




Release of Operating Results for the First Half of 2018

August 2018

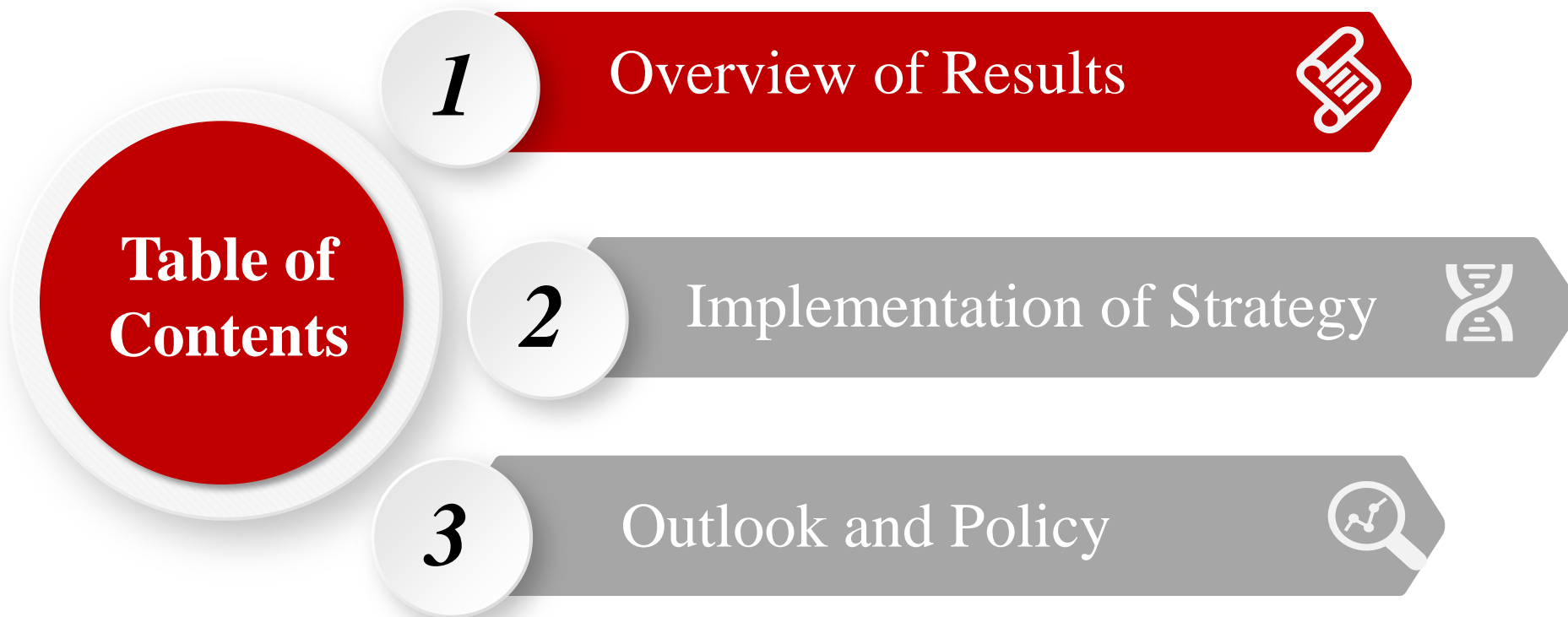


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Overview of main indicators

Unit: RMB100 million

I. Earning indicators	1H 2018	1H 2017	YoY increase	YoY growth rate
1. Net profit attributable to the equity holders of the bank	257.21	240.11	17.10	7.12%
2. Profit before provision	586.03	555.30	30.73	5.53%
3. Net operating income	810.52	765.70	44.82	5.85%
4. Return on average assets	0.92%	0.84%	Up 0.08 percentage point	
5. Return on weighted average equity	13.96%	13.76%	Up 0.20 percentage point	
6. Net interest margin	1.89%	1.77%	Up 0.12 percentage point	
7. Cost/income ratio	26.66%	26.50%	Up 0.16 percentage point	
II. Asset quality indicators	As at 30 June 2018	At the end of 2017	Increase	Growth rate
1. Balance of non-performing loans (NPLs)	608.65	536.48	72.17	13.45%
2. Ratio of non-performing loans	1.80%	1.68%	Up 0.12 percentage point	
3. Allowance coverage ratio	151.19%	169.44%	Down 18.25 percentage points	
4. The ratio of Allowance for impairment of loans to total loans	2.72%	2.84%	Down 0.12 percentage point	
III. Scale indicators	As at 30 June 2018	At the end of 2017	Increase	Growth rate
1. Total assets	58,074.4	56,776.9	1,297.5	2.29%
2. Loans to customers	33,792.9	31,968.9	1,824.0	5.71%
3. Deposits from customers	35,879.9	34,076.4	1,803.5	5.29%
IV. Regulatory indicators	As at 30 June 2018	At the end of 2017	Increase	Growth rate
1. Capital Adequacy ratio ($\geq 10.5\%$)	11.34%	11.65%	Down 0.31 percentage point	
2. Tier-1 Capital Adequacy ratio ($\geq 8.5\%$)	9.36%	9.34%	Up 0.02 percentage point	
3. Core Tier-1 Capital Adequacy ratio ($\geq 7.5\%$)	8.53%	8.49%	Up 0.04 percentage point	



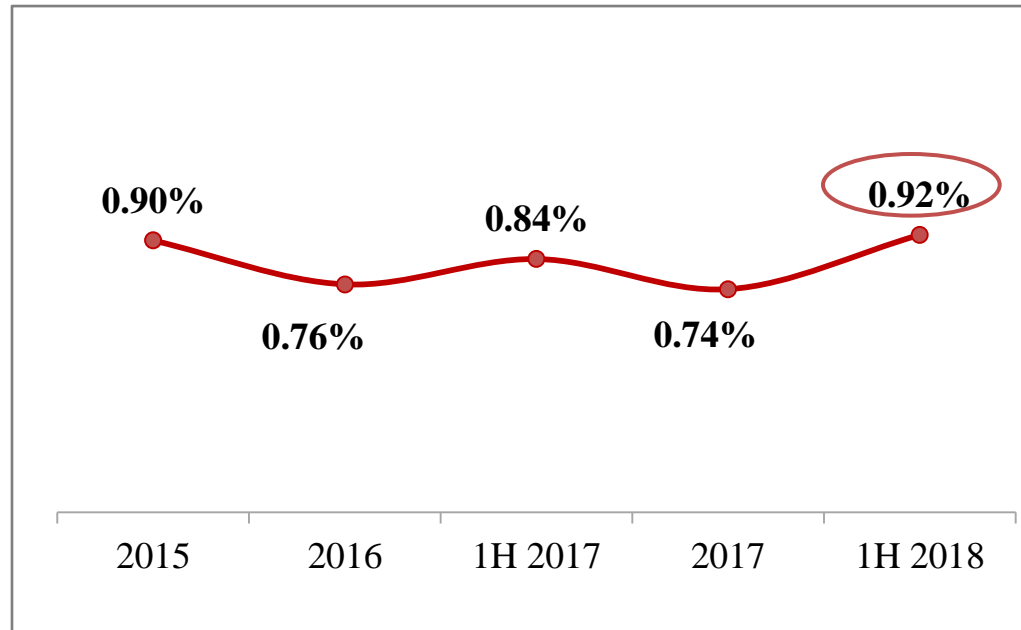
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1	Overview of Results	
2	Implementation of Strategy	
3	Outlook and Policy	

