

China CITIC Bank Corporation Limited

2013 Results Release



March 2014



1. Financial Performance

2. Business Development

3. Outlook



Part I

Financial Performance

Overview of main indicators

Scale indicators	End of 2013	Compared with the end of the previous year	Growth rate
Total assets	36412	6813	↑ 23.0%
Deposits from customers	26517	3965	↑ 17.6%
Loans to customers	19412	2783	↑ 16.7%
Profitability indicators	2013	Year-on-year growth	Year-on-year growth rate
Profit before provision	644.9	97.8	↑ 17.9%
Net profit attributable to shareholders	391.8	81.4	↑ 26.2%
Net interest income	856.9	102.0	↑ 13.5%
Net non-interest income	188.7	49.2	↑ 35.3%
Share of non-interest income	18.0	<i>up 2.4 percentage points</i>	
Net interest margin	2.60%	<i>down 0.21 percentage point</i>	
Cost-to-income ratio	31.4%	<i>down 0.1 percentage point</i>	
Quality indicators	End of 2013	End of the previous year	Increase/decrease
Non-performing loans (NPLs)	199.7	122.6	<i>Up 77.1</i>
NPL ratio	1.03%	0.74%	<i>Up 0.29 percentage point</i>
Provision coverage ratio	206.6%	288.2%	<i>Down 81.6 percentage points</i>
Provision to loan ratio	2.13%	2.12%	<i>Up 0.01 percentage point</i>
Regulatory indicators	End of 2013	End of the previous year	Increase/decrease
Capital adequacy ratio	11.24%	12.42%	<i>Down 1.18 percentage points</i>
Loan to deposit ratio (the Bank, period-end)	72.79%	73.59%	<i>Down 0.80 percentage point</i>

 Unit:
 RMB100 million

(1) Rapid increase of profitability

Net profit data

Unit: RMB100 million



Return on asset and net asset per share

	2013	2012	Year-on-year change
Return on assets (ROA)	1.20%	1.10%	Up 0.1 percentage point
Return on equity (ROE)	18.48%	16.70%	Up 1.78 percentage points
Basic earnings per share (RMB)	0.84	0.66	Up RMB0.18 Yuan
Net asset per share (RMB)	4.82	4.24	Up RMB0.58 Yuan

