

Release of Operating Results for the Year 2016

March 2017



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Overview of indicators



| | Profit indicator | 2016 | 2015 | Growth rate/Increase (+) or decrease (-) <small>Unit: RMB100 million</small> |
|---------------------------------------|---|-------------|-------------|---|
| Stably rising profit level | Net profit attributable to shareholders | 416.29 | 411.58 | 1.14% |
| | Pre-allowance profit | 1,068.96 | 950.23 | 12.49% |
| | Operating income | 1,537.81 | 1,451.34 | 5.96% |
| | Basic earnings per share (RMB) | 0.85 | 0.88 | -3.41% |
| | Return on average assets | 0.76% | 0.90% | -0.14 percentage point |
| | Return on weighted average equity | 12.58% | 14.55% | -1.97 percentage points |
| | Cost-to-income ratio | 27.56% | 27.85% | -0.29 percentage point |
| | | | | |
| | Scale indicator | End of 2016 | End of 2015 | Growth rate |
| Steady increase of business scale | Total assets | 59,311 | 51,223 | 15.79% |
| | Deposits from customers | 36,393 | 31,828 | 14.34% |
| | Loan to customers | 28,779 | 25,288 | 13.81% |
| | | | | |
| | Asset quality indicator | End of 2016 | End of 2015 | Growth rate/Increase (+) or decrease (-) |
| Controllable asset quality in general | Non-performing loans | 485.80 | 360.50 | 34.76% |
| | NPL ratio | 1.69% | 1.43% | +0.26 percentage point |
| | Allowance coverage ratio | 155.50% | 167.81% | -12.31 percentage points |
| | The ratio of allowance for impairment of loans to total loans | 2.62% | 2.39% | +0.23 percentage point |
| | | | | |
| | Regulatory indicator | End of 2016 | End of 2015 | Growth rate/Increase (+) or decrease (-) |
| Stronger capital resources | Capital adequacy ratio | 11.98% | 11.87% | +0.11 percentage point |
| | Tier-one capital adequacy ratio | 9.65% | 9.17% | +0.48 percentage point |
| | Core tier-one capital adequacy ratio | 8.64% | 9.12% | -0.48 percentage point |

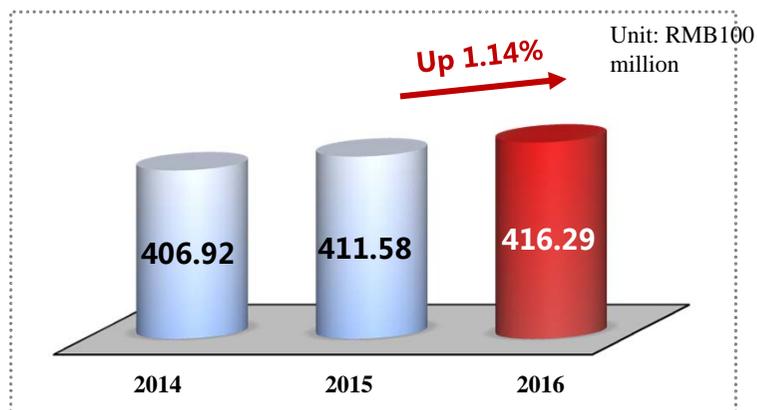
Part I Performance overview

Part II Strategic implementation

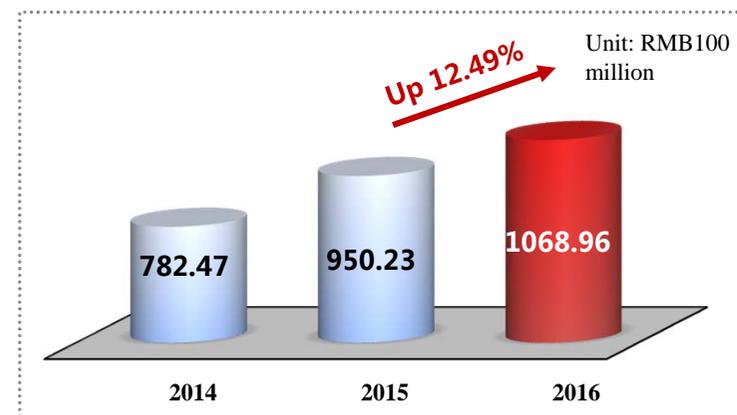
Part III Outlook and strategy

1. Pre-allowance profit achieved a good growth and net profit grew modestly

Net profit attributable to shareholders of the Bank



Pre-allowance profit



Shareholder return indicator

| Shareholder return indicator | Amount/ratio | | Growth rate/increase (decrease) |
|-----------------------------------|--------------|--------|---------------------------------|
| | 2016 | 2015 | |
| Return on average assets | 0.76% | 0.90% | Down 0.14 percentage point |
| Return on weighted average equity | 12.58% | 14.55% | Down 1.97 percentage points |

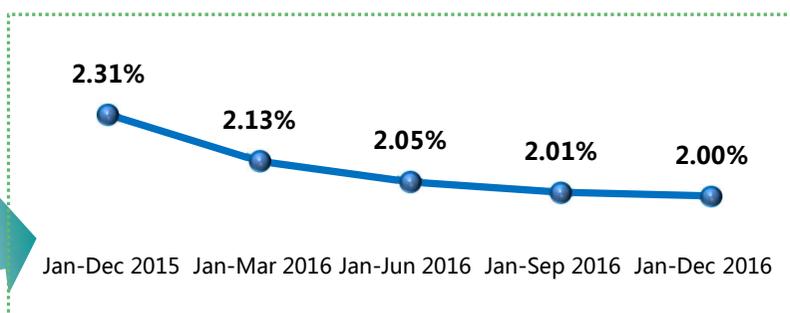
2. Net operating income continued to grow steadily