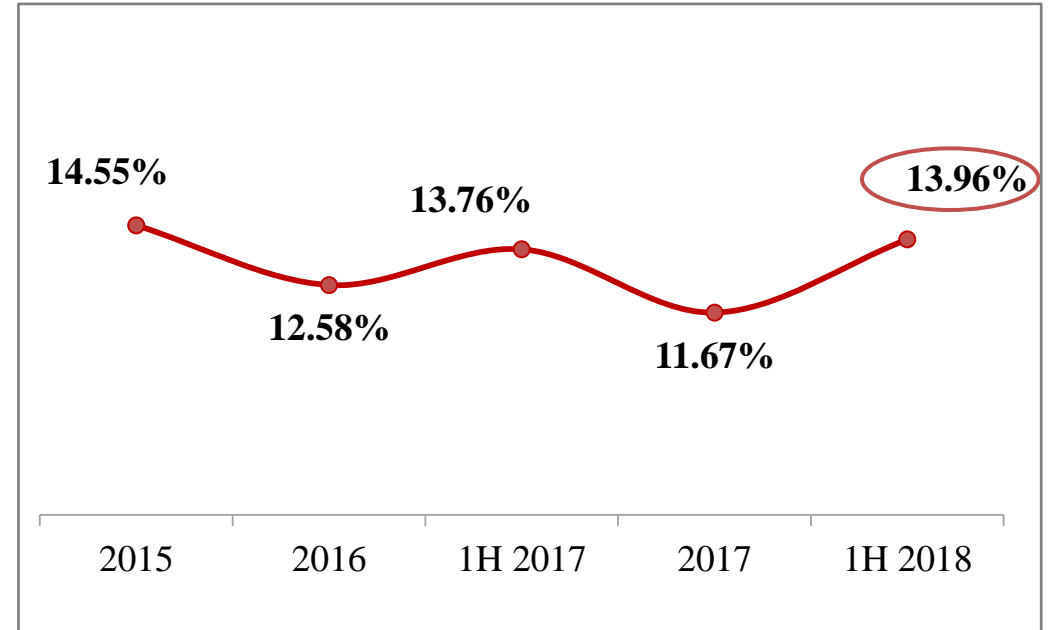
I. Overview of Results

i. ROA and ROE improved with a good return to shareholders

ROA was **0.92%**
up **0.08 percentage point YoY**



ROE was **13.96%**
up **0.2 percentage point YoY**



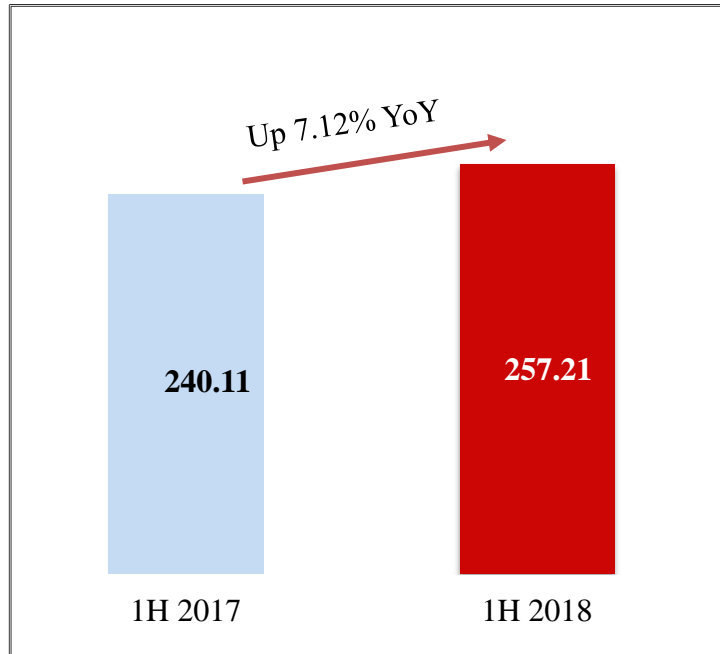
I. Overview of Results

ii. Net profit grew at a faster pace

Net profit attributable to shareholders of the Bank

