

Operating Performance 2011

- For Annual Results Briefing



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中信銀行
CHINA CITIC BANK

25周年
1987-2012
用心奉獻

March 2012

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Part 1

Operation and Management in 2011

(1) Operation and Management in 2011



Unit: RMB 100 million

**Profitability
enhanced markedly**

Index	Total	Increase /Decrease	Growth rate
Net profit attributable to shareholders	308.2	93.1	43.3%
Net interest income	651.1	169.7	35.3%
Net interest Margin	3.00%	Up 0.37 percentage point	
Including: The Bank	3.12%	Up 0.40 percentage point	
Net non-interest income	118.4	42.1	55.2%
Proportion of net non-interest income	15.4%	Up 1.71 percentage points	
Cost-to-income ratio	29.9%	Down 3.96 percentage points	

**Asset quality
optimized
continuously**

Index	Total	Increase /Decrease
NPLs	85.4	0.08
NPL ratio	0.60%	Down 0.07 percentage point
Provision coverage ratio	272.3%	Up 58.8 percentage points
Including: The Bank	286.2%	Up 50.3 percentage points

**Business size
expanded steadily**

Index	Total	Increase /Decrease	Growth rate
Total assets	27659	6846	32.9%
Loans to Customers	14340	1698	13.4%
Deposits from Customers	19680	2372	13.7%

(1) Operation and Management in 2011



New Achievements
of Operation and
Management



Operating Performance Reached a
New Stage



Business Development
Accomplished a New Success



Structural Adjustment Made a New
Progress

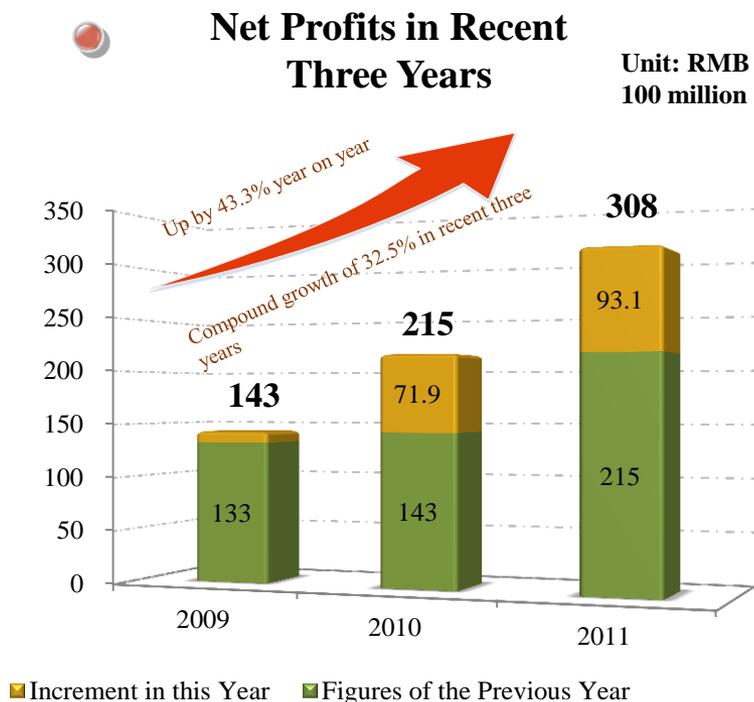


Management Capability Achieved a
Leapfrog Development

(1) Operation and Management in 2011



❖ Operating Performance Reached a New Stage ——profitability enhanced markedly



Rate of Return in Recent Three Years

	2011	2010	2009
Return on Total Assets	1.27%	1.13%	0.94%
Return on Net Assets	20.9%	19.3%	12.9%
Earnings per Share (RMB/share)	0.71	0.53	0.35