(2) Rapid growth in business scale

Unit: RMB100 million

Deposits
from
customers

2651.7 billion + 396.5 billion + 17.6%

Total
assets

3641.2 billion + 681.3 billion + 23.0%

Loans to
customers

1941.2 billion + 278.3 billion + 16.7%

Up 17.6% over the end of the
previous year

Up 23.0% over the end of the
previous year

Up 16.7% over the end of the
previous year

19681

2372

17308

22551

2871

19681

26517

3965

22551

End of 2011

End of 2012

End of 2013

27659

6846

20813

29599

1941

27659

36412

6813

29599

End of 2011

End of 2012

End of 2013

14340

1698

12642

16629

2289

14340

19412

2783

16629

End of 2011

End of 2012

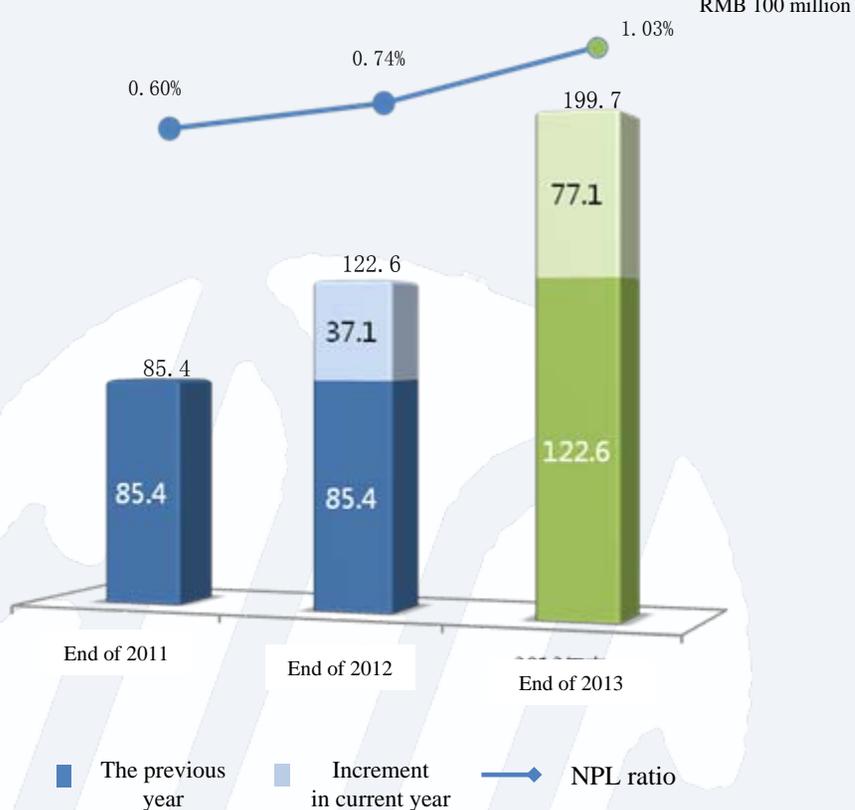
End of 2013

■ The previous year ■ Increment in current year

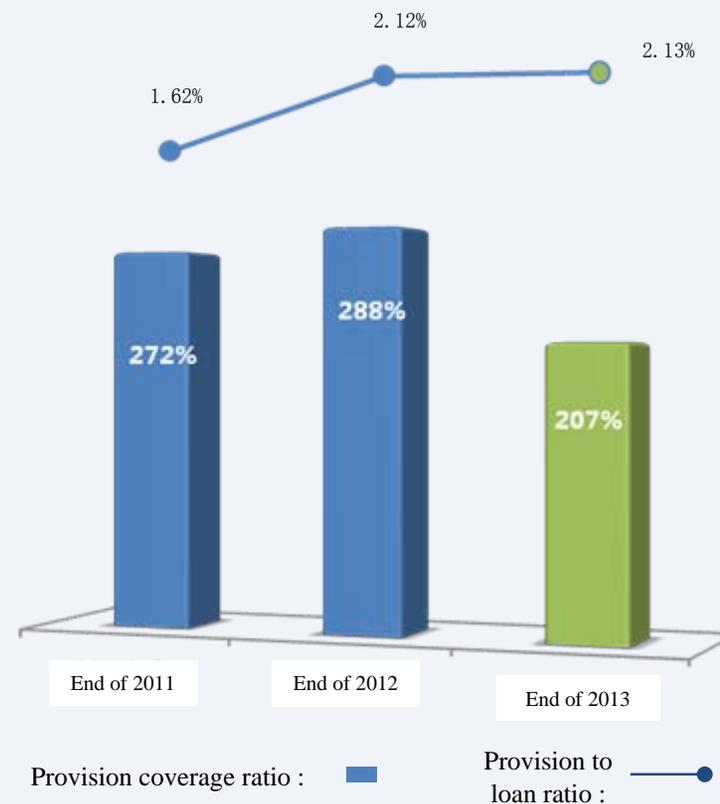
(3) Overall controllability of asset quality

NPLs and changes in NPL balance

Unit:
RMB 100 million



Provision coverage ratio and provision to loan ratio

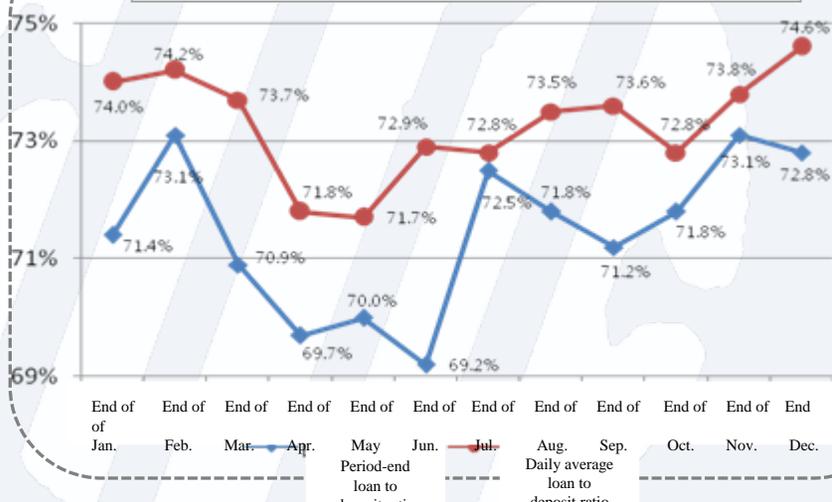


(4) Steady operation of liquidity

Main liquidity indicators

	Regulatory requirements	End of December	End of September	End of June	End of March
Liquidity ratio	≥25%	46.4%	45.8%	51.0%	59.3%
RMB excess reserve ratio	-	2.99%	1.82%	2.98%	2.30%
Period-end loan to deposit ratio	≤75%	72.8%	71.2%	69.2%	70.9%
Liquidity coverage ratio	≥100%	103.4%	66.7%	88.7%	104.6%