RMB25.721 bn, +7.12%

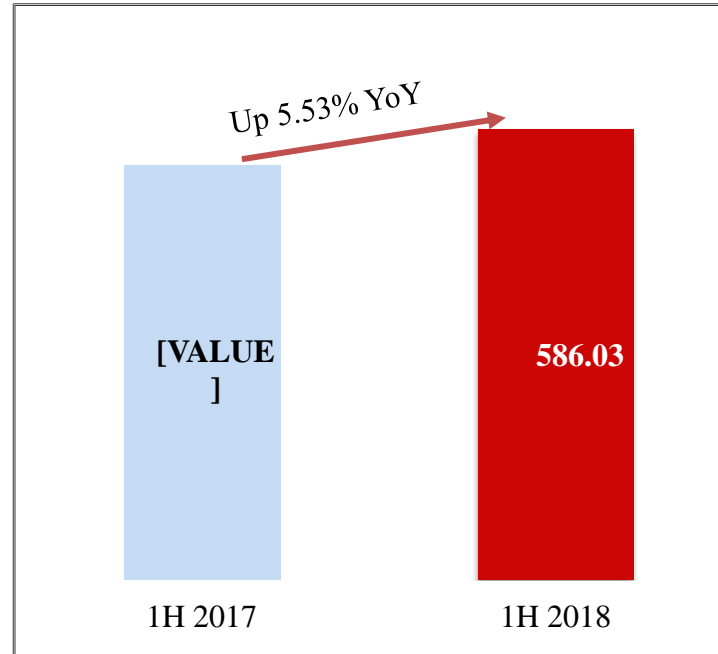
Unit: RMB 100 million



Profit before provision

RMB58.603 bn, +5.53%

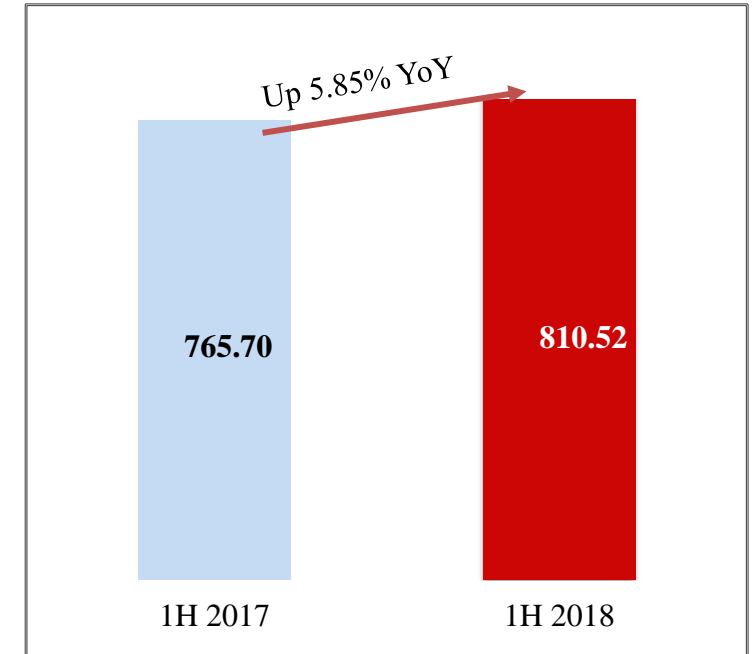
Unit: RMB 100 million



Net operating income

RMB81.052 bn, +5.85%

Unit: RMB 100 million

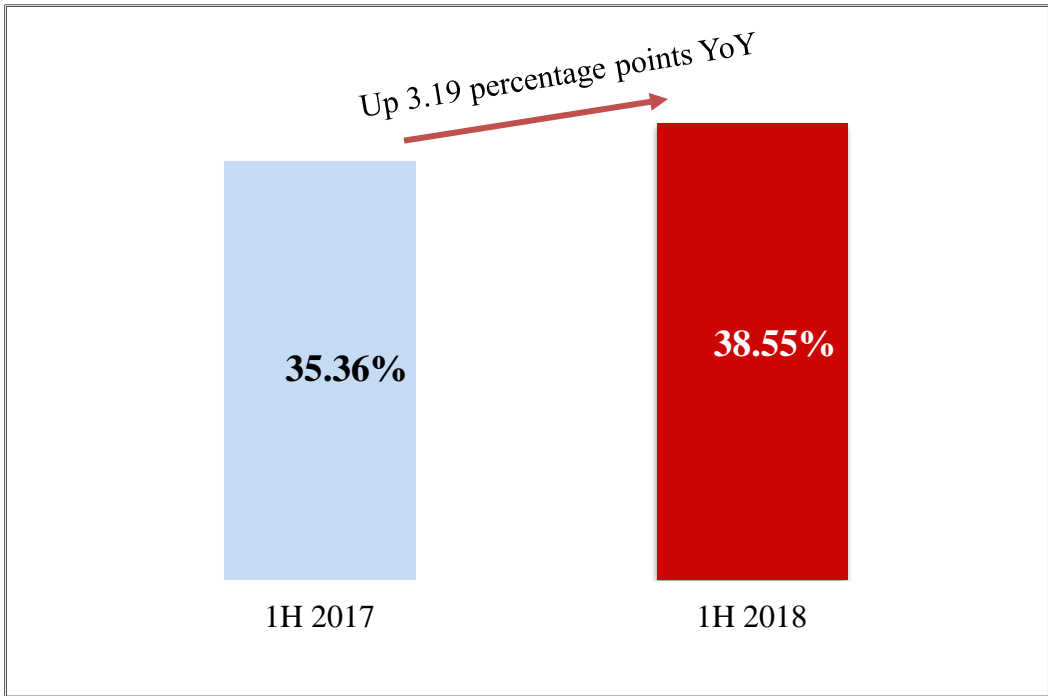
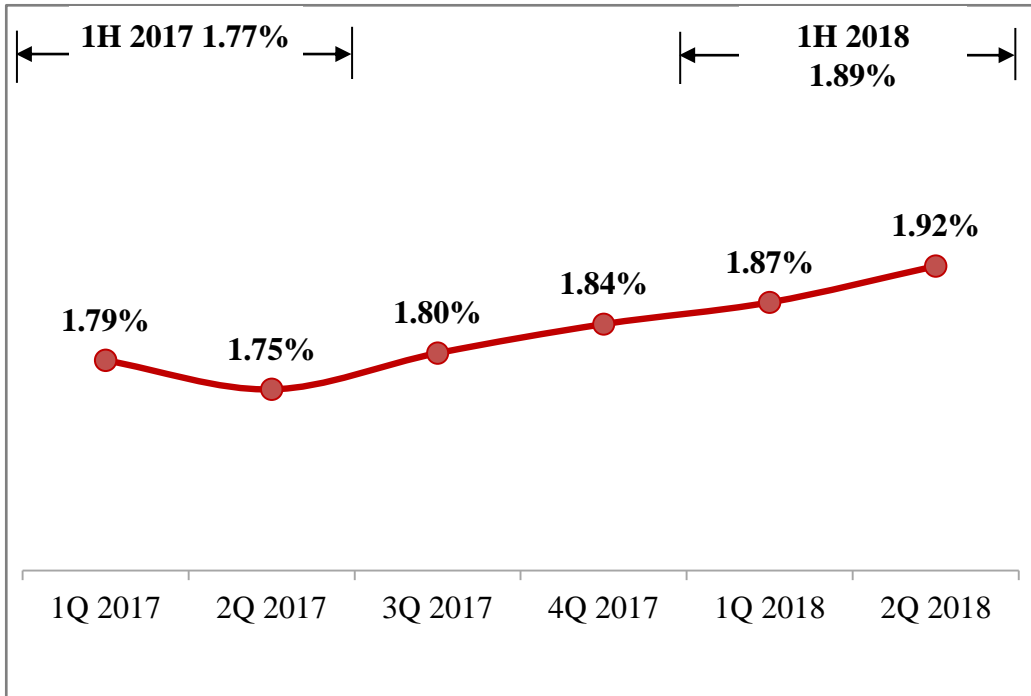


