




Release of Operating Results for the First Half of 2017

August 2017



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1. Performance overview

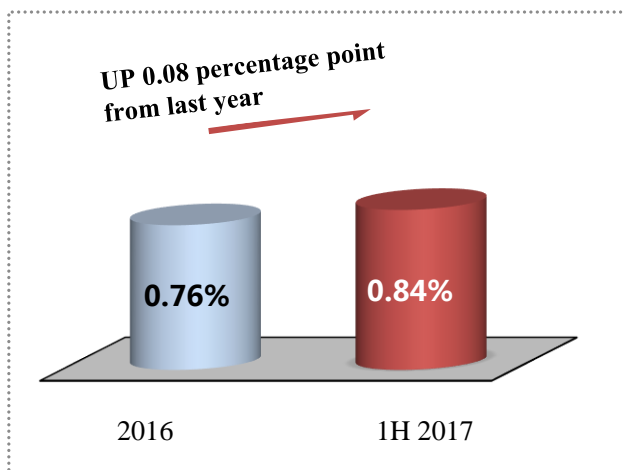
● Overview of main indicators

Unit: RMB100 million

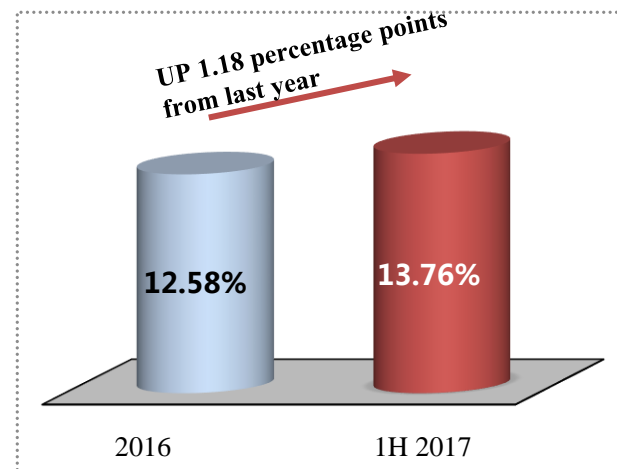
I. Income and cost indicators	1H 2017	1H 2016	Increment	Growth rate
1. Net profit attributable to the parent company	240.11	236.00	4.11	1.74%
2. Pre-allowance profit	555.30	551.65	3.65	0.66%
3. Return on average assets	0.84%	0.89%	Down 0.05 percentage point year on year	Up 0.08 percentage point from last year
4. Return on weighted average equity	13.76%	14.42%	Down 0.66 percentage point year on year	Up 1.18 percentage points from last year
5. Net operating income	765.80	782.05	-16.25	-2.08%
6. Net interest margin	1.77%	2.05%	Down 0.28 percentage point	
7. Cost-to-income ratio	26.50%	24.88%	Up 1.62 percentage points	
II. Asset quality indicators	End of June 2017	End of 2016	Increment	Growth rate
1. Balance of non-performing loans	511.19	485.80	25.39	5.23%
2. NPL ratio	1.65%	1.69%	Down 0.04 percentage point	
3. Allowance coverage ratio	152.97%	155.50%	Down 2.53 percentage points	
4. The ratio of allowance for impairment of loans to total loans	2.53%	2.62%	Down 0.09 percentage point	
III. Scale indicators	End of June 2017	End of 2016	Increment	Growth rate
1. Total assets	56,512.16	59,310.50	-2,798.34	-4.72%
2. Various loans	30,910.95	28,779.27	2,132.68	7.41%
3. Self-operated deposits	34,534.76	36,392.90	-1,858.14	-5.11%

(1) Good return to shareholders

Return on average assets



Yield on weighted average equity

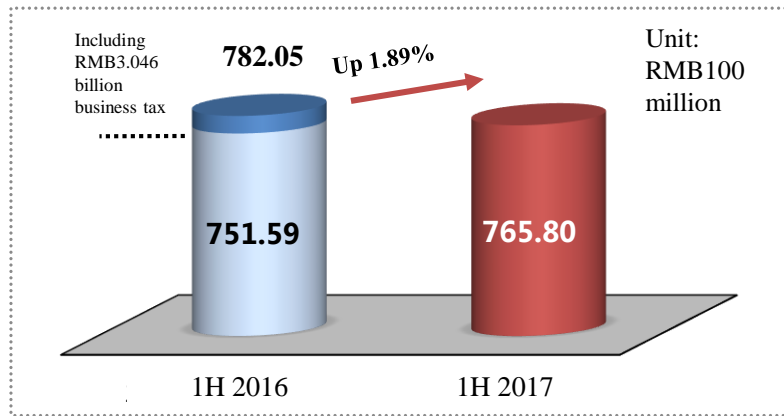


Unit:
RMB

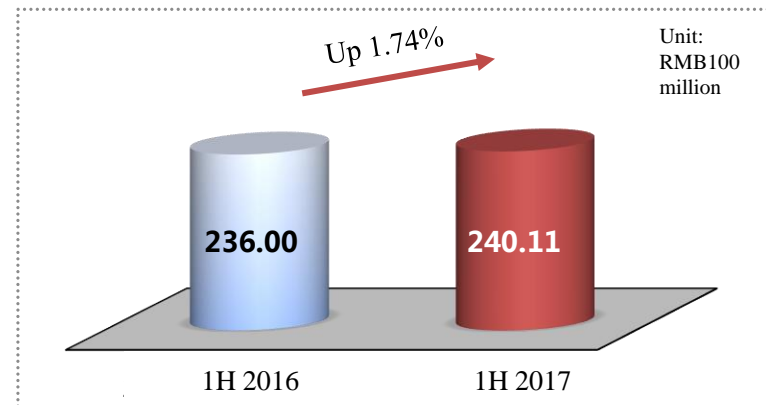
Item	End of June 2017/ 1H 2017	End of 2016/ 1H 2016	Increment	Growth rate
1. Net asset per share attributable to the ordinary shareholders of the Bank	7.20	7.04	0.16	2.27%
2. Basic earnings per share (year on year)	0.49	0.48	0.01	2.08%

