

# 2016 Third Quarter Results Announcement





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# Overview of indicators



Unit: RMB100 million

Profit indicators	Jan-Sep 2016	YoY increment	YoY increase (%)
Net profit attributable to shareholders	345.43	16.17	↑ 4.91%
Profit before provisions	810.05	86.98	↑ 12.03%
Operating income	1153.36	78.83	↑ 7.34%
Net interest margin	2.01%	Decreased by 32BPs YoY	
Percentage of non-interest income	31.05%	Up 2.47 percentage points YoY	
Cost-to-income ratio	26.40%	Up 0.54 percentage point YoY	
Scale indicators	End of September 2016	Increment over previous year-end	Growth rate over previous year-end
Total assets	55415.35	4192.43	↑ 8.18%
Deposits from customers	33924.44	2096.69	↑ 6.59%
Loans to customers	28388.00	3100.20	↑ 12.26%
Quality indicators	End of September 2016	End of previous year	Increase/decrease over previous year-end
Non-performing loans (NPLs)	426.16	360.50	+65.66
NPL ratio	1.50%	1.43%	Up 0.07 percentage point
Provision coverage ratio	154.94%	167.81%	Down 12.87 percentage points
Provision to loan ratio	2.33%	2.39%	Down 0.06percentage point
Regulatory indicators	End of September 2016	End of previous year	Increase/decrease over previous year-end
Capital adequacy ratio	11.47%	11.87%	Down 0.40 percentage point
Core tier-one capital adequacy ratio	9.01%	9.12%	Down 0.11percentage point
Liquidity coverage ratio	89.64%	87.78%	Up 1.86 percentage points



**Financial performance**



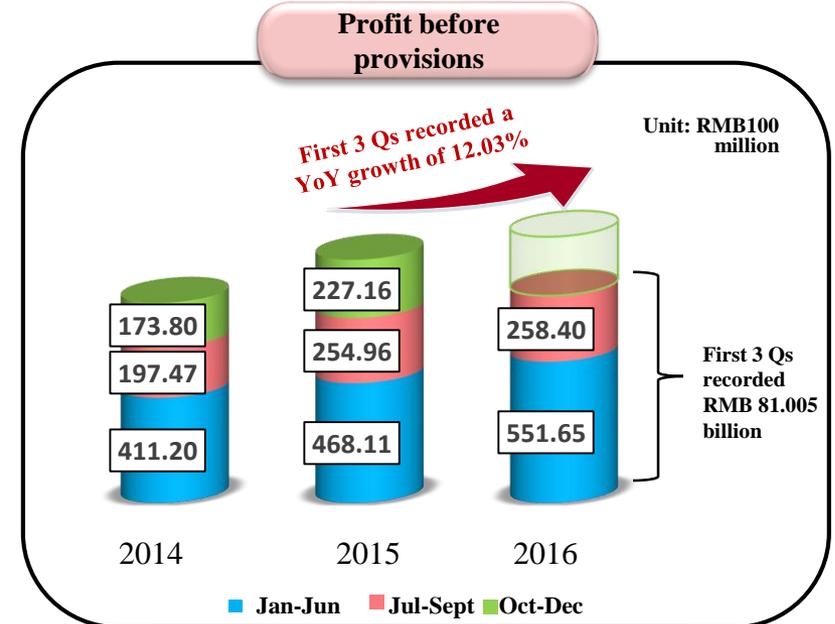
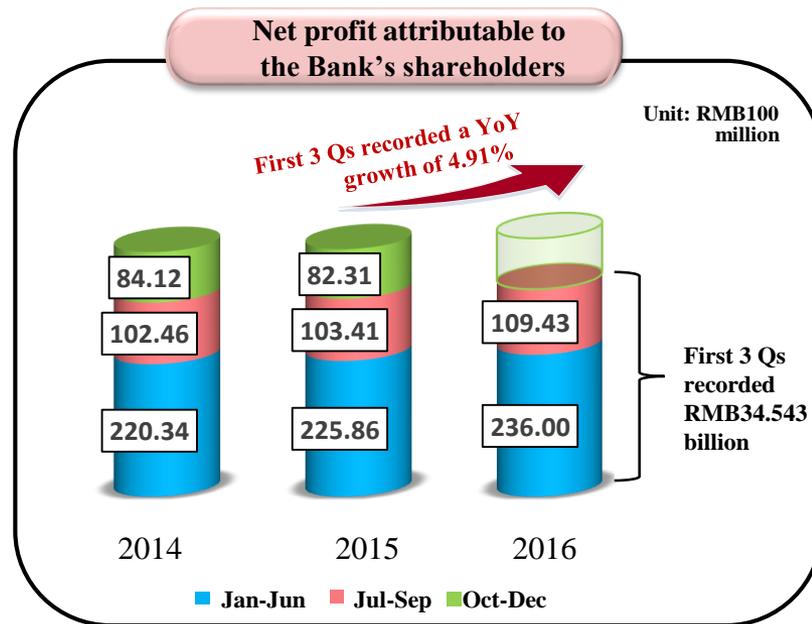
**Business development**



