



# **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
Steady increase of business scale	Scale indicator	End of 2016	End of 2015	Growth rate
	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%
Controllable asset quality in general	Asset quality indicator	End of 2016	End of 2015	Growth rate/Increase (+) or decrease (-)
	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
Stronger capital resources	Regulatory indicator	End of 2016	End of 2015	Growth rate/Increase (+) or decrease (-)
	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

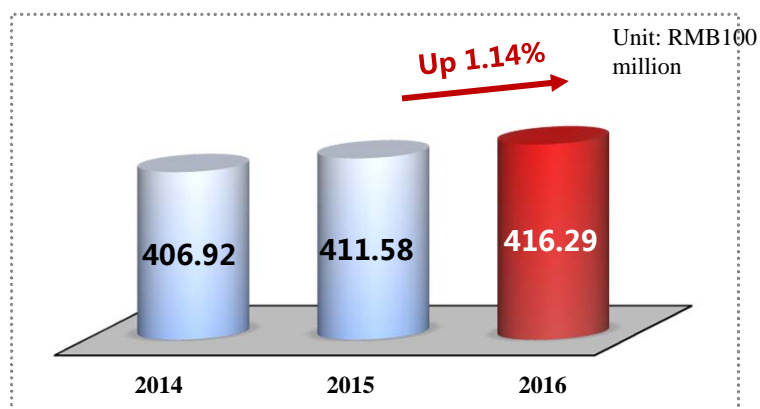
## Part I Performance overview

## Part II Strategic implementation

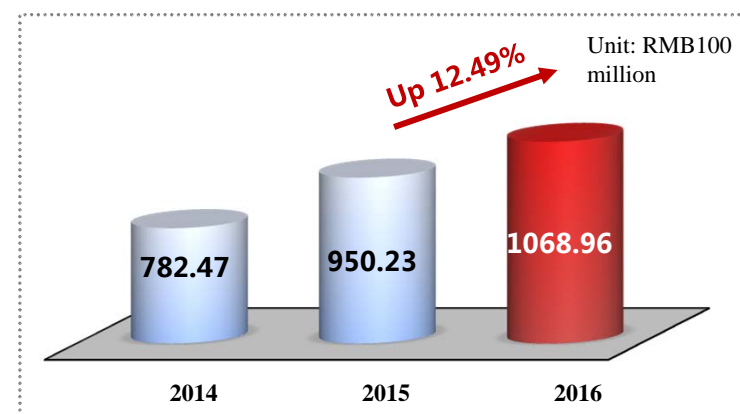
## Part III Outlook and strategy

## 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

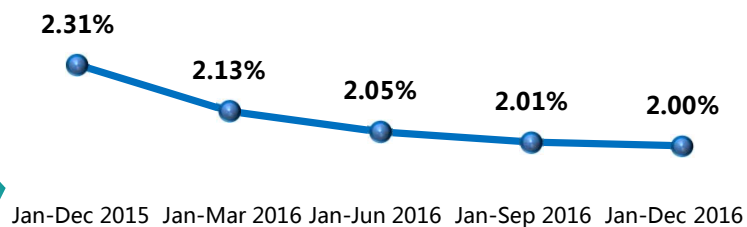
## 2. Net operating income continued to grow steadily

### Operating income

Unit:  
RMB100  
million

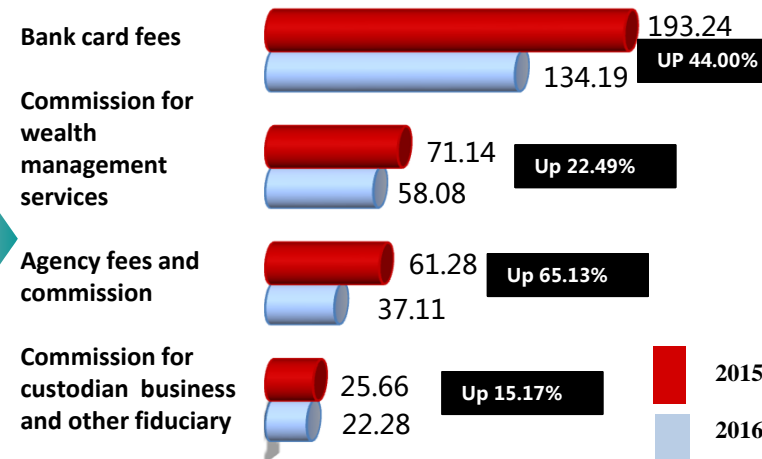
Item	2016	2015	Increment	Growth rate
<b>Operating income</b>	<b>1537.81</b>	<b>1451.34</b>	<b>86.47</b>	<b>5.96%</b>
<b>(1) Net interest income</b>	<b>1061.38</b>	<b>1044.33</b>	<b>17.05</b>	<b>1.63%</b>
① Scale contribution	—	—	147.23	—
② Interest rate contribution	—	—	-65.83	—
③ Other impacts	—	—	-64.35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

