




Release of Operating Results for the First Half of 2019

August 2019



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Overview of main Indicators

Unit: RMB100 million

I. Profit indicators	2019H1	2018H1	Increment	Growth rate
1.Net profit attributable to shareholders of the Bank	283.07	257.21	25.86	10.05%
2.Return on average assets (ROA)	0.93%	0.92%	Up by 0.01 percentage point year-on-year	
3.Weighted average return on equity (ROE)	13.73%	13.96%	Down by 0.23 percentage point year-on-year	
4.Net operating income	931.50	810.52	120.98	14.93%
5.Non-interest income to operating income	38.63%	38.55%	Up by 0.08 percentage point year-on-year	
6.Net interest margin	1.96%	1.89%	Up by 0.07 percentage point year-on-year	
7.Cost-to-income ratio	25.37%	26.66%	Down by 1.29 percentage points year-on-year	
II. Scale indicators	End of June 2019	End of 2018	Increment	Growth rate
1.Total assets	63,988	60,667	3,321	5.47%
2.Customer deposits	40,014	36,164	3,850	10.64%
3.Customer loans	38,359	36,084	2,275	6.30%
III. Asset quality indicators	End of June 2019	End of 2018	Increment	Growth rate
1.Balance of non-performing loans (NPLs)	661.61	640.28	21.33	3.33%
2.NPL ratio	1.72%	1.77%	Down by 0.05 percentage point	
3.Allowance coverage ratio	165.17%	157.98%	Up by 7.19 percentage points	
4.Ratio of allowance for impairment of loans to total loans	2.85%	2.80%	Up by 0.05 percentage point	
IV. Regulatory indicators	End of June 2019	End of 2018	Over the end of the previous year	
1.Capital adequacy ratio (CAR)	12.27%	12.47%	Down by 0.20 percentage point	
2.Tier-1 CAR	9.35%	9.43%	Down by 0.08 percentage point	
3.Core tier-1 CAR	8.58%	8.62%	Down by 0.04 percentage point	

Contents

1

Performance Review



2

Strategic Implementation



3

Outlook and Strategy



I. Performance Review

01 Return to shareholders increased

January-June 2019

RMB0.58

Basic earnings per share

Up by **9.43%** year-on-year

January-June 2019

0.93%

Return on average assets (ROA)

Up by 0.01 percentage point year-on-year

January-June 2019

13.73%

Weighted average return on equity (ROE)

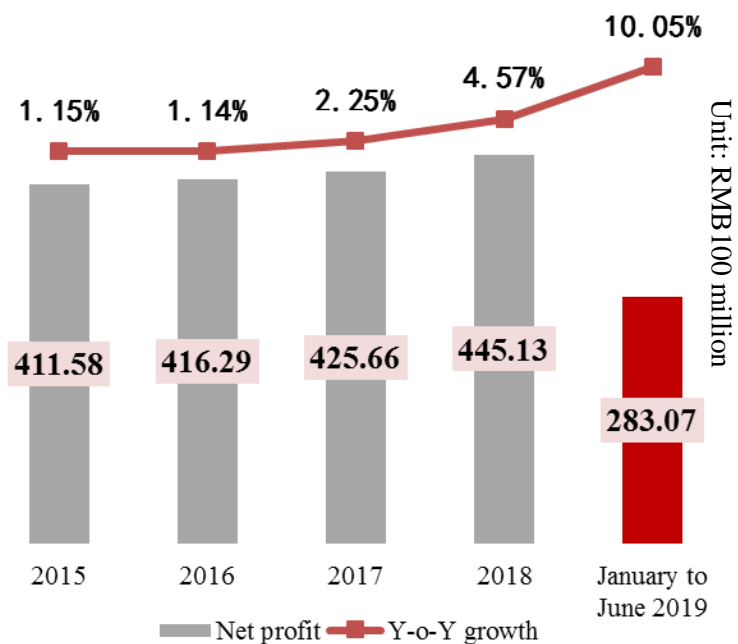
Down by 0.23 percentage point year-on-year