**Outlook**



## ● Net profit achieved modest growth



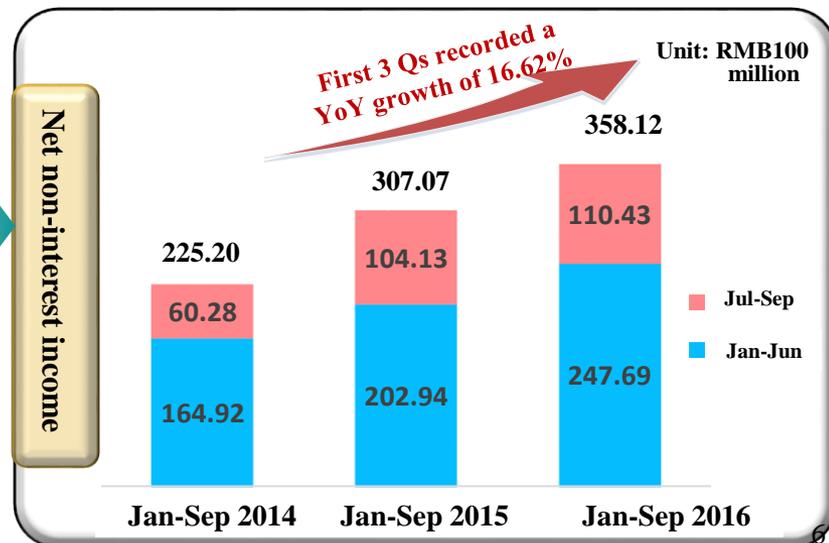
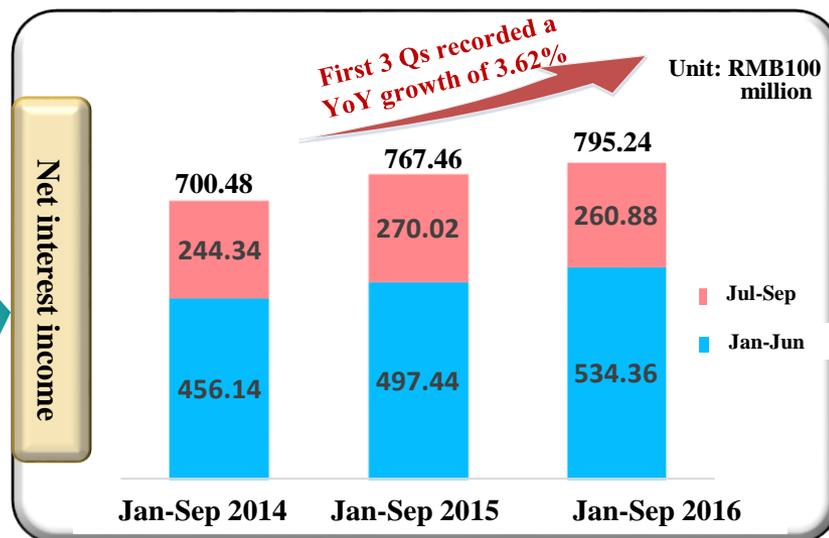
### Major profit indicators

Item	Jan-Sep 2016	Jan-Sep 2015	YoY increase/decrease for the first 3Qs	Jul-Sep 2016	Jul-Sep 2015	YoY increase/decrease for Q3
Return on assets ( ROA )	0.87%	1.02%	Down 0.15 percentage point	0.78%	0.90%	Down 0.12 percentage point
Return on equity ( ROE )	13.91%	15.89%	Down 1.98 percentage points	12.95%	14.22%	Down 1.27 percentage points
Basic earnings per share (RMB/share)	0.71	0.70	0.01	0.22	0.22	No change



## ● Operating income continued to grow

Item	Jan-Sep 2016	First 3Qs YoY growth	Jul-Sep 2016	YoY growth for Q3
Operating income	1153.36	7.34%	371.31	-0.76%
Net interest income	795.24	3.62%	260.88	-3.38%
Scale contribution	—	+131.09	—	+34.91
Interest rate contribution	—	-62.62	—	-20.24
Effect of BT-to-VAT reform	—	-40.69	—	-23.81
Net non-interest income	358.12	16.62%	110.43	6.05%
Net fee income	309.73	18.82%	96.77	12.68%



Note: Net of the effect of BT-to-VAT reform, the first 3 Qs recorded RMB120.490 billion operating income, a year-on-year growth of 12.13%, and Q3 recorded RMB40.119 billion operating income, a year-on-year growth of 7.23%.



## ● Costs and expenses were effectively controlled

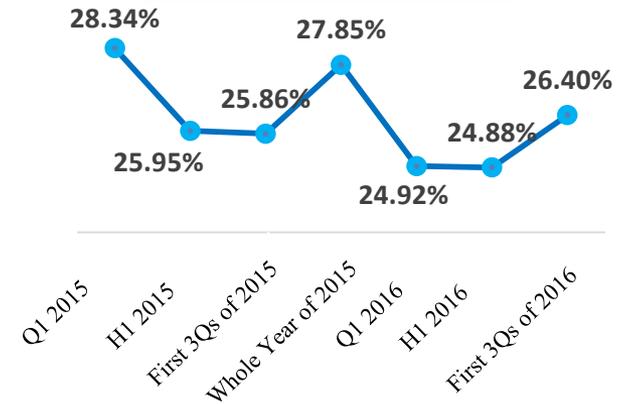
- First 3 Qs recorded **RMB30.450 billion** operating expenses, a year-on-year growth of **9.58%**, of which expenditures on property and equipment amounted to **RMB6.330 billion**, a year-on-year growth of **5.75%**, an **8.33 percentage points** decline in growth rate, and general administrative expenses registered **RMB5.777 billion**, a year-on-year drop of **3.62%**, or a **10.64 percentage points** decline in growth rate.
- First 3 Qs recorded a cost-to-income ratio of **26.40%**, up **0.54 percentage point** year on year.

