

1H 2011 Results Presentation



August. 2011



Part I 1H 2011 Business Overview

Part II 2H 2011 Business Strategies



Part I

1H 2011 Business Overview



Part I 1H 2011 Business Overview

Main indicators

Unit: RMB
100 million

Profit indicators	1H 2011	Year-on-year increase	Year-on-year growth rate
Net profits attributable to shareholders	150.2	43.4	40.6%
Net interest income	298.1	74.4	33.3%
Net non-interest income	54.9	23.5	74.9%
Cost-to-income ratio	30.3%	Down 0.16 percentage point	

Operation profitability increased significantly

Quality indicators	By the end of June	Compared with the beginning of the 2011
NPLs	84.4	Decreased by RMB 98 million
NPL ratio	0.62%	Down 0.05 percentage point
Provision coverage ratio	238.2%	Up 24.7 percentage point

Excellent asset quality was maintained

Scale indicators	By the end of June	Compared with the beginning of 2011	Growth rate
Total assets	22452	1639	7.9%
Self-operating deposits	18732	1424	8.2%
Including: Corporate deposit	15450	1149	8.0%
Retail deposits	3282	275	9.1%
Total loans	13548	906	7.2%
Including: Corporate loans	10670	747	7.5%
Discounted bills	471	-85	-15.3%
Retail loans	2407	244	11.3%

Steady growth in operation scale

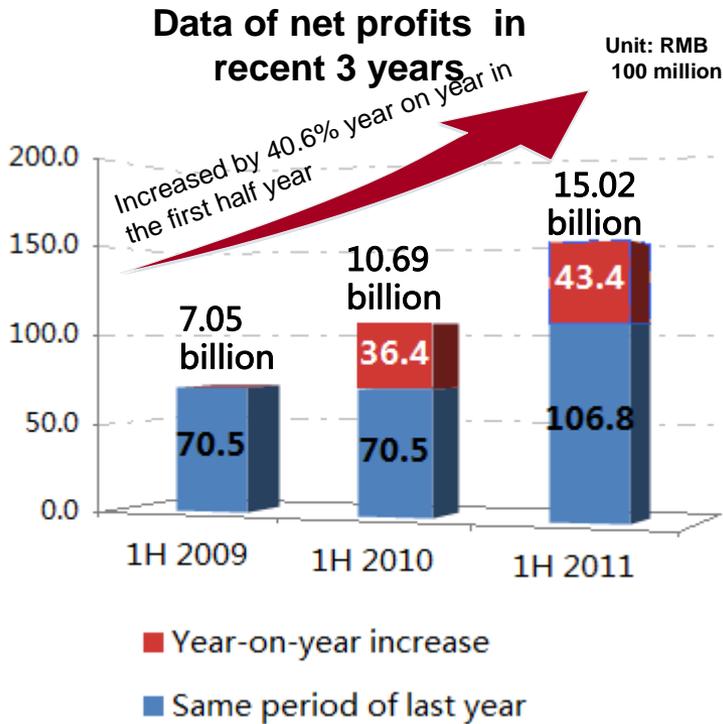
Other indicators met the requirements of regulatory authorities

Other indicators	By the end of June	Compared with the beginning of 2011
Loan-to-deposit ratio (CNCB)	71.53%	Down 1.30 percentage point
Capital adequacy ratio	11.40%	Up 0.09 percentage point





Good beginning in operation development—profit



Net profit kept increasing at a fast speed

In 1H 2011, the net profit reached RMB15.02 billion, with a year-on-year increase of RMB4.34 billion, a growth rate of 40.6%

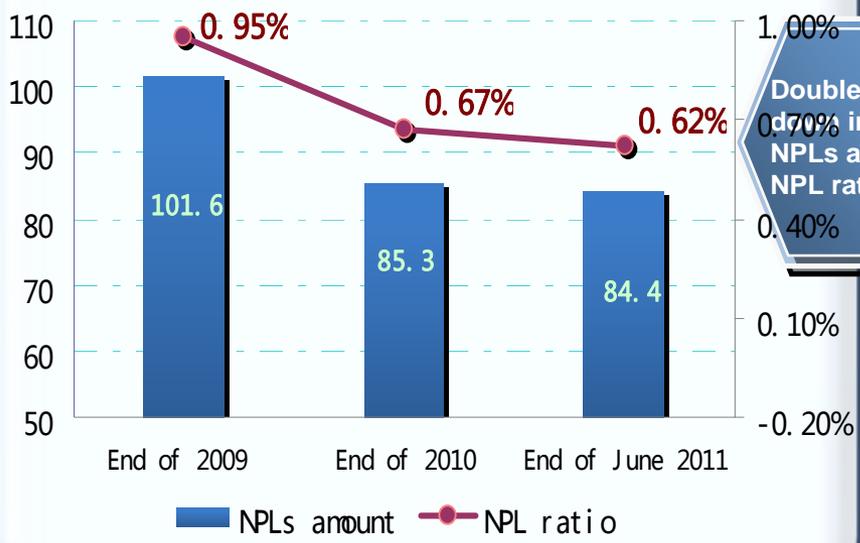
	Total	Year-on-year increase	Growth rate
1H 2010	107	36	51.6%
1H 2011	150	43	40.6%