I. Overview of Results

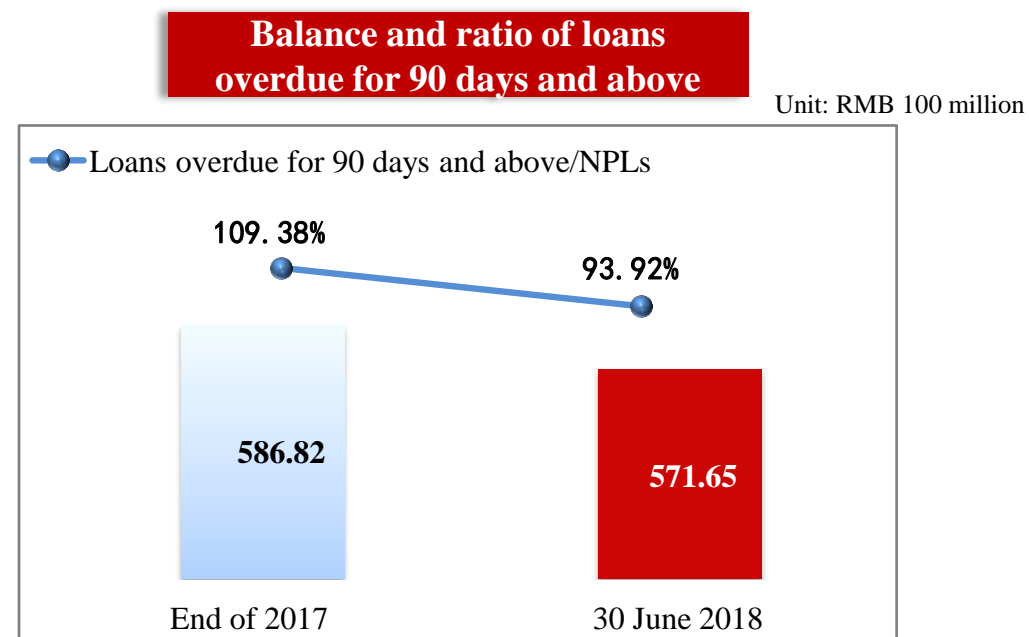
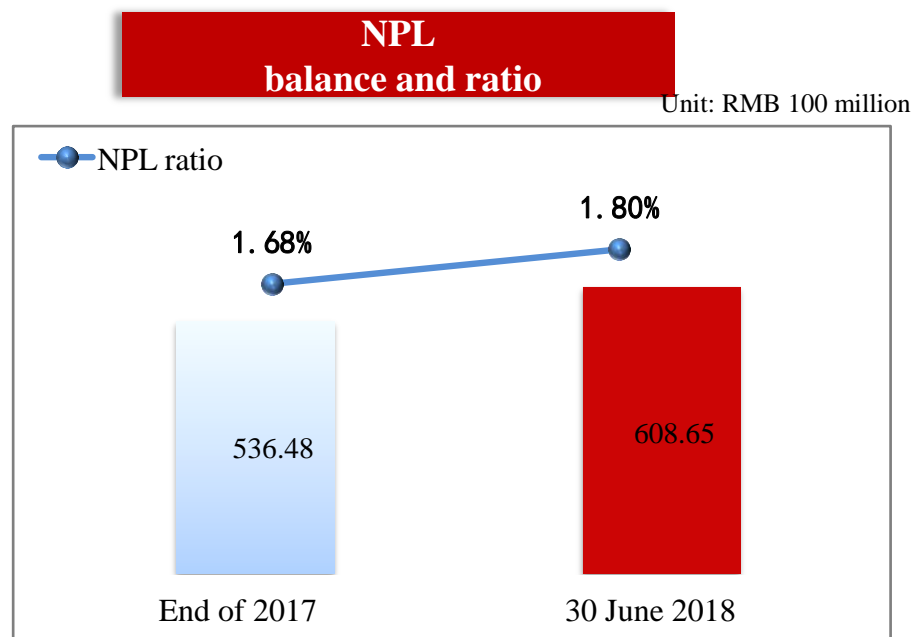
iii. Net interest margin picked up remarkably, with the income structure improved

Net interest margin
1.89%
 Up 0.12 percentage point YoY

Ratio of non-interest income
38.55%
 Up 3.19 percentage points YoY



iv. Asset quality was further enhanced with credit risk released faster



Provision coverage

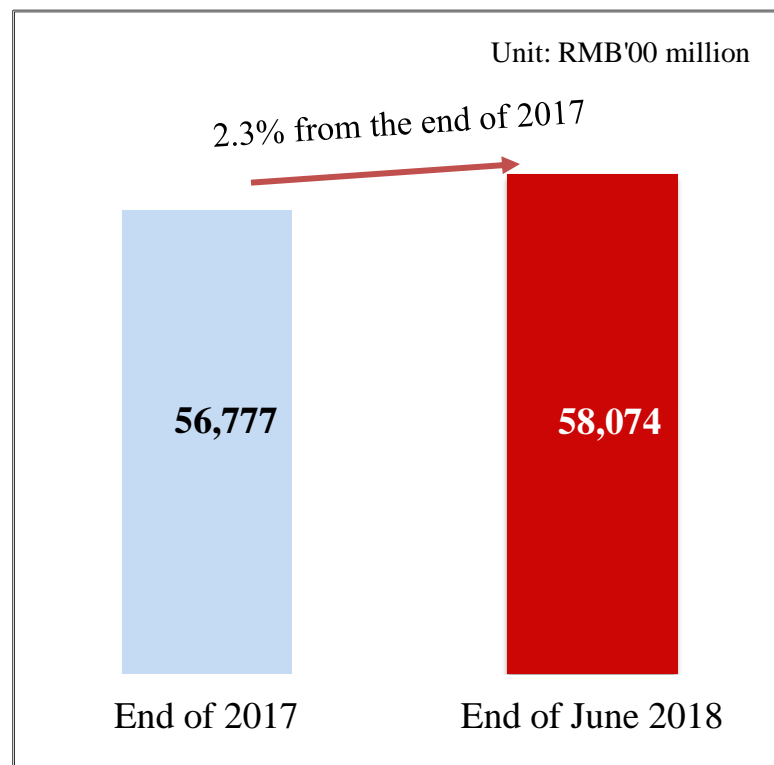
Item	As at 30 June 2018	At the end of 2017	Change
I. Allowance coverage ratio	151.19%	169.44%	down 18.25 percentage points
II. Allowance/loan ratio	2.72%	2.84%	down 0.12 percentage point