### Structure of business management expenses

Unit: RMB100 million

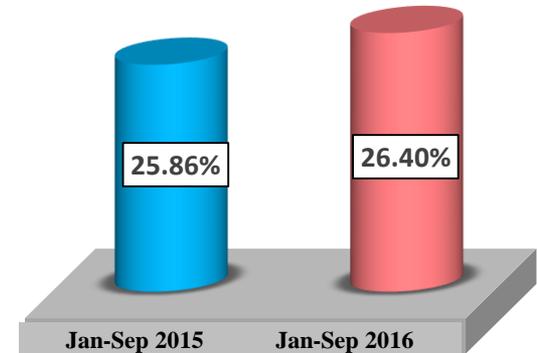
Item	First 3 Qs of 2016		YoY increase	Change in growth rate	Change in % share
	Amount	Share			
Business & management fees	<b>304.50</b>	100.00%	9.58%	-0.33 percentage point	—
Staff cost	<b>183.43</b>	60.24%	16.04%	+6.53 percentage points	+3.35 percentage points
Property and equipment expenses	<b>63.30</b>	20.79%	5.75%	-8.33 percentage points	-0.75 percentage point
General administrative expenses	<b>57.77</b>	18.97%	-3.62%	-10.64 percentage points	-2.60 percentage points

### Cost-to-income ratio



Up 0.54 percentage point YoY

Unit: RMB100 million



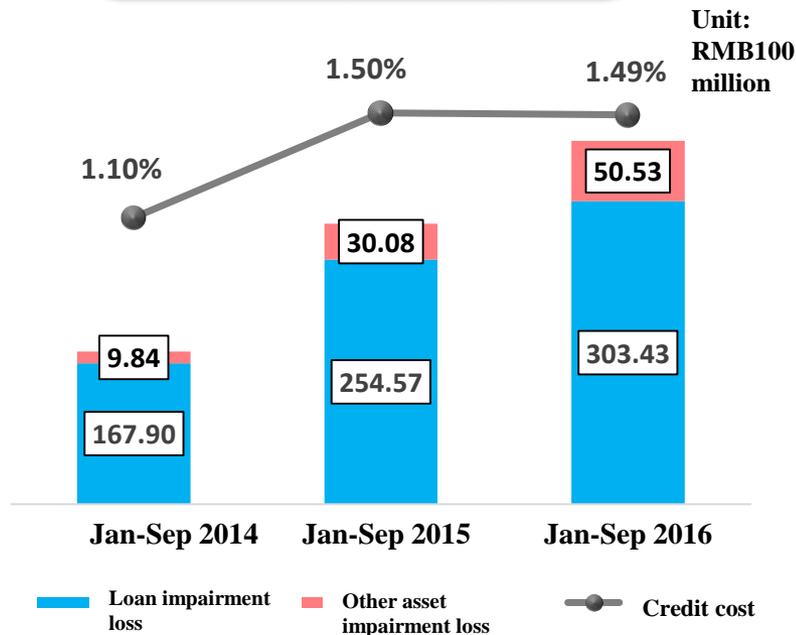


## ● Provisions increased year on year and the provision coverage ratio went down

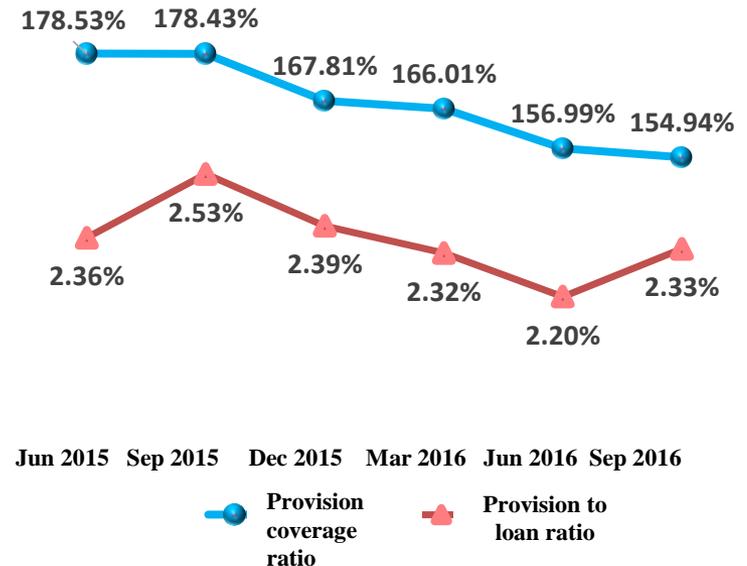
RMB30.343 billion incremental loan provisions were made for the first 3 quarters, a year-on-year increase of RMB4.886 billion or 19.19%; the corresponding provision coverage ratio stood at 154.94%, down 12.87 percentage points over the end of the previous year; and the provision to loan ratio was 2.33%, down 0.06 percentage point over the end of the previous year but up 0.13 percentage point over the end of June.