### Seasonal trend of NIM



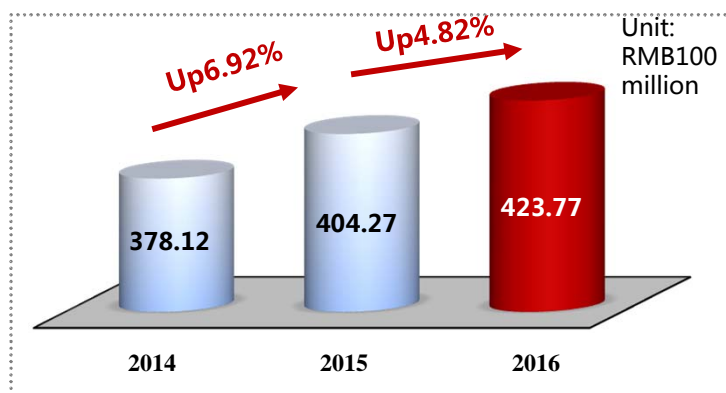
### Main fee-based incomes

Unit:  
RMB100  
million

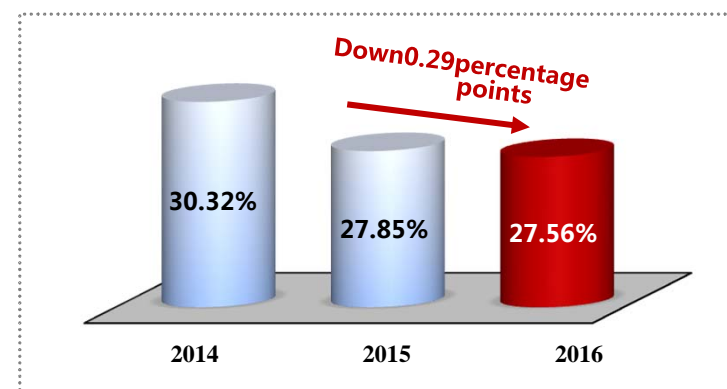


### 3. Growth of costs and expenses slowed down

Business & management expenses

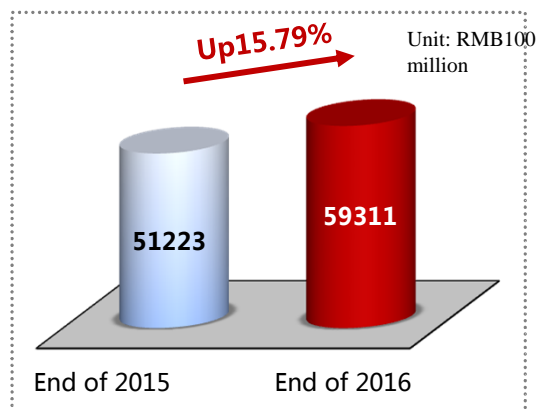


Cost-to-income ratio



## 4. Business scale grew steadily.

### Total assets

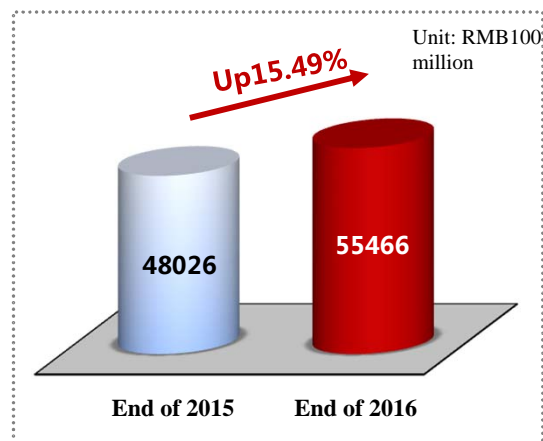


### Asset structure

Unit: RMB100 million

Item	End of 2016	Increment	Growth rate	Proportion
<b>Total assets</b>	<b>59311</b>	<b>8088</b>	<b>15.79%</b>	<b>100.00%</b>
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



