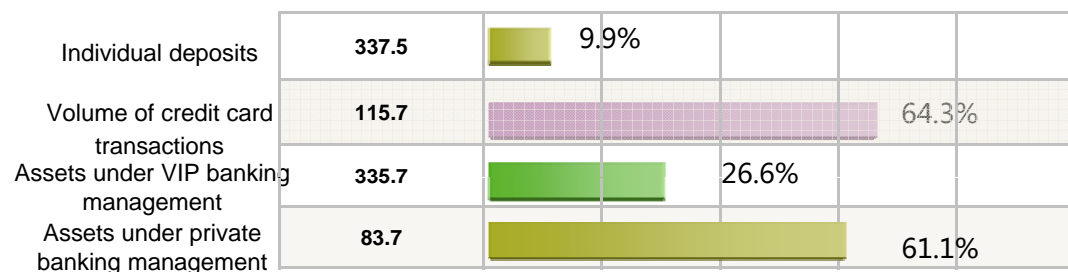
● Structure of business development

- Corporate banking: rapidly developed emerging business

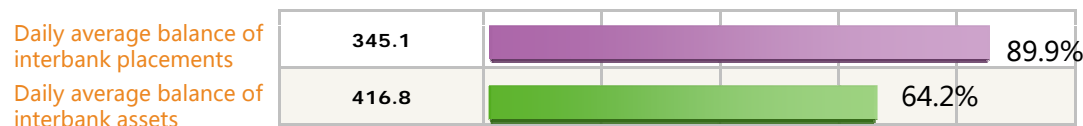
Unit: RMB billion



- Retail banking: further improved capacity of middle- and high-end customers



- Interbank business: continuously improved business with financial institutions



Note: Consolidated at Citic bank wide.

● Customer structure

Structure of corporate customers -

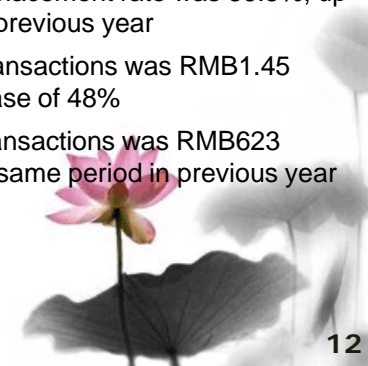
- ✓ 4,395 strategic customers, an increase of 705 or 19%
- ✓ 20,800 small business customers, an increase of 2204 or 12%

Structure of retail customers -

- ✓ 22.8 million individual customers, an increase of 1.62 million or 8%
- ✓ 29,800 private banking customers, an increase of 6,599 or 29%
- ✓ 199,000 VIP customers, an increase of 21,000 or 12%

● Marketing channel

- ✓ The individual e-banking replacement rate was 86.5%, up 5 percentage points over the previous year
- ✓ Volume of internet based transactions was RMB1.45 trillion, an year-on-year increase of 48%
- ✓ Volume of mobile based transactions was RMB623 million, 3.8 times that of the same period in previous year



Part 1 Business Management in 1H2012



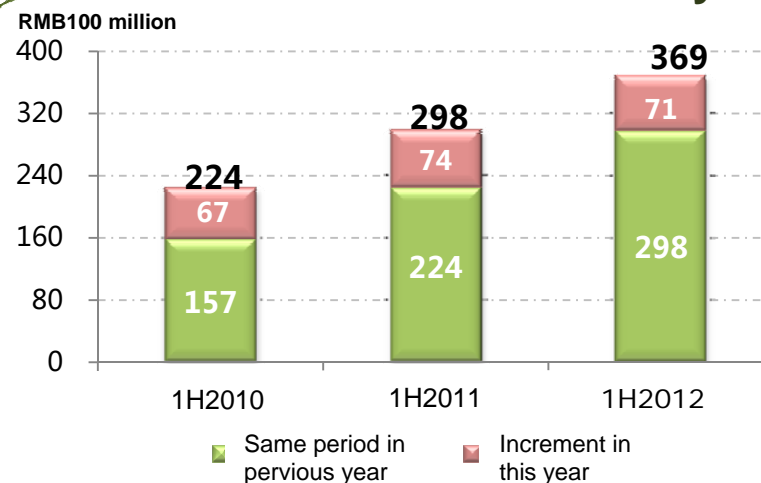
❖ Soundly facilitated business transformation– income structure was steady and sound