Operating income

Unit:
RMB100
million

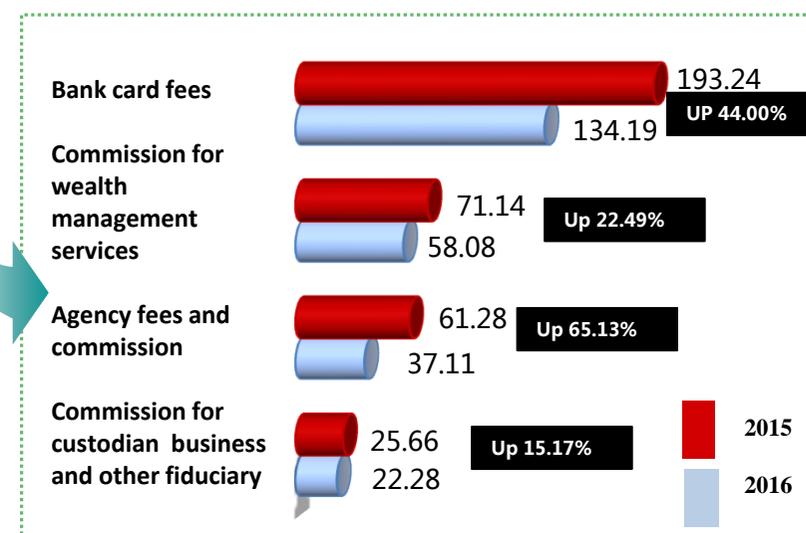
| Item | 2016 | 2015 | Increment | Growth rate |
|------------------------------------|----------------|----------------|--------------|---------------|
| Operating income | 1537.81 | 1451.34 | 86.47 | 5.96% |
| (1) Net interest income | 1061.38 | 1044.33 | 17.05 | 1.63% |
| ① Scale contribution | — | — | 147.23 | — |
| ② Interest rate contribution | — | — | -65.83 | — |
| ③ Other impacts | — | — | -64.35 | — |
| (2) Net non-interest income | 476.43 | 407.01 | 69.42 | 17.06% |
| Net fee income | 453.60 | 376.39 | 77.21 | 20.51% |

Seasonal trend of NIM



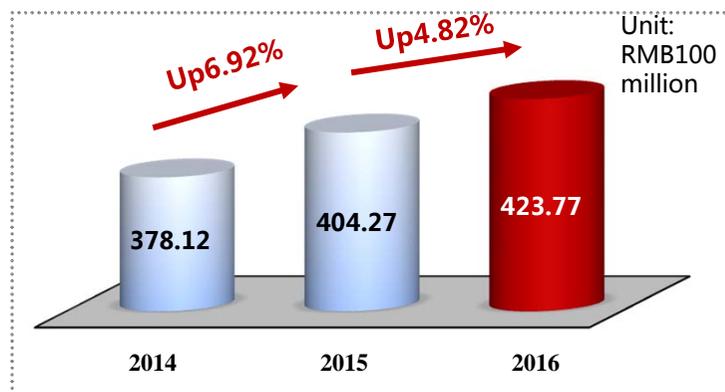
Main fee-based incomes

Unit:
RMB100
million

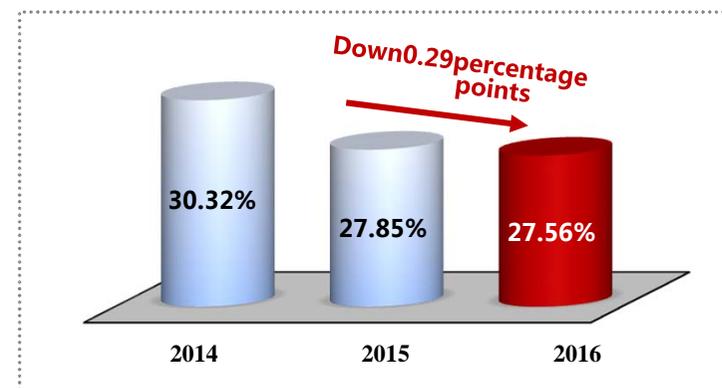


3. Growth of costs and expenses slowed down

Business & management expenses

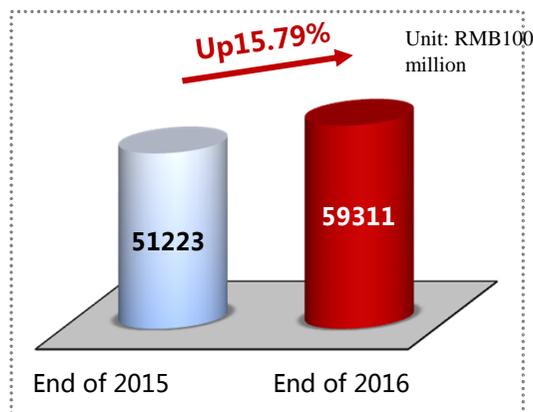


Cost-to-income ratio



4. Business scale grew steadily.

Total assets

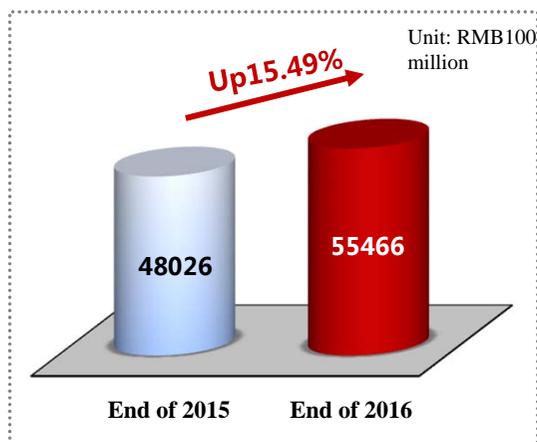


Asset structure

Unit: RMB100 million

| Item | End of 2016 | Increment | Growth rate | Proportion |
|--|--------------|-------------|---------------|----------------|
| Total assets | 59311 | 8088 | 15.79% | 100.00% |
| Including: | | | | |
| 1. Total loans to customers | 28779 | 3491 | 13.81% | 48.52% |
| 2. Total investments classified as receivables | 10375 | -756 | -6.79% | 17.49% |
| 3. Total investment | 8182 | 2371 | 40.81% | 13.80% |
| 4. Total interbank assets | 5467 | 2085 | 61.67% | 9.22% |