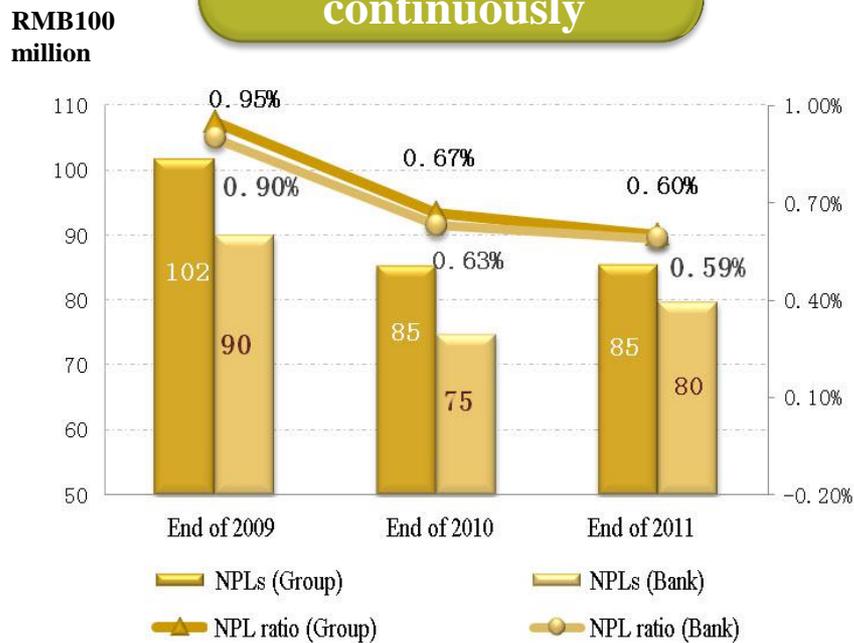
(1) Operation and Management in 2011



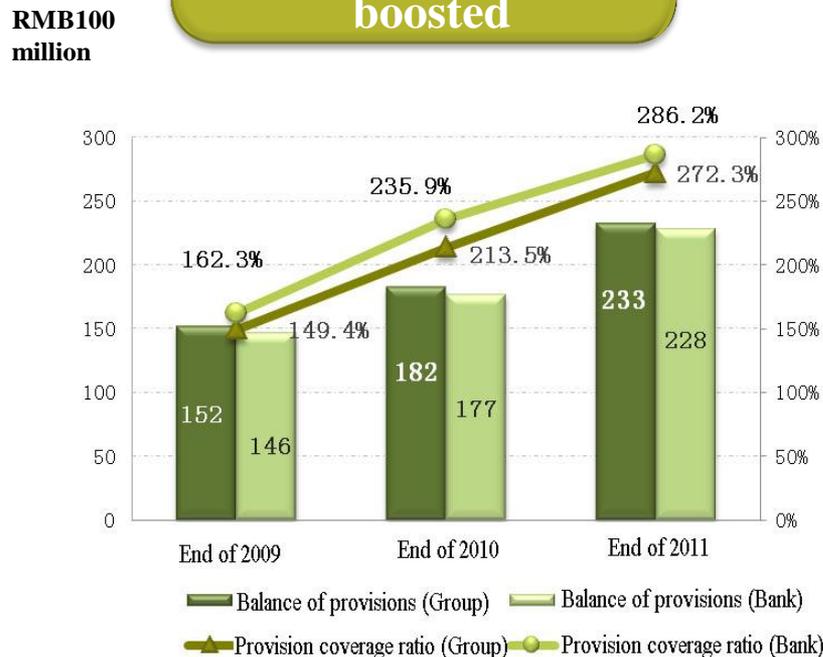
❖ Operating Performance Reached a New Stage -asset quality optimized continuously