(2) Robust operating performance in general

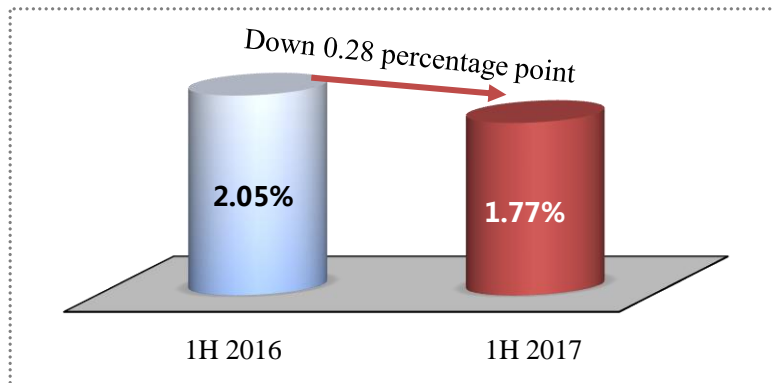
Net operating income



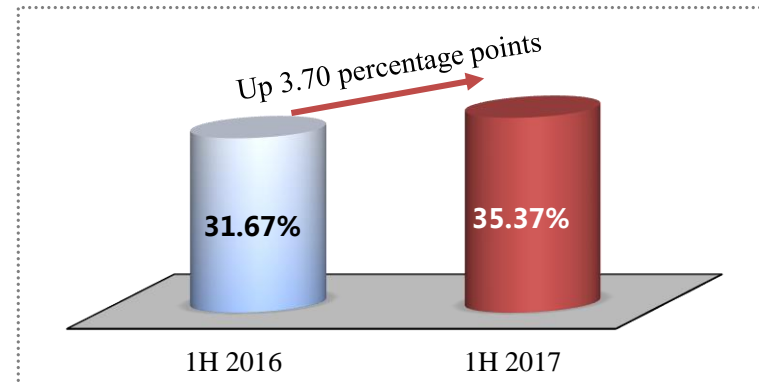
Net profit attributable to the shareholders of the Bank