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Good beginning in operation development—quality

Data for NPLs and NPL ratio



Double decrease in NPLs and NPL ratio

Double increase in provision and provision coverage ratio

Data for provision and provision coverage ratio



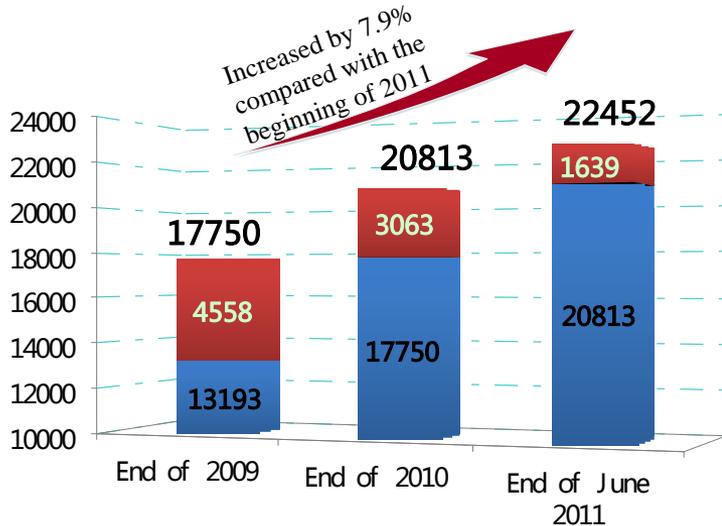


Part I 1H 2011 Business Overview

Good beginning in operation development—scale

Total assets

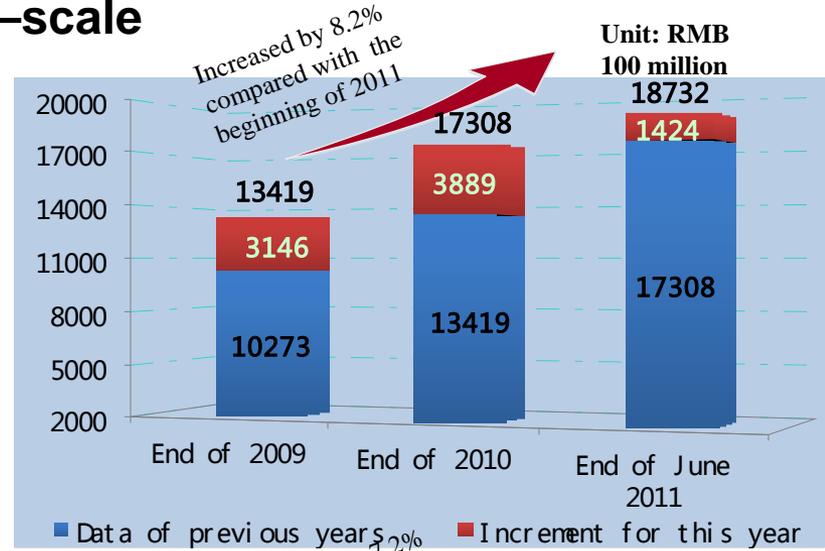
Unit: RMB 100 million



■ Data of previous years ■ Increment for this year

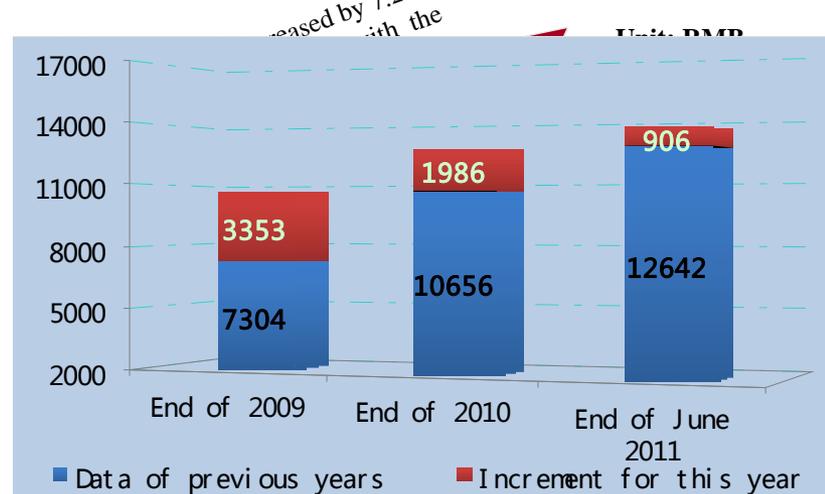
- The total assets reached RMB 2.25 trillion
- Increased by RMB 163.9 billion in the first half year, with a growth rate of 8%