Total liabilities



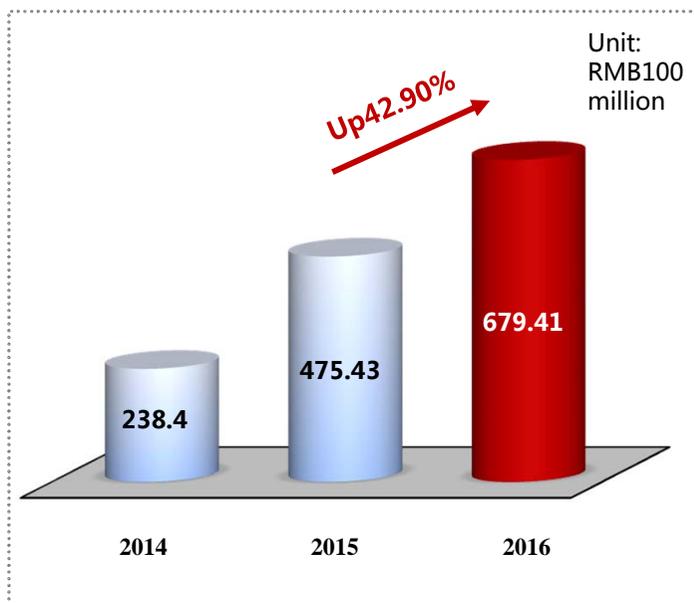
Liability structure

Unit: RMB100 million

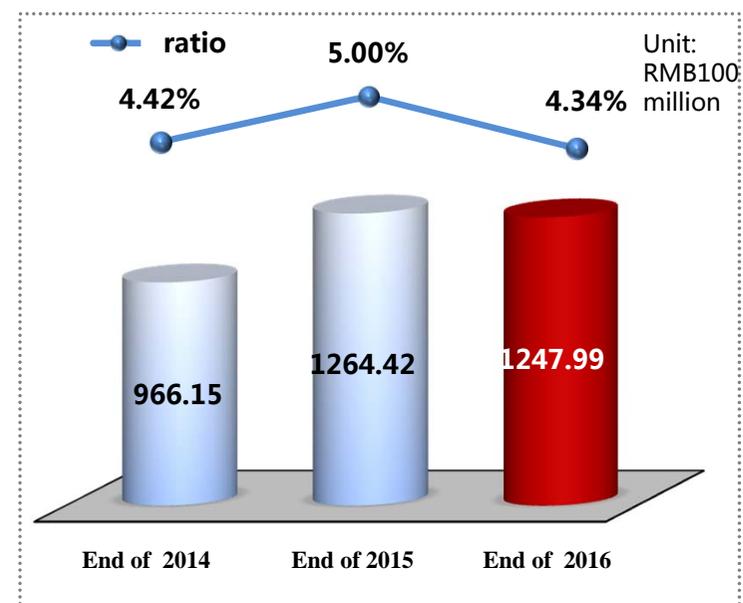
| Item | End of 2016 | Increment | Growth rate | Proportion |
|---------------------------------------|--------------|-------------|---------------|----------------|
| Total liabilities | 55466 | 7439 | 15.49% | 100.00% |
| Including: 1. Deposits from customers | 36393 | 4565 | 14.34% | 65.61% |
| 2. Interbank liabilities | 11855 | -34 | -0.29% | 21.37% |
| 3. Debt securities payable | 3869 | 978 | 33.83% | 6.98% |

5. Risk pressure further released (1)

Disposal of NPL principals



“Special mention + non-performing” loans



Note: Ratio= (“special mention + non-performing” loans)/total loans

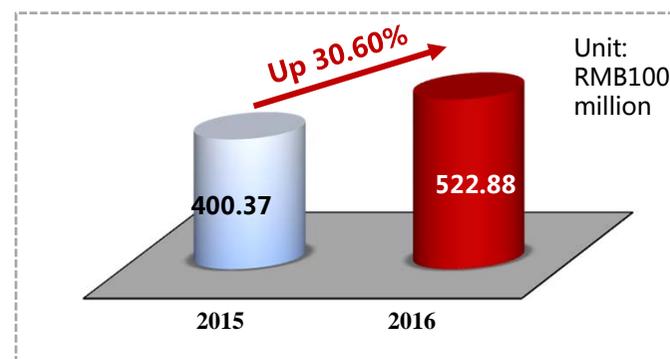
5. Risk pressure further released (2)

NPL write-offs/impairment allowances in the recent three years

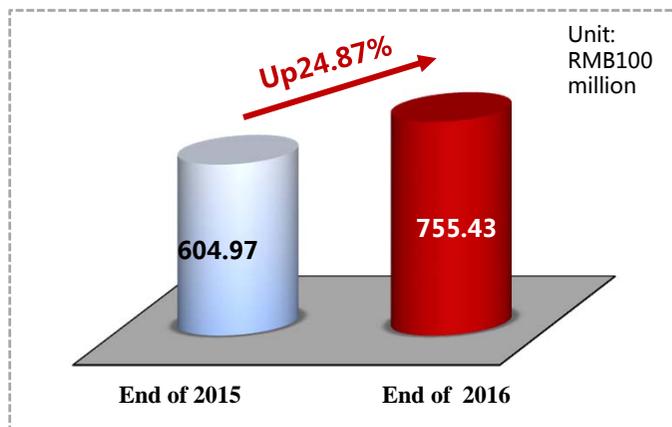
Unit: RMB100 million

| Indicator | 2014 | 2015 | 2016 | Total |
|---------------|--------|--------|--------|---------|
| Allowances | 220.74 | 351.20 | 457.15 | 1029.09 |
| NPL write-off | 116.10 | 262.39 | 309.52 | 688.01 |