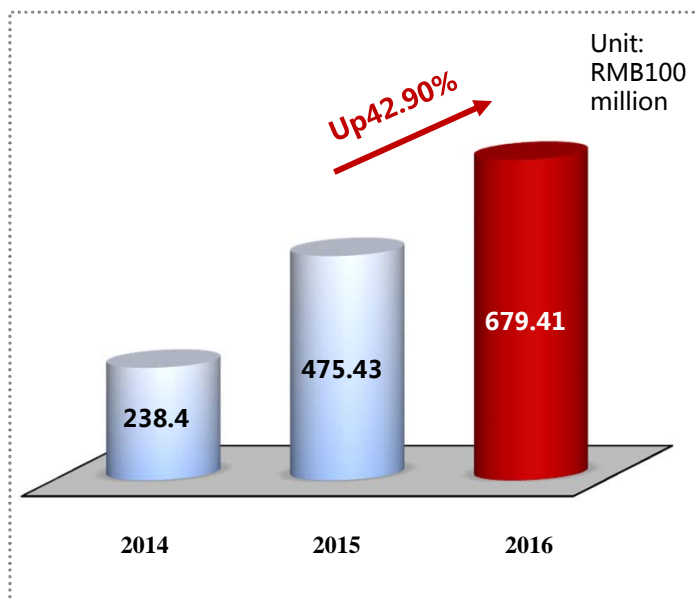
### Liability structure

Unit: RMB100 million

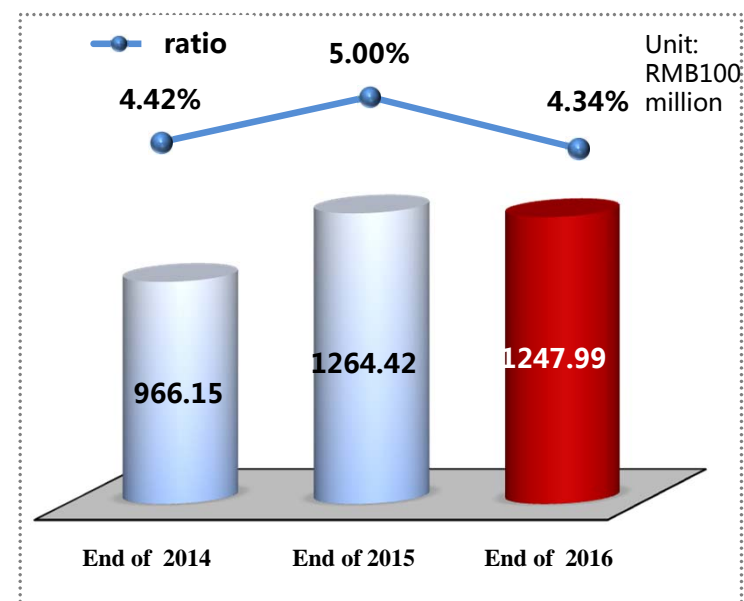
Item	End of 2016	Increment	Growth rate	Proportion
<b>Total liabilities</b>	<b>55466</b>	<b>7439</b>	<b>15.49%</b>	<b>100.00%</b>
Including: 1. Deposits from customers	36393	4565	14.34%	65.61%
2. Interbank liabilities	11855	-34	-0.29%	21.37%
3. Debt securities payable	3869	978	33.83%	6.98%

### 5. Risk pressure further released (1)

Disposal of NPL principals



“Special mention + non-performing” loans



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

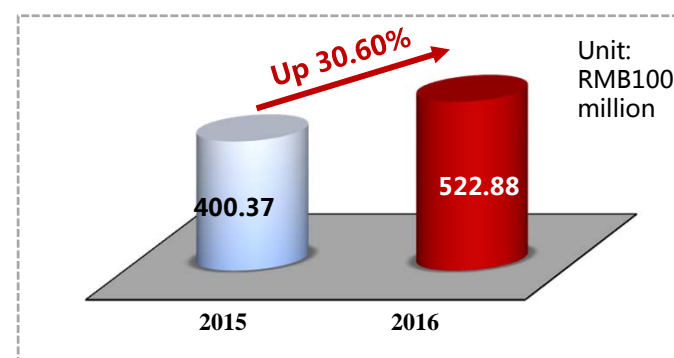
## 5. Risk pressure further released (2)