NIM



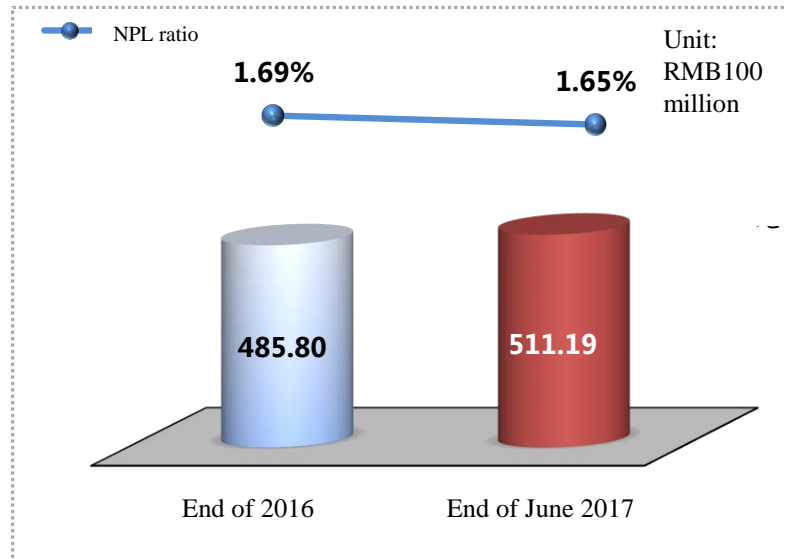
Proportion of non-interest income



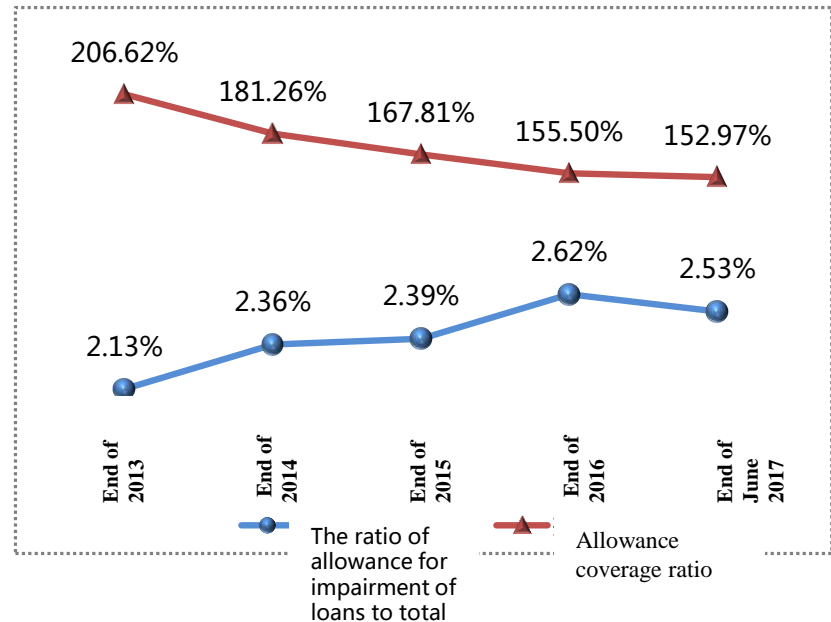
1. Performance overview

(3) Asset quality basically controllable

Balance of NPLs and NPL ratio



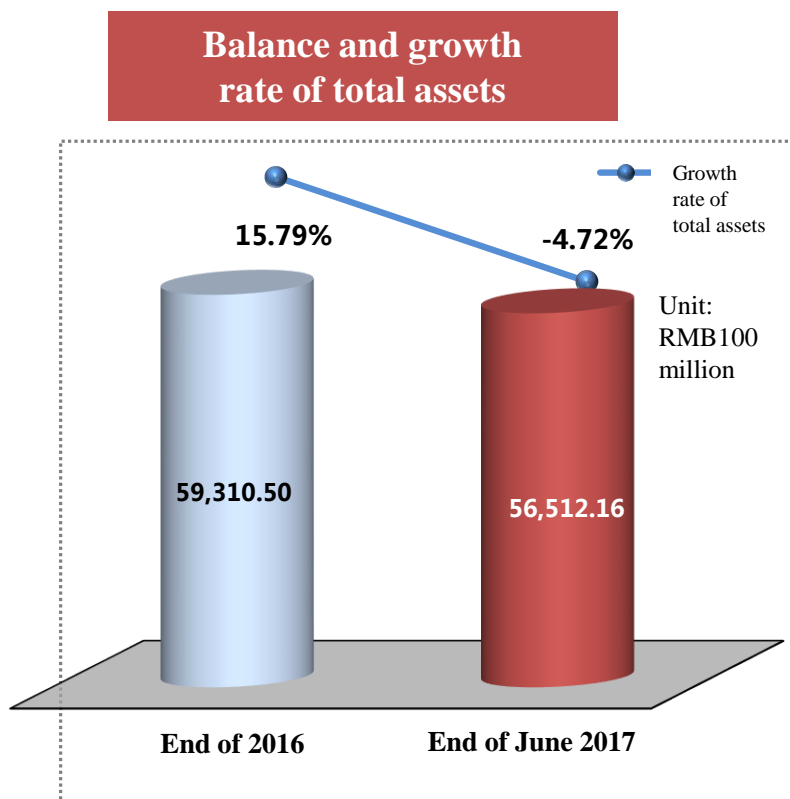
Allowance coverage ratio and the ratio of allowance for impairment of loans to total loans



Item	1H 2017	1H 2016	Increase/Decrease (Amount)	Growth/Decline (%)	2016
1.Allowance for impairment losses on loans	214.74	197.96	16.78	8.48%	457.15
2.Disposal of NPL principal	298.61	375.99	-77.38	-20.58%	679.41
Including: (1) Collection	103.73	172.59	-68.86	-39.90%	355.90
(2) Write-off	189.21	198.72	-9.51	-4.79%	309.52

Unit:
RMB100
million

(4) Scale growth consistent with expectation



Asset structure

Unit:
RMB100
million

Item	End of June 2017	Increment	Growth rate
Total assets	56,512.16	-2,798.34	-4.72%
Including:			
1. Total loans to customers	30,910.95	2,131.68	7.41%
2. Total investments classified as receivables	8,438.95	-1,935.89	-18.66%
3. Total investments	8,510.00	327.83	4.01%
4. Total interbank assets	2,650.21	-2,816.75	-51.52%

Liability structure

Unit:
RMB100
million

Item	End of June 2017	Increment	Growth rate
Total liabilities	52,585.18	-2,880.36	-5.19%
Including:			
1. Deposits from customers	34,534.76	-1,858.14	-5.11%
2. Interbank liabilities	10,119.98	-1,735.13	-14.64%
3. Debt securities payable	4,722.27	852.81	22.04%

1. Performance overview

(5) Further uplift of subsidiary contributions

Unit:RMB100 million

1.Profit indicators	1H 2017	1H 2016	Growth rate	CIFH	CNCB Investment	Lin'an CITIC Rural Bank	CITIC Financial Leasing
1. Net profit attributable to shareholders	14.76	12.12	21.72%	10.62	1.95	0.12	2.06
Year-on- year growth	21.72%	3.95%	Up 17.77 percentage points	19.84%	110.82%	22.66%	-7.74%
2. Operating income	44.18	31.89	38.54%	35.03	3.57	0.31	5.27
Year-on- year growth	38.54%	24.81%	Up 13.73 percentage points	47.14%	53.44%	9.66%	-3.70%
2.Scale indicators	End of June 2017	End of 2016	Increment	CIFH	CNCB Investment	Lin'an CITIC Rural Bank	CITIC Financial Leasing
1. Total assets	3489.13	3274.04	6.57%	2832.57	153.17	11.77	491.61
Growth over the end of the previous year	6.57%	24.58%	Down 18.01 percentage points	4.64%	-9.44%	12.62%	26.88%
2. Loan to customers	2242.46	2113.59	6.10%	1702.83	110.69	8.88	420.06
Growth over the end of the previous year	6.10%	29.27%	Down 23.17 percentage points	3.41%	-5.32%	12.91%	22.78%
3. Deposits from customers	2204.99	2118.19	4.10%	2196.97	—	8.02	—
Growth over the end of the previous year	4.10%	14.07%	Down 9.97 percentage points	4.07%	—	11.03%	—
3. Quality indicators	End of June 2017	End of 2016	Increment	CIFH	CNCB Investment	Lin'an CITIC Rural Bank	CITIC Financial Leasing
1. Non-performing loans	23.91	15.95	49.91%	23.75	—	0.16	—
2. NPL ratio	1.07%	0.75%	Up 0.32 percentage point	1.39%	—	1.80%	—

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2.Strategy implementation

(1)The “One Body Two Wings” structure developed in harmony — corporate banking

Relying on its traditional business advantages and centering on national strategies such as the supply side structural reform, the “Belt and Road Initiative” and “Made in China 2025”, the Bank tapped the opportunities available from upgrading of industrial structures, sped up its own structural adjustment and focused on the construction of product and service systems driven by the twin wheels of “Big Asset Management + Big Transactions”. Consequently, the Bank further consolidated its market position.

Transaction Banking Business

- ✓ Transaction banking recorded 353.5 thousand accounts of contractual customers, a growth of 4.80% over the end of the previous year; and 32.2086 million transactions, an increase of 35.66% year on year;
- ✓ Transaction value stood at RMB34.57 trillion, a growth of 14.66% year on year.