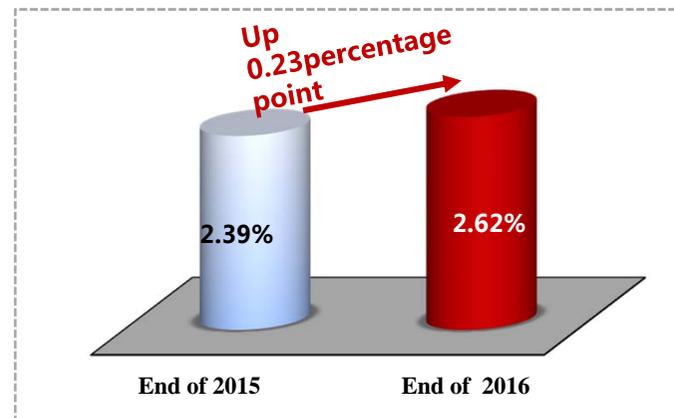
Allowances for asset impairments



Balance of allowances for impairment of loans



The ratio of allowance for impairment of loans to total loans

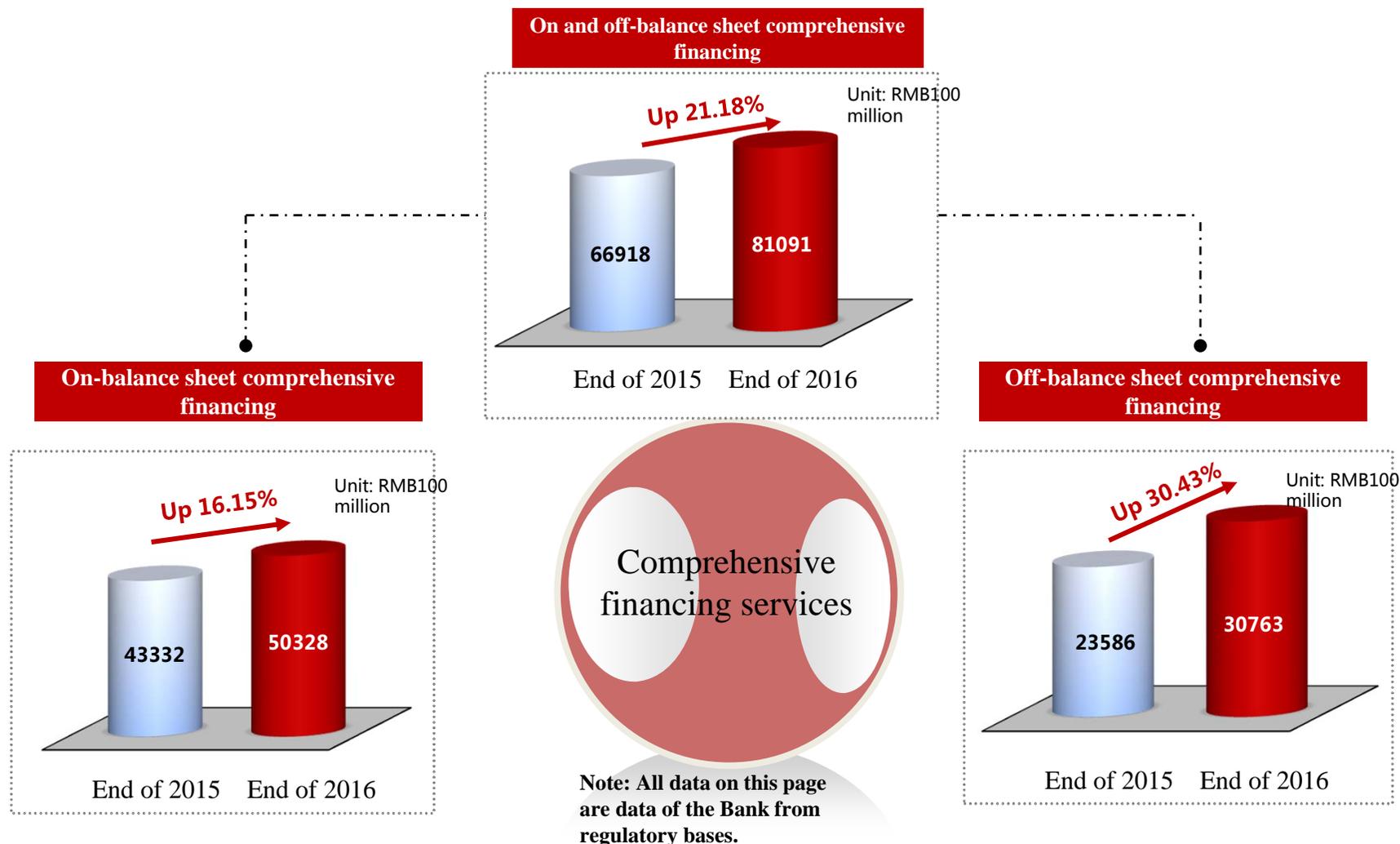


Part I Performance overview

Part II Strategic implementation

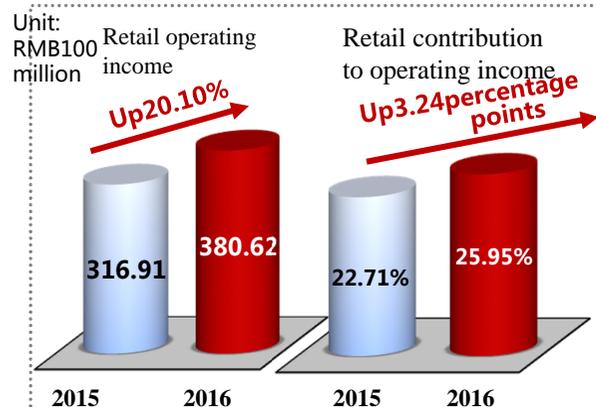
Part III Outlook and strategy

1. Comprehensive financing service capacity escalated markedly



2. The “One Body Two Wings” structure developed in harmony

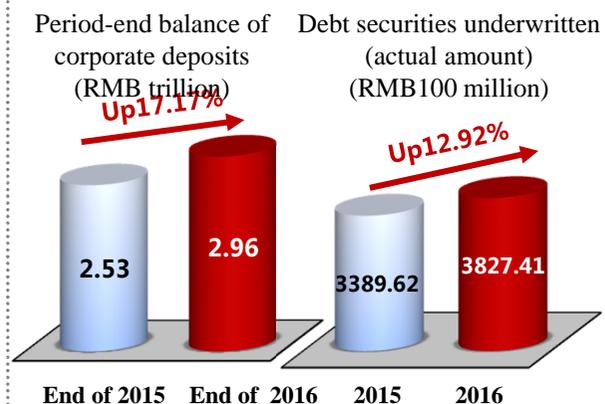
Retail banking



Retail banking rapidly increased value contribution

- With a strategy transformation, retail banking achieved rapid increase in value contribution, contributing more than 25% to operating income and over 50% to fee-based income
- Personal loans hit a record growth of 43.93% for the whole year
- With faster release of production capacity, credit card business realized RMB25.504 billion business income, up 36.42% from last year
- With a full-scale upgrading, going-abroad financial services recorded 1.40 million person-times customer service and brought about RMB233.60 billion AUM.