Composition of net operating income

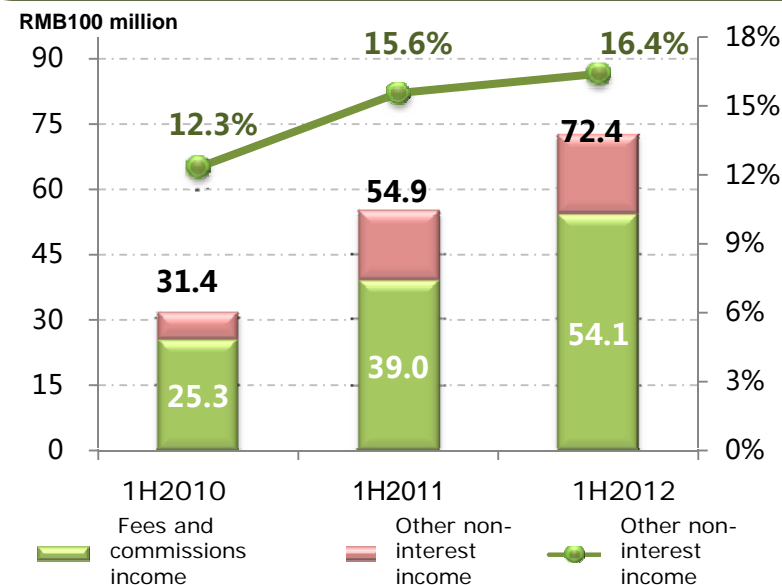
Unit: RMB100 million

	1H2012	Year-on-year increase	Growth rate
Net operating income	441.7	88.7	25.1%
Net interest income	369.3	71.2	23.9%
Scale contribution(%)	52.8%	Year-on-year increase of 9.4 percentage points	
Interest rate contribution (%)	47.2%	Year-on-year decrease of 9.4 percentage points	
Net interest margin	2.89%	Year-on-year leveling off	
Non-interest income	72.4	17.5	31.8%
Fee income	54.1	15.1	38.7%

Net interest income



Non-interest income



Part 1 Business Management in 1H2012



❖ Continuously enhanced management – management system was further improved

Management
system was
further
improved

Business development system:

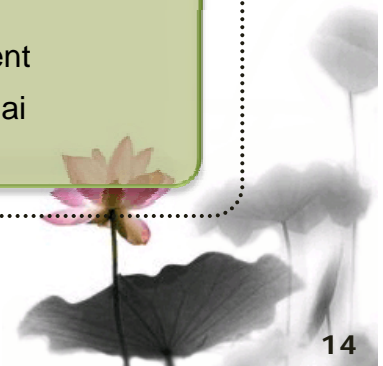
- Set up new Financial Institutions Department and Wealth Management Department
- Established 28 specialized small business institutions and 180-plus professional service teams

Risk management system:

- Set up new Risk Management Department to lead and organize comprehensive risk management
- Set up Credit Granting Approval Department which is responsible for the formulation of credit policies and review on credit risks

Internal control and compliance system:

- Set up Compliance Department and Audit Department
- Established two audit centers in Beijing and Shanghai



Part 1 Business Management in 1H2012



❖ Continuously enhanced management – risk management capability was further strengthened

Credit risk

- ✓ Facilitated the construction of risk management system characterized by “matrix risk management system”
- ✓ Prevented and defused loan risks in key areas
- ✓ Implemented the imbedded approval system to improve the control over small business risks

Market risk

- ✓ Improved market risk authorization and quota system
- ✓ Made layout in advance in response to the reform on market-based interest rates, and extended the loan re-pricing period to 6.7 months
- ✓ Proactively controlled exchange rate risk of foreign exchange transaction

Liquidity risk

- ✓ Accelerated and advanced the construction of liquidity risk management information system
- ✓ Implemented three-tier reserve management system and enhanced scenario analysis and pressure test on liquidity risk
- ✓ Dynamically adjusted liquidity portfolio strategies and daily surplus reserve ratio was 2.65% in 1H2012

Operational risk

- ✓ Improved operational risk management system
- ✓ Set operational risk monitoring indicator and advanced the implementation and application of operational risk management tools
- ✓ Officially launched centralized operation projects and promoted the construction of system platform
- ✓ Formulated and implemented <the Implementation Outline for Case Prevention and Control in 2012>

Part 1 Business Management in 1H2012



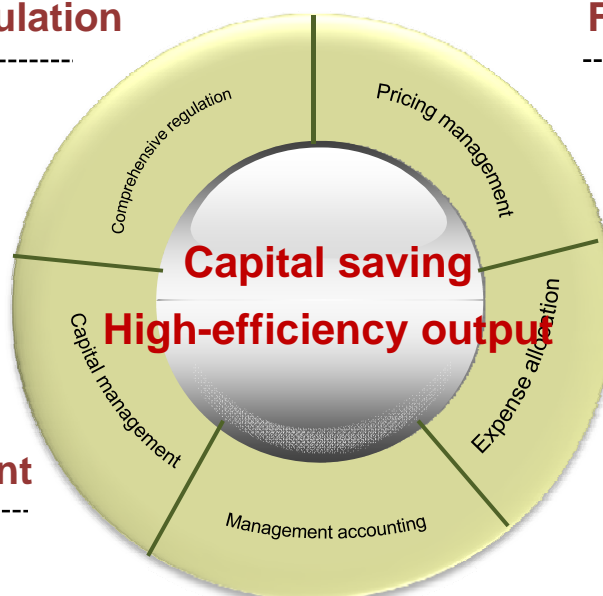
❖ Continuously enhanced management guarantee – the capability of refined management was further improved