I. Performance Review

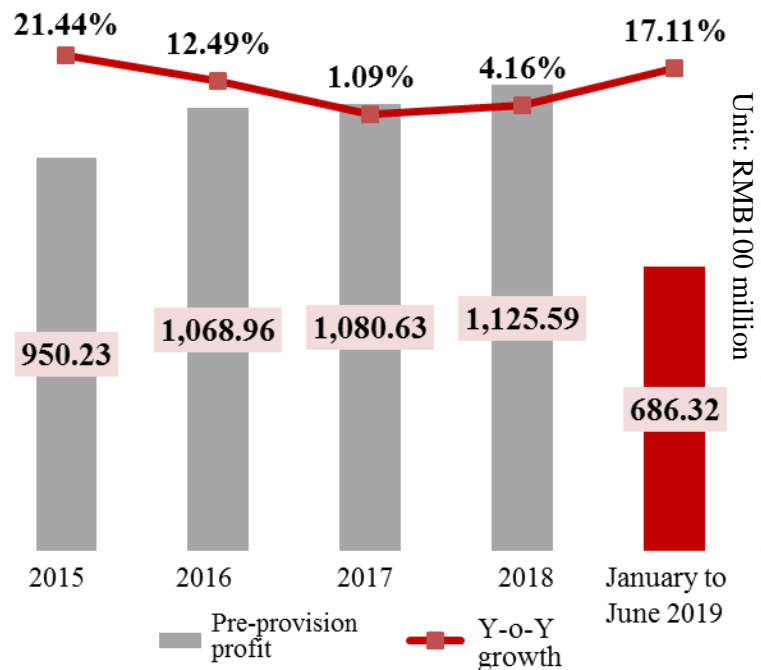
02

A record-high growth of operating results in recent years

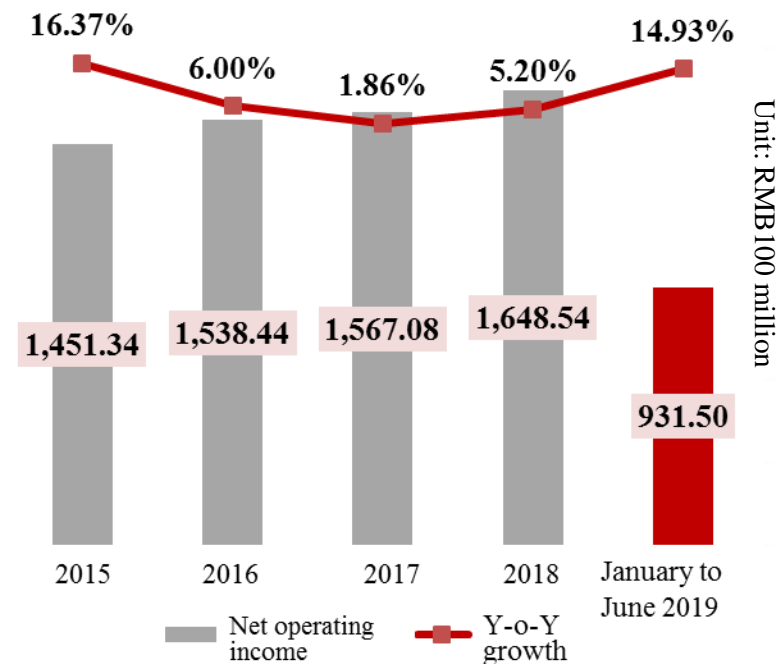
Net profit attributable to shareholders of the Bank
RMB28,307 million, +10.05%



Pre-provision profit
RMB68,632 million, +17.11%



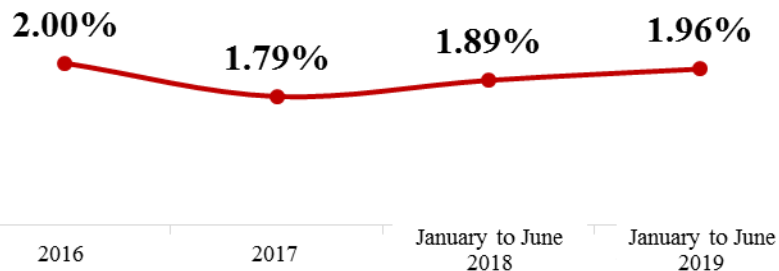
Net operating income
RMB93,150 million, +14.93%



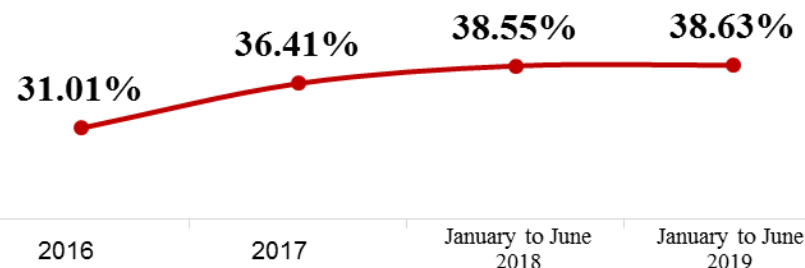
I. Performance Review

03 Increased NIM and improved income structure

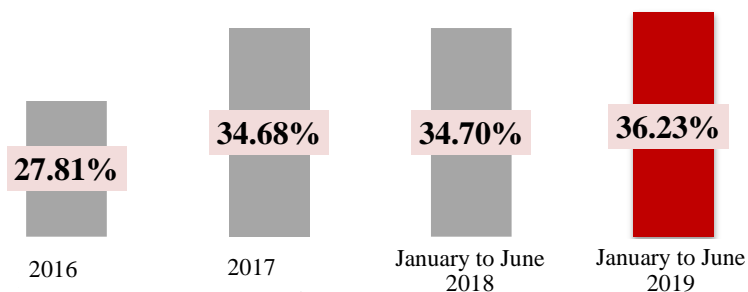
Net interest margin
1.96%, +0.07 percentage point



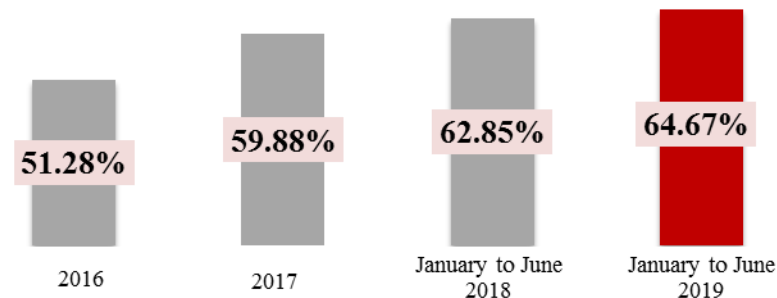
Proportion of non-interest income
38.63%, +0.08 percentage point



Proportion of operating income from retail banking
36.23%, +1.53 percentage points



Proportion of non-interest income from retail banking
64.67%, +1.82 percentage points



I. Performance Review

04

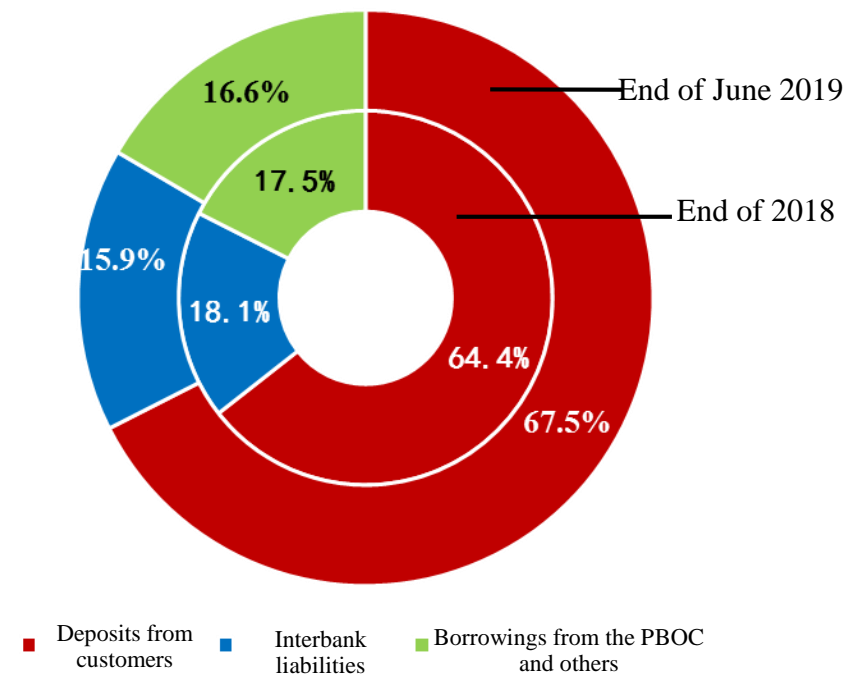
Growth of deposits was better than that of the same period of the previous year