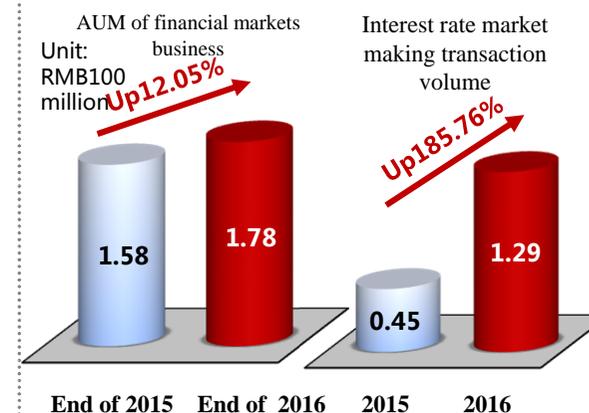
Corporate banking



Corporate banking further cemented market status

- The Bank topped all joint-stock banks in both balance and increment of corporate deposits, a further boost to its leading position in corporate banking business
- The Bank underwrote RMB382.741 billion debt securities, up 12.92% from last year, a leader of all joint-stock banks
- Incremental finance for investment banking and mergers & acquisitions registered more than RMB90 billion, a growth of nearly 6.2 times over last year.
- The Bank successfully assisted a group of mainstream market projects relating to mergers and acquisitions and privatization of listed companies

Financial markets business



Financial markets business continued to improve competitiveness

- The Bank was a leader of all joint-stock banks in terms of Forex spot market making, AUM of bill business and electronic bill transaction volume
- AUM of financial markets business recorded RMB1.78 trillion, up 12.05% from last year
- Interest rate market making transaction volume recorded RMB1.29 trillion, up 185.76% from last year
- Transformation and upgrading of the interbank business reshaped the “customer focus” business concept and integrated online and offline interbank marketing channels.

Note: 1. All other data on this page are data of the Bank, except for AUM of financial markets business which is Group data.

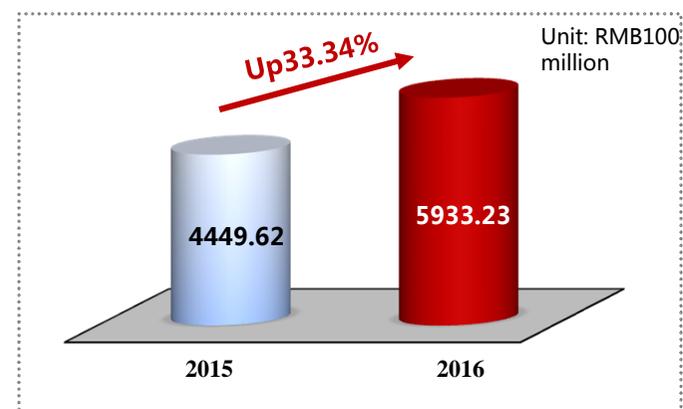
2. Proportion of corporate demand deposits = Balance of corporate demand deposits/total corporate deposits

3. Retail contribution to operating income= Retail operating income/total operating income

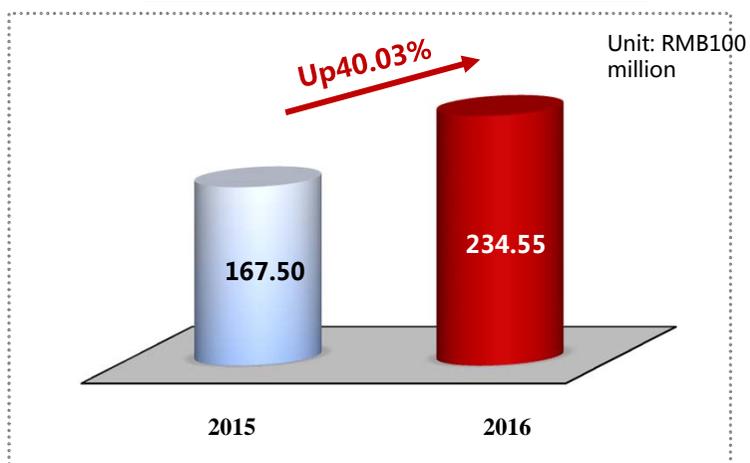
3. The “Three-Large and One-High” customer positioning yielded early results

- ✓ Upheld the “Three-Large and One-High” (“large industries, large customers, large projects and high-end individuals”) customer positioning
- ✓ Established key funds and completed restructuring projects of listed companies with an aggregate value of more than RMB200 billion, and developed a group of key strategic customers
- ✓ Underwrote RMB295.1 billion debt financing instruments for its strategic customers for the whole year

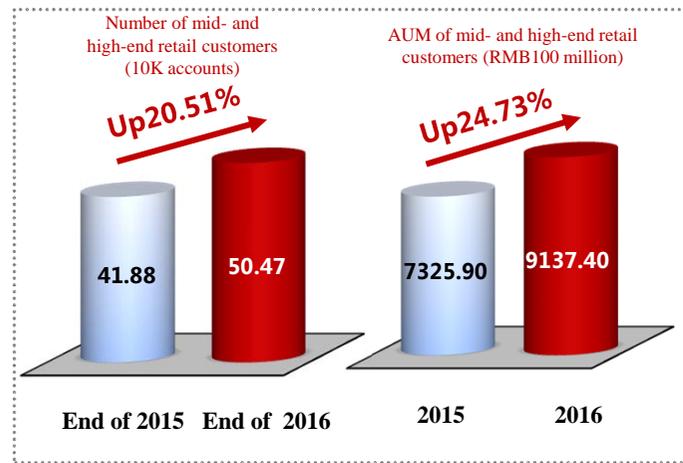
Daily average balance of deposits from strategic customers