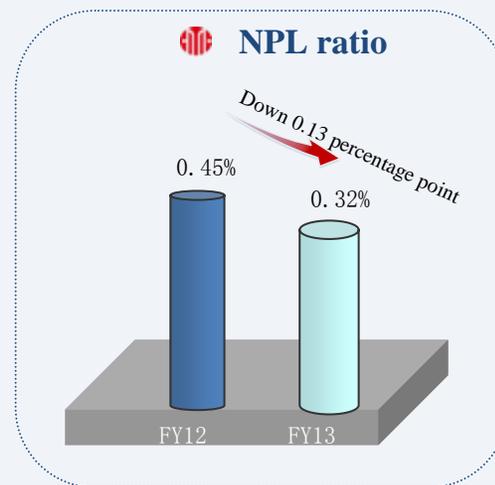
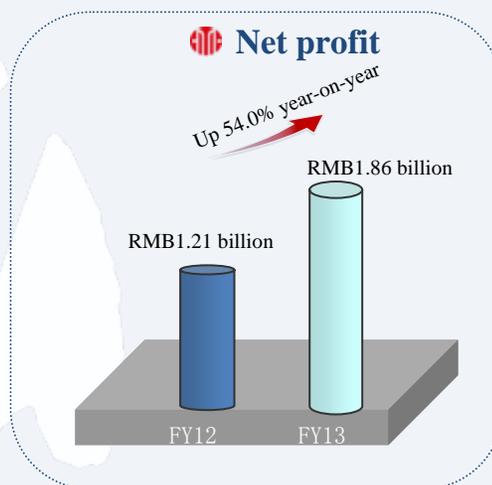
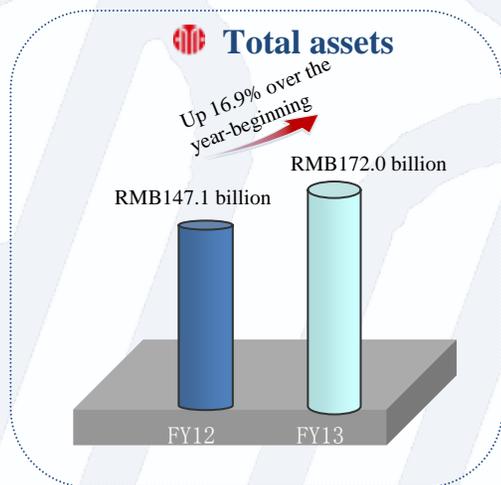
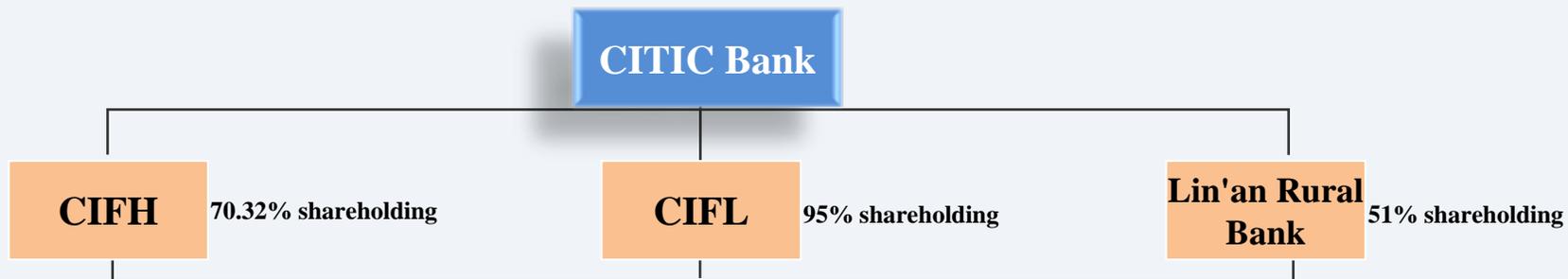
Period-end and daily average loan to deposit ratio:compliance for 12 consecutive months