Asset quality

NPL ratio lowered continuously



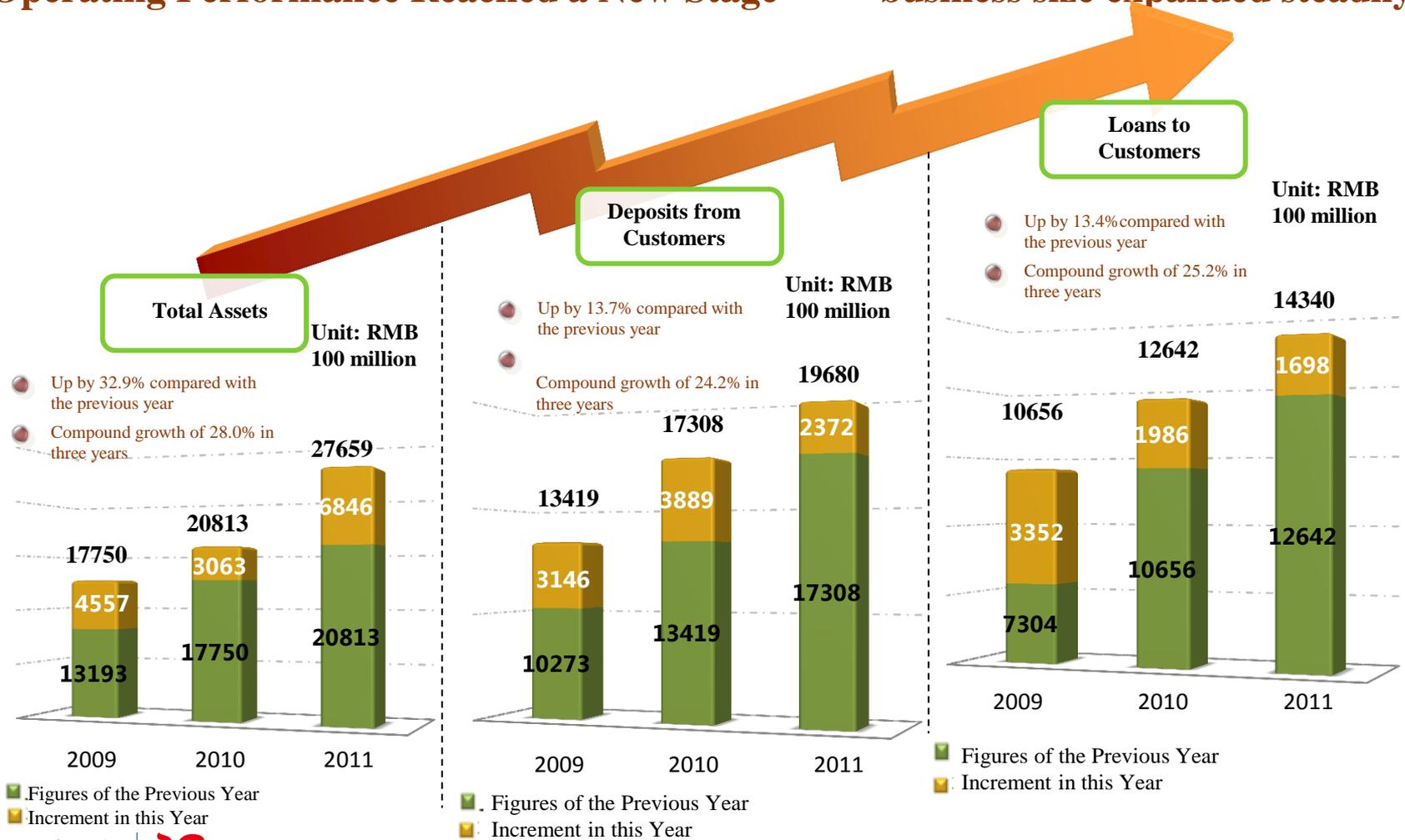
Risk resilience boosted



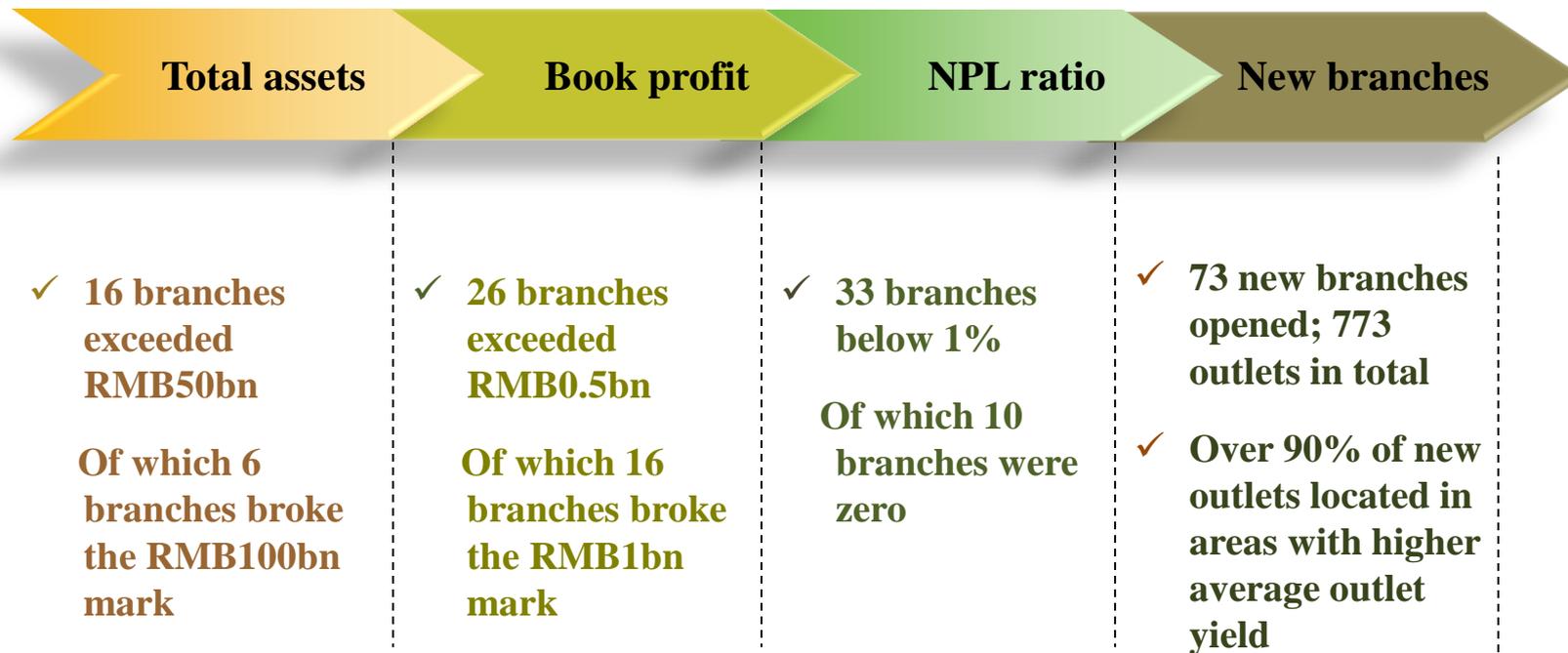
(1) Operation and Management in 2011



❖ Operating Performance Reached a New Stage — business size expanded steadily



❖ Operating Performance Reached a New Stage - branches' overall capability improved markedly



(1) Operation and Management in 2011



❖ Operating Performance Reached a New Stage - Overall market position increasingly stronger

● Asian Banks Competitiveness Ranking:
The Bank ranked 12th, up by 4 positions

● Top 1,000 World Banks Ranking:
The Bank ranked 66th by tier-1 capital, up by 1 position;
68th by assets, up by 4 positions;
2nd among medium-sized banks by pre-tax profit rate and return on capital

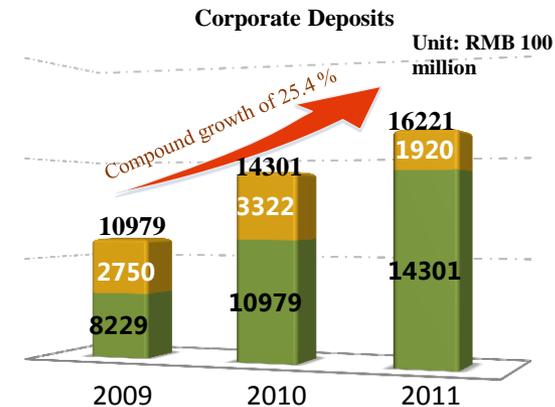
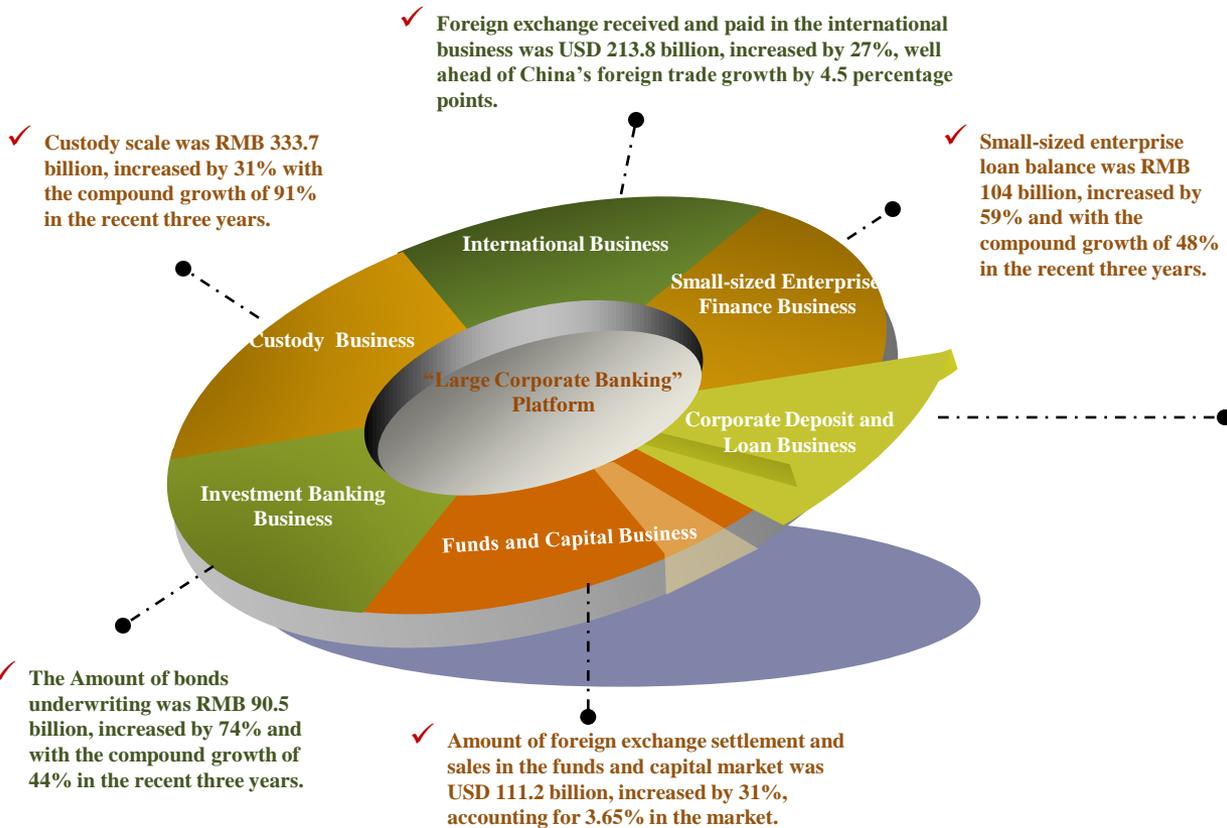