### Risk Mitigation

#### Provisioning and credit cost



#### Provision coverage ratio and provision to loan ratio





**Financial performance**



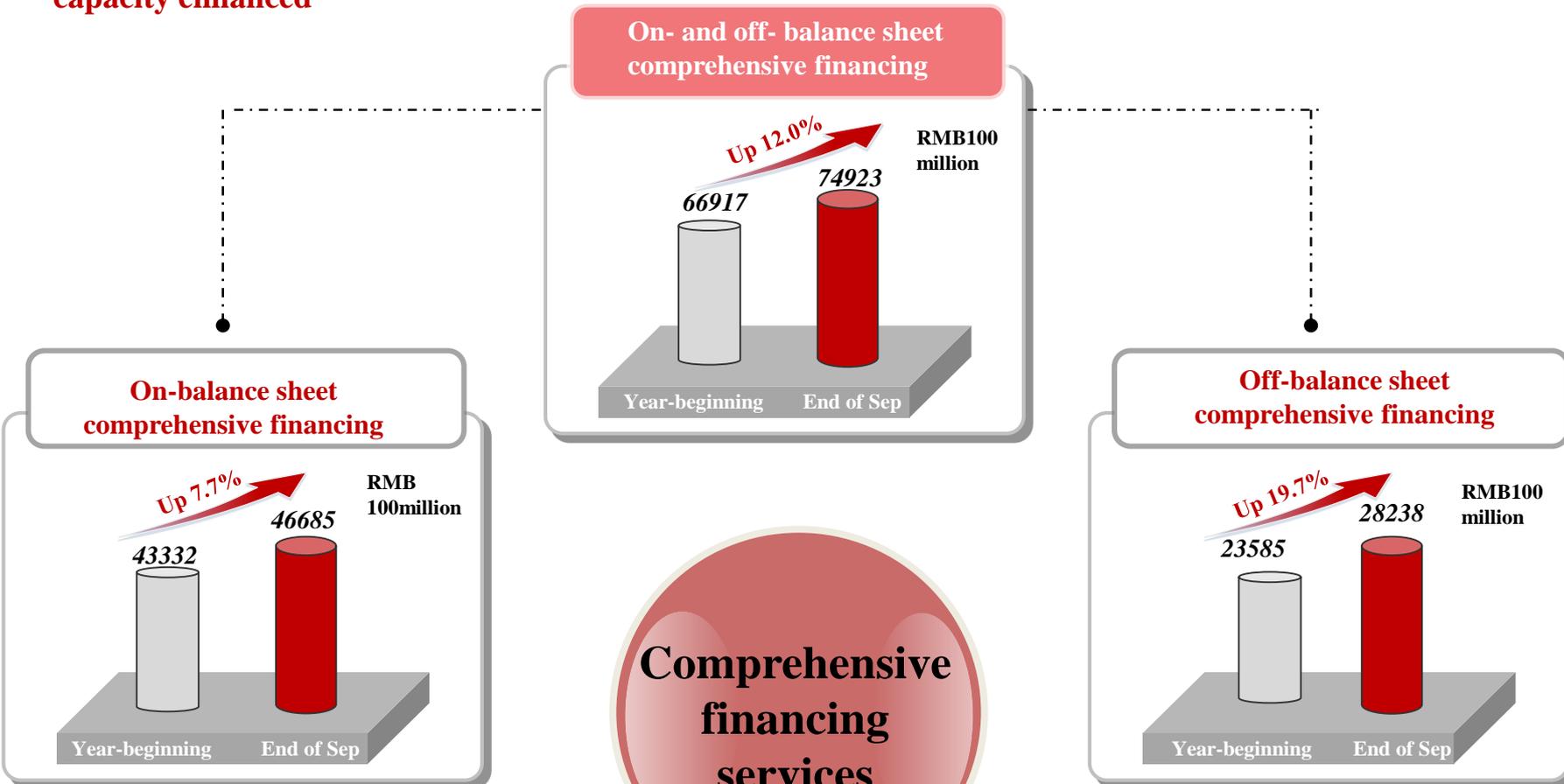
**Business development**



**Outlook**



- Comprehensive financing service capacity enhanced

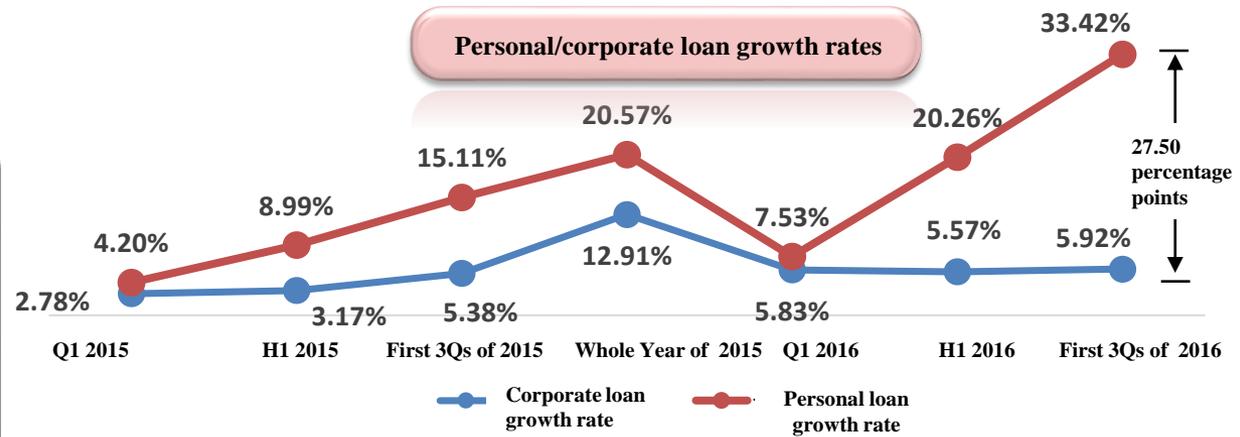
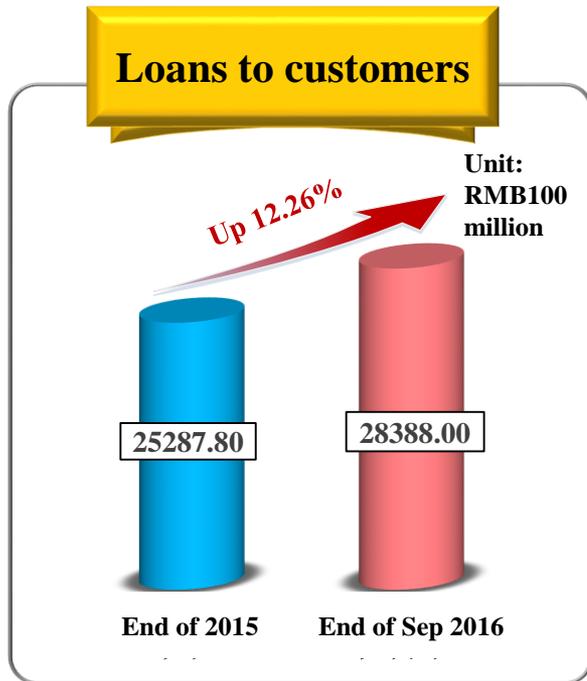


Note: All data on this page are data of the Bank in the regulatory definition.