Liability structure

Unit: RMB100 million

Item	End of June	Increment over the previous year	Growth rate	Proportion	Change in proportion
Total liabilities	59,268	3,132	5.6%	100.0%	-
I. Deposits from customers	40,014	3,850	10.6%	67.5%	+3.1 percentage points
1. Corporate deposits	31,625	2,586	8.9%	79.0%	-1.3 percentage points
2. Personal deposits	8,388	1,263	17.7%	21.0%	+1.3 percentage points
II. Interbank liabilities	9,441	-694	-6.9%	15.9%	-2.2 percentage points
III. Borrowings from the PBOC and others	9,813	-24	-0.2%	16.6%	-0.9 percentage point

Proportion of liabilities



I. Performance Review

05

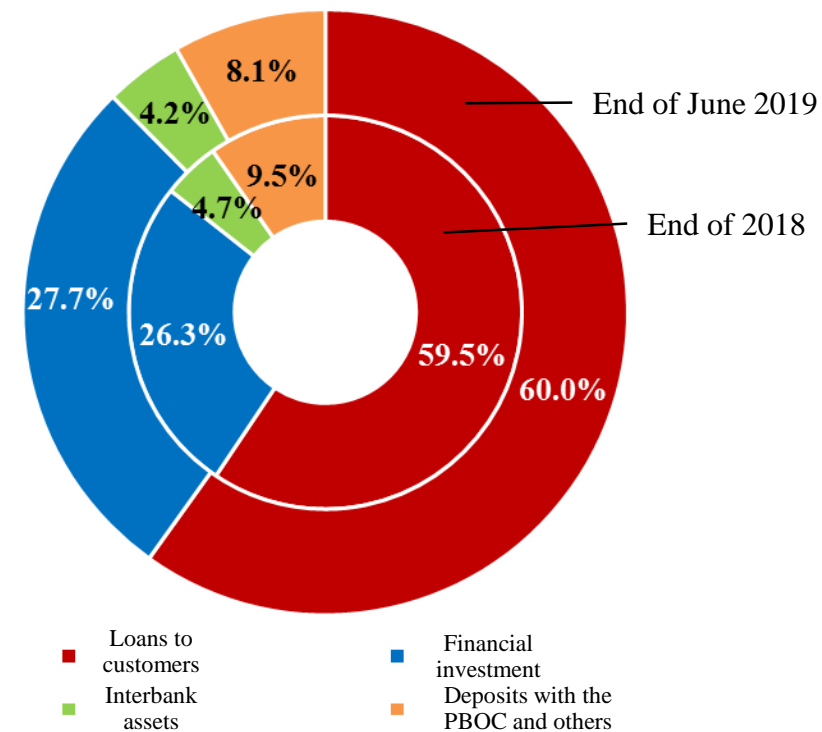
Sound credit extension

Asset structure

Unit: RMB100 million

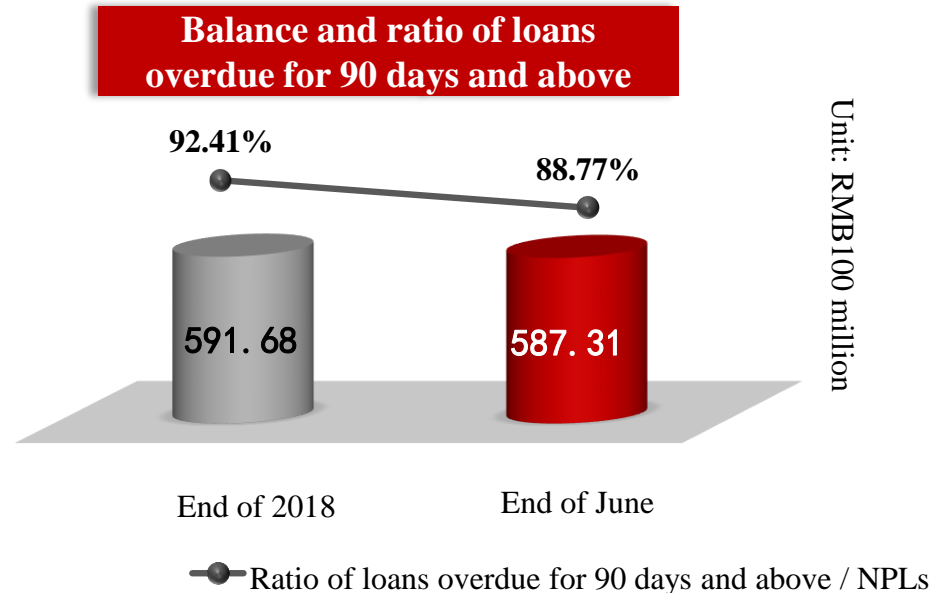
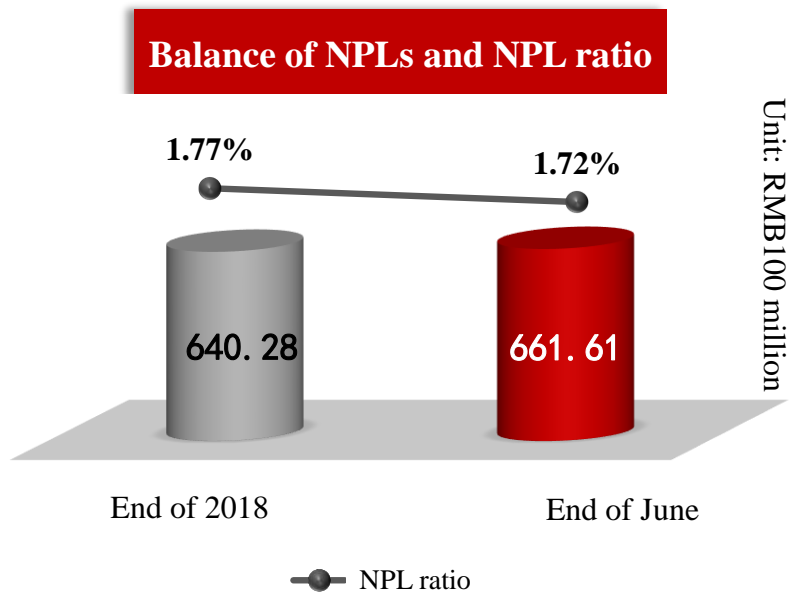
Item	End of June	Increment over the previous year	Growth rate	Proportion	Change in proportion
Total assets	63,988	3,321	5.5%	100.0%	-
I. Loans to customers	38,359	2,275	6.3%	60.0%	+0.5 percentage point
1. Corporate loans	21,882	643	3.0%	57.0%	-1.8 percentage points
2. Personal loans	16,477	1,632	11.0%	43.0%	+1.8 percentage points
II. Financial investment	17,756	1,872	11.8%	27.7%	+1.4 percentage points
Including: Bond and fund investment	12,309	971	8.6%	19.2%	+0.5 percentage point
III. Interbank assets	2,678	-175	-6.2%	4.2%	-0.5 percentage point
IV. Deposits with the PBOC and others	5,195	-650	-11.1%	8.1%	-1.4 percentage points