Investment Banking Business

- ✓ The Bank underwrote RMB109.164 billion debt financing instruments, ranking the 4th on the Chinese debt finance market, 2 notches up from the same period of the previous year;
- ✓ The Bank cumulatively underwrote RMB6.65 billion Panda bonds, topping all joint-stock banks;
- ✓ The onshore “Belt and Road Initiative” fund exceeded RMB100 billion at its inception; and offshore “Belt and Road Initiative” fund had about 50 key projects in the pipeline..

Asset Custody Business

- ✓ The custody of publicly offered funds recorded RMB1.81 trillion, an increase of 66.06% over the end of the previous year, jumping up to the first place in the Chinese banking industry in the ranking of such custody scales;
- ✓ There were more than 600 new projects placed under the Bank’s custody, consisting mainly of private equity funds. Their total value under custody recorded RMB431.7 billion, representing an increase of 33% over the end of the previous year.

PPP Business

- ✓ The Bank reached the intention of cooperation with more than 40 PPP financing projects at a combined amount of nearly RMB80 billion.

International Business

- ✓The Bank’s forex purchase and sale was 3.9% of the market total, up 0.4 percentage point from the end of last year;
- ✓The Bank secured the top ranking among all joint-stock banks in terms of market share in international balance of payments.

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

(1)The “One Body Two Wings” structure developed in harmony — retail banking

To become “the bank offering the best customer experience”, CITIC Bank focused on unique products such as Xinjin Bao and going abroad finance, and made innovations to customer acquisition models both via physical channels and on internet platforms, which resulted in constant improvement of service quality and customer satisfaction. In credit card business, the Bank continued to promote the cross-sector integrated operation strategy and kept enhancing customer acquisition capacity of its credit cards.

Distinctive retail businesses

- ✓ **Private Banking:** The Bank recorded RMB369.159 billion AUM for its private banking customers, up 14.93% over the end of the previous year; AUM of private banking customers took up 25.68% of the Bank’s total retail AUM, a growth of 0.97 percentage points over the end of the previous year.
- ✓ **Xinjin Bao:** Xinjin Bao business development focused on investment in money market funds; and the product scale thereof exceeded RMB60 billion.
- ✓ **Going abroad finance:** The Bank provided agency visa services for 70 countries, recorded 1.02 million person-times customer service and brought about 0.14 million accounts of new retail customers.

Credit card business

- ✓ The Bank issued a cumulative number of 41.6069 million credit cards, an increase of 23.49% year on year;
- ✓ The Bank recorded a credit card transaction volume of RMB659.741 billion, up 35.95% year on year;
- ✓ The Bank recorded RMB302.156 billion balance of credit card loans, a growth of 27.33% over the end of the previous year;
- ✓ The Bank realized RMB16.599 billion income from credit card business, a growth of 49.75% year on year.

(1)The “One Body Two Wings” structure developed in harmony — financial markets

The Bank regarded the financial markets as a new growth point, and therefore built the product and service systems that covered the money market, capital market and international financial market. Meanwhile, the Bank enhanced product innovation. As a result, the Bank enjoyed fast growth in both traditional specialty businesses and emerging new businesses.

Financial markets business

- ✓ The Bank recorded a total volume of RMB7.40 trillion money market transactions, a year-on-year growth of 14.07%.
- ✓ The Bank achieved a forex market making trading volume of RMB7 trillion, a growth of 26% year on year. Among the more than 600 members at the interbank forex market, the Bank ranked the 1st in terms of spot market making.
- ✓ The Bank’s trading volume of debt securities and interest rate derivatives recorded RMB1.2 trillion, a growth of 88.5% year on year.



Interbank Business

- ✓ “CITIC Interbank +” platform, which went alive at the end of 2016 and has been the priority of the Bank’s promotion efforts, recorded 452 accounts of contractual customers and RMB384.2 billion transaction volume.

Asset Management business

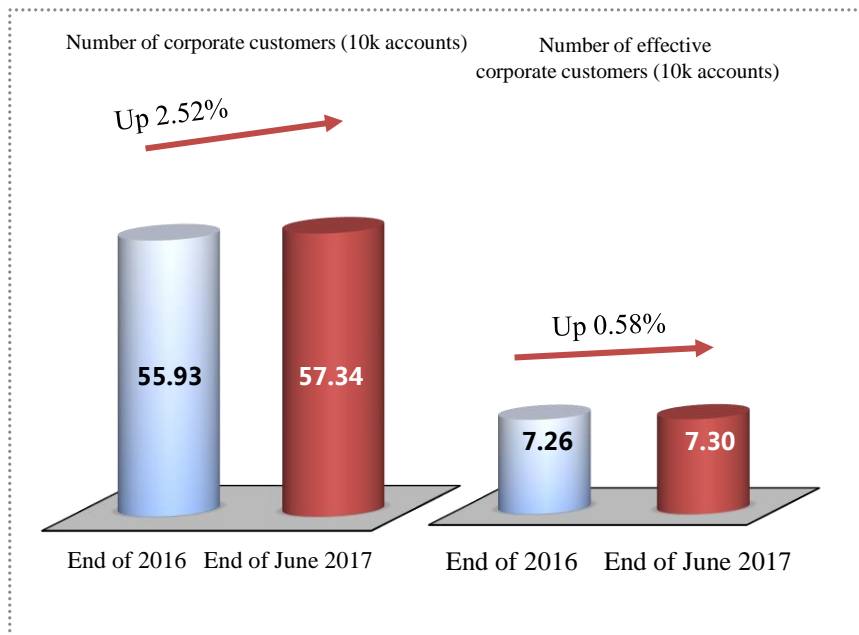
- ✓ The scale of all wealth management products of the Bank was in the amount of RMB1,057.187 billion, an increase of 2.51% over the end of the previous year;
- ✓ By developing multi-channel cross-border businesses such as third-party QDII, TRS and mutual fund recognition, the Bank achieved a 360% growth of asset scale in cross-border asset management business over the end of the previous year.
- ✓ All of the 1,008 matured bank wealth management products were repaid on time, creating RMB19.919 billion yield for its customers.