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

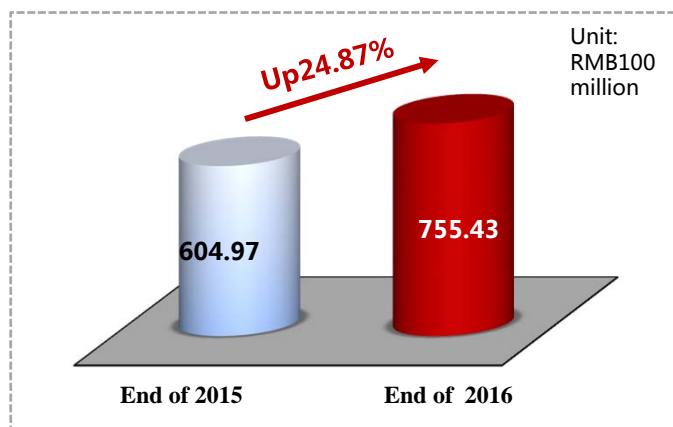
Unit: RMB100 million

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

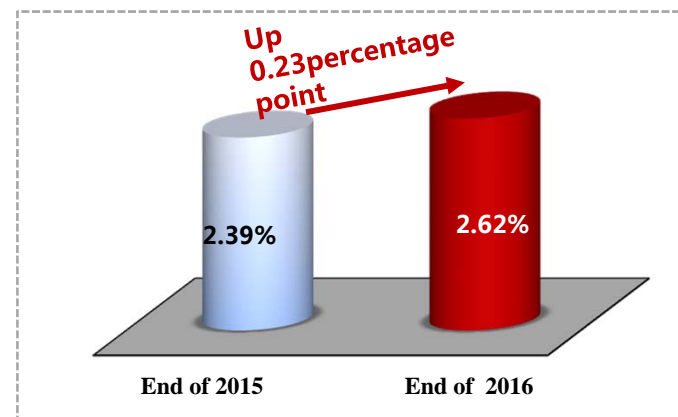
**Allowances for asset impairments**



**Balance of allowances for impairment of loans**



**The ratio of allowance for impairment of loans to total loans**

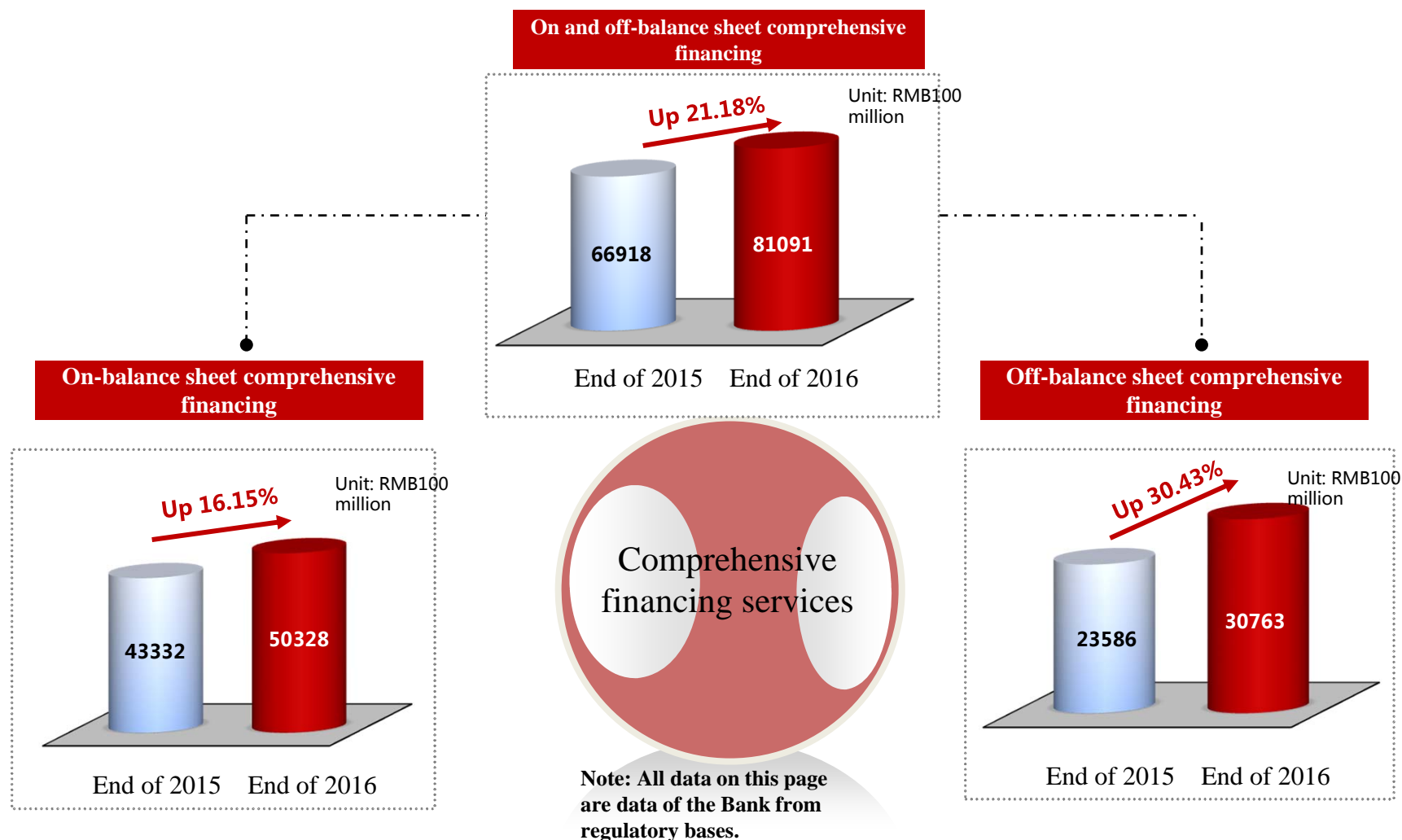


**Part I Performance overview**

**Part II Strategic implementation**

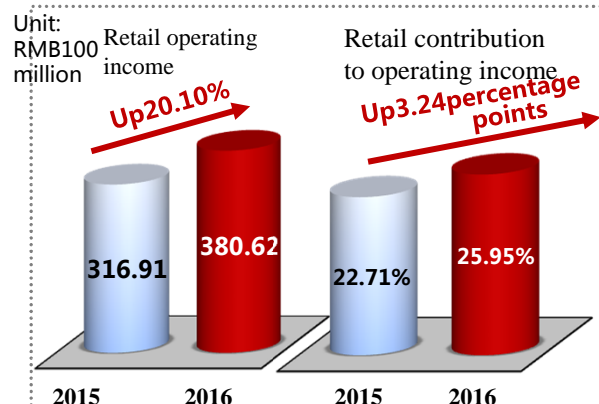
**Part III Outlook and strategy**

## 1. Comprehensive financing service capacity escalated markedly



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

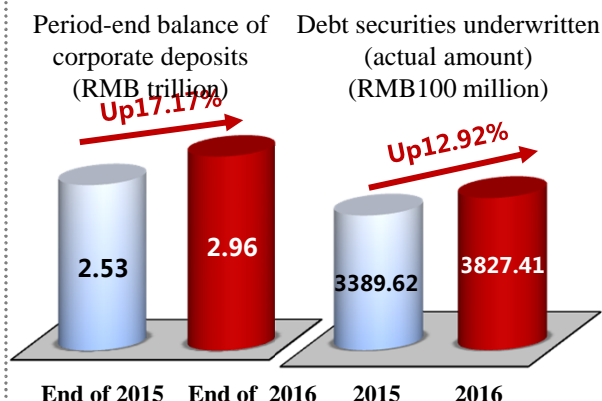
### Retail banking



#### 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.

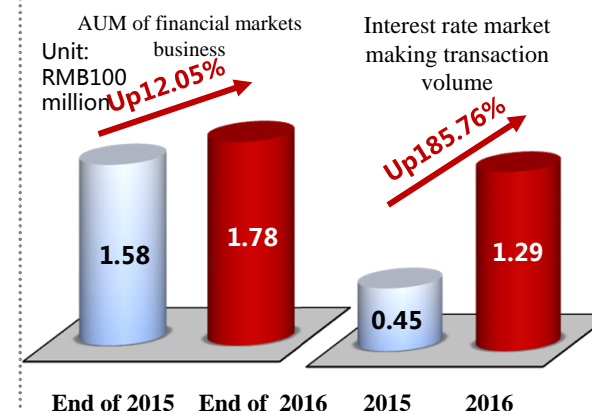