Proportion of assets



I. Performance Review

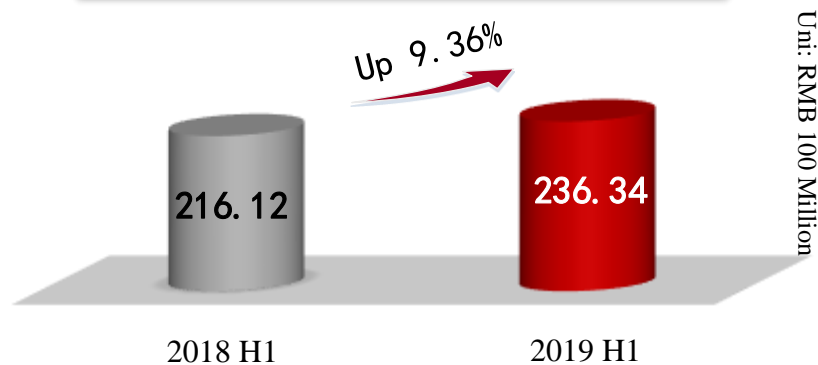
06 Asset quality further consolidated



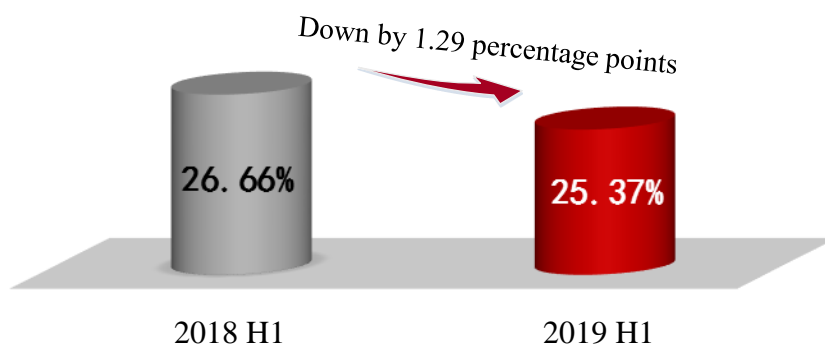
Indicator	End of 2018	End of June	Change
I. Allowance coverage ratio	157.98%	165.17%	Up by 7.19 percentage points
II. The ratio of allowance for impairment of loans to total loans	2.80%	2.85%	Up by 0.05 percentage point

07 Further optimization of financial resources allocation

Business and administrative expenses



Cost-to-income ratio



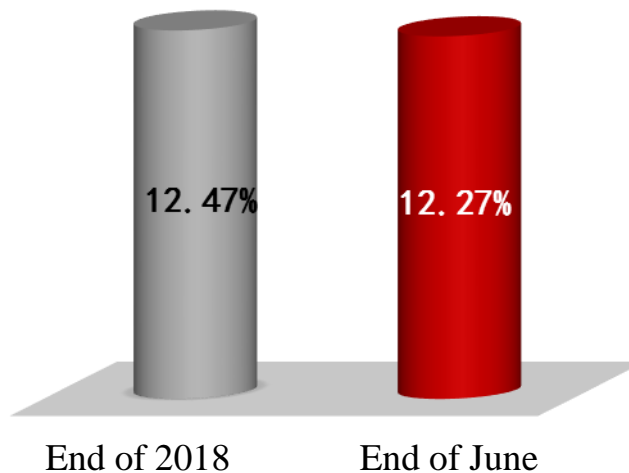
- ✓ Increased strategic investment, and more expense were input into areas with high input/output efficiency such as credit card business and fintech.
- ✓ Promoted the intelligent transformation of outlets actively, improved online transaction, and continued to implement outlets' rent reduction plan to reduce fixed cost.

08

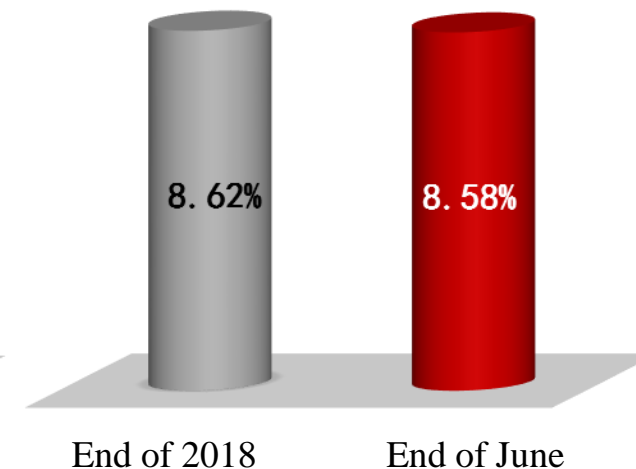
Active external capital replenishment

- ✓ Successfully issued RMB40 billion convertible bonds
- ✓ Actively promoted the issuance of RMB40 billion Perpetual bonds
- ✓ Going to launch RMB40 billion preference shares at the right time

CAR



Core Tier 1 CAR



Contents

1

Performance Review



2

Strategic Implementation



3

Outlook and Strategy

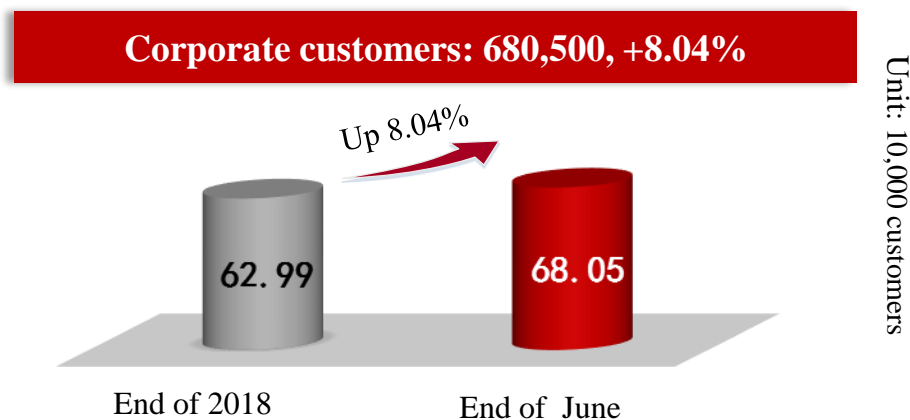


II. Strategic Implementation

01 Further implementation of “One Body Two Wings” Transformation - (1) Steady Progress in the Transformation of Corporate Business

Relying on the “integration of corporate customer services”, a sound operation management system has been established for corporate business, improving the comprehensive service capabilities.