Client deposits



■ Data of previous years ■ Increment for this year

Client loans



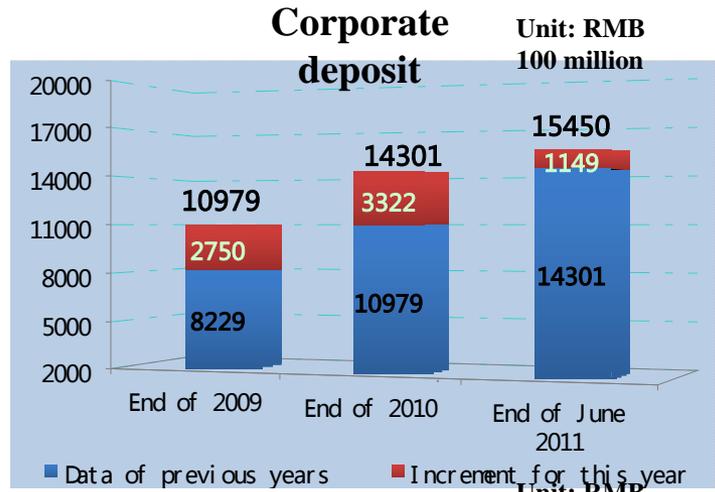
■ Data of previous years ■ Increment for this year

- The client deposits reached RMB 1.87 trillion, client loans RMB 1.35 trillion
- The growth rate of deposits and loans was 8.2% and 7.2% respectively



Part I 1H 2011 Business Overview

Good beginning in operation development—corporate

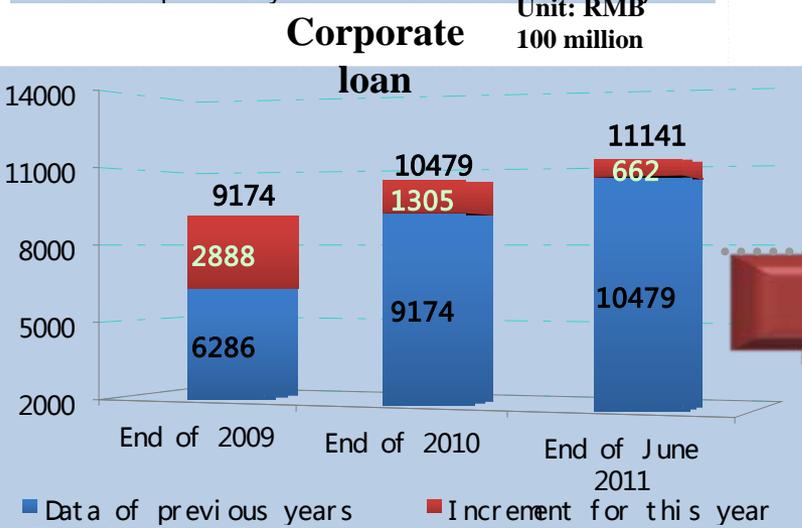


Maintained the leading position in traditional business

- ✓ The corporate deposit and loan reached RMB 1.55 trillion and RMB 1.11 trillion respectively, ranking 1st among the medium-sized joint-stock commercial banks
- ✓ The International business settlements reached USD 97.2 billion, with a year-on-year growth rate of 31.9%, 6 percentage points higher than that of national foreign trade.