### Corporate banking



#### 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.

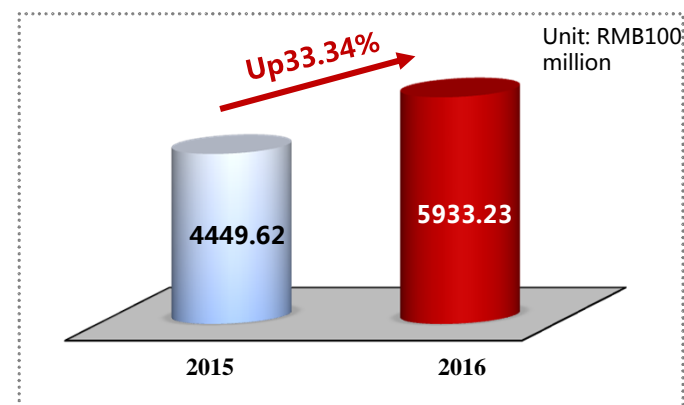
2. Proportion of corporate demand deposits = Balance of corporate demand deposits/total corporate deposits

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

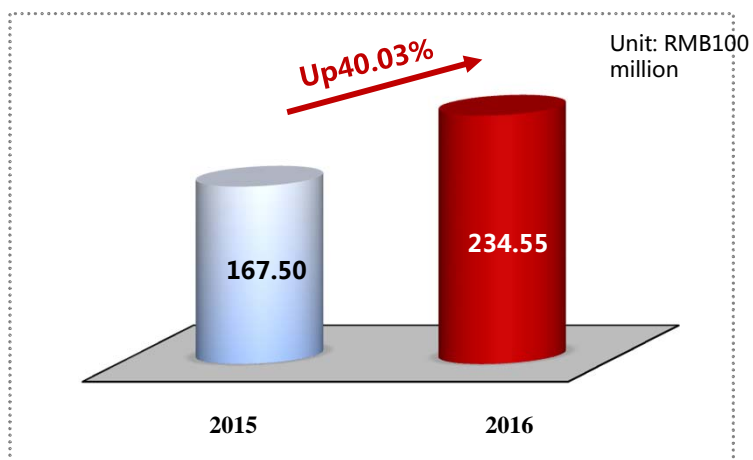
## 3. The “Three-Large and One-High” customer positioning yielded early results

- ✓ 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

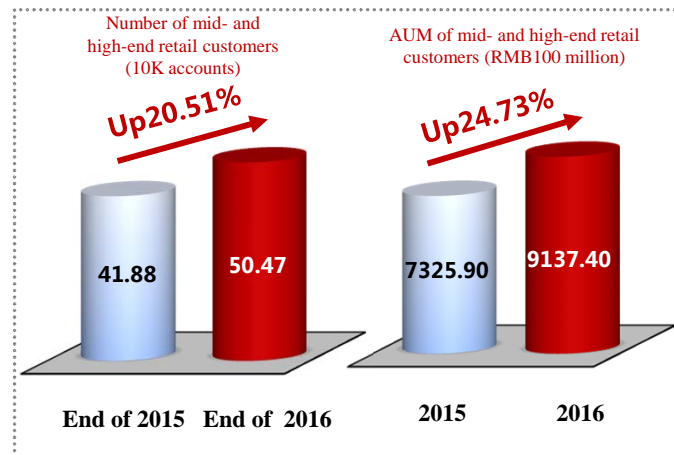
Daily average balance of deposits from strategic customers



Net operating income from strategic customers



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

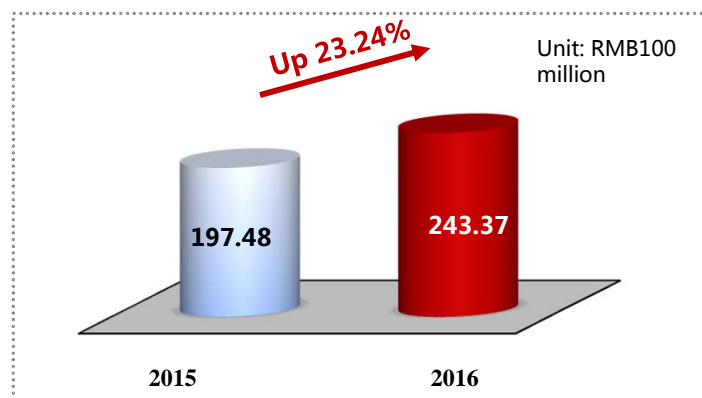


Note: 1. All data on this page are data of the Bank.