Net operating income from strategic customers



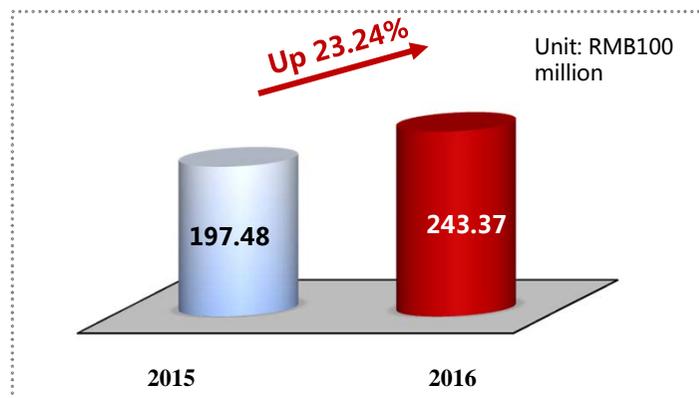
Number/AUM of mid- and high-end retail customers



Note: 1. All data on this page are data of the Bank.
2. Mid- and high-end retail customers = VIP customers + private banking customers

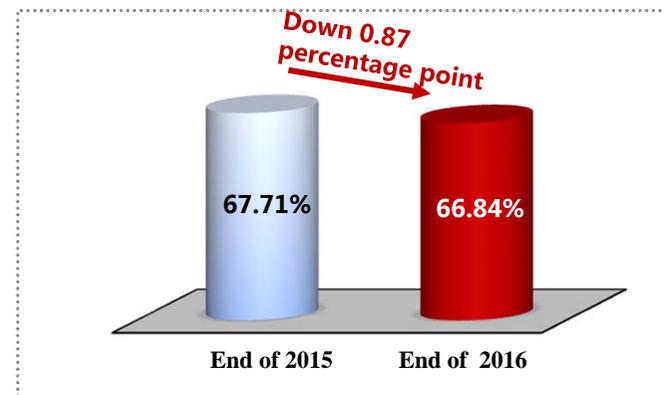
4. Business structure further optimized

Income from capital-light businesses



Note: Income from capital-light businesses mainly includes fee-based income from wealth management, agency and custody businesses.

Proportion of risk assets



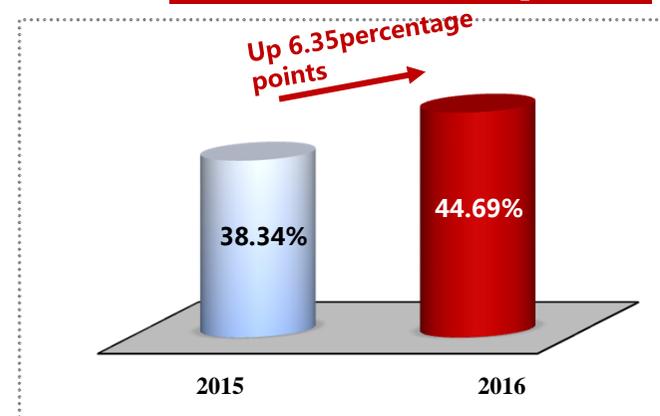
Note: Proportion of risk assets = Risk assets/total assets

Targets of loan investment

Unit:
RMB100
million

| Item | End of 2016 | Increment | Proportional change |
|---|--------------|-------------|-------------------------|
| 1. Personal loans | 9566 | 2880 | +6.80 percentage points |
| Including : ①Home mortgage loans | 4332 | 1643 | +4.42 percentage points |
| ②Credit card loans | 2377 | 619 | +1.31 percentage points |
| 2. Real estate loans | 2934 | 385 | +0.12 percentage point |
| 3. Loans to the retail and wholesale sector | 2385 | -221 | -2.02 percentage points |
| Total loans | 28779 | 3491 | — |

Proportion of daily average balance of demand deposits



5. The risk prevention and control system got a full-range boost

- The Bank established the “Three Defense Lines” for risk management, built a unique risk culture system that covered “all employees, all aspects and all processes”, and thus laid a solid foundation for strategic transformation.

2. Strictly controlled access to credit approval and reinforced risk control in key areas

- Restructured the “grand centralized” credit review system to have the Head Office fully take back the final-review mandates of tier-two branches and pushed forward new regulations and processes for loan disbursement;
- Managed credit extension to industries by layer, stuck to management of customers by name list, and implemented differentiated credit extension policies for key regions.

4. Mitigated risks of high-risk customers and enriched ways of disposing problem assets

- Proactively exited from 4,079 corporate loan customers
- Total exit amount stood at RMB141.7 billion
- Disposed RMB67.9 billion NPL principals in accumulation

1. Started to build a risk culture

- Nearly 5,000 sessions for training and publicity, risk whistleblowing education and knowledge competition were organized;
- Risk self-examination and risk screening plans covered approximately 2,000 items, continuously enhancing risk and compliance awareness



3. Reinforced risk monitoring to prevent/mitigate systemic credit risk

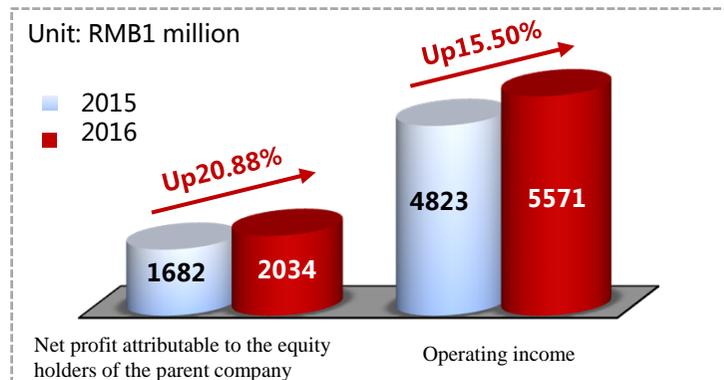
- Tightened post-lending management, strictly controlled business volume and reduced concentration risk;
- Conducted risk monitoring more frequently and reinforced quota monitoring.

5. Optimized operation processes to strictly control operational risk

- Realized life-cycle management of bill business by extensive promotion of e-seals and e-collateral-deposits;
- Online operated the human face recognition system, which upgraded safety of front office business and successfully intercepted more than 1,800 risk incidents relating to opening of bank accounts and change of password.