## ● Credit structure further optimized

At the end of September, loans to customers recorded **RMB2.84 trillion**, an increase of **RMB310.020 billion** or **12.26%** over the previous year end; of which the balance of corporate loans recorded **RMB1.87 trillion**, an increase of **RMB104.57 billion** or **5.92%** over the year beginning, the balance of personal loans stood at **RMB892.057 billion**, an increase of **RMB223.444 billion** or **33.42%** over the year beginning, representing a **27.50 percentage points** higher growth rate than that of corporate loans. The higher balance of personal loans included **RMB126.629 billion** and **RMB80.487 billion** respective increase in home mortgage loans and consumer loans, up **47.09%** and **68.14%** respectively, while personal business loans went down by **RMB29.098 billion**, down **27.51%** over the pervious year end.



**Personal loan structure**

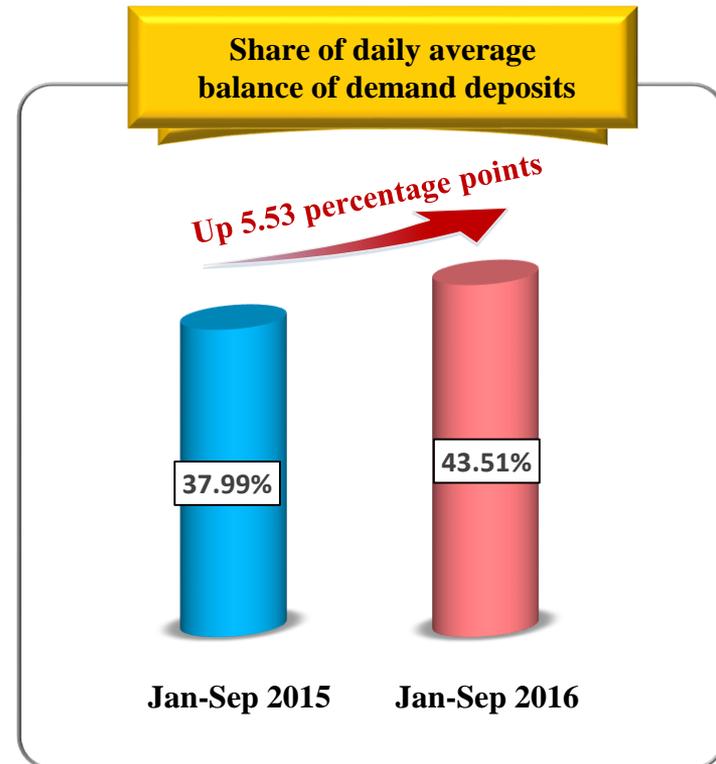
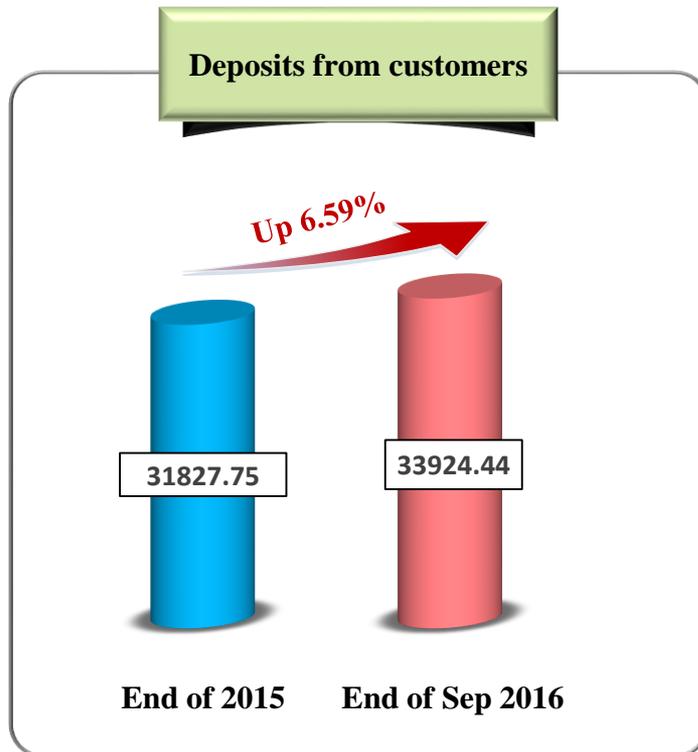
Unit: RMB100 million

Item	Balance	Increment	Change in %	Change in share of total loans
Personal loans	8920.57	2234.44	33.42%	+4.98 percentage points
Including: home mortgage loans	3955.55	1,266.29	47.09%	+3.30 percentage points
Consumer loans	1986.03	804.87	68.14%	+2.33 percentage points
Credit card loans	2,212.27	454.26	25.84%	+0.83 percentage point
Personal business loans	766.72	-290.98	-27.51%	-1.48 percentage points