● World Top Banking Brands Ranking:
The Bank ranked 73rd, up by 5 positions

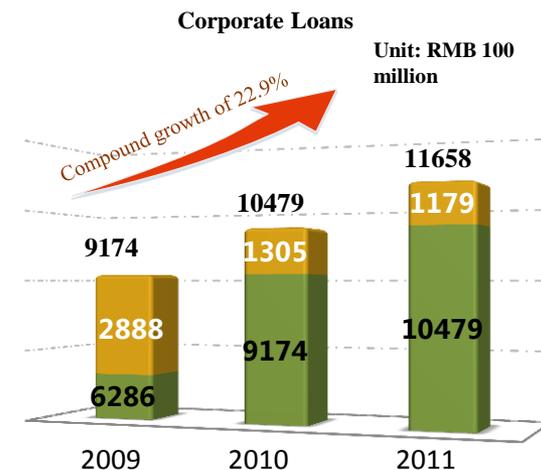
- Domestic awards:
 - China's Best Innovative Investment Bank Award (Securities Times)
 - Award of Outstanding Contribution in Cross-border RMB Settlement (Ministry of Commerce)
 - Best Retail Bank Award (Money Weekly)
 - Best Internet Banking Award (China Financial Certification Authority)



❖ Business Development Accomplished a New Success —— Overall Strength of corporate banking further fortified



■ Figures of the Previous Year ■ Increment in this Year

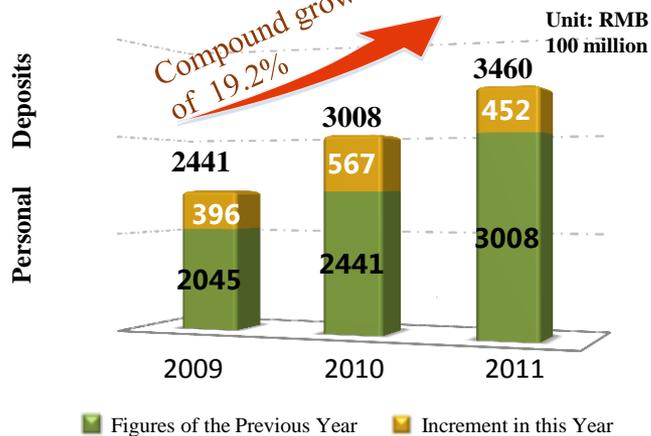


■ Figures of the Previous Year ■ Increment in this Year 11

Note: Figures in this section were calculated based on the Bank, except for the figures of deposits and loans which were calculated based on the Group.



❖ Business Development Accomplished a New Success —— Significant Improvement in Capacity of Retail Banking System



- ✓ **Credit cards:** 14.07 million cards issued in total, up 21% and a three-year compound growth rate of 23%;

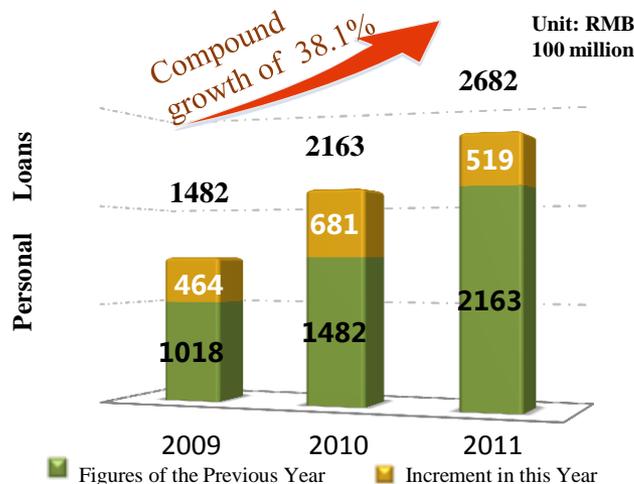
Transactions increased by 66% to RMB166.4bn, a three-year compound growth rate of 41%

- ✓ **Personal Internet banking:** E-banking substitution rate reached 68%

35.94 million transactions completed, 2.2 times that of last year and a three-year compound growth rate of 67%;