- ❑ **Consolidated customer base** At the end of June 2019, the number of corporate customers of the Bank increased by 50,600 from the end of the previous year, exceeding the increment of 16,000 in the previous year.



- ❑ **Breakthrough in the development of key customers** Key qualifications and accounts in fields such as finance, social security and tobacco were successfully brought in by **institutional banking business**, and cooperation with **strategic customers** drove a growth of hundreds-of-billion-level in deposits.

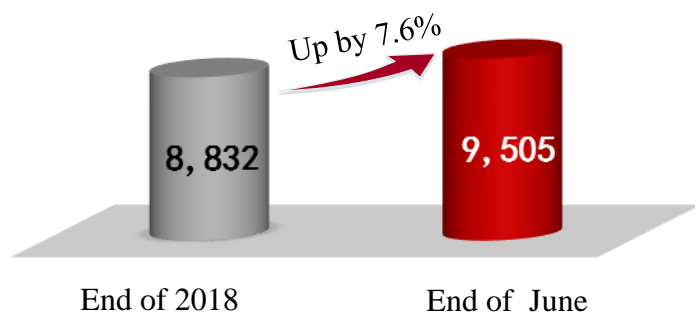
- ❑ **Investment banking projects were accelerated.** With regard to bond underwriting, the Bank implemented multiple first-of-the-kind of projects in the market, and its market position at the first echelon was maintained. In terms of syndicated loans, the Bank was awarded the “**Best Performance Award for Syndicated Loans**” by the China Banking Association.
- ❑ **International business advantages were consolidated.** The Bank **continuously maintained its marketing leading position among joint-stock banks** in terms of agency foreign exchange settlement and sales, international receipt and payment, and cross-border RMB receipt and payment.
- ❑ **Custody business gained a higher market status.** The Bank obtained the custodianship of the occupational annuity plans of central state organs and institutions and 11 provinces; **the Bank was awarded the “Custodian Bank of the Year” by the Asian Banker.**
- ❑ **The building of the transaction banking system has achieved remarkable results.** At the end of June, the number of contracted customers of transaction banking recorded 528,000, an increase of 16.1% compared with the end of the previous year; the number of transactions of transaction banking totaled 45,110,000, an increase of 42.8% year-on-year.

II. Strategic Implementation

01 Further implementation of “One Body Two Wings” Transformation - (2) Accelerated the Transformation of Retail Banking Business

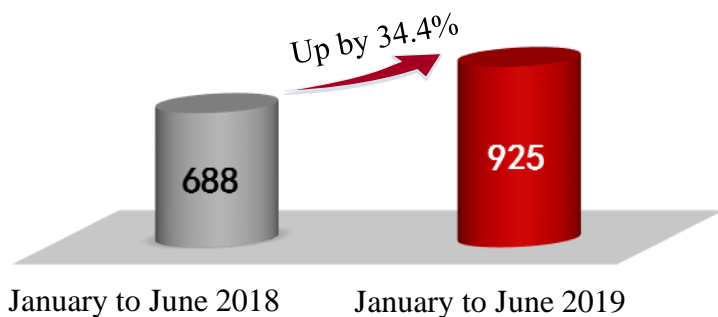
The Bank practiced customer-oriented operation in retail banking business, built an open platform, expanded the source of customer acquisition, and actively made innovations to mobile channels and customer acquisition models. It sustained relatively fast growth of its retail banking business.

Number of retail customers 95,050,000,
Up by 7.6% from the end of the previous year

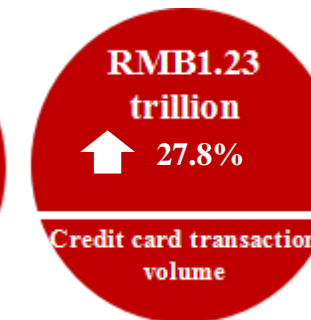
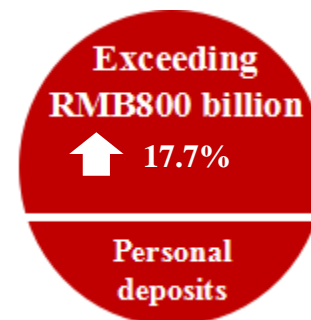
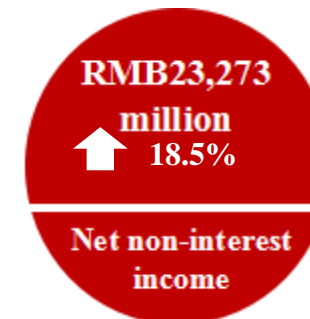
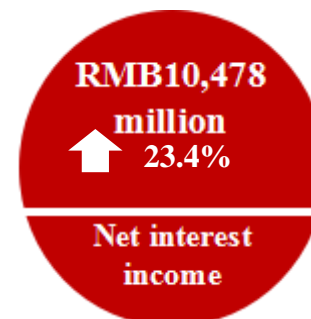
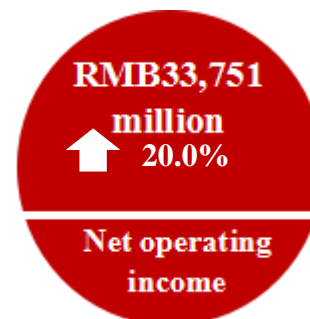


Unit: 10,000 customers

Monthly active users of mobile banking
9.25 million, YoY increase of 34.4%



Unit: 10,000 customers



II. Strategic Implementation

01

Further implementation of “One Body Two Wings” Transformation - (3) Consolidated Advantages in Financial Markets Business

Conforming to the market trend, the Bank actively seized market opportunities, controlled investment paces, adjusted asset allocation, and improved the profitability of its financial markets business.

The Bank seized the opportunity of the bill market

- The Bank seized the opportunity to make arrangements in the bill market, and the volume of discount business increased significantly. In H1, the Bank's volume of bill direct discount business exceeded RMB509.2 billion, an increase of 138% year-on-year, and its market share increased by 3.15 percentage points, ranking the top among joint-stock banks.