I. Overview of Results

v. The growth in size meets expectations

Total assets: RMB5,807.4 bn
Up **2.3%** from the end of 2017

Asset allocations were leaned toward credit resources



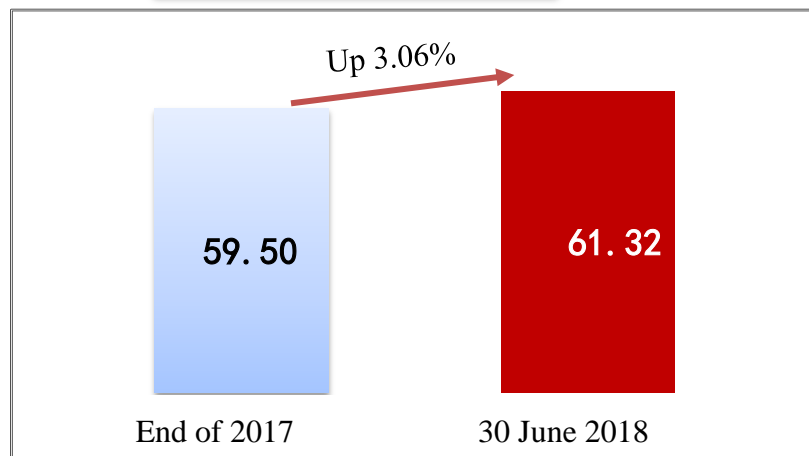
Unit: RMB 100 million

Item	As at 30 June 2018	At the end of 2017	Increase	Growth rate
Total assets	58,074	56,777	1,297	2.3%
Of which: customer loans	33,793	31,969	1,824	5.7%
i. Corporate loans	18,895	18,578	317	1.7%
ii. Personal loans	12,956	12,316	640	5.2%
iii. Discounted bills	1,942	1,075	867	80.7%
II. Investment in financial assets	14,635	14,483	152	1.1%
III. Deposits and placements with banks and other FIs, resale agreements	3,563	3,510	53	1.5%
IV. Cash and balances with Central Bank	5,218	5,683	-465	-8.2%

vi. Fruitful efforts to grow the customer base

Number of corporate customers

Unit: 10,000 customers



□ Thanks to strengthened efforts on customer development, 47,300 new corporate customer accounts were opened in 1H to further fortify the customer base.

□ Deepened marketing toward strategic and institutional customers

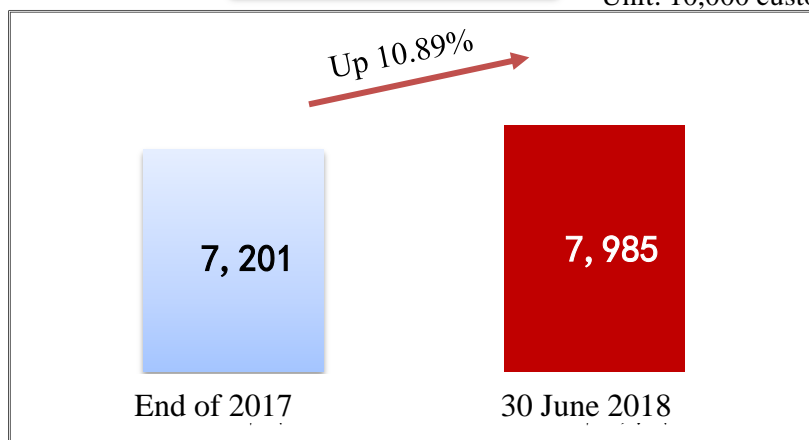
- The Bank strengthened centralized marketing toward strategic customers, and deepened the comprehensive cooperation with a number of strategic customers, e.g. China Mobile, BAIC Group and Alibaba (China).
- The Bank unleashed strengths in institutional banking, optimized and upgraded the “Smart Payment” functions to improve customer loyalty, and made ongoing innovation in operating models to accelerate the building of new-type government-bank partnership.

□ Developed inclusive finance vigorously in response to the national policy

- At the end of June, the Bank had 76,800 small and micro business loans customers, up 14.98% from the end of last year.

Number of retail customers

Unit: 10,000 customers



□ The retail customer base kept growing fast, thanks to strengthened efforts on tiered customer management and targeted marketing

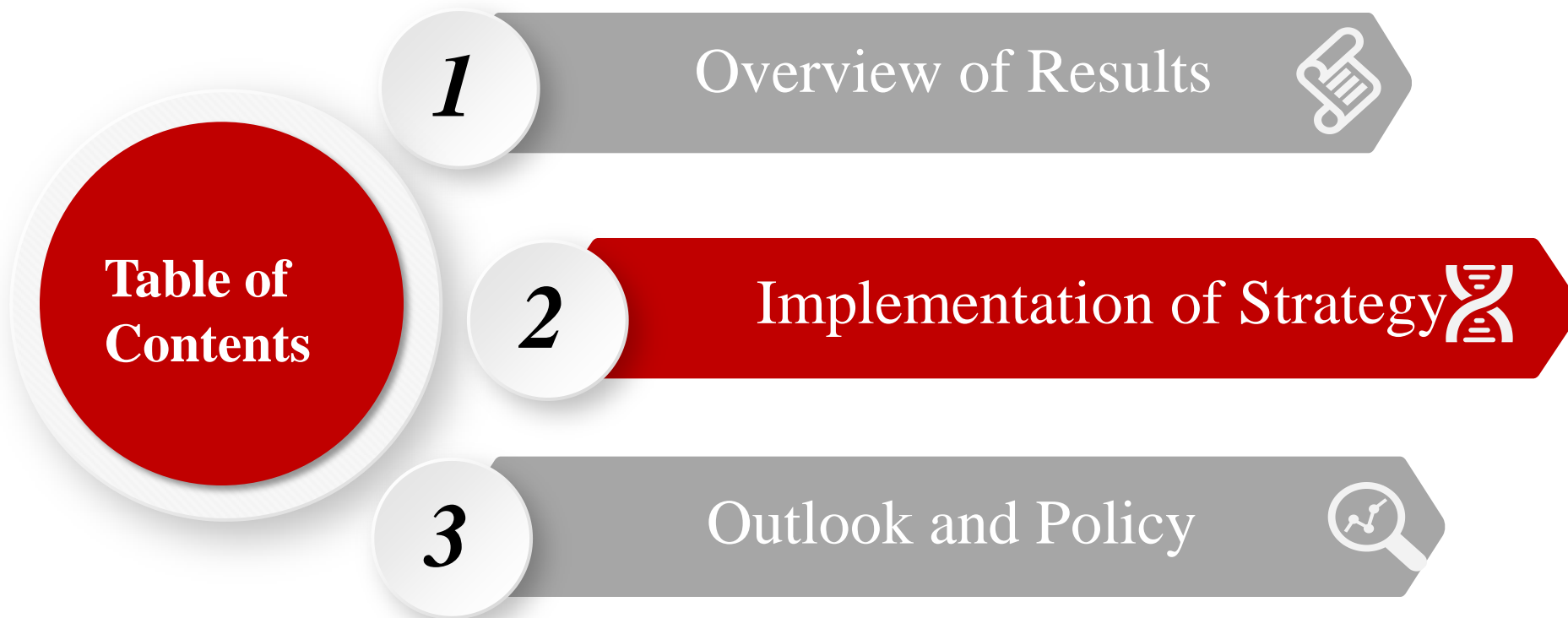
- The number of individual customers was 79.85 million at the end of June, up 10.89% from the end of last year.
- The Bank had 651,100 VIP retail customers with at least RMB500,000 of AUM, up 16.11% from the end of last year