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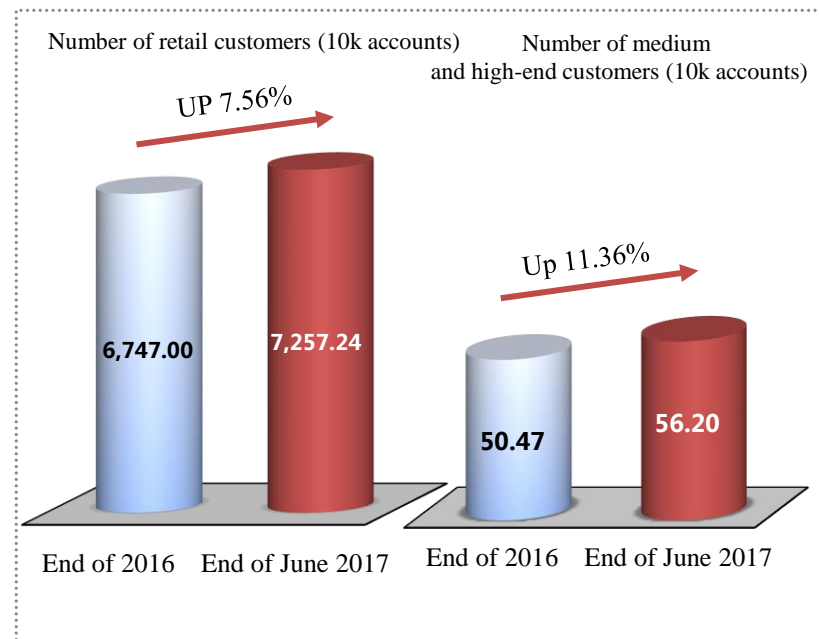
2.Strategy implementation

(2)Solid development of base customer groups

Number of corporate customers



Number of retail customers



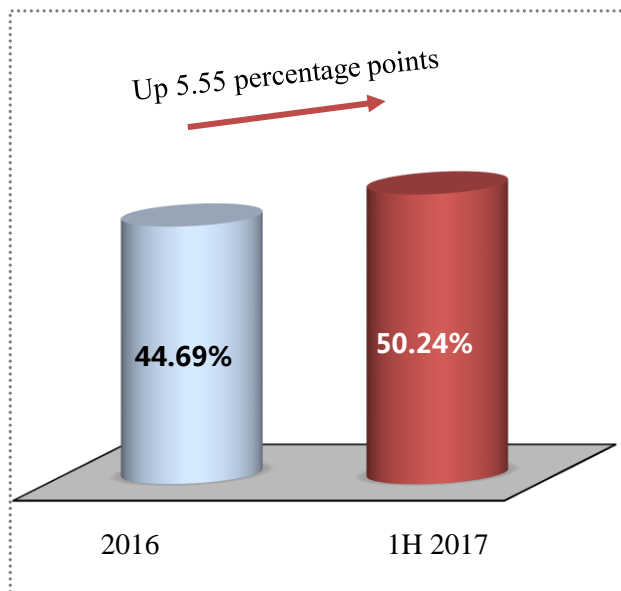
Note: 1. All data on this page are data of the Bank.

2. Effective corporate customers refer to customers with at least RMB500,000 (inclusive) deposits or wealth management at the Bank.

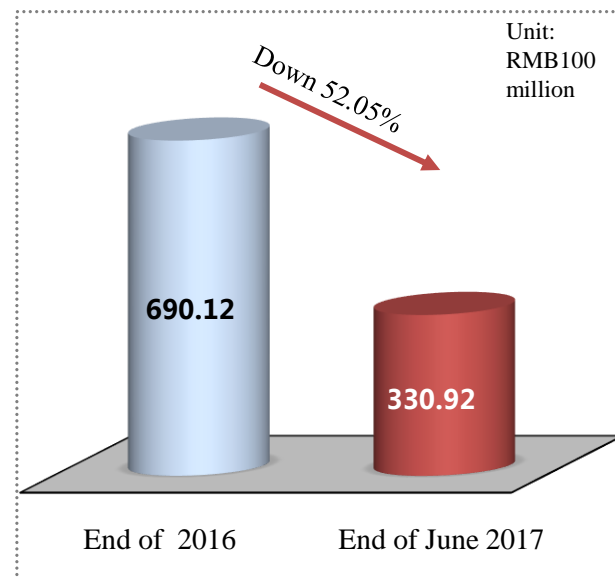
3. Medium and high-end retail customers refer to customers with at least RMB500,000 (inclusive) AUM at the Bank.

(3) Loan-deposit structure improved — deposits

Daily average of low-cost demand deposits took up a higher proportion



High-cost negotiated deposits decreased drastically



(3) Loan-deposit structure improved — loans

Credit resources leaned further towards personal loans

Unit:
RMB100
million

Item	End of June 2017	End of 2016	Growth
1.Balance of corporate loans	18,558.18	18,462.74	0.52%
2.Balance of personal loans	11,322.97	9,566.06	18.37%
Proportion of personal loans	36.63%	33.24%	Up 3.39 percentage points
Including: 1.Credit card loans	3,025.27	2,377.12	27.27%
2.Other personal loans	8,297.70	7,188.94	15.42%

Proportions of loans to the manufacturing and the wholesale and retail sectors went down continuously