The emerging businesses continued to develop in acceleration

- ✓ The scale of bond underwriting reached RMB 37.2 billion, with an increase of 80%
- ✓ The balance of custody assets reached RMB 286.5 billion, with an increase of 67%
- ✓ The balance of loans for small enterprises reached RMB 87.1 billion, with an increase of 32%
- ✓ The amount of financing for auto dealers reached RMB 138 billion, with an increase of 30%



Systematic marketing promotion obtained significant achievements

- ✓ The amount of financing for supply chain finance reached RMB 292.8 billion, with an increase of 44%
- ✓ The internet banking transaction volume hit RMB 6.7 trillion, with an increase of 28%

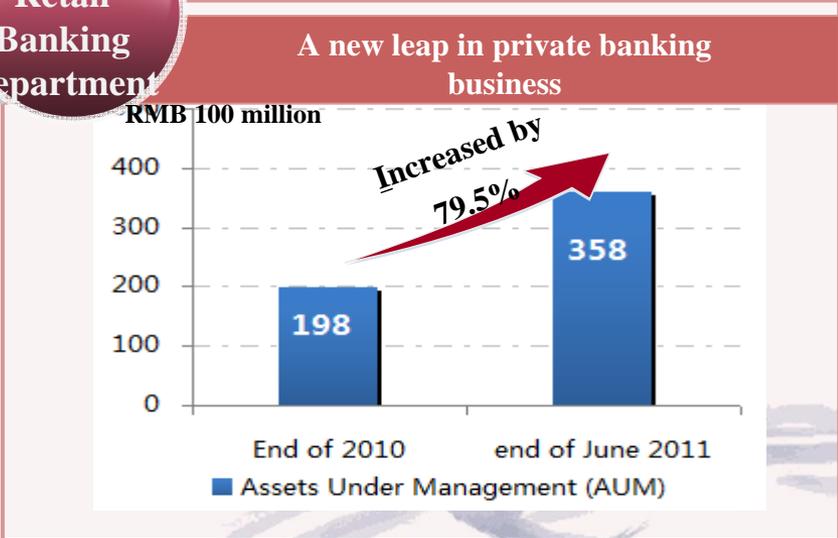
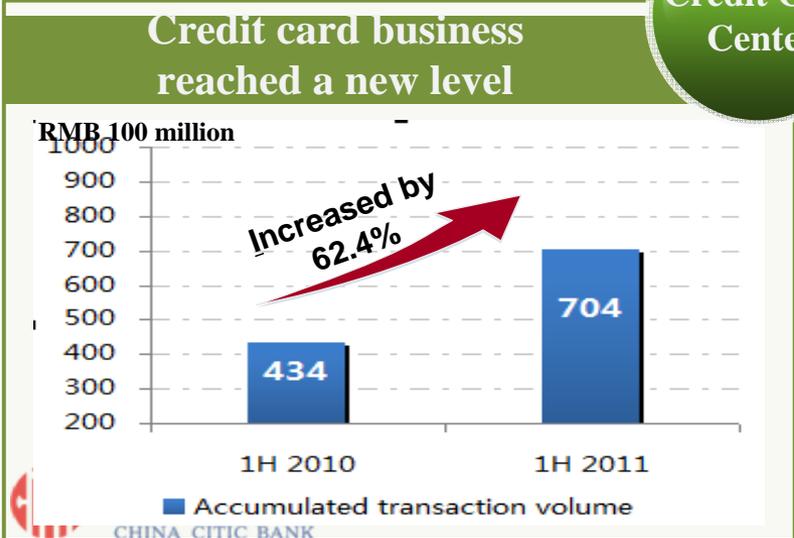
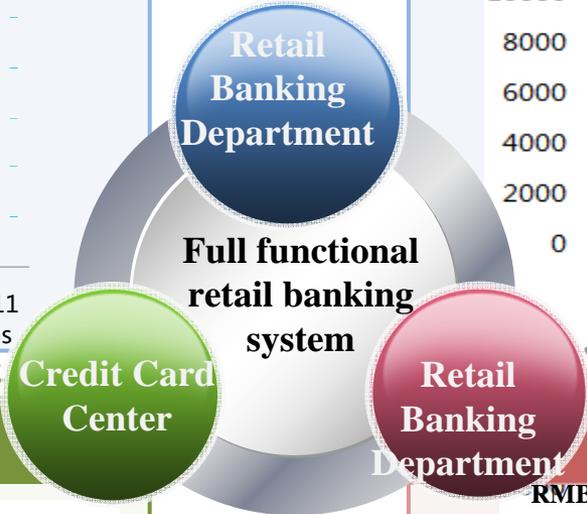
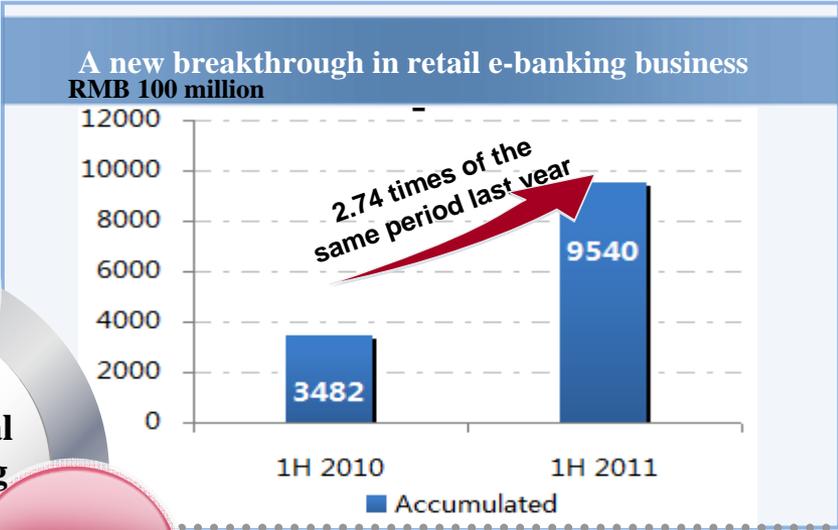
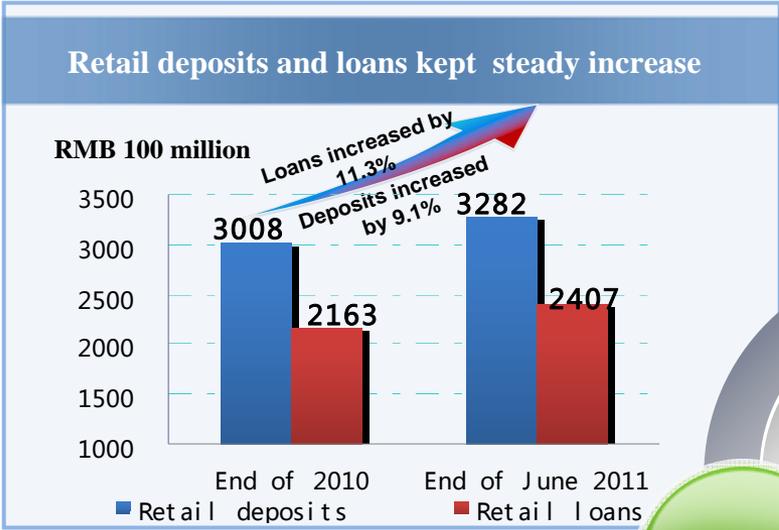