□ Accelerated private banking development, enhanced the differentiated service capabilities




- The Bank had 30,674 personal banking customers at the end of June, up 15.06% from the end of last year.

□ Continued to strengthen the collaboration mechanism for corporate and retail banking

- Though collaborative marketing of corporate and retail banking, the Bank added 3,412 high-end retail customers and provided payroll service to 3.93 million customers, showing continued fast growth.



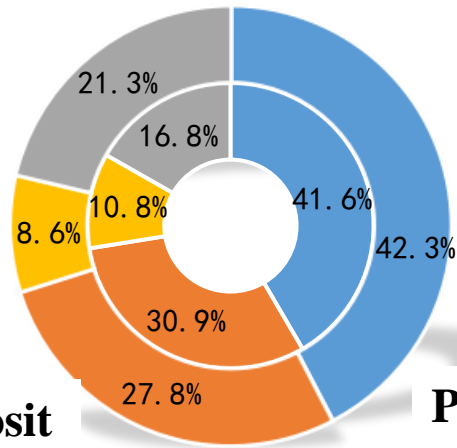
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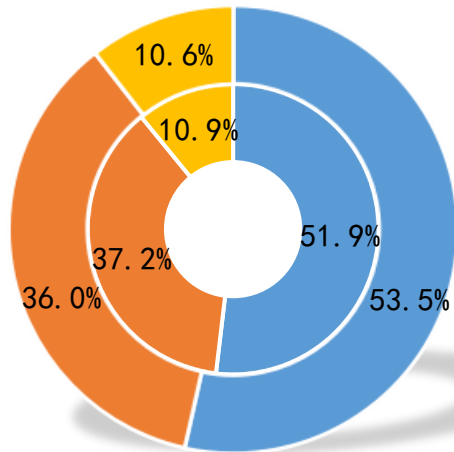
II. Implementation of Strategy

i. Pushing forward the Differentiated Regional Development Program

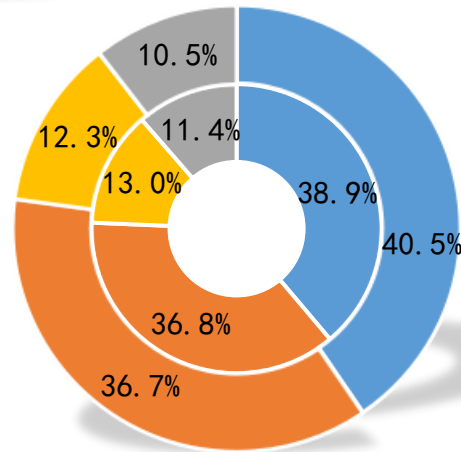
Proportion of Operating Income



Proportion of Deposit



Proportion of Loan



Note: The outer ring displays data for the current period; the inner ring displays data for the same period of last year.

The Bank implemented the differentiated regional development strategy. Branches were divided into strategic branches, key regional branches and emerging regional branches with varied development positioning. Strategic branches and credit cards steadily improved their resource input and output contribution.

- Strategic branches and credit cards contributed 63.6% of net operating income for the first half of the year (42.3% for strategic branches and 21.3% for credit cards, up 5.2 percentage points YoY).
- At the end of June, strategic branches contributed 53.5% of deposits, up 1.6 percentage points from the end of last year, and 40.5% of loans, up 1.6 percentage points from the end of last year.

II. Implementation of Strategy

ii. Effective transformation from One Body with Two Wings - corporate banking cemented as main business

Net operating income from corporate banking was RMB43.65 bn, accounting for 53.8 % of the Bank's total net operating income, cementing its role as the main business.



Investment banking showed distinctive characteristics

- For the first half of the year, the Bank underwritten RMB 173.4bn of financing instruments in the market, rank 5th by value and 4th by volume respectively.
- A number of influential M&A projects were successfully implemented based on the Bank's strong capabilities of business innovation and financing arrangements.



International payments topped joint-stock banks

- Forex purchase and sales in 1H reached USD74.58 bn, up 18% YoY, 6 percentage points above the national average growth rate, and ranked 5th among domestic banks and 1st among joint-stock banks.
- International Forex receipts and payments amounted to USD138.21 bn, ranked 5th among domestic banks and 1st among joint-stock banks.



Transaction banking strategy gained pace in its implementation, with auto finance remaining a leading position

- The Bank had 406,700 transaction banking customers, up 9.30% from the end of last year. The transaction amount totaled RMB37.77 tn, up 9.28% YoY.
- The Bank had 3,942 effective auto finance dealer partners, up 10.26% YoY. The balance of financing was RMB99.474 bn, up 22.45% YoY.

ii. Effective transformation from One Body with Two Wings - remarkable contribution of retail banking

Net operating income from retail banking was RMB28.13 bn, representing 34.7% of the Bank's total net operating income, up 1.7 percentage points YoY.

AUM expanded to a new high

- AUM stood at RMB1.7 tn, up 14% from the end of last year. The Bank ranked 3rd by balance and 2nd by annual increment among joint-stock banks.
- Balance of personal deposits was RMB657.07 bn, up RMB123.64 bn or 23.2% from the end of last year.