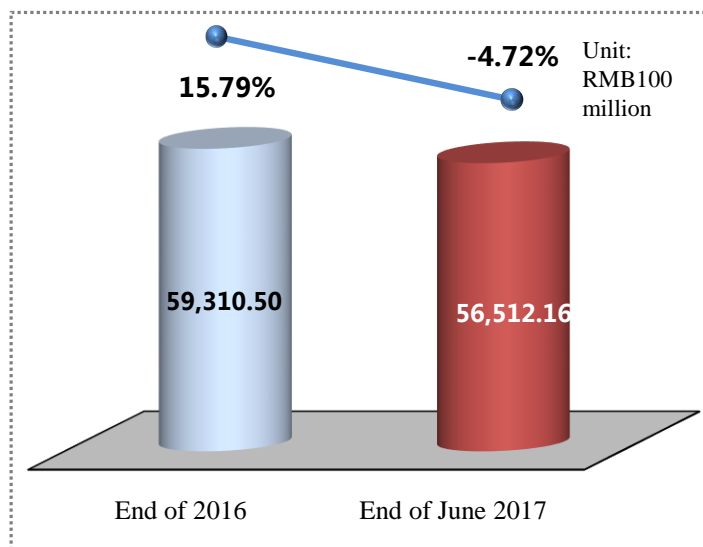
Unit:
RMB100
million

Item	End of June 2017	End of 2016	Changes
1. Proportion of loans to the manufacturing sector	18.51%	20.90%	Down 2.39 percentage points
Including: Proportion of loans to overcapacity industries	1.83%	1.89%	Down 0.06 percentage points
2. Proportion of loans to the wholesale and retail sector	11.00%	12.92%	Down 1.92 percentage points

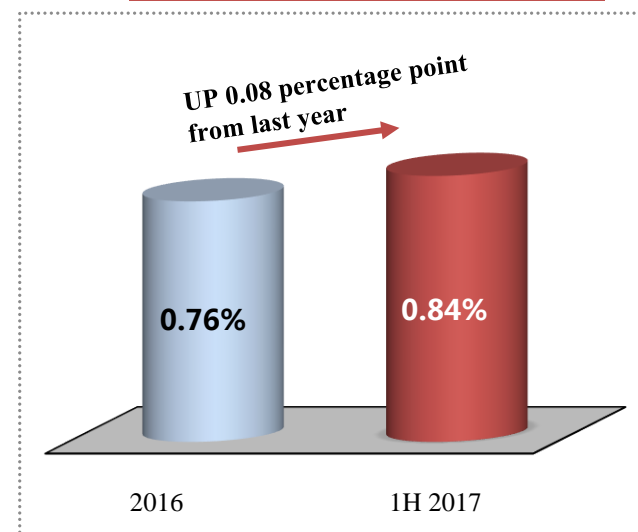
Note: Proportions are the ratios of loans to specific industries to the Bank's total corporate loans.

(4)Faster promotion of light-style transformation — asset-light

Growth of total assets
went down

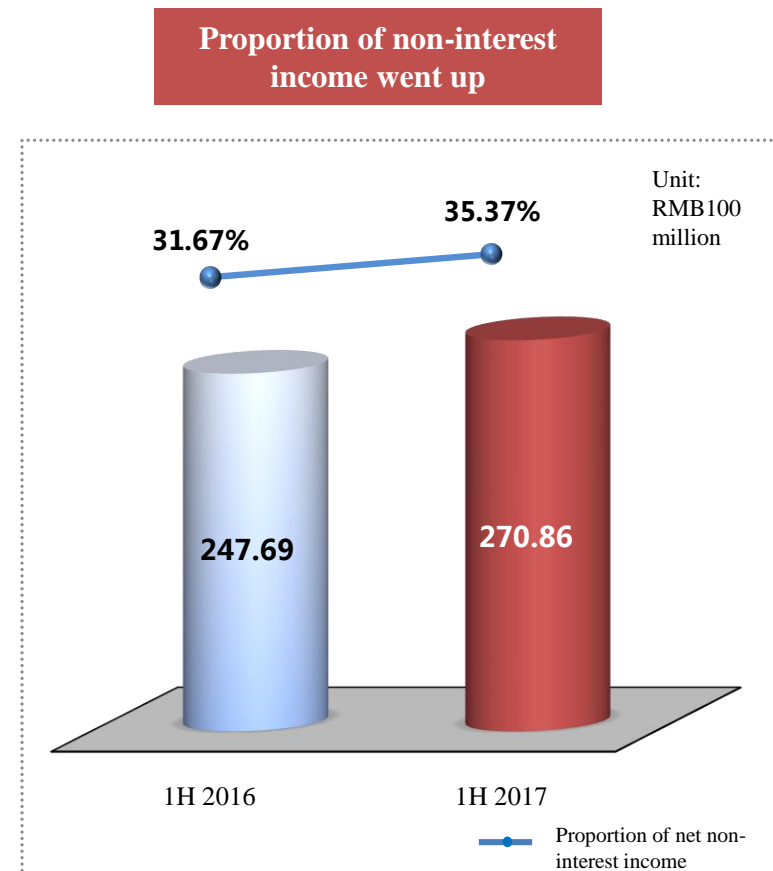
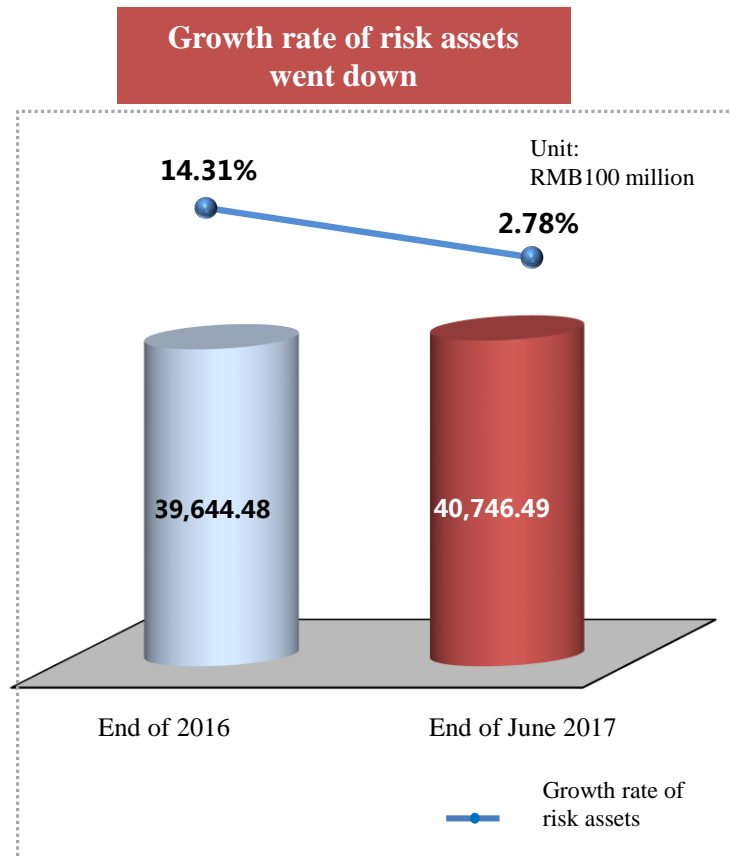