2. Mid- and high-end retail customers = VIP customers + private banking customers

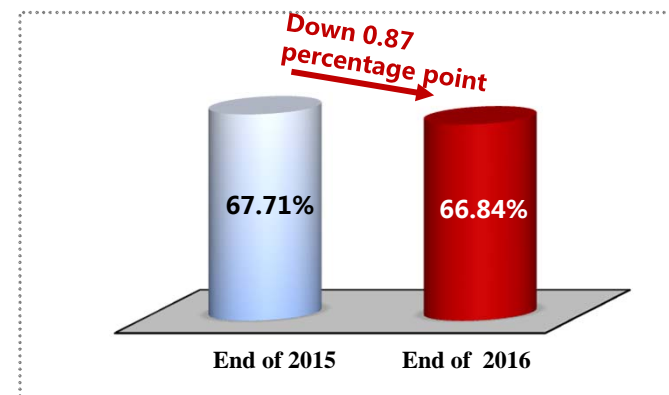
## 4. Business structure further optimized

**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**



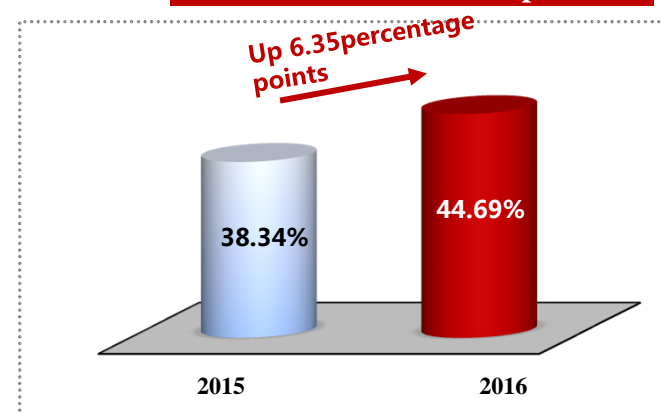
Note: Proportion of risk assets = Risk assets/total assets

**Targets of loan investment**

Unit:  
RMB100  
million

Item	End of 2016	Increment	Proportional change
1. Personal loans	9566	2880	+6.80 percentage points
Including : ① Home mortgage loans	4332	1643	+4.42 percentage points
② Credit 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
<b>Total loans</b>	<b>28779</b>	<b>3491</b>	—

**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.

### 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

### 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



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

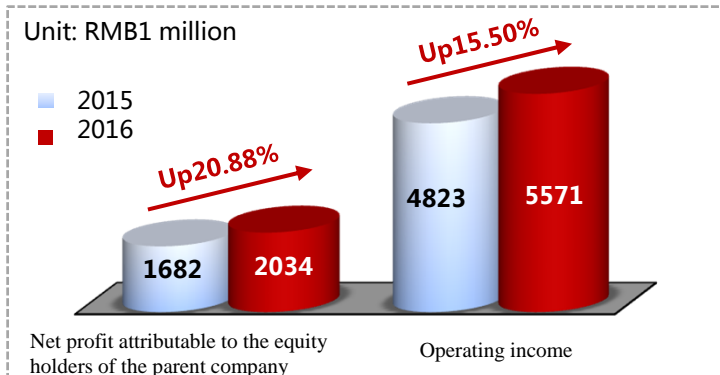
- Tightened post-lending management, strictly controlled business volume and reduced concentration risk;
- Conducted risk monitoring more frequently and reinforced quota monitoring.

### 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.

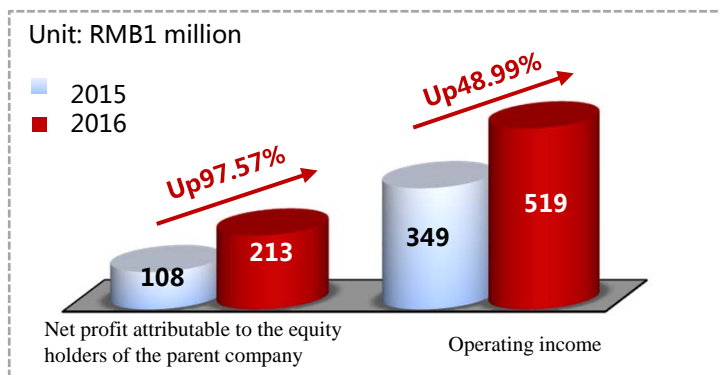
## 6. Subsidiaries markedly improved their contribution

### CIFH



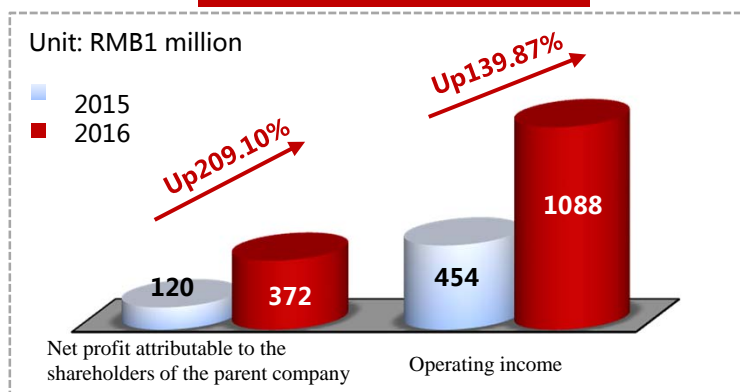
CIFH increased business interaction with the Bank and achieved new breakthroughs in cross-border business, retail AUM and private banking business.