Excess reserve ratio kept within reasonable ranges



(5) Continuous improvement in subsidiaries' profitability



(6) Significant increase of brand influence

Rankings as per The Banker of the United Kingdom



		2013	2012	2011	Compared with 2011
Top 1,000 World Banks	Ranking of tier-one capital	47	48	66	UP 19 notches
	Ranking of total assets	57	53	68	Up 11 notches
Top 500 Global Banking Brands	Brand value (USD100 million)	26.65	22.95	23.42	6.7% CAGR
	Ranking	69	69	73	UP 4 notches

Of all joint-stock domestic banks, CITIC Bank enjoys the highest long-term ratings by Moody's and Fitch Ratings



	MOODY'S	FitchRatings
Long-term credit rating	Baa2	BBB
Adjusted baseline credit rating (Moody's)/survival rating (Fitch Ratings)	ba2	b+
Rating prospect	Neutral	Neutral



Part II

Business Development



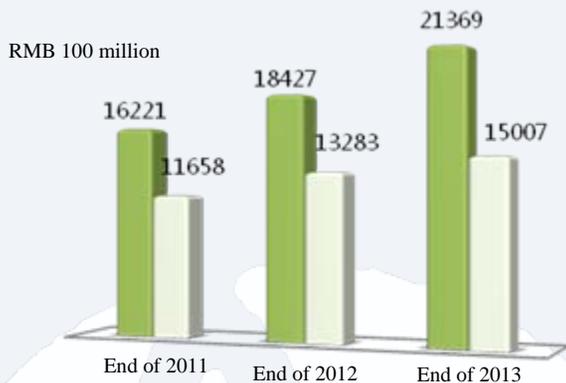
(1) Steady development of all business areas

1. Continuous consolidation of competitive advantages in traditional business segments

■ The previous year ■ Increment in current year

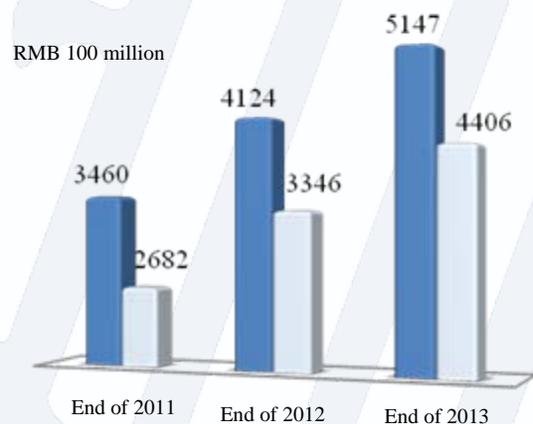
■ Corporate deposits reached RMB2136.9 billion, up 16.0%.

■ Corporate loans reached RMB1500.7 billion, up 13.0%.



■ Personal deposits recorded RMB514.7 billion, up 24.8%

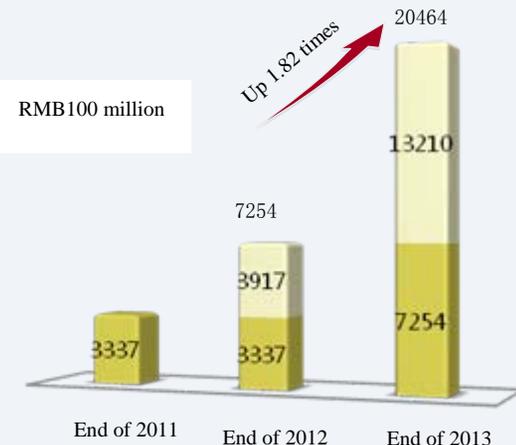
■ Personal loans recorded RMB440.6 billion, up 31.6%.



FOREX receipts and payments of international business

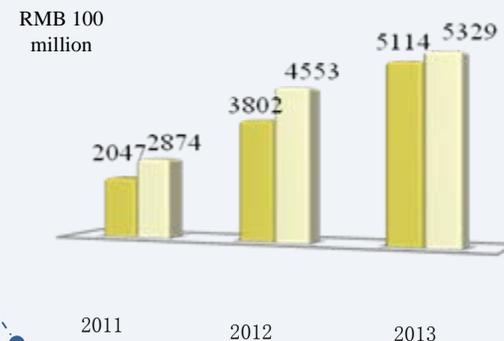


Scale of assets under custody



■ Daily average inter-bank liabilities recorded RMB511.4 billion, up 34.5%.