Note: Business data (except that data of deposits and loans is the criteria of the group) is the criteria of CNCB.



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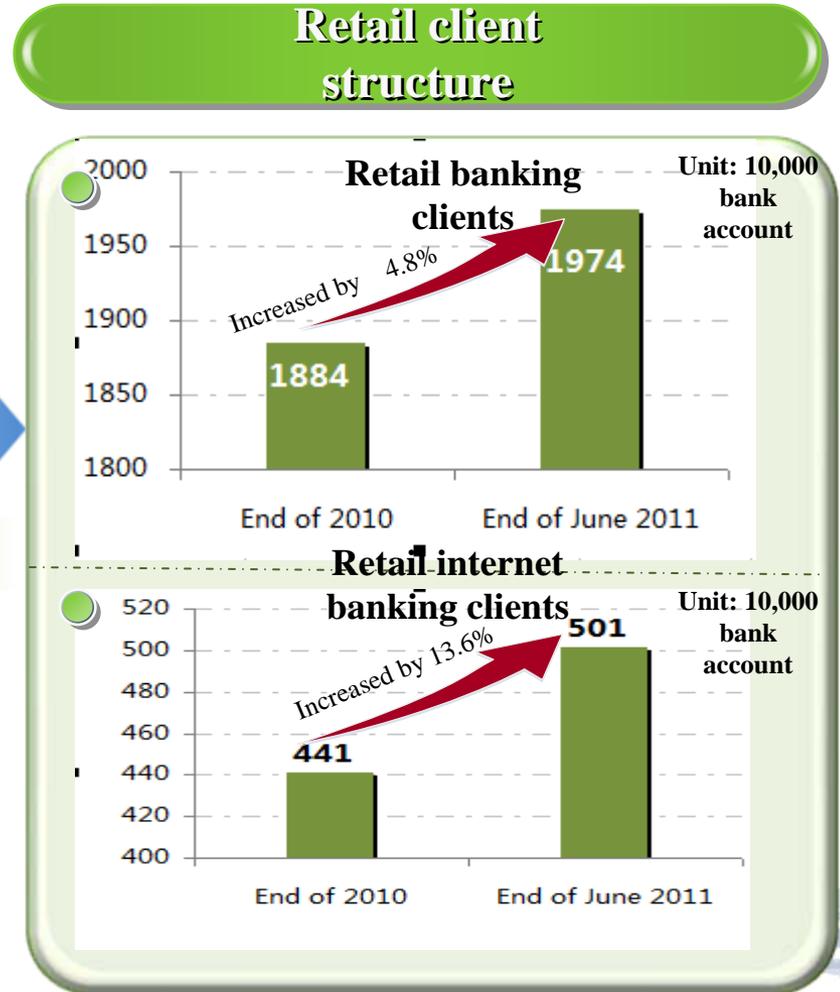
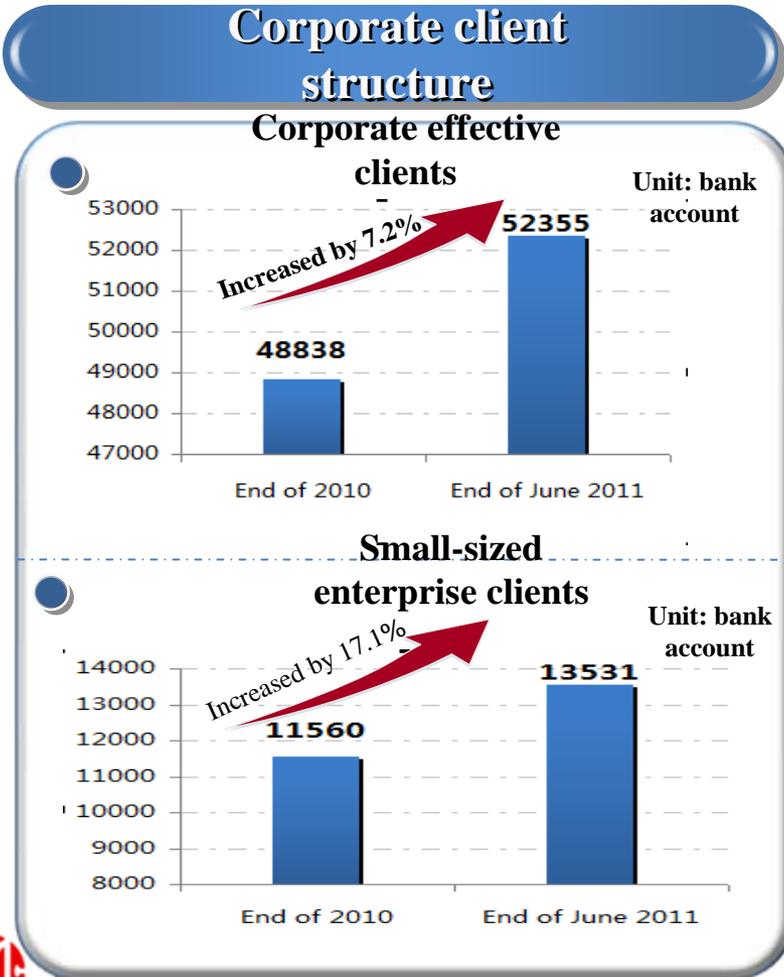
Good beginning in operation development—retail



Note: Business data (except that data of deposits and loans is the criteria of the group) is the criteria of CNCB.



◆ Good beginning in business transformation—client structure



Note: data of this section is the criteria of CNCB.



Part I 1H 2011 Business Overview

❖ Good beginning in business transformation—business structure

Changes in loan structure

Unit: RMB 100 million

	Balance			Proportion	
	End of June	Compared with the beginning of 2011	Growth rate	End of June	Up/down percentage points
Corporate loans	10065	733	7.9%	81.7%	-0.58
Loans for small enterprise	871	210	31.8%	7.1%	+1.24
Retail loans	2259	245	12.2%	18.3%	+0.58
Business loans	213.8	67.0	45.6%	1.7%	+0.44
Credit card loans	232.0	38.6	20.0%	1.9%	+0.17
Auto loans	43.4	12.5	40.4%	0.4%	+0.08

Continued to optimize business structure

The loans for small enterprises increased by 31.8%, proportion up 1.24 percentage points

The Retail loans increased by 12.2%, proportion up 0.58 percentage point

The Retail operating loans increased by 45.6%, proportion up 0.44 percentage point

The auto loans increased by 40.4%, proportion up 0.08 percentage point

Note: data of this section is the criteria of CNCB; proportion refers to the proportion to the ordinary loans



