

2012 Dividend Distribution Explanation Session of China CITIC Bank

April 24th, 2013

15:30-16:30

15:00:13 The compere made a speech: Dear honored guests, investors and net friends, good afternoon! Welcome to the 2012 Dividend Distribution Explanation Session of China CITIC Bank. This activity is sponsored by China CITIC Bank Corporation Limited with the network platform provided by SSE Infonet, Ltd. Co. Thank you for your attention and participation.

15:30:03 The compere: On March 29, China CITIC Bank Corporation Limited published its 2012 Annual Report. Investors can log onto the website: roadshow.sseinfo.com for relevant announcements. To give investors a more comprehensive and thorough understanding of the Bank, during this activity, Vice President Mr. Cao Guoqiang who is in charge of the budget & finance and asset & liability work, Mr. Lin Zhengyue, Secretary to the Board of Directors,¹ Mr. Lu Wei, head of the Budget and Finance Department and Mr. Zhang Chunzi, head of the Board Office will exchange ideas with all of you on the 2012 dividend distribution of the Bank through online interaction.

15:39:07 Vice President Mr. Cao Guoqiang: In 2012, the net profit of our parent company was about RMB30.18 billion. Our dividend distribution plan was that RMB1.50 was distributed for every 10 shares (before tax), and a total of RMB7,018 million was distributed, accounting for some 23.25% of the net profit of the year.

15:18:45 Visitor: Can capital reserves be transferred into capital stocks? In this way, tax can be exempted and the Bank will have more capital for development.

15:46:51 Mr. Lu Wei: In theory, the capital reserves can be transferred into capital stocks. Yet, the capital stock of the Bank has reached RMB46,787 million shares. The equity scale is relatively large compared with other banks with the same size. Therefore, the Bank chose to distribute cash dividends. If the capital stock is further increased, the earnings per share (EPS) will be diluted. Cash dividend reflects the real return to shareholders.

15:32:00 Visitor: How is the Bank's business performance in the first quarter? Is there negative growth?

15:47:30 Mr. Zhang Chunzi: The business performance of the Bank in the first quarter will be released upon approval of the Board of Directors on April 26.

¹ Mr Li Xin, head of general office attend the meeting

15:21:48 Visitor: What's the specific use of undistributed profits and accumulative capital reserves?

15:51:36 Vice President Mr. Cao Guoqiang: In 2012, the CBRC promulgated the *Regulation Governing Capital of Commercial Banks* which sets higher requirements on the capital adequacy ratio of commercial banks. The undistributed profits and accumulative capital reserves will be used for internal capital accumulation to support business development of the Bank.

15:35:36 Visitor: Why did the Bank distributed cash dividends when the price of its H shares was much lower than the net asset value per share? What's the Bank's plan for share repurchase and dividend distribution? Thank you.

15:59:08 Mr. Lu Wei: There is no direct relation between the stock price on the secondary market and our dividend distribution policy. Presently, the market value of the Bank is undervalued. As to share repurchase, various factors should be taken into comprehensive consideration, such as policies and regulations, listing rules, and the impact of decreased capital adequacy ratio on our future development. We have no plan for share repurchase at present.

15:51:41 Visitor: But the original shareholders' equity was not reduced if the dividends were not distribution. Shareholders should pay tax when dividends are distributed, which reduces shareholders' equity. What's more, according to the news report, President Zhu is planning for drastic reforms this year. As a shareholder, I think it is necessary to keep more capital for further rather than pay more taxes. Thank you.

16:02:20 Mr. Lu Wei: The dividend distribution policy of the Bank on one hand takes the real return to shareholders into consideration; and on the other hand plans to reserve a reasonable amount of capital accumulation to support its long-term sustainable development.

15:50:04 Visitor: What's the policy on tax on dividends? Thank you.

16:08:50 Mr. Lu Wei: In December 2012, the Ministry of Finance, the State Administration of Taxation and the CSRC issued the Notice of Issues Concerning the Implementation of Differentiated Personal Income Tax Policy on Dividends of Listed Companies, which set different tax rates on the dividends of stocks with different shareholding terms. For dividends of stocks with the shareholding term of less than one month (inclusive), the tax rate is 20%; for dividends of stocks with the shareholding term of less than one year (inclusive), the tax rate is 10%; and for dividends of stocks with the shareholding term of more than one year, the tax rate is 5%. Please refer to the documents stated above for details.

16:02:42 Visitor: Since the beginning of this year, the stock price has witnessed downturn again and the proportion of dividend distribution is low. How will the Bank reward its

investors?

16:11:40 Mr. Zhang Chunzi: Since going public, the Bank has maintained an average annual dividend distribution of above 20%, which is above the average among joint-stock commercial banks. At present, the stock price is relatively low for its market value is actually underestimated. In the future, under the guide of new strategy, the Bank will accelerate business development and intensify business structure adjustment, thus continuously improving the return to shareholders.

16:00:45 Visitor: This year, the dividend distribution proportions of SPDB and CMB reached 30%. Why is that of the Bank only 23%?

16:17:41 Mr. Lu Wei: The Bank's dividend distribution policy on one hand takes the real return to shareholders into consideration; and on the other hand plans to reserve a reasonable amount of capital accumulation to support its long-term sustainable development.

15:59:48 Visitor: Does the Bank have interim dividend distribution plan this year? The image of the Bank in Hong Kong is not good, and its stock price has been lower than the net assets for a long time. Will the Bank consider interim distribution or increasing the rate of dividend to improve the return to investors, thus enhancing its image in the market?

16:23:45 Mr. Lu Wei: The trend of stock prices involves various factors, including market factors, financial factors, equity structure, dividend distribution policy and interaction with investors. The present stock price did not reflect the real value of the Bank. We will actively study ways to moderately improve the rate of dividend while ensuring the long-term healthy development of the Bank.

15:53:35 Visitor: Is it because the Bank's core capital adequacy ratio is lower than the requirement specified in the New Capital Regulation and the CBRC Document No. 8 on Wealth Management that the Bank reduced its rate of dividend? Does the Bank have financing plans for the next few years?

16:28:13 Mr. Lu Wei: In 2012, the core capital adequacy ratio of the Bank was 9.89%, higher the average of joint-stock banks. Though the New Capital Regulation has some impact on our capital adequacy ratio, the core capital of the Bank will continue to remain at a high level.

16:28:58 The compere: Dear investors and net friends, the 2012 Dividend Distribution Explanation Session of China CITIC Bank is now approaching closure. Let's welcome the honored guest of the listed Bank to make a summary speech.

16:33:14 Mr. Zhang Chunzi: Thank you for all your questions. Thank you for your concern over and support to the Bank. In line with the regulatory requirements, this meeting only answers questions concerning dividend distribution. For other questions, please contact our Investor Relations Department. Thank you for your active participation.