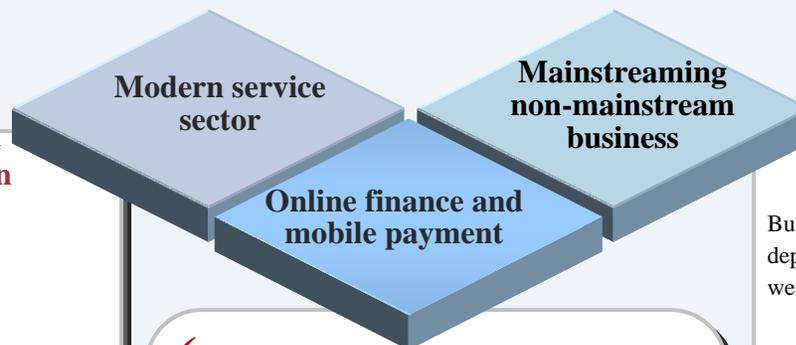
■ Daily average inter-bank assets recorded RMB532.9 billion, up 17.0%.



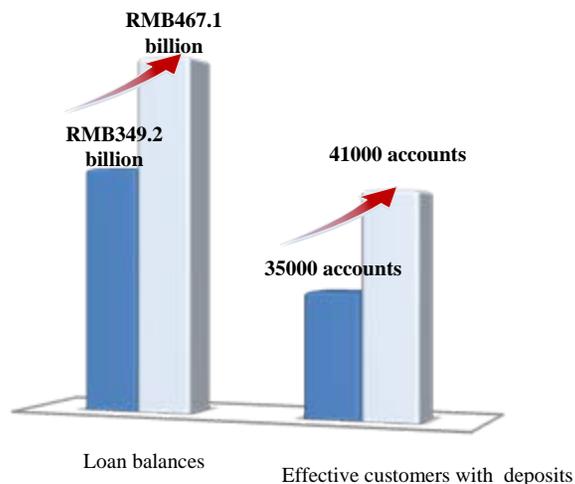
AUM



2. Gradual development of business uniqueness



✓ A good beginning in provision of financial services to the modern service sector



Loan balances of modern service sector increased by 33.8% over the year-beginning;
Effective deposit customers from the modern service sector increased by 16% over the year-beginning.

✓ Preliminary layout of online banking



- Transaction value of mobile banking increased by 9.2 times year-on-year
- Transaction value of corporate internet banking increased by 32.9% year-on-year
- Transaction value of personal internet banking increased by 58.9% year-on-year

✓ Breakthrough in "mainstreaming non-mainstream business"

Business areas including factoring, L/C, retail agency, safe deposit box, bill, precious metal, asset custody and annuity, etc were incorporated into the plan for priority development.



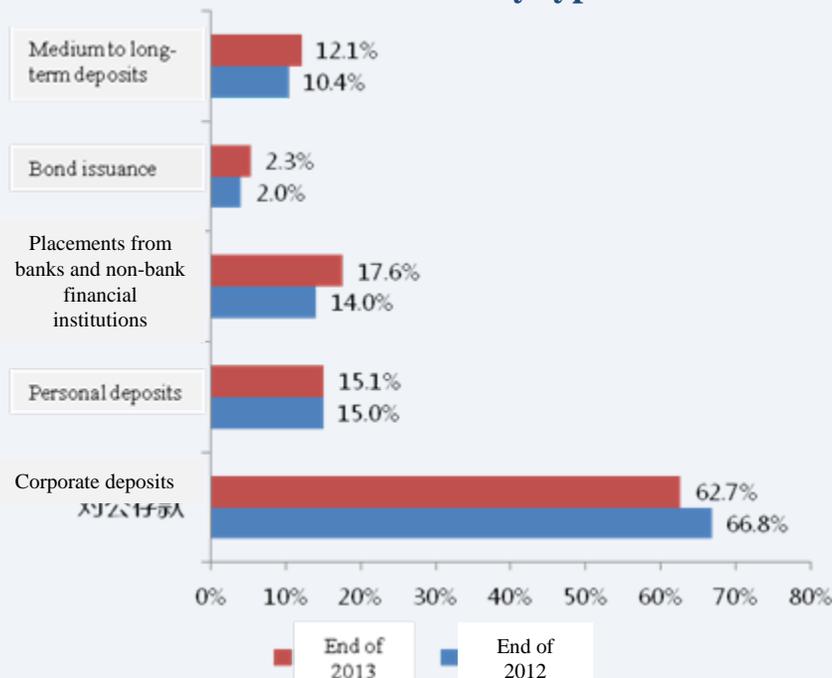
Income from agency sales increased by 49.7% year-on-year
Income from custody and other trusted business increased by 60.7% year-on-year