## ● Deposit structure improved

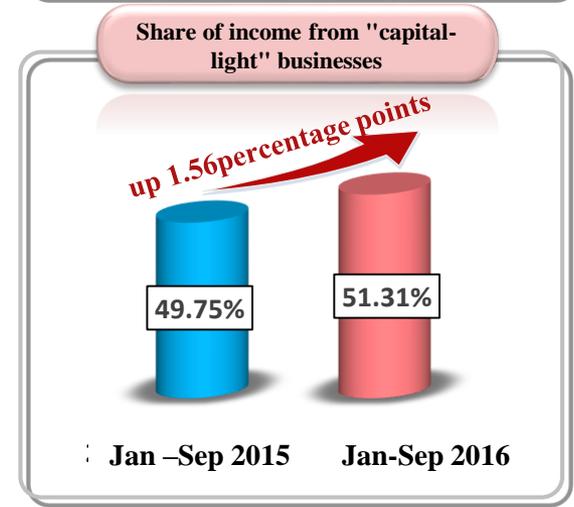
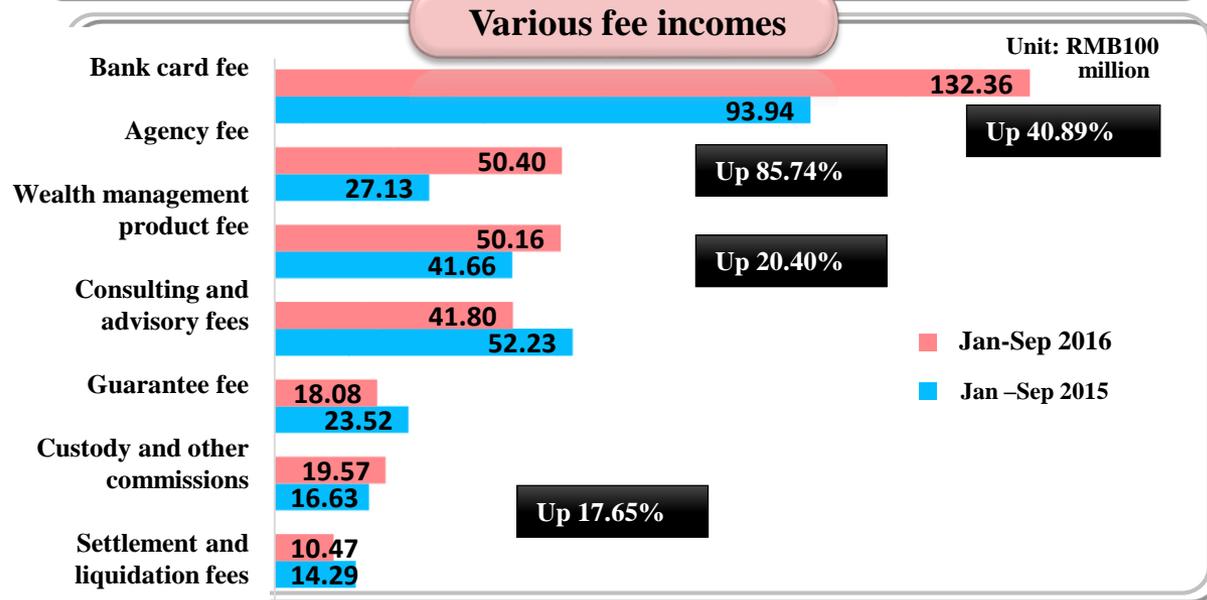
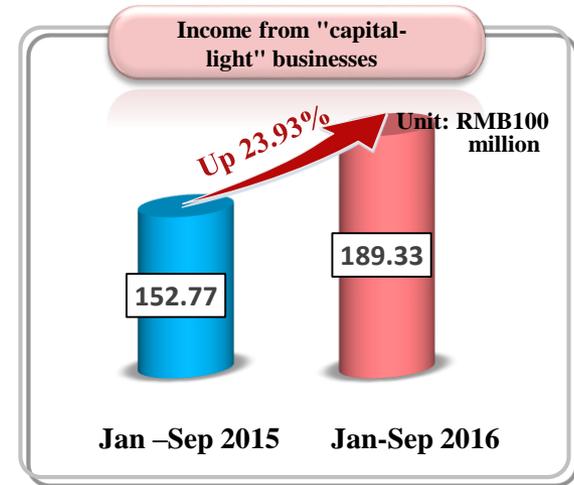
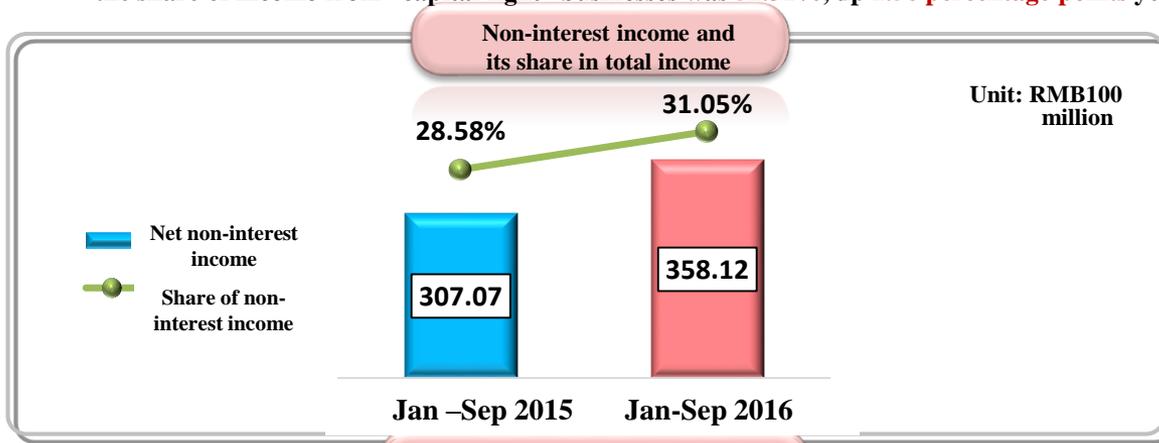
- At the end of September, deposits from customers recorded **RMB3.39 trillion**, an increase of **RMB209.667 billion** or **6.59%** over the previous year end; of which the balance of corporate deposits recorded **RMB2.85 trillion**, a growth of **RMB209.90 billion** or **7.95%** over the previous year end, and the balance of personal deposits stood at **RMB541.095 billion**, **RMB255 million** less than the previous year end.
- The first 3 Qs of 2016 recorded a **43.51%** share of daily average balance of demand deposits, a year-on-year growth of **5.53 percentage points**.





## Income structure continued to improve

- The first 3 Qs of 2016 recorded non-interest income of **RMB35.812 billion** and a **31.05%** share of non-interest income, a year-on-year growth of **2.47 percentage points**.
- The first 3 Qs of 2016 realized **RMB18.933 billion** income from “capital-light” businesses, a growth of **RMB3.656 billion** or **23.93%** year on year; and the share of income from “capital-light” businesses was **51.31%**, up **1.56 percentage points** year on year.