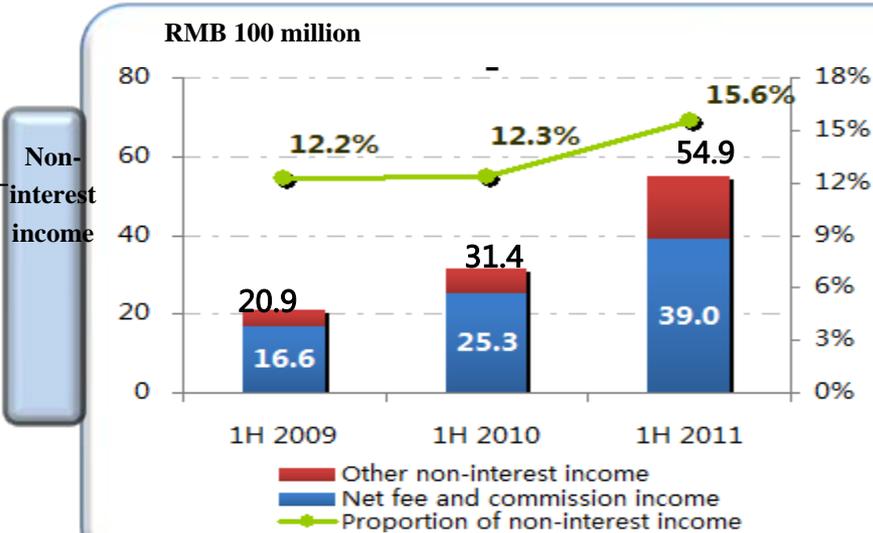
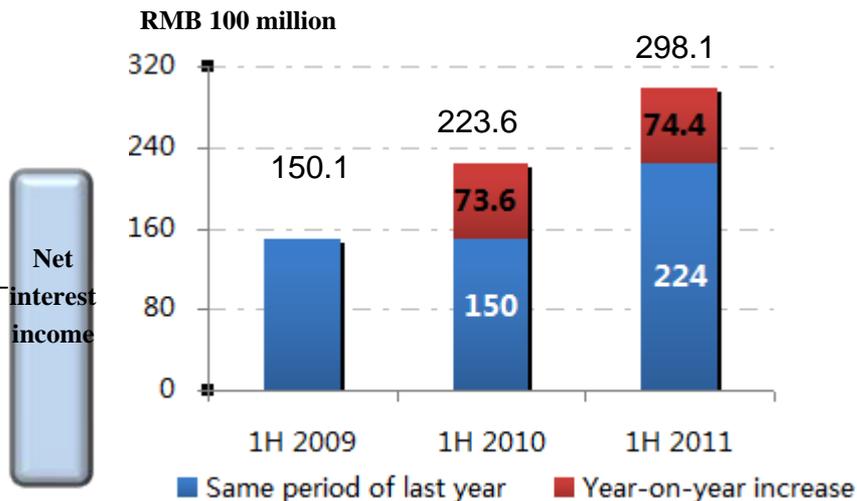
Part I 1H 2011 Business Overview

❖ Good beginning in business transformation—income structure

- Rapid growth in net operating income, net interest income and non-interest income

Structure of net operating income Unit: RMB 100 million

	1H 2011	Year-on-year increase	Growth rate
Net operating income	353.0	98.0	38.4%
Net interest income	298.1	74.4	33.3%
Contributions of scale	-	32.3	-
Contributions of interest	-	42.1	-
Non-interest income	54.9	23.5	74.9%
Fee income	39.0	13.7	54.1%



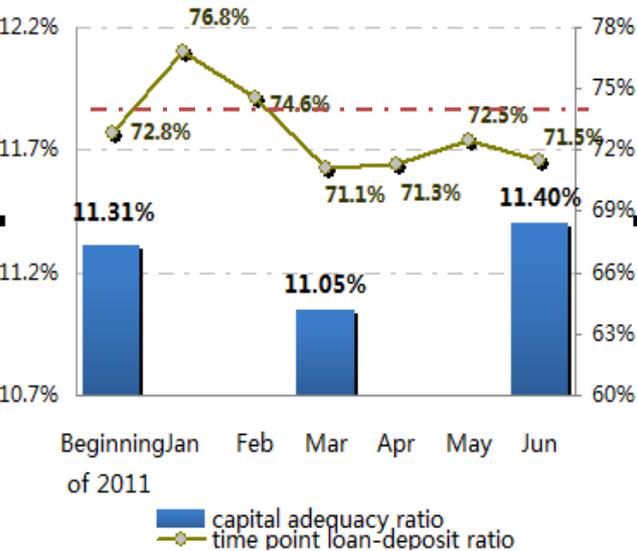


Part I 1H 2011 Business Overview

◆ Good beginning in management improvement—refinement management

Feature I: “Control”