Transactions amounted to RMB2.27 trillion, 2.3 times that of last year and a three-year compound growth rate of 49%

- ✓ **VIP customers:** RMB265.2bn of assets were managed, accounting for 65% of managed retail assets, a three-year compound growth rate of 28%

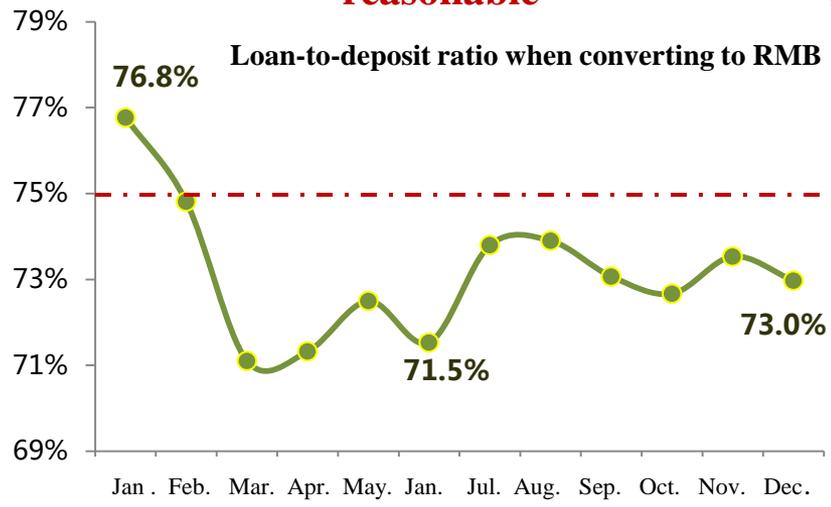


(1) Operation and Management in 2011



❖ Structural Adjustment Made a New Progress- Asset-liability structure further optimized

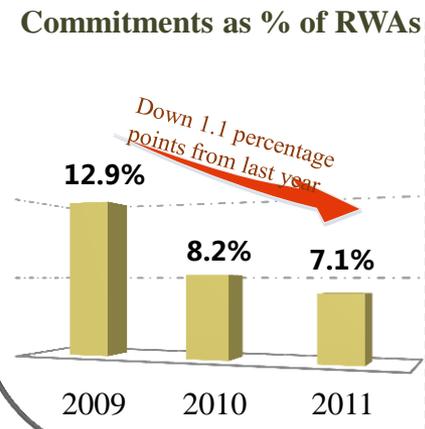
On-balance-sheet structure more reasonable



✓ Loan-to-deposit ratio compliant for 11 consecutive months since Feb. 2011

Off-balance-sheet structure mixed

- ✓ Capital-intensive off-balance-sheet activities reasonably controlled
 - Commitments accounted for 7% of off-balance-sheet RWAs, down 1.1 percentage points
- ✓ Supply chain finance supported
 - Supply chain finance accounted for 39.9% of acceptances, up 4.0 percentage points