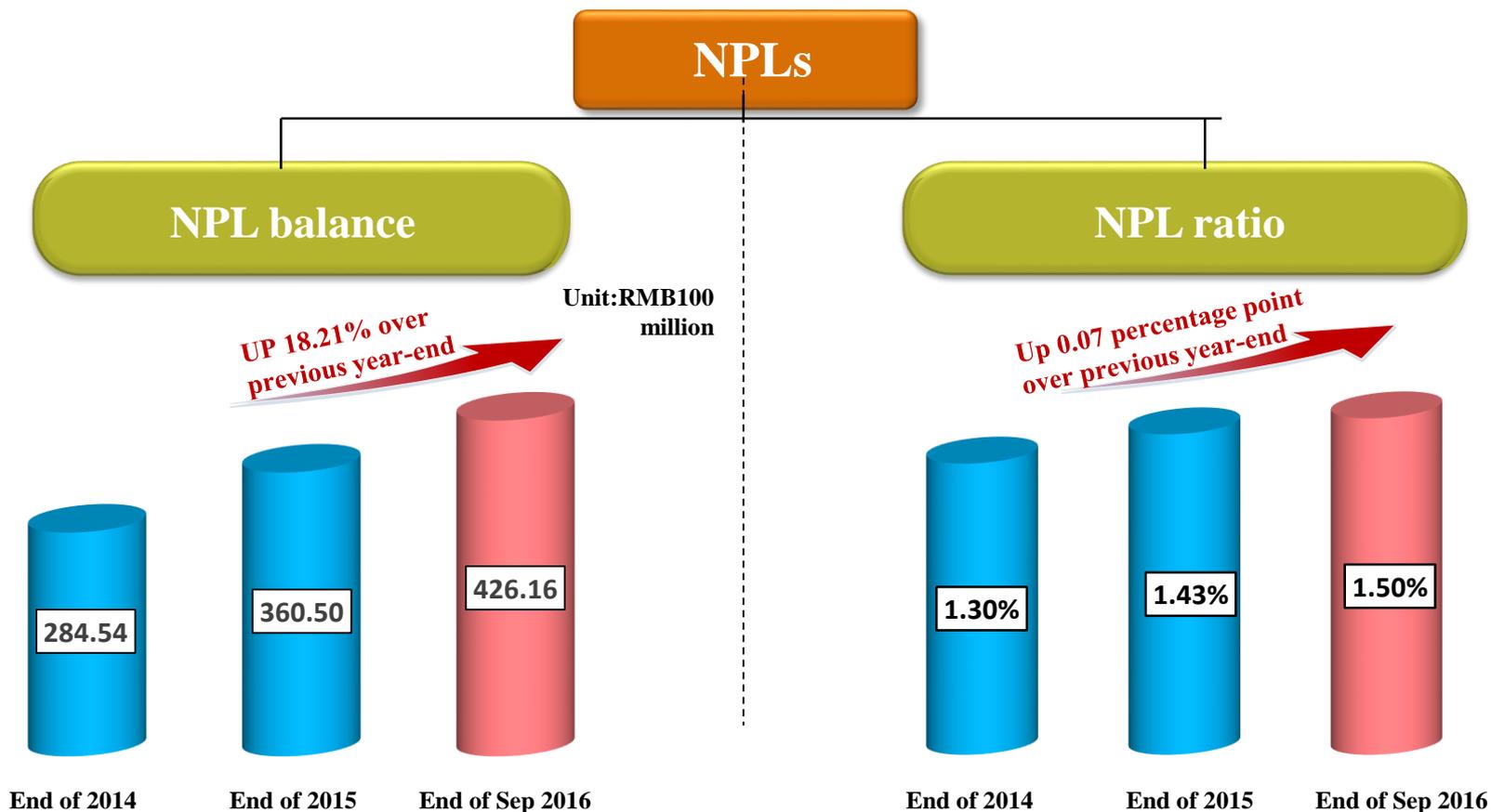


Note: The share of income from "capital-light" businesses is the share of such income in non-interest income. 13



- **NPLs rose slightly**

As at the end of September, the Group's balance of non-performing loans reached **RMB42.616 billion**, an increase of **RMB6.566 billion** over the year beginning, a non-performing loan ratio of **1.50%**, a rise of **0.07 percentage point** over the end of the previous year.

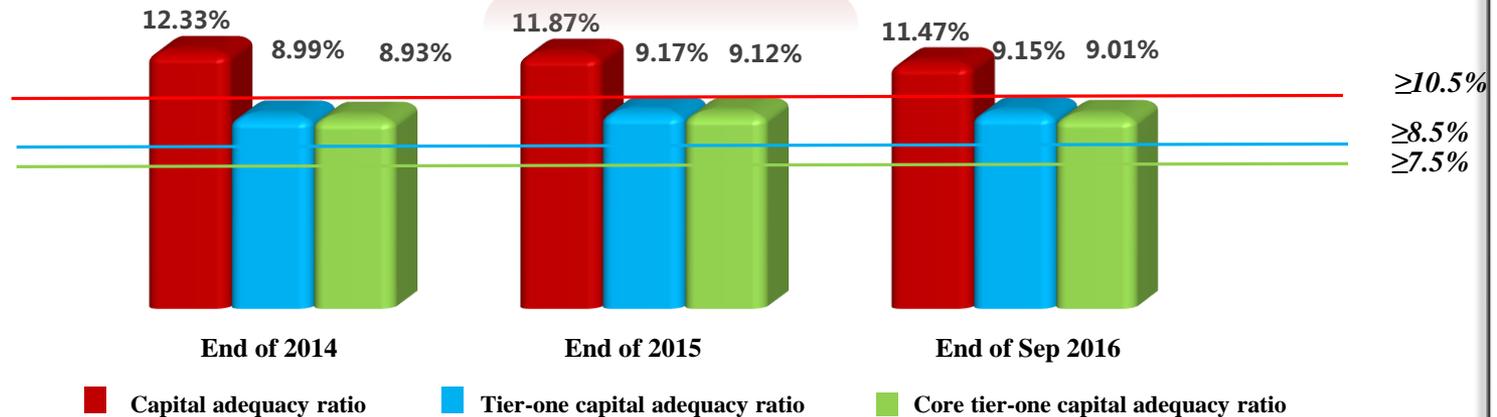




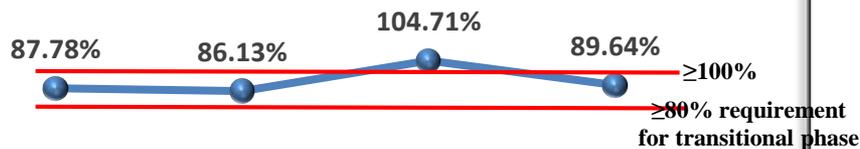
## ● Major regulator indicators attained