Return on average assets
went up

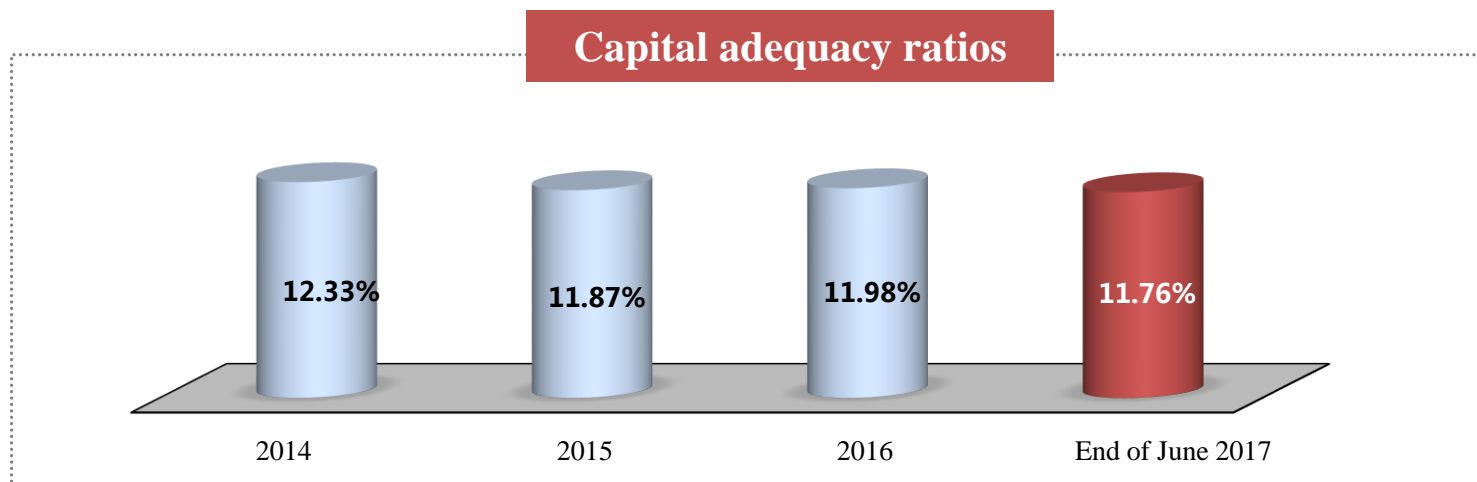


Item	1H 2017	2016	2015
1.Total assets (RMB100 million)	56512.16	59310.50	51222.92
Growth rate of total assets	-4.72%	15.79%	23.76%
2.Return on average assets	0.84%	0.76%	0.90%
Increase or decrease from last year	Up 0.08 percentage point	Down 0.14 percentage point	Down 0.17 percentage point

(4) Faster promotion of light-style transformation— capital-light (1)



(4) Faster promotion of light-style transformation— capital-light (2)



Unit:
RMB100
million, %

Item	End of June 2017	2016	2015	2014
1.Capital adequacy ratios				
1. Capital adequacy ratio ($\geq 10.5\%$)	11.76%	11.98%	11.87%	12.33%
2. Tier-One capital adequacy ratio ($\geq 8.5\%$)	9.60%	9.65%	9.17%	8.99%
3. Core Tier-One capital adequacy ratio ($\geq 7.5\%$)	8.61%	8.64%	9.12%	8.93%
2. Net capital				
Including: replenishment with external capital	—	350	120	370

(5) Exhibition of comprehensive synergistic advantages

In-depth promotion of synergy between retail and corporate banking businesses

✓The Bank vigorously expanded the channels for batch acquisition of premium retail customers. Through head-office to head-office cooperation with well-known Internet platforms such as Baidu, ofo (bike sharing), Xiaohongshu, Taobao, Dianping and Tuniu, the Bank provided in-depth services to customers and managed customers in better ways.

Remarkable achievements in domestic-overseas synergy

✓The Bank realized its advantages in cross-border synergy, recommending 235 partner enterprises to CNCBI and CNCB Investment, with aggregate amount of the cooperation projects exceeding HKD340 billion. At the same time, the Bank provided RMB75.4 billion cross-border finance to its customers, recording a historical high.

Rich fruits of subsidiary synergy under CITIC Group

✓The “CITIC Combined Marketing Fleet” and “CITIC PPP Consortium” set up between the Bank and associates of CITIC Group provided RMB300 billion intentional financing to more than 20 local governments, linked with over 100 key provincial and municipal PPP projects, and entered into cooperation intentions for more than 50 projects.
✓In implementing the Belt and Road Initiative, the Bank signed the agreement with Halyk Bank of Kazakhstan on acquisition of equity in Altyn Bank.