Financial market trading remained leading position

- The forex market making volume was RMB6.09 trillion, and the Bank ranked second in terms of interbank foreign exchange market spot comprehensive market making.
- The Bank completed RMB5.26 trillion transaction volume in bonds and interest rate derivatives, further consolidating its leading position in RMB bonds and interest rate derivatives market-making business.

NAV transformation of wealth management was accelerated

- The issuance of new products such as quasi-monetary funds and quasi-bond funds was increased, and the proportion of NAV products was further increased. At the end of June, the NAV products reached RMB473.6 billion, accounting for 45.7% of the total, up by 19.3 percentage points from the end of the previous year.

□ Comprehensive arrangement conducted in a orderly manner and market influence enhanced

- **CITIC aiBank:** CITIC aiBank obtained an AAA long-term credit rating, and its brand image was highly recognized by the market; balance of loans outstanding totaled RMB36.2 billion, including RMB10.1 billion small and micro loans; the net operating income recorded RMB1,359 million with a year-on-year increase of 303.3%.
- **CITIC Financial Leasing:** Focusing on the “high-quality development”, it adhered to the development of green leasing. The total balance of assets of green leasing accounted for 68.52% marking an increase of 7.67 percentage points year-on-year, and the influence continued to increase; in H1, the net operating income totaled RMB755 million, and net profit recorded RMB435 million with a year-on-year increase of 48.46%.

□ In-depth development of internationalized operation, and emerging advantages of collaboration between domestic and overseas institutions

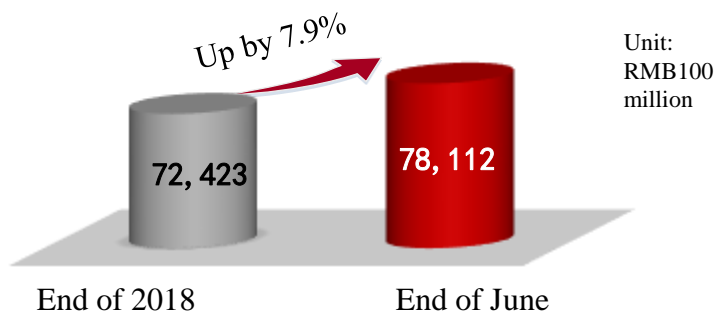
- **The building of the platform for overseas institutions was effectively promoted:** London Branch officially opened on June 21, which was the first overseas branch directly affiliate to the Bank; the preparation of Sydney Branch and Hong Kong Branch was carried out in an orderly manner.
- **Collaboration with subsidiaries and joint ventures was given full play:** CNCBI recorded a total of RMB45.1 billion in cross-border RMB trade settlement. JSC Altyn Bank maintained the highest rating among commercial banks in Kazakhstan; in H1, the net profit increased by 37.7% year-on-year; it successfully held the China-Kazakhstan high-tech enterprise forum and actively practiced “the Belt and Road” Initiative.
- **Group synergy was enhanced:** The Bank collaborated with financial subsidiaries under CITIC Group to jointly provide RMB296.8 billion comprehensive financing for enterprises, an increase of 9.4% year-on-year.

II. Strategic Implementation

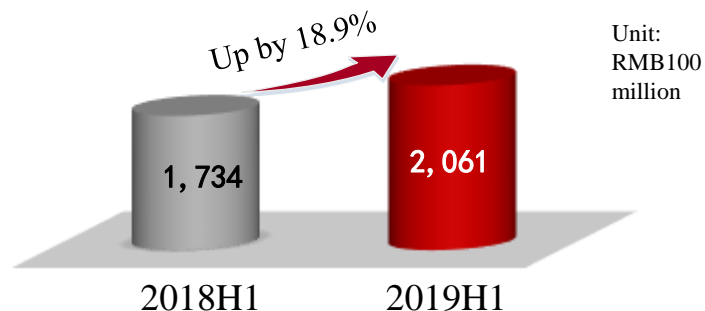
03 Spared no efforts to serve the real economy

□ Growth of the comprehensive financing

Customer loan + financial investment + guarantee commitment + non-risk-bearing wealth management

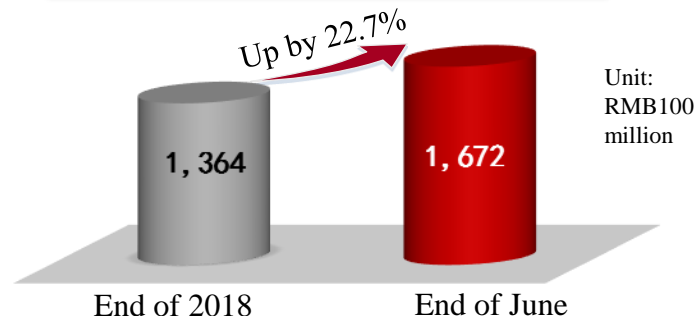


Bond underwriting



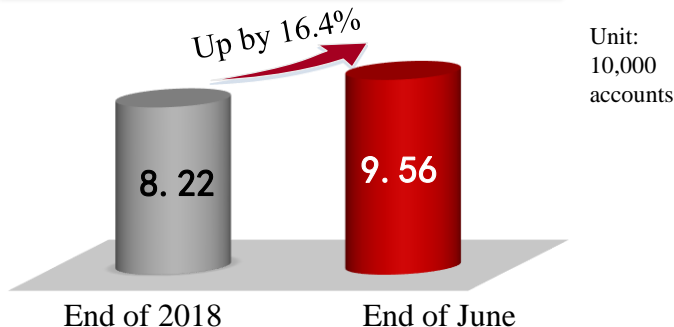
□ Vigorously developed inclusive finance

Balance of inclusive financial loans



The interest rate of new inclusive financial loans decreased by 91 BPS from the previous year.