As at the end of September, the Group recorded a **11.47%** combined capital adequacy ratio, down **0.40 percentage point** over the year beginning; and a **9.15%** tier-one capital adequacy ratio and a **9.01%** core tier-one capital adequacy ratio, down **0.02 percentage point** and **0.11 percentage point** over the year beginning respectively. The group's combined liquidity coverage ratio stood at **89.64%** (meeting the 80% requirement for the transitional phase), and the Bank's leverage ratio was **4.86%**, satisfying basic requirements of the regulatory indicators.

### Capital adequacy ratios

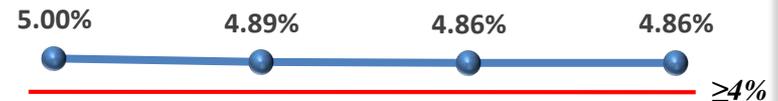


### Liquidity coverage ratio



End of 2015 End of Mar 2016 End of Jun 2016 End of Sep 2016

### Leverage ratio (the Bank)



End of 2015 End of Mar 2016 End of Jun 2016 End of Sep 2016



**Financial performance**



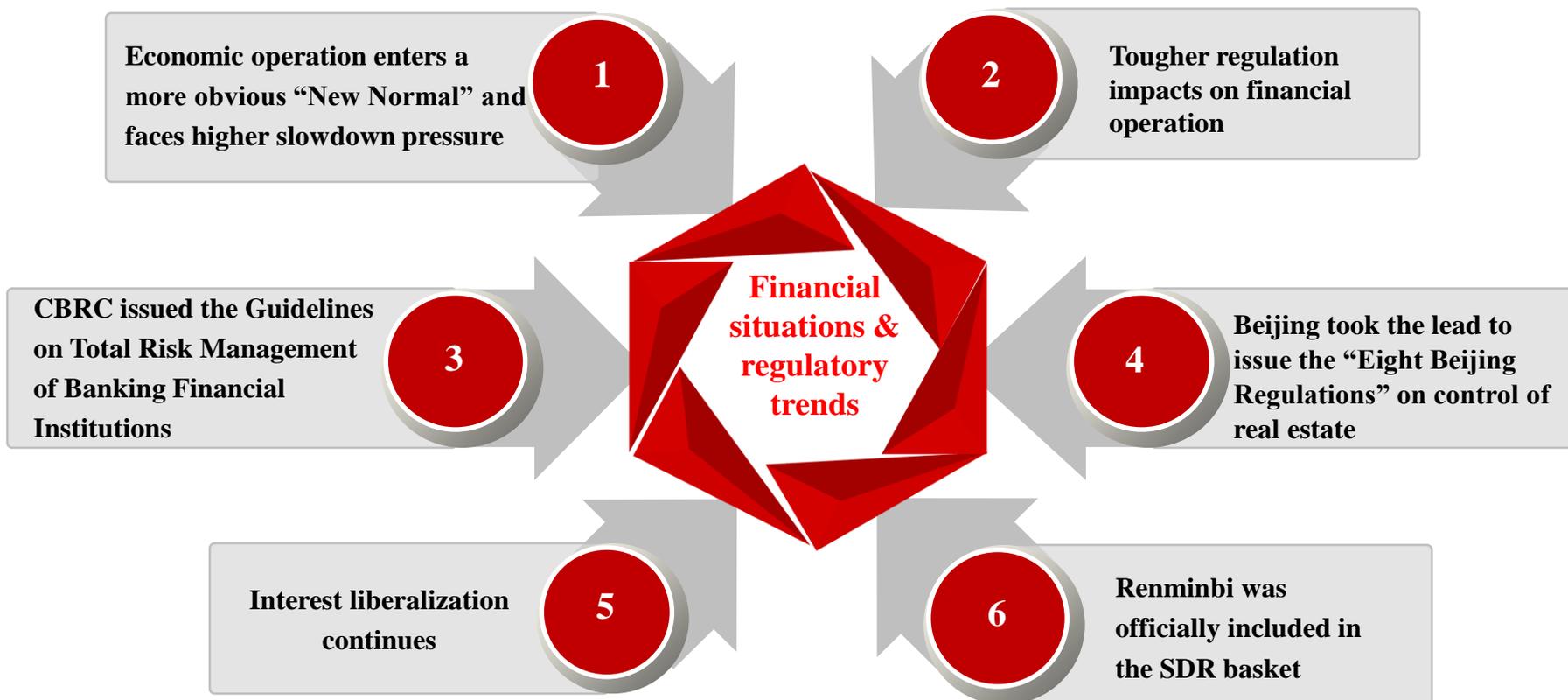
**Business development**



**Outlook**



## ● Economic and financial situations & regulatory trends





- **Fourth quarter work arrangements**

1

Earn more income, attain the yearly operating income target and conclude the year in success

2

Deepen business innovation, intensify capital management, and reinforce implementation of the “capital-light” and “asset-light” strategy

3

Continue to enhance total risk management and dispose problem assets with greater innovation

4

Improve asset allocation, relieve pressure on credit scale and promote balanced growth of different business lines

5

Flexibly allocate active liabilities and prioritize development of low-cost highly-stable customer deposits

6

Further increase the reserve of premium projects to prepare for next year’s business development



**Thank you for your  
attention!**