❖ Structural Adjustment Made a New Progress- Credit structure further optimized

Credit Structure Changes

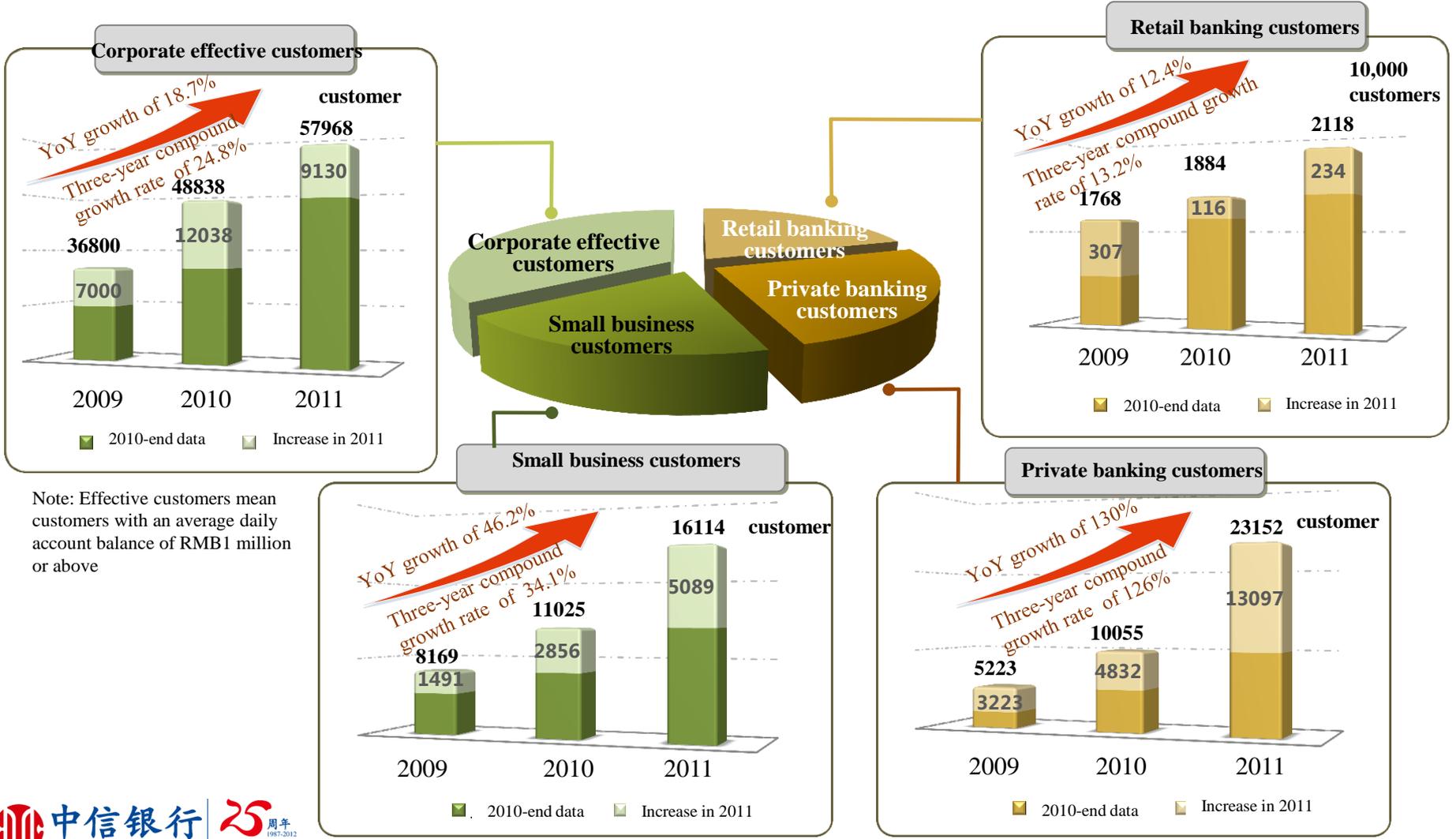
Unit: RMB
100 million

	Balance			% of total	
	2011-end	Change from year beginning	Growth rate	2011-end	+/- percentage points
General corporate loans	10581	1249	13.4%	78.0%	-0.59
Including : Small business loans	1040	384	58.7%	7.7%	+2.14
LGFV loans	1315	-99	-7.0%	9.7%	-2.21
Real estate	781	163	26.3%	5.8%	+0.55
Loans to industries with over-capacity	424	-2	-0.4%	3.1%	-0.46
Personal loans	2539	525	26.1%	18.7%	+1.75
Including: Personal business loans	372	176	90.3%	2.7%	+1.10

Note: 1. Data on this slide are bank-wide; 2. "% of total" means each item as a percentage of total loans



❖ Structural Adjustment Made a New Progress- Customer structure further optimized



(1) Operation and Management in 2011



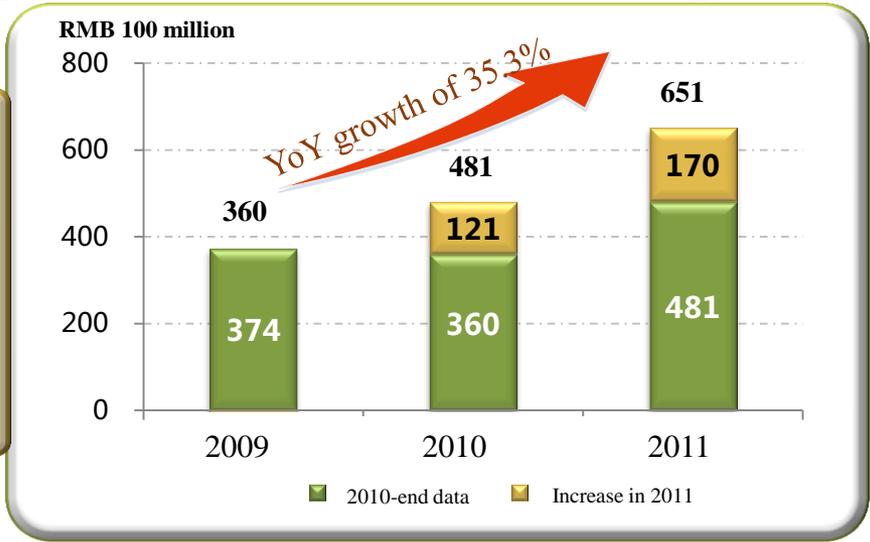
❖ Structural Adjustment Made a New Progress-- Income structure further optimized

Composition of Net Operating Income

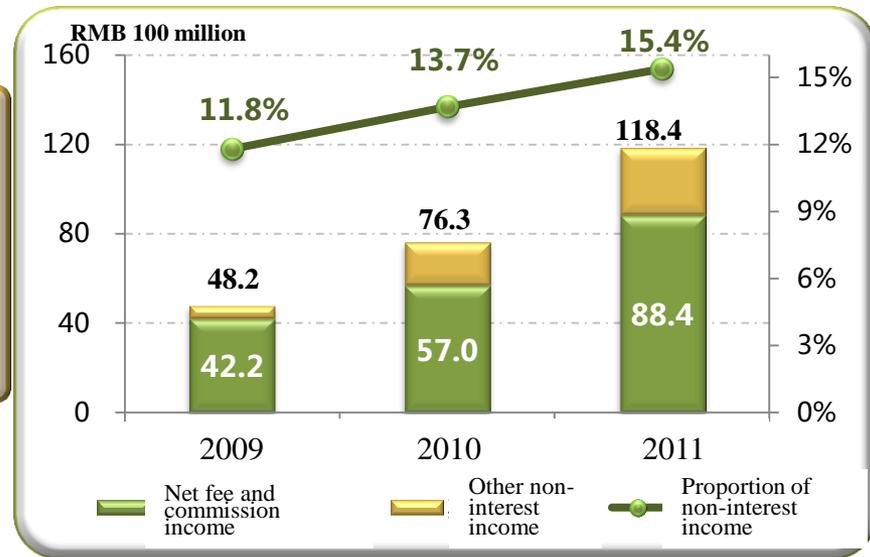
Unit: RMB 100 million

	2011	YoY growth	Growth rate
Net operating income	769.5	211.8	38.0%
Net interest income	651.1	169.7	35.3%
NIM contribution	59.3%	Up 13.7 percentage points	
Size contribution	40.7%	-	
Non-interest income	118.4	42.1	55.2%
Net fee income	88.4	31.4	55.1%

Net interest income



Non-interest income



(1) Operation and Management in 2011



❖ Management Capability Achieved a Leapfrog Development - Risk management capability enhanced markedly

Credit risk

- ✓ “One bank one policy” differentiated credit policies implemented, authorization management and credit approval processes optimized
- ✓ The credit approval secondment system advanced for small business loans and personal business loans
- ✓ Risk management intensified in priority areas of macro control