### CNCB Investment



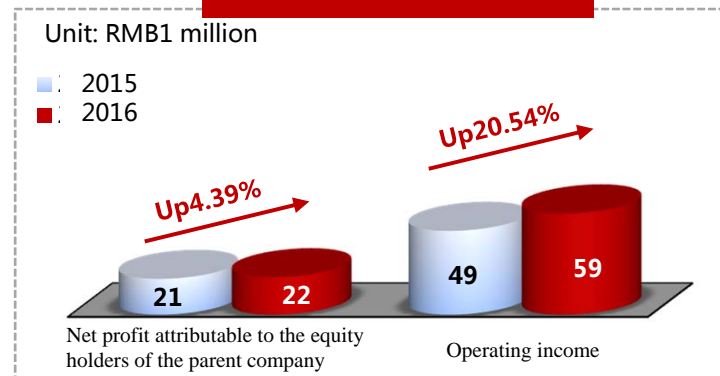
CNCB Investment obtained the overseas investment banking license, made ongoing innovation in cross-border investment and financing, and increased its net profit by a massive 98%.

### CITIC Financial Leasing



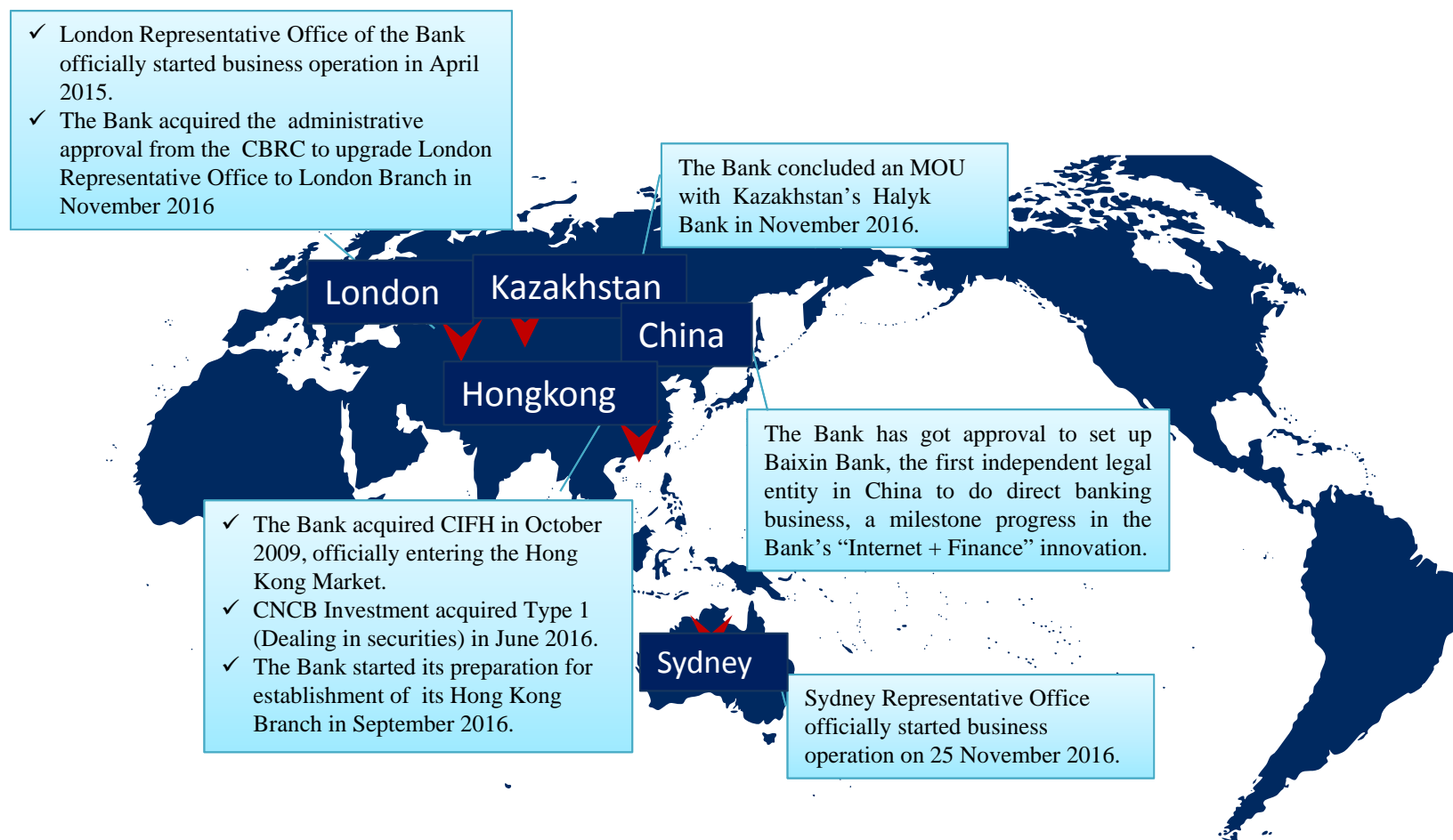
CITIC Financial Leasing registered total release of RMB27.6 billion leased assets for the whole year and built up its "Green Lease" brand in the market.