1. Optimization of liabilities structure

Active response to interest rate liberalization with increase in active liabilities

- Actively absorbed medium to long-term deposits, with steady increase in the proportion of medium to long-term deposits and improvement of deposit stability;
- Raised the proportion of core corporate deposits in total customer deposits: In 2013, the share of incremental core corporate deposits (including corporate settlement deposits and institutional deposits) of the Bank stood at 80.9%, up 42.8 percentage points year-on-year.
- Increased active liabilities: The Bank issued RMB 3 billion inter-bank certificates of deposit and RMB 15 billion financial debts for small and micro enterprises.
- Actively expanded retail customers: The share of personal deposits in total liabilities went up somewhat.

Changes in proportion of liabilities by type

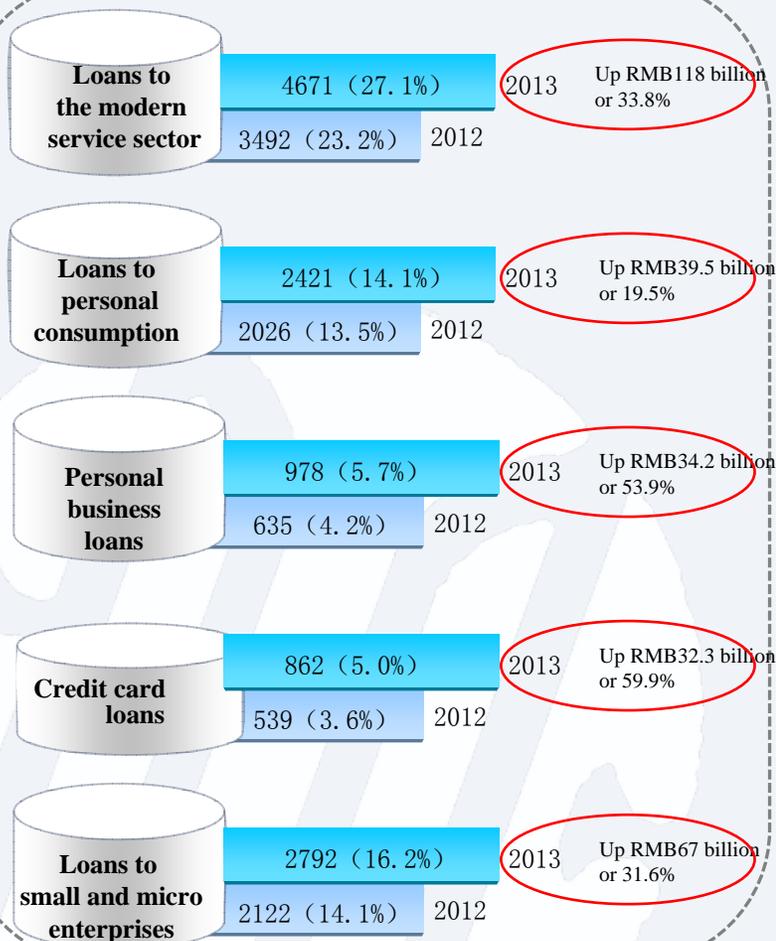


Note: The proportion of medium to long-term deposits refers to the proportion of two-year and above RMB self-operated deposits in the Bank's total self-operated deposits.