Data of loan-deposit ratio and capital adequacy ratio



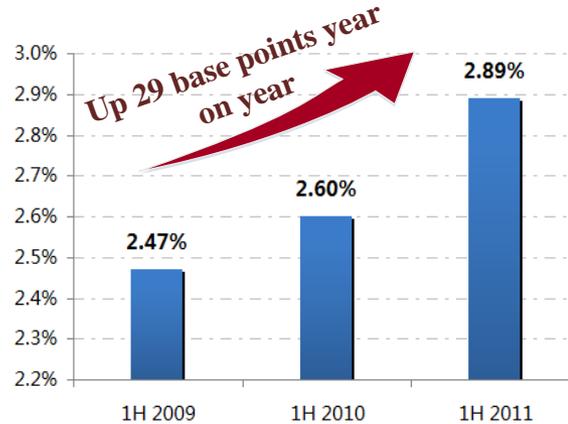
Used such measures as window guidance, periodical circular, benefit transfer, daily monitoring in a comprehensive way

Time-point loan-deposit ratio met standards for 5 consecutive months

Capital adequacy ratio 11.40%, up 0.09 percentage point compared with the beginning of the year

Feature II: “Refinement”

Data of NIM



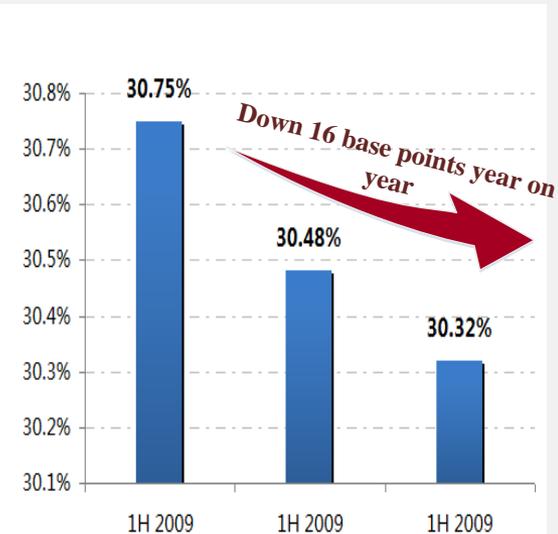
Loan interest rate in 1H 2011

	Corporate loan	Personal housing loan	Non-housing loan
Weighted average interest rate	6.61%	6.46%	7.33%
Up...base points compare to last data	114	120	117
Up...base points year-on-year	135	202	155

The weighted average interest rate of new corporate loans, personal housing loans and non-housing loans increased more than 100 base points

Feature III: “Optimization”

Data of cost-income ratio



Optimized the income structure via dynamic examination and strengthening budget management

Supported the promotion for mainline marketing with the increase of 30% in mainline expense while the maintaining the total expense



Part I 1H 2011 Business Overview

❖ Good beginning in management improvement—risk management

- ✓ Implemented the differentiated credit policy of “one policy for one bank”
- ✓ Effectively controlled loans to production capacity surplus Industry
- ✓ Strengthened efforts in withdrawing from government financing platform loans
- ✓ Paid close attention to the market changes, took the initiatives to compact high-risk foreign currency bonds
- ✓ The liquidity management information system officially came into the development and implementation period
- ✓ Officially started the system construction of market risk management



Part I: 1H 2011 Business Overview

❖ Good beginning in management improvement—internal control and compliance

• Internal control and compliance

- ✓ Released the *Implementation Outline of Case Prevention and Control* ;
- ✓ Launched “Woodpecker Compliance Campaign”;
- ✓ Conducted comprehensive audit in cooperation with National Audit Office and intensified rectification

• Accounting and settlement

- ✓ Launched the project of centralized operation business construction, and accelerated the construction of second-generation payment system;
- ✓ Became one of the first members of the inter-bank market opening the electronic confirmation for RMB exchange rate



Part II

2H 2011 Business Strategies



**Make more efforts in liability
marketing**

**Make more efforts in operation
transformation**

**Make more efforts in
management improvement**



Make more efforts in liability marketing

- **Continue to take effective measures and strengthen policy guidance**
- **Develop marketing strategies and promote the deposit business development**
- **Make more efforts in promoting key business and regions**



Make more efforts in operation transformation

- Continue to strengthen regulation and control
- Continue to accelerate the development of intermediate business
- Continue to accelerate the development of emerging business
- Continue to improve the pricing level of loans



Make more efforts in management improvement

- **Strengthen refinement management**
- **Strengthen management on risk control**
- **Strengthen the examination on compliance and case prevention and control**
- **Promote the implementation of Five-Year Development Strategy**



Thank you!