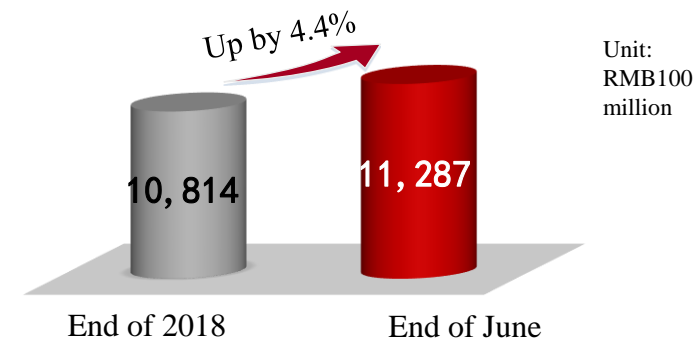
Number of inclusive financial loan customers



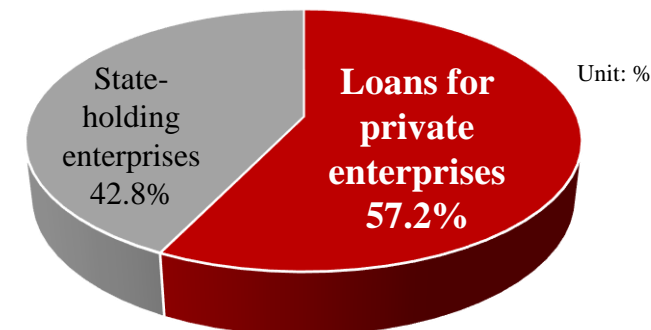
The Bank met the "Two Growth Objects and Two Control Objects" required by the CBIRC and the highest level of targeted RRR cut standards of the People's Bank of China.

□ Supported the development of the private economy

Balance of loans for private enterprises



Proportion of loans for private enterprises



The calculation of loans for private enterprises was subject to the standard of the CBIRC.

04 Accelerated the technology empowerment

Technology arrangement

A AI

- The Bank developed the **"CITIC Brain" platform** which supports multiple new technologies, including machine learning, deep learning, graph computing, and natural language processing. It established 68 AI models, wherein 42 have been put into production.

B Blockchain application

- The Bank worked with its peers to develop the biggest **trade finance blockchain cooperation platform** among domestic banks.

C Building of cloud computing infrastructure

- ZTE and the Bank jointly developed the **financial-grade distributed database** and hold multiple patents. The proportion of deployment of X86 server accounted for 92%. 100% of the newly established systems were deployed on the "Cloud" of China CITIC Bank.

D Big data R&D and application

- The Bank upgraded the capacity of the **big data platform**. After upgrading, the storage capacity and computing power of the platform rose by 100% and 80% YoY, respectively.

Full-scale acceleration

1 Personnel

- The Bank exerted more efforts to attract **high-quality sci-tech personnel** to ensure the realization of the objective of "tech personnel quadrupling in three years". At present, the Bank's own sci-tech personnel has exceeded 1,000. And 400 people are going to be onboard.

2 Agility

- **The Bank established a market- and customer-oriented dual-mode mechanism to achieve the agile collaboration between business and IT, and iterative development and rapid upgrading based on the needs of the market and customers. The project delivery cycle was reduced by 30%.**

3 Openness

- **The Bank created a technology platform supporting open ecosystem, offering plug-and-play and open platform services, aggregating more ecosystem scenarios, and assisting in the building of an open bank.**

4 Sharing

- **The Bank implemented the strategy of "big middle office", consolidated basic banking services, formed a bank capacity sharing center, and quickly responded to customer needs.**

04 Accelerated the technology empowerment

Corporate banking

> Transaction banking

- The Bank constantly improved the service capability of corporate electronic channels, such as corporate online banking, bank-corporate linkage, and mobile banking.
- The blockchain-based supply chain financial platform has been adopted. And a new model of receivable financing was formed.

> Institutional and Interbank businesses

- The Bank seized the development opportunity of "Internet+ government affairs" and further promoted "Party Membership Dues Connect", "Smart Payment", and "Tobacco e-Payment".
- It continued to build the interbank financial service platform, "Interbank".

> Asset management business

- It established the "digital asset management + intelligent innovation" ecosystem, utilized the smart investment consultant to reduce the investment decision-making cost, and employed new technologies like big data to enhance risk prevention and control.

Retail banking

> Retail banking

- It enhanced the customer operations of mobile banking, built a cardless service ecosystem, and achieved financial and non-financial mutual empowerment.
- It improved the smart investment consultancy service, "CITIC Robo-Advisor", which can intelligently recommend major asset investment portfolios.
- It deepened the application of big data and AI, realized online and offline connected marketing of high-value customers, and strengthened the automatic precision marketing of long-tailed customers.

> Credit card business

- The Bank pushed the continuous iteration of "Mobile Card App" and enriched the deployment of credit cards in WeChat official account, applets, short video, and We-Media.
- It accelerated the innovative integration of products and scenarios, continuously enriched scenario systems like "financial + cultural recreation, business travel, and supermarkets", and carried out quick bank-side card-binding cooperation with major network consumption scenarios.
- It deepened AI-based smart outbound calling scenarios according to different labels of customer segments.

Risk management

- Intelligent risk control: The risk measurement model lab has accumulated the business data of corporate and retail banking of the Bank for over a decade. Quantitative risk management and intelligent early warning and monitoring have made a figure.
- Intelligent approval: The automatic approval rate of personal car loans exceeded 40%, while that of credit cards surpassed 90%. "Xin Miao Dai", a special personal loan product, and "Xin Miao Tie", an innovative self-service product of electronic bill discounting, were launched.

Contents

1

Performance Review



2

Strategic Implementation



3

Outlook and Strategy



01 Macro-economic situation

New trends in economic situation

- During the transition between the new and old economic growth engines, with the impacts from China-US trade frictions, the domestic economy is under downward pressure. But with China's broad market space and the highly resilient Chinese economy, there are both challenges as well as opportunities.

New macro-control orientation

- Monetary policies remain prudent and accommodative; liquidity is reasonably abundant; market interest rates remain low; it is more difficult to find assets with high yield.

New opportunities in market development

- National arrangements in key regions and industrial transformation and upgradation bring new opportunities for the transformation and development of commercial banks.
- Thanks to the benefits continuously unleashed by over 40 years' reform and opening up as well as the growing social wealth and residents' wealth, the wealth management business of commercial banks is flourishing.
- The booming financial technology strongly empowers commercial banks' business.

02 Business strategy

-- Consolidate and improve corporate business advantages, and make efforts to improve the business contribution of retail banking and financial market to facilitate stable and long-term development

Make corporate banking business robust

The Bank shall speed up the integrated operation and transformation of "customer departments lead in marketing+ product departments follow up with plan + middle and back offices continue to support", improve performance from five dimensions, namely "**customer, product, procedure, mechanism and team**", and consolidate and expand the advantages of corporate business.



Make retail banking business big

It is important to adhere to the customer-oriented operation, accelerate the release of potential energy in the operation system of retail banking, attach importance to the enhancement of **platform-based customer acquisition capability** and **digital operation capability**, and stimulate value creation with smart operation.