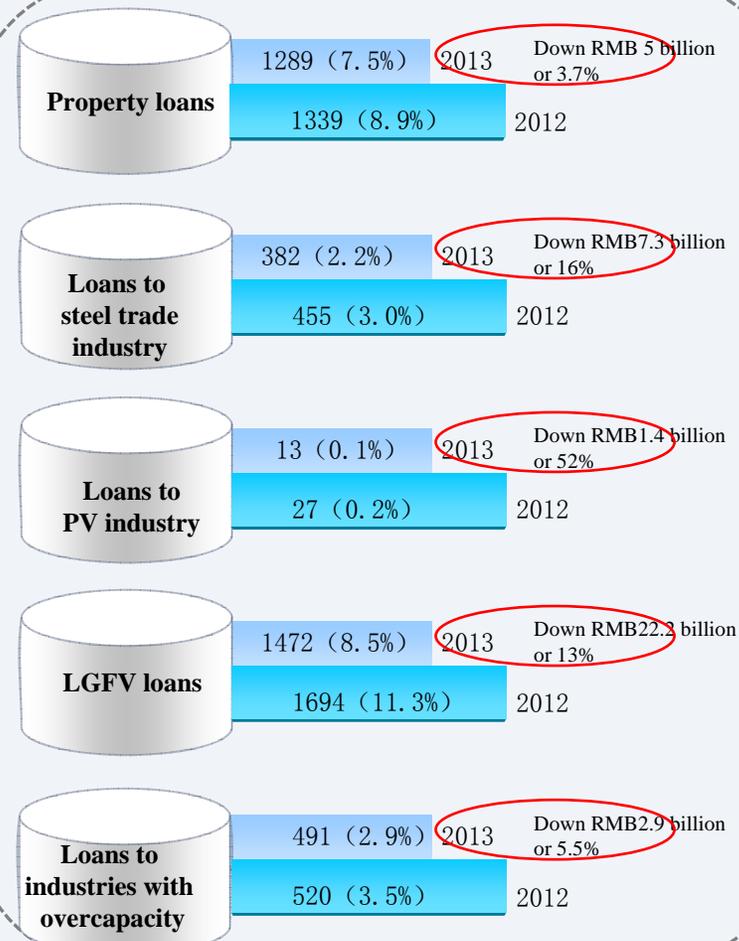
2. Continuous improvement of credit structure

Unit: RMB100 million

 **Balance of loans to sectors encouraged by the government (%)**



 **Balance of loans to sectors compressed and controlled by the government (%)**



Ensure
Compress

 Incremental personal loans of the Bank for 2013 took up 48.7% of its total incremental loans, up 18.5 percentage points year-on-year.

Note: % of loan balance here refers to the proportion of a particular type of loan in total Renminbi loans of the Bank.

3. Steady increase in fee-based income

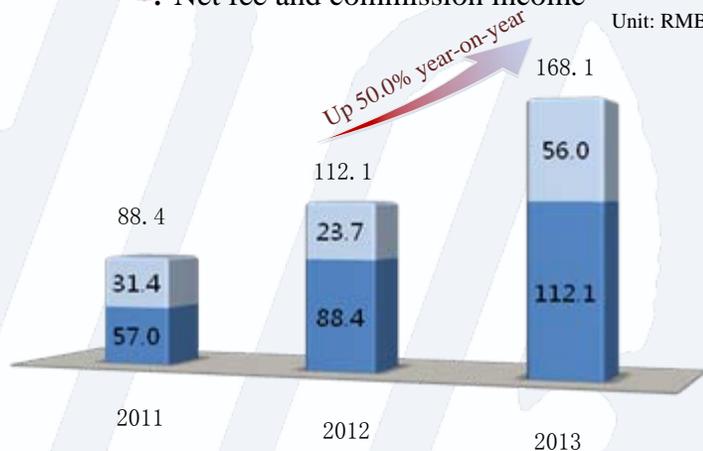
Composition of operating income

Unit: RMB100 million

	2013	Growth rate	Proportion	Changes in proportion
Operating income	1046	16.9%	100%	—
Net interest income	857	13.5%	82.0%	Down 2.4 percentage points
Net non-interest income	189	35.3%	18.0%	Up 2.4 percentage points
Including: Net fee and commission income	168	50.0%	16.1%	Up 3.6 percentage points