Effective comprehensive regulation

- ✓ Improved loan allocation, LTD ratio regulation and other management systems
- ✓ Adopted daily monitoring, interest transfer, limit excess approval and other measures and reached the goals of spot and daily LTD ratios for three consecutive months

Stringent capital management

- ✓ Comprehensively applied economic and administration means to effectively implement capital allocation
- ✓ Introduced operational risk capital management to expand the coverage of capital assessment
- ✓ Return on risk capital was 20.1% in 1H 2012, up 0.6 percentage point over the previous year



In-depth application of management accounting

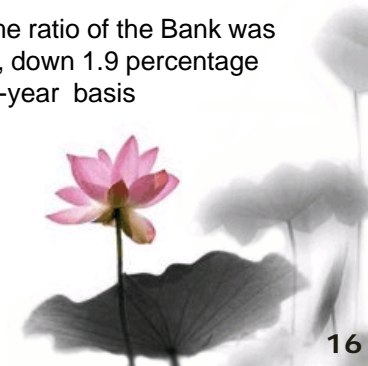
- ✓ Focused on key links, expanded management scope and improved management accuracy
- ✓ Set benchmark for return on customer capital and conducted regular monitoring and reporting to ensure the effectiveness

Flexible pricing management

- ✓ Continuously optimized authorization management of interest rate pricing
- ✓ Reasonably forecasted the movements of market interest rate and timely adjusted FTP yield curve
- ✓ The interest rate of new loans in RMB floated upwards by 15.5%, up 3.7 percentage points over the previous year

High-efficiency expense allocation

- ✓ Establish the standard cost system of financial resource allocation
- ✓ Reinforced differentiated expense allocation
- ✓ The cost-to-income ratio of the Bank was 27.8% in 1H2012, down 1.9 percentage points on year-on-year basis





Part 2

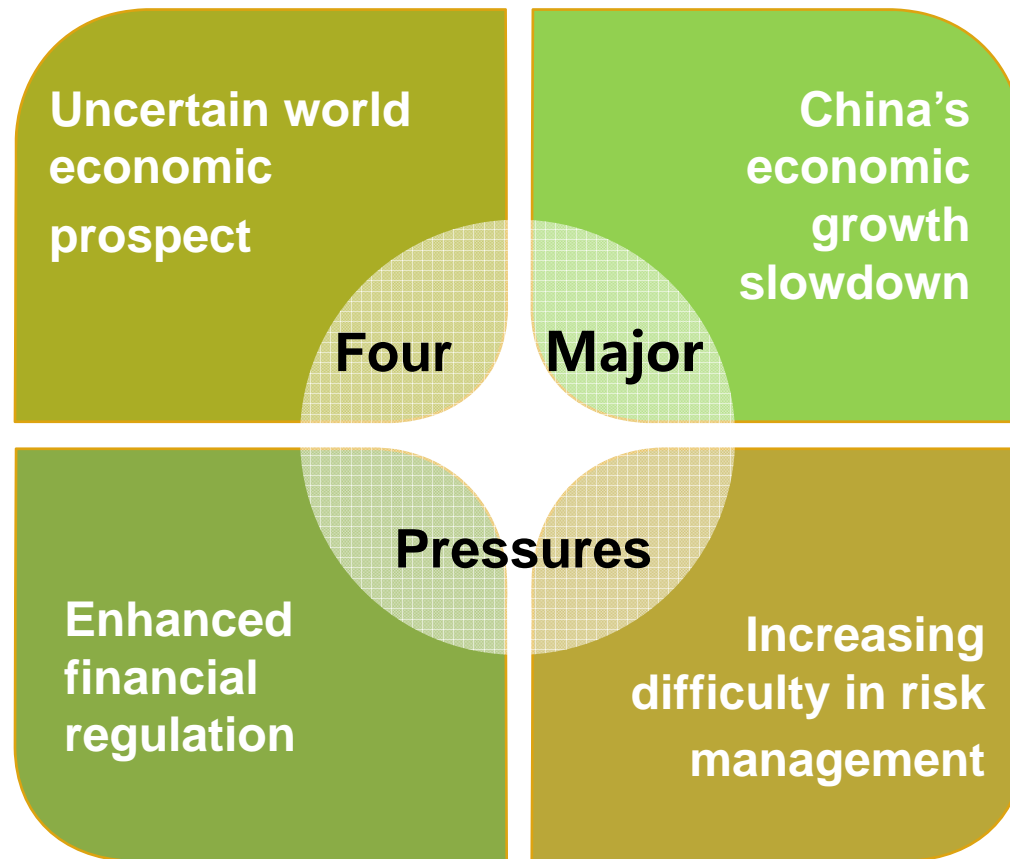
Business Strategies in 2H2012



Part 2 Business Strategies in 2H2012



❖ Current situations



Part 2 Business Strategies in 2H2012



❖ Work guidelines



To emphasize marketing



To control cost



To emphasize pricing



To control risks



To prevent criminal crime



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Thank
You!