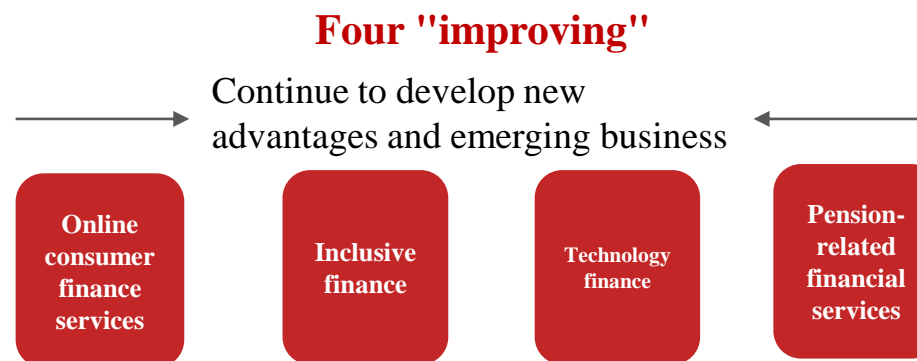
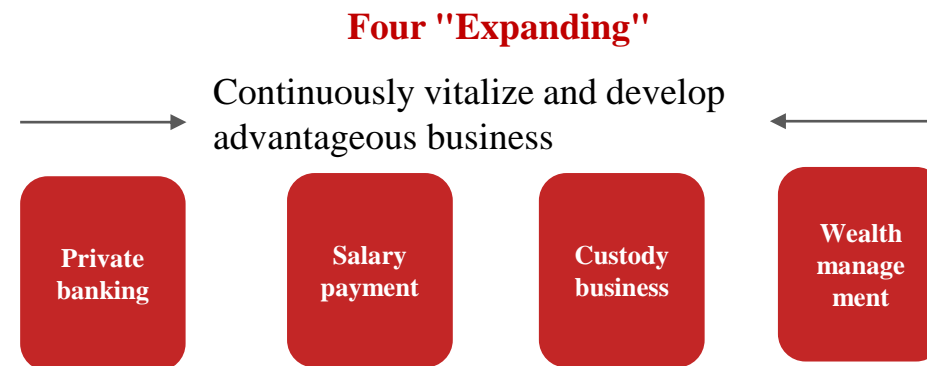
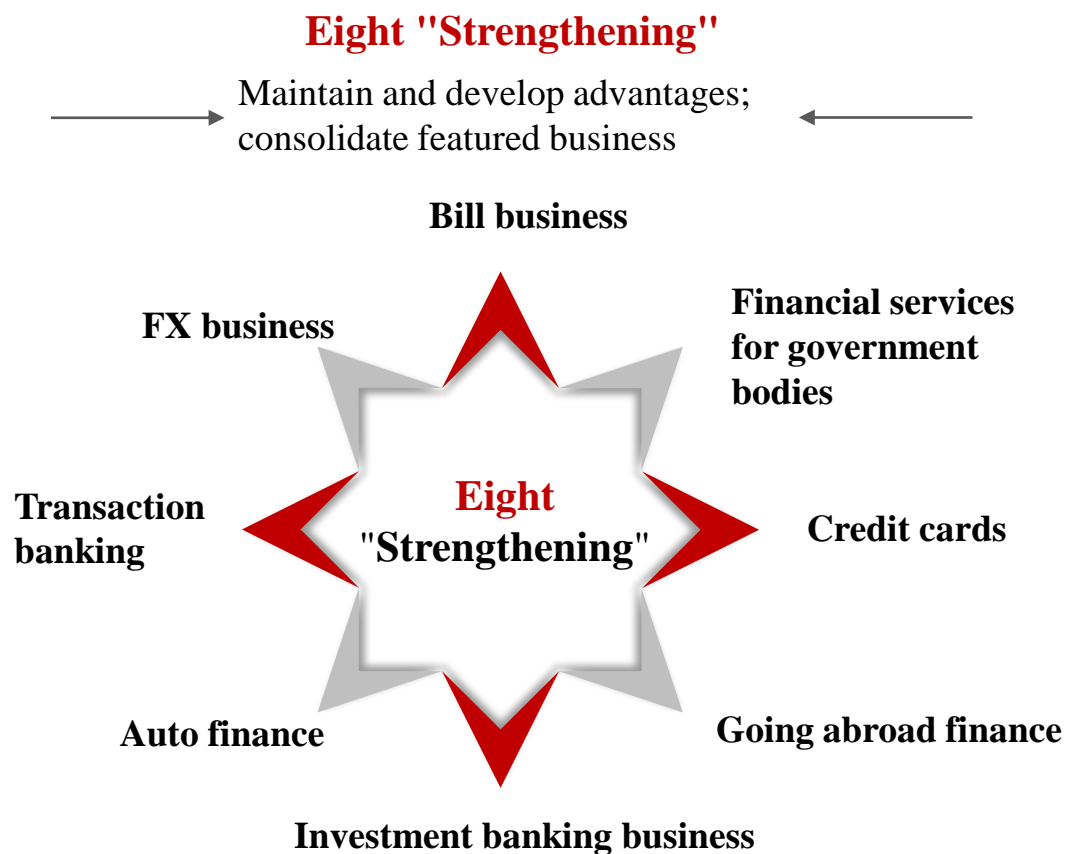
Make financial market business agile

The Bank shall strengthen the building of investment and research capabilities, speed up the transformation toward investment trading, and strive to make breakthroughs in **transaction traffic management, expansion of interbank + platforms and assets management capabilities**.



03 Product strategy -- "8+4+4"

-- Attach importance to enhancement of featured business, advantageous business and emerging business, look for breakthroughs, and develop a differentiated brand and competitive advantages.



04

Risk control strategies

-- Strive to establish a risk control system that effectively promotes development and controls risks

1. The Bank shall **improve the risk management system**, promote the responsible person system of operators, and develop a matrix approval pattern and a system of independent approvers.

2. The Bank shall **improve authorization management**, strengthen industrial and regional research, and implement guidance based on differentiated authorization policies.

3. The Bank shall strengthen the establishment of "**intelligent risk control**", truly implement unified management and control of credit limits, and refine credit business procedures.

4. The Bank shall **dispose of distressed assets properly**, enrich the methods of distressed asset disposal, and regard cash collection as the preference.

5. The Bank shall **improve the internal control and compliance system**, and enhance the effectiveness of case prevention and accuracy of accountability.



Thank you!