Net fee and commission income

Unit: RMB100 million

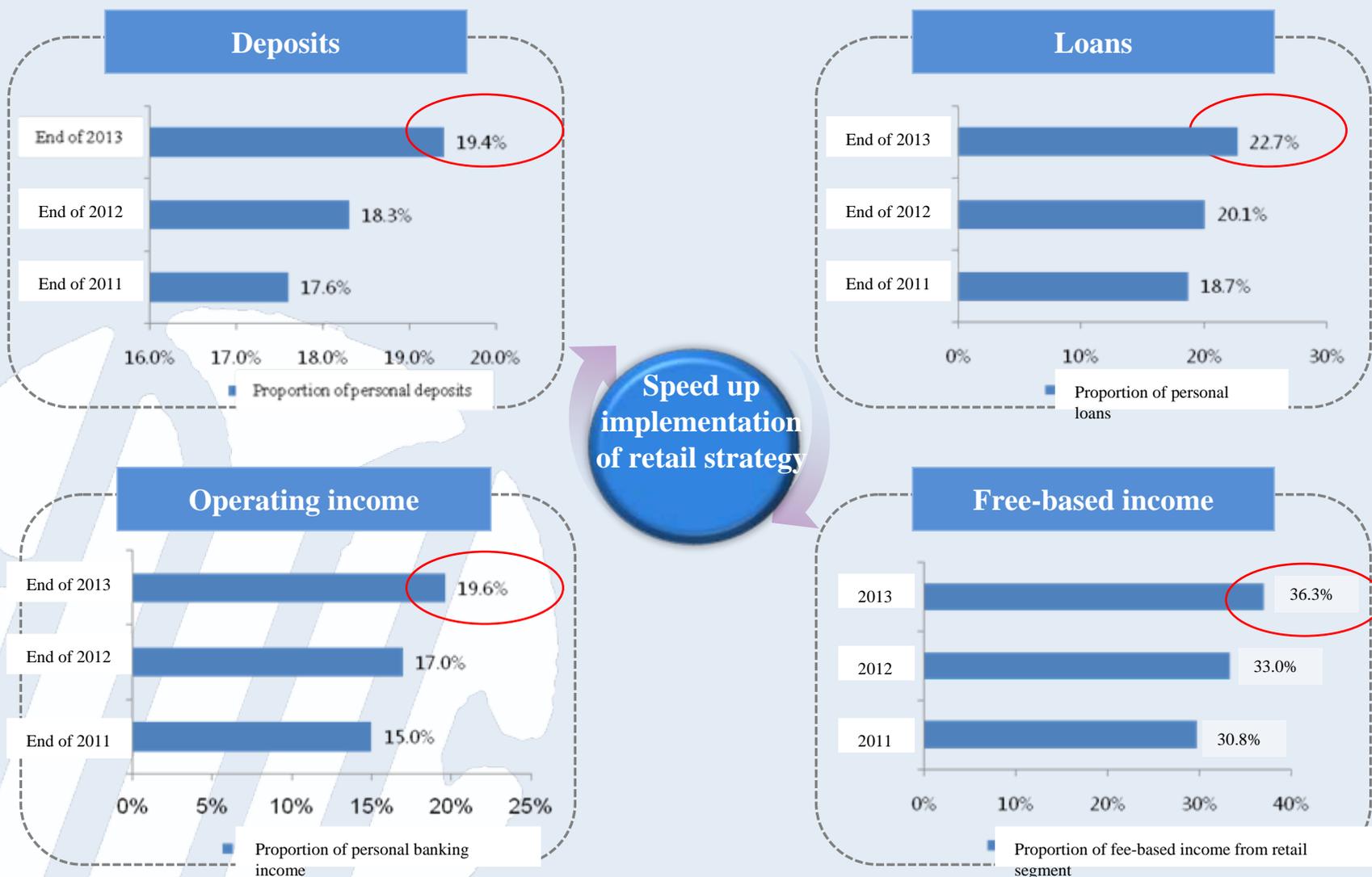


Composition of total income from fees and commissions

Unit: RMB100 million

	2013	2012	Growth	Growth rate
Total fee and commission income	183.2	121.9	61.2	50.2%
Including: Bank card fees	56.3	38.2	18.1	47.3%
Consulting and advisory fees	46.1	28.3	17.8	62.7%
Settlement fees	23.7	25.9	-2.3	-8.7%
Wealth management service fees	24.9	10.6	14.4	136.1%
Guarantee fees	11.8	4.4	7.5	172.0%
Agency fees	12.4	9.7	2.8	28.4%
Commissions from custody and other trusted services	7.8	4.8	2.9	60.7%

4. Overall improvement of contribution from the retail segment