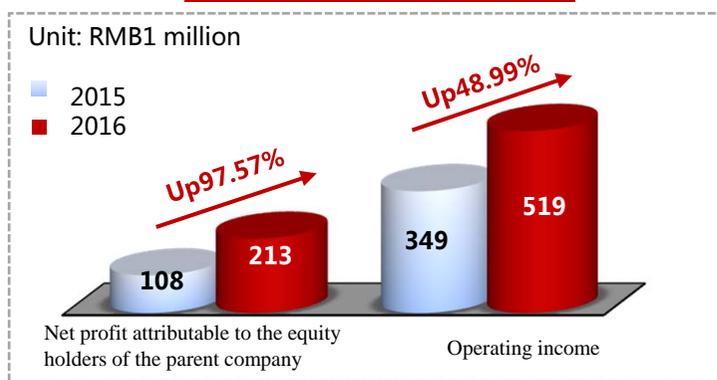
6. Subsidiaries markedly improved their contribution

CIFH



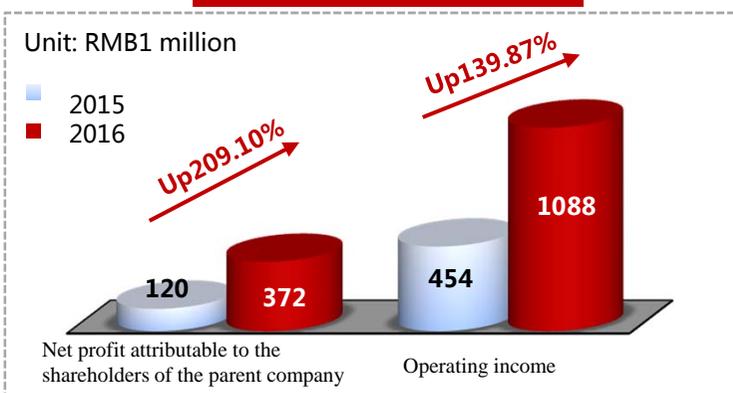
CIFH increased business interaction with the Bank and achieved new breakthroughs in cross-border business, retail AUM and private banking business.

CNCB Investment



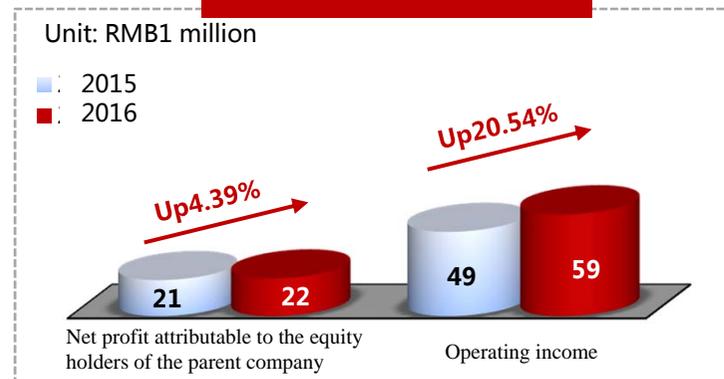
CNCB Investment obtained the overseas investment banking license, made ongoing innovation in cross-border investment and financing, and increased its net profit by a massive 98%.

CITIC Financial Leasing



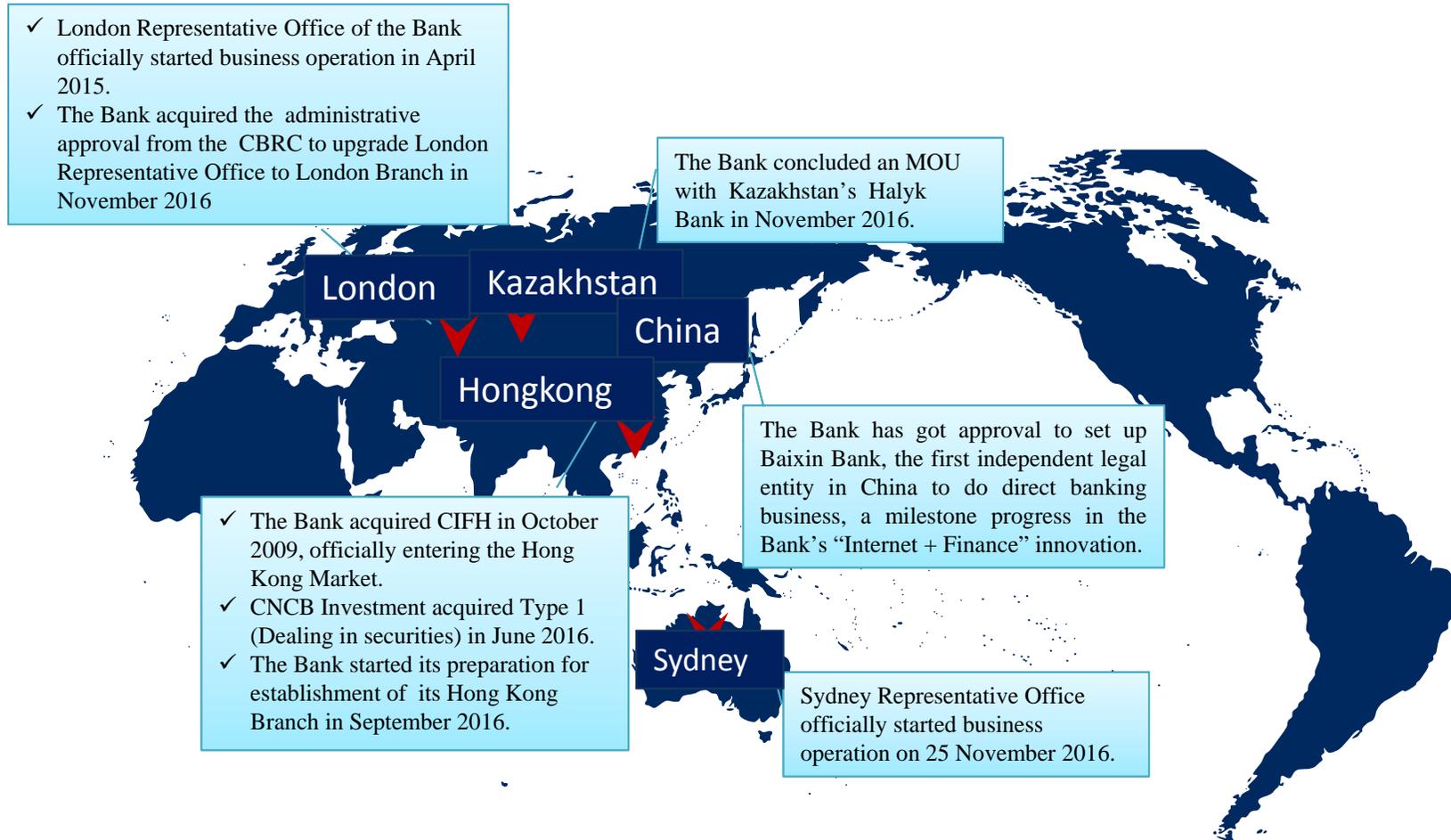
CITIC Financial Leasing registered total release of RMB27.6 billion leased assets for the whole year and built up its "Green Lease" brand in the market.