### 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 30<sup>th</sup> 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 22<sup>nd</sup> on the list of the “Global Top 500 Bank Brands” in February 2017.

21世纪经济报道  
21<sup>st</sup> CENTURY BUSINESS HERALD

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



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 79<sup>th</sup> among the “Top 2,000 Global Enterprises” published by the *Forbes* magazine in May 2016.



The Bank ranked the 245<sup>th</sup> 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.

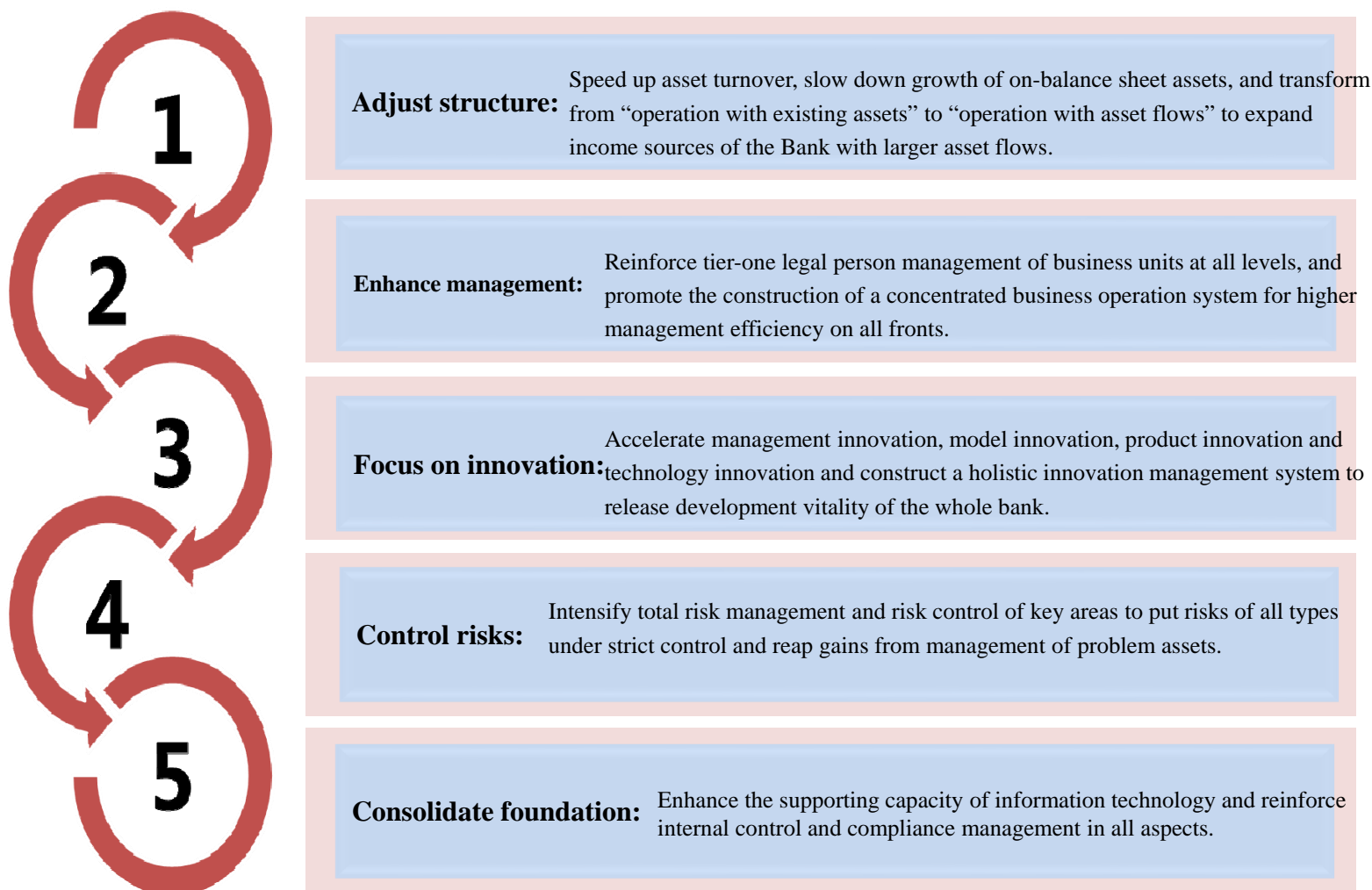
Focus 5: Risk situations will remain grim and complicated, requiring banks to follow more stringent provisions on risk management.

**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”.



**Thank you for  
your attention!**