Market risk

- ✓ Efforts initiated to build the market risk management system
- ✓ Extent of proactive monitoring expanded, independent monitoring of market risk enhanced
- ✓ Market changes closely monitored, high-risk foreign currency bonds squeezed to cut USD210 million in European bond holdings

Operational risk

- ✓ The operational risk management program further implemented
- ✓ The standardized operational risk management system improved
- ✓ A specialized, systematic internal control mechanism established

Liquidity risk

- ✓ Efforts stepped up for the liquidity management information system
- ✓ Risk measurement and monitoring intensified for three-tier reserves and stress test
- ✓ Liquidity portfolio adjusted dynamically, window guidance and economic steering of branches strengthened

(1) Operation and Management in 2011



❖ Management Capability Achieved a Leapfrog Development - Internal control compliance capacity enhanced markedly

Tools and approaches improved for identification, assessment, early warning, monitoring, testing and reporting

Priority areas of business inspected bank-wide and 4,550 problems corrected, a correction ratio of 94%

The off-site audit system used for fraud prevention and abnormal transaction screening, with nearly 200,000 pieces of suspicious data identified and analyzed

Over 1,100 suggestions for risk control and prevention put forward in the "Woodpecker" Initiative.

- ★ One of the first A+H listed companies that have formally implemented the Internal Control Standard
- ★ Granted "stable operation and healthy development" appraisal from The National Audit Office

(I) Operation and Management in 2011



❖ Management Capability Achieved a Leapfrog Development - Refined management capability enhanced markedly

Capital management approaches diversified

- ✓ Dynamic management of capital budget enhanced
- ✓ RORC analysis and evaluation stepped up

Management accounting fully implemented

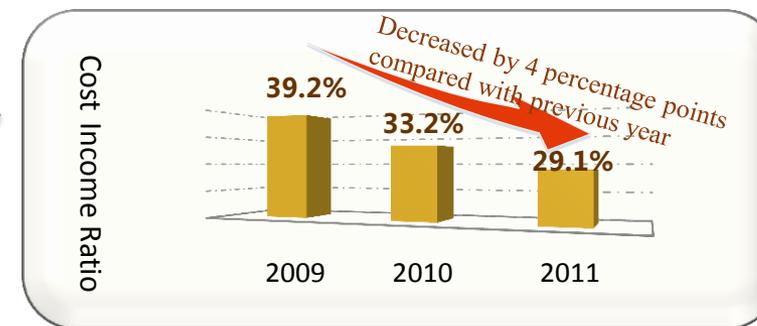
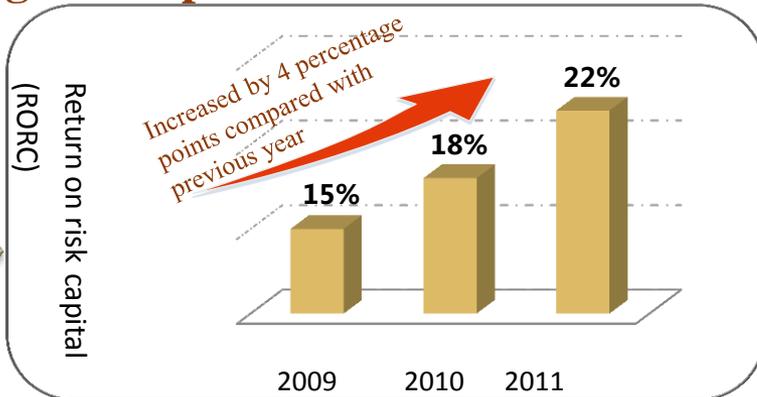
- ✓ Multi-dimensional profit analysis report launched for management accounting
- ✓ Management accounting information introduced for the first time to strengthen assessment of branches
- ✓ The tiered marketing scheme launched based on customer profitability assessment

Interest rate pricing management strengthened

- ✓ "Objective-based management" piloted for pricing of main loans
- ✓ Loan pricing strategy adjusted from time to time

Expense allocation mode optimized

- ✓ "Base + Increment + Special" expense allocation mode
- ✓ Classified budget management piloted for main expenses
- ✓ Expense allocation grew faster than business, providing strong support for business growth



(1) Operation and Management in 2011



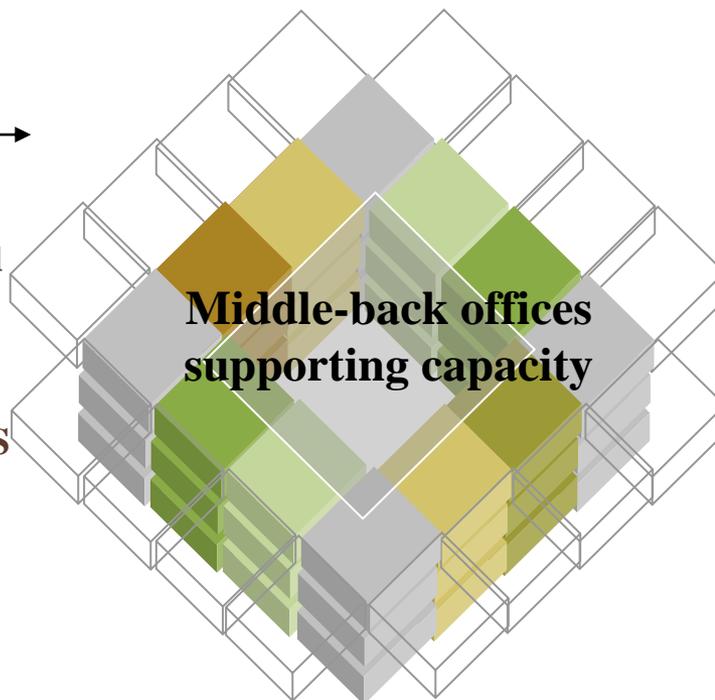
❖ Management Capability Achieved a Leapfrog Development – Middle-back offices supporting capacity enhanced markedly