Credit card results grew rapidly

- Credit card transactions amounted to RMB961.57 bn, up 45.8% YoY; 8.633 mn new cards were issued, up 104.3% YoY. Income from credit card business was RMB23.33 bn, up 40.5% YoY.

E-banking become more competitive

- There were 31.773 mn mobile banking customers, up 16.2% from the end of last year. There were 80.455 mn mobile banking transactions, up 39.6%, with the transaction amount totaling RMB2.99 tn, up 61.4% YoY.

Special businesses made new achievement

- The total number of overseas finance customers exceeded 5 mn, with the AUM balance of RMB636.53 bn, accounting for more than one-third of the total AUM of the Bank's retail customers.
- The Xin Jin Bao scale reached RMB132.4 bn, up 52% from the end of last year.

II. Implementation of Strategy

Effective transformation from One Body with Two Wings - financial market business grew fast

The Bank stepped up transformation of financial market business and steadily improved its market competitiveness.

Market-making business became a leading edge

- Forex market-making transaction volume stood at USD0.65 tn in 1H, keeping the Bank among the top a few players in interbank forex market-making and solidifying its status as a core market maker.
- Total transaction volume in the money market was RMB9.6 tn. The Bank ranked among the top a few by interbank CDs issued.

Interbank business kept improving

- At the end of June, the “Interbank+” platform had 1,011 financial institution subscribers (legal entities), up 24% from the end of last year. The transaction volume on the “Interbank+” platform reached RMB648.4 bn in 1H, up 69% YoY.
- The balance of notes assets was RMB285.6 bn, up 54.5% from the end of last year. Electronic notes business accounted for 99.6% of total.

Custody business gained a bigger market share

- Assets under custody reached RMB8,560.7 bn at the end of June, up 6.27% from the end of last year. The income from asset custody business was RMB1.88 bn, up 14.04% YoY. The Bank was No. 1 among joint-stock commercial banks by YoY increase in both size and income of asset custody business.

Asset management transformation made solid progress

- At the end of June, the balance of wealth management products issued by the Bank was RMB1,291.9 bn, up 8.4% from the end of last year. The return to customers was RMB27.18 bn, up 36.4% YoY. Net asset value-based products took up a higher percentage in the market.

II. Implementation of Strategy

iii. Diversification moved forward steadily

Subsidiaries improved operating results steadily Unit: RMB 100 million

I. Earning indicators	1H 2018	Increase/Decrease rate
Net profit	19.9	22.5%
Of which: Net profit attributable to shareholders of the Bank	15.4	4.7%
Net operating income	47.2	6.9%
II. Scale indicator	At the end of June 2018	Growth rate over the end of last year
Total assets	3,733	3.4%
III. Asset quality indicators	At the end of June 2018	Change over the end of last year
Balance of non-performing loans (NPLs)	10.73	-9.33
NPL ratio	0.47%	Down 0.47 percentage point

Diversification and internationalization were furthered

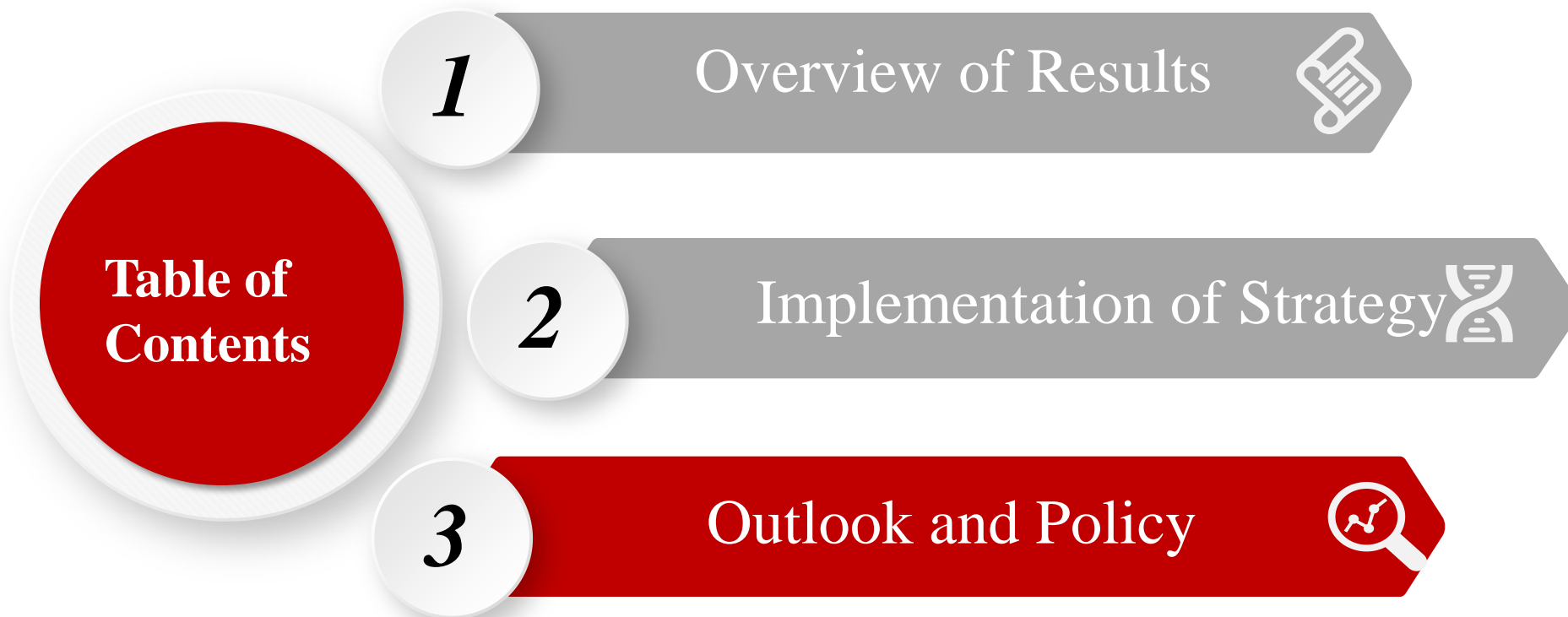
- The delivery of shares in Kazakhstan's **Altyn Bank** was completed, making contributions to the building of a sustainable and win-win investment and financing system under the Belt and Road Initiative. “
- **CITIC aiBank** developed strengths in the “Internet + Finance” for its strategic positioning of “managing wealth of the people, providing financing to the public and developing inclusive finance based on intelligent technologies”. At the end of June, CITIC aiBank recorded RMB21.304 bn in total assets and 3.94 mn users.
- The Bank continued to set up overseas branches (in Hong Kong, London, Sydney, etc.) as part of the effort to further implement the internationalization strategy and accelerate the development of overseas institutions.