Lin'an CITIC Rural Bank



Lin'an CITIC Rural Bank reinforced risk control, enjoying a continuous boost to its risk resilience. Its NPL ratio stood at 1.48% and allowance coverage ratio 278.79%.

7. Business integration and internationalization both achieved breakthroughs.



8. Brand influence continued to escalate.



The Bank ranked the 30th in terms of tier-one capital out of the “Top 1,000 World Banks” published by *The Banker* magazine of the United Kingdom in July 2016.

With USD9.479 billion brand value, the Bank ranked the 22nd on the list of the “Global Top 500 Bank Brands” in February 2017.

21世纪经济报道
21st CENTURY BUSINESS HERALD

The Bank was named “Bank of the Year 2016 for Excellence in Strategic Innovation” in the competition for the 9th series of “Golden Shell Awards” in connection with asset management in China hosted by *The 21st Century Business Herald*.

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY

In the competition for the 2016 “Retail Banks of Excellent Financial Services” hosted by *The Asian Banker*, the Bank won the “Award for the Retail Bank Making the Greatest Progress in China”.



“Award for Best Performance in Syndicated Loan Business”
“Award for Best Capacity of Comprehensive Wealth Management”
“Award for Best Innovation”
“Award for Best Risk Control”
“Award for Best Product Transformation”
“Award for Best Compliance”
“Award for Greatest Social Contribution”



The Bank ranked the 79th among the “Top 2,000 Global Enterprises” published by the *Forbes* magazine in May 2016.



The Bank ranked the 245th among the world’s “Top 500 Green Banks” published by *The Newsweek* magazine of the United States of America in June 2016, the highest ranking for the Chinese banking industry.



In the competition for the “Investment Banks of the Year 2016 in Greater China” hosted by the *China Securities Daily*, the Bank was named the “Best Investment Bank of the Year 2016 in All Aspects in Greater China” and the “Best Cross-border Finance Bank of the Year 2016 in Greater China”.



The Bank won the “Award for Best Private Banking Customer Services in China” and the honor of “Outstanding Family Trust Services” in the competition for the “Asia Pacific Wealth Management Forum • Top Chinese Banks in International Private Wealth Management 2016” hosted by *The Wealth Management* magazine.

Part I Performance overview

Part II Strategic implementation

Part III Outlook and strategy

Pressures on the banking industry in business operation and development

Focus 1: Deleveraging in the financial sector will intensify to suppress the asset bubble, monetary policy will remain prudent and neutral, and market interest rates will stay high.

Focus 2: “Asset shortage” may continue, exposing banks to greater difficulties in increasing yield on assets.

Focus 3: Regulatory policies will tighten to curb the “flow of money from the real economy to other areas”, exposing banks to “normative” constraints in their business innovation.

Focus 4: Interest rate liberalization and new business models will intensify market competition, making it more difficult for banks to acquire low-cost liabilities.

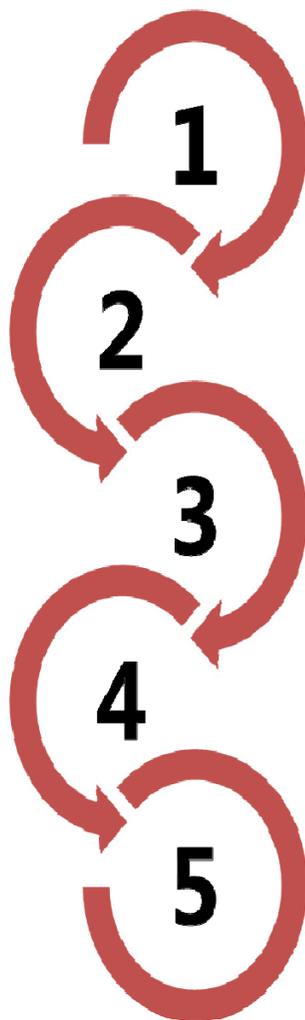
Focus 5: Risk situations will remain grim and complicated, requiring banks to follow more stringent provisions on risk management.

The traditional growth model of scale expansion plus rapid asset increase is no longer sustainable!

The traditional model of making profit from interest spread is no longer sustainable!

● Key tasks for 2017

Guiding philosophy: Head towards value creation and light-style development, follow the path of “capital-light, asset-light, cost-light” development, and become the “bank offering the best comprehensive financing services”.



Adjust structure: Speed up asset turnover, slow down growth of on-balance sheet assets, and transform from “operation with existing assets” to “operation with asset flows” to expand income sources of the Bank with larger asset flows.

Enhance management: Reinforce tier-one legal person management of business units at all levels, and promote the construction of a concentrated business operation system for higher management efficiency on all fronts.

Focus on innovation: Accelerate management innovation, model innovation, product innovation and technology innovation and construct a holistic innovation management system to release development vitality of the whole bank.

Control risks: Intensify total risk management and risk control of key areas to put risks of all types under strict control and reap gains from management of problem assets.

Consolidate foundation: Enhance the supporting capacity of information technology and reinforce internal control and compliance management in all aspects.

**Thank you for
your attention!**