IT



- ✓ Core systems fully upgraded
- ✓ 251 large projects implemented in total
- ✓ Five projects (including ODS and off-site audit) won the Banking Technology Development Award



Operations



- ✓ The centralized back office operation project commenced
- ✓ Netting applied to treasury and capital market operations
- ✓ Awarded consecutively for high first pass rate of dual-currency clearing transactions

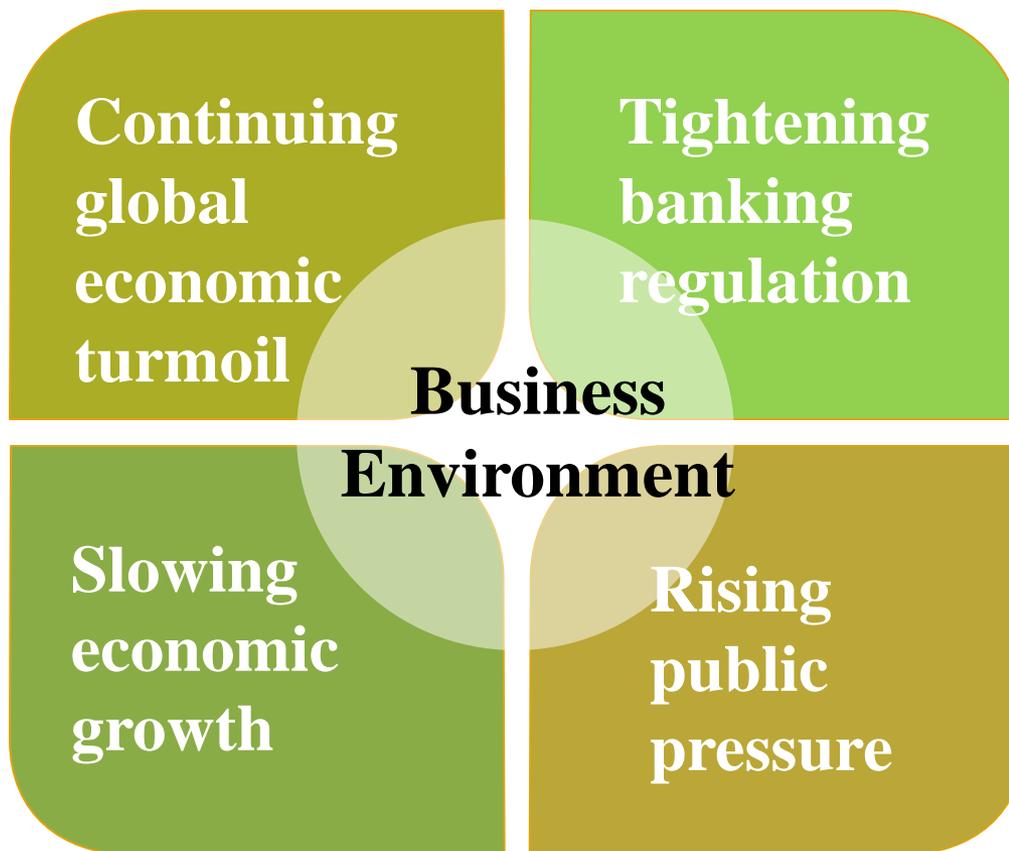
Part II

Business Strategy for 2012

(2) Business Strategy for 2012



❖ Business Environment

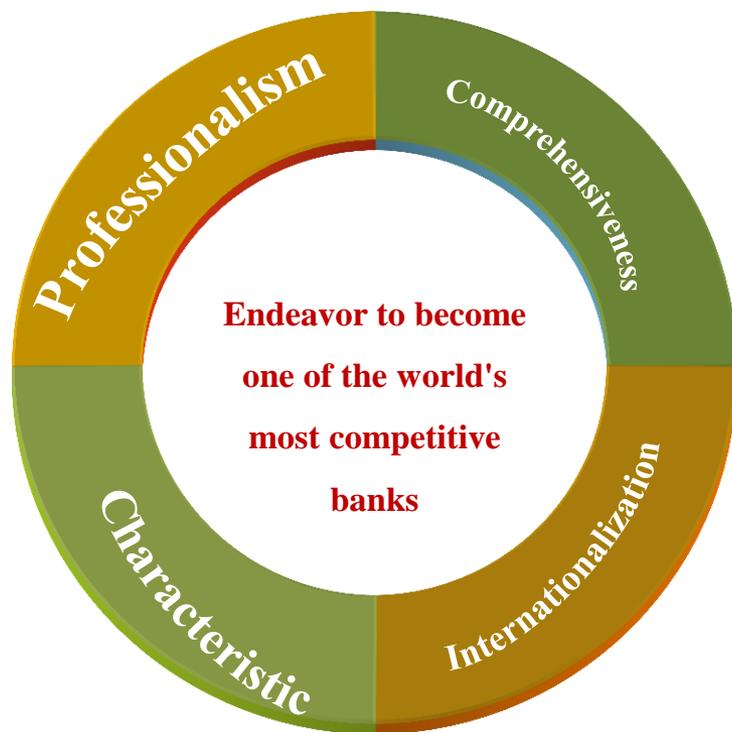


(2) Business Strategy for 2012



❖ Business Strategy for 2012

● Transformation objectives



● Seven measures

- ✓ Deepen adjustment of assessment and incentive mechanisms
- ✓ Deepen transformation of corporate banking development mode
- ✓ Deepen development of private banking system
- ✓ Deepen structuring of comprehensive risk management
- ✓ Deepen reform of compliance and audit system
- ✓ Deepen collaborative and international development
- ✓ Deepen enhancement of fundamental management capability

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Thank you!

Q&A