Notes: 1. The table above shows the data of consolidated subsidiaries, including CIFH, CNCB Investment, CITIC Financial Leasing and Lin'an CITIC Rural Bank.
2. CIFH's interest in China CITIC Bank International was diluted to 75% after its capital increase at the end of 2017. So the net profit attributable to shareholders of the Bank grew at a lower rate than net profit.




iv. Technology-enabled business development

Fintech was taken as an important area of breakthrough in innovative development. The Bank pursued "light-style" transformation through technology-enabled business development.

Accelerate transformation to open and distributed architecture	Build the "CITIC Brain"	Promote smart retail marketing	Promote implementation of the mobile finance strategy	Fuel Implementation of the transaction banking strategy
<ul style="list-style-type: none">• Core system decentralization progressed as planned;• Three applications development platforms were developed in-house;• Data warehouse + big data platform supported nearly 80 applications;• X86 virtualization rate exceeded 70%.	<ul style="list-style-type: none">• The Bank built AI application platforms such as data loading algorithm model training and model deployment;• The Bank made explorations for innovation in applications including intelligent risk control, intelligent operations, intelligent investment advisory service and targeted retail marketing and intelligent services.	<ul style="list-style-type: none">• The Bank launched the AI marketing platform project, and established a system of retail customer labeling and customer value evaluation;• The Bank accelerated the customer value contribution project and built the intelligent product recommendation engine.	<ul style="list-style-type: none">• The "Finance + Non-finance" ecosystem for mobile banking was improved. Mobile banking is upgrading from a transaction tool to an operating platform;• AI technologies were applied to display "effective demand" products to customers, in an effort to provide more considerable and heart-warming mobile banking services;• Over 80 mn users followed the Bank's new media accounts for credit card.	<ul style="list-style-type: none">• The Bank restructured the technological support system for transaction banking, and organically integrated customers, products and channels to provide one-stop services to customers.



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New challenges and opportunities in the ongoing transformation of development

Escalated US-China trade war adds to external uncertainties

- In the short run, exports, GDP growth and exchange rate are affected adversely. Higher from financial market volatility poses big uncertainties to banking activities.
- In the long run, the industry upgrade might be delayed, the extension to the top end of the industry chain will be hindered, and the shift to new engines of economic growth remains a long-term, arduous mission.

Domestic credit risk has entered a new sensitive period

- Large corporations show the prominent problems of excessive financing from many lenders and liquidity drought. Bond market defaults occur frequently, which coincides with the peak time of debt maturities. Credit risk is growing in the market.
- Commercial banks remain under asset quality stress. Strengthened risk mitigation challenges profit growth.

New challenges

Financial "de-leveraging"

- Slow M2 growth and slowdown in aggregate financing are accompanied by weaker deposit growth.
- Market price of funds remains high overall. In the market-based interest rate environment, market-based liabilities take up a larger share and commercial banks feel the pressure in liquidity management, asset allocation and liability costs.

Frequent new regulatory policies test banks' professionalism

- The new liquidity rules, net asset management rules and large exposure regulations were issued successively. The market chaos crackdown has gone deeper, conducive to sound banking development back onto the normal track in the short term while posing certain pressure on the transformation of banking development in the short run.
- Commercial banks must be more forward-looking in policy and trend.

Focusing on new challenges and opportunities in the ongoing transformation of development

The prudent and neutral monetary policy provides a positive liquidity outlook

- The central bank's monetary policy is neutral to ensure reasonably ample liquidity, thereby guiding money supply, credit and aggregate financing toward moderate growth.
- Targeted reserve requirement ratio cuts ease banks' liquidity pressure, with further cuts still expected.
- Expanded scope of collateral for of MLF has stabilized market confidence and driven economic growth.

More evidence of pursuing steady growth

- The fiscal policy is more proactive with faster spending growth and a further improved structure.
- Banks are encouraged to increase credit extension, actively develop inclusive finance and improve the quality and efficiency of financial services in serving the real economy.
- Both the issuance and use of local government special bonds have been accelerated, and the risk weight in purchasing local bond may be lowered.

New opportunities

Regulators pays greater attention to intensity and pace control

- New regulatory policies place more emphasis on intensity and pace to avoid the risk triggered by policy overlap. The new asset management rules allow a longer transitional period. The supplementary rules and detailed regulatory rules for banks' wealth management (exposure draft) provide a buffer for smooth transition. New liquidity rules relax the standard moderately.

Regulators bring discipline to competition and strengthen money market fund supervision

- Enhanced supervision of money market fund sales and advertising, restricted T+0 redemption of money market funds and reduced the deposit runoff to money market funds to some degree. These measures help achieve sound development and orderly competition in the market.

Focus of operation in the second half of the year

Seize opportunities during expansion, fortify foundation during contraction; uphold strategies, focus on key areas; Stay true to the founding mission and pursue innovation-driven solid development

Grow deposits: improve customer management

- Obtain liability supports through various channels, seize opportunities to grow personal liabilities and unleash the role of active liabilities in stabilizing deposits.
- Improve customer management by tier and category, carry out chain marketing on a full scale, create a long-term evaluation mechanism and enhance the customer service capability and customer experience.

Control NPLs: cement asset quality

- Further build systems and mechanisms, implement the customer “white list” and four-category management, adjust the corporate banking structure and manage risks in a proactive manner.
- Change the credit extension methods via differentiation and diversification, strengthen risk prevention and control in key areas and strictly control the increase in new NPLs.
- Accelerate the reduction of problem assets, strengthen write-off and other disposals of NPLs and improve the ability to manage troubled assets.

Enhance compliance: prevent and mitigate risks

- Understand policies accurately, embed regulatory requirements into corporate policies, strengthen policy communication and implementation, and conduct strict inspections on real estate, in-depth governance and money laundry.
- Deepen the risk compliance culture development, strengthen employee conduct management, adhere to routine unannounced inspections, take tough rectification and accountability measures and prevent/mitigate risks from the root.

Pursue innovation: drive future development

- Vigorously promote Fintech application, step up efforts to make innovative breakthroughs in products, policies, systems, services and management, and build the cross-sector cooperation mode to facilitate business development with technologies.
- Establish the Fintech innovation fund and the innovation incentive fund, step up the introduction and cultivation of Fintech talents, and encourage the application of advances in innovation.



Thank you!