(6) Proactive and effective risk prevention and control



**Risk
Prevention
and Control**

Tightened credit access control, and Strictly controlled risk exposures of incremental loans

The Bank strictly implemented its bank-wide credit policy and various regulations, adhered to its sector, customer and regional positioning, made optimal selection of industries and customers, implemented strict criteria on credit access, tightened post-lending management, and stringently controlled risk exposures of incremental credit business.

Reinforced risk monitoring, and Strengthened risk limit management

The Bank has established a market risk management system that covers risk identification, measurement, monitoring and control. It managed market risk through product access approval and risk limit management, and thus controlled potential losses arising from market risk within the acceptable level and maximizes risk-adjusted returns.

Intensified liquidity risk management, and Reasonably arranged the asset-liability structure

The Bank issued RMB50 billion financial bonds to replenish medium and long-term capital, and structured assets and liabilities in reasonable ways to ensure a basic match between funding sources and fund uses. Moreover, the Bank reinforced management of active liabilities to ensure smooth financing channels, including borrowings from the central bank, money market, interbank certificates of deposit, and interbank deposits.

Effectively reduced NPLs, and Diversified asset disposal approaches

The Bank adopted comprehensive measures such as collection, restructuring and transfer to address existing problem loans, reducing both the NPL ratio (1.65%) and the ratio of problem loans (3.95%) and controlling them at the average peer level.

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Outlook and strategy

● Challenges and opportunities

Challenges

- **The macro economy faces uncertainty:** In the second half of the year, the global economy is expected to continue with its recovery, but will still face considerable complexity, instability and uncertainty; China will have enormous potential for economic growth, but its endogenous growth momentum still needs to be strengthened and the structural contradictions accumulated in the medium to long term remain prominent.
- **Banks face rising pressure on profit growth:** The asset-liability structure of commercial banks becomes increasingly complicated. Growth of bank self-operated deposits is slowing down while cost of deposits is going up due to the impacts of factors such as financial disintermediation, technology disintermediation and interest rate liberalization. The rising proportion of market-based liabilities brings greater challenges to banks in their liquidity management. These coupled with risk factors place bank profitability under growing pressure.
- **The financial regulatory environment gets increasingly stringent:** The CBRC required the rectification of chaotic phenomenon including “three kinds of arbitrage” (regulatory arbitrage, idle arbitrage and related party arbitrage), “three violations” (violation of financial laws, violation of regulatory regulations and violation of internal rules), and “four improper-s” (improper innovation, improper trading, improper incentives and improper charges). In the long run, such regulatory practices are conducive to guiding banks to return to the basics of financial services and promoting sustainable healthy development of banks, although in the short run they may increase liquidity fluctuations at the market.

Opportunities

- **With better coordination of financial regulation, competition will become more orderly:** The Central Government’s recent series of economic meetings determined the three major tasks, i.e., serve the real economy, prevent and control financial risks and deepen the financial reform, which pin-points the direction and lays the foundation for enhancing regulatory coordination and regulating the market chaos. They will therefore contribute to regulated development and orderly competition of the financial industry, and will positively incentivize prudently operating banks to fully realize their financing service functions.
- **With continuous promotion of market-oriented reforms, management will create value:** Interest rate and exchange rate liberalization, while testing the ability of banks to manage risks, also brings along corresponding profit-making opportunities. Asset securitization business registers rapid growth; asset management business is returning to its original purposes; and banks enjoy more diversified channels to serve the real economy. At the same time, banking is more profoundly integrated with the internet; direct banking enjoys a broader business prospect; and CITIC Baixin Bank has obtained regulatory approval to open for business. All these make corner overtaking possible.
- **With the economy exhibiting more positive signs, the larger business environment is turning for the better:** The global economy is gradually picking up, and the domestic supply side structural reform continues to go further. All these bring along opportunities for banks to adjust their business structures in line with the direction of reforms and thereby share the dividend arising from development of the real economy.

3. Outlook and strategy

● Business strategy

Resolutely implement the spirit of the National Financial Work Conference,
Maintain the strategic focus, return to the basics of financial services and serve the real economy

(1) Maintain the strategic focus and deepen business transformation

The Bank will remain committed to its strategic vision, i.e., “to become the bank offering the best comprehensive financing services”, and take the path of developing itself into a “value-oriented bank” and a “light-style bank”.

(2) Return to the basics of financial services and serve the real economy

- Focus on transaction demands of its corporate customers: The Bank will develop transaction banking and investment banking businesses with greater vigor; and expand going abroad finance, wealth management and consumer finance, to uplift production capacity and cultivate brand distinctiveness;
- Enhance financing service capacity: The Bank will make a reasonable choice of financing service approaches in line with corporate customer demands, and combine the management of asset flows with the management of existing assets, to become an effective financing bridge;
- Carry out reasonable business innovations: The Bank will improve its service efficiency and help corporate customers reduce financing cost, to share a win-win outcome with its corporate customers.

(3) Persevere with distinctive business operation and enhance asset flows

- The Bank will leverage the asset operation characteristics of joint-stock banks to vigorously penetrate into capital-light businesses such as asset securitization, and expedite asset turnover;
- Customer financing needs will remain the focus of attention for the Bank. It will enrich products, construct work forces, develop platforms and reinforce synergy, and combine the management of asset flows with the management of existing assets, to become an even more effective financing bridge.

(4) Intensify loan management and control for prevention and dissolution of risks

- Tighten loan access control and portfolio management and continuously optimize the customer, industry and product structures of its credit assets;
- Enhance risk prevention and control in key areas and strive to control the incurrence of incremental NPLs; and apply multiple measures concurrently to reinforce collection and disposal of risk assets, so as to generate profit from NPLs;
- Prevent market risk from evolving into credit risk or liquidity risk against the deleveraging backdrop.

To achieve win-win for customers, shareholders and the Bank!

**Thank you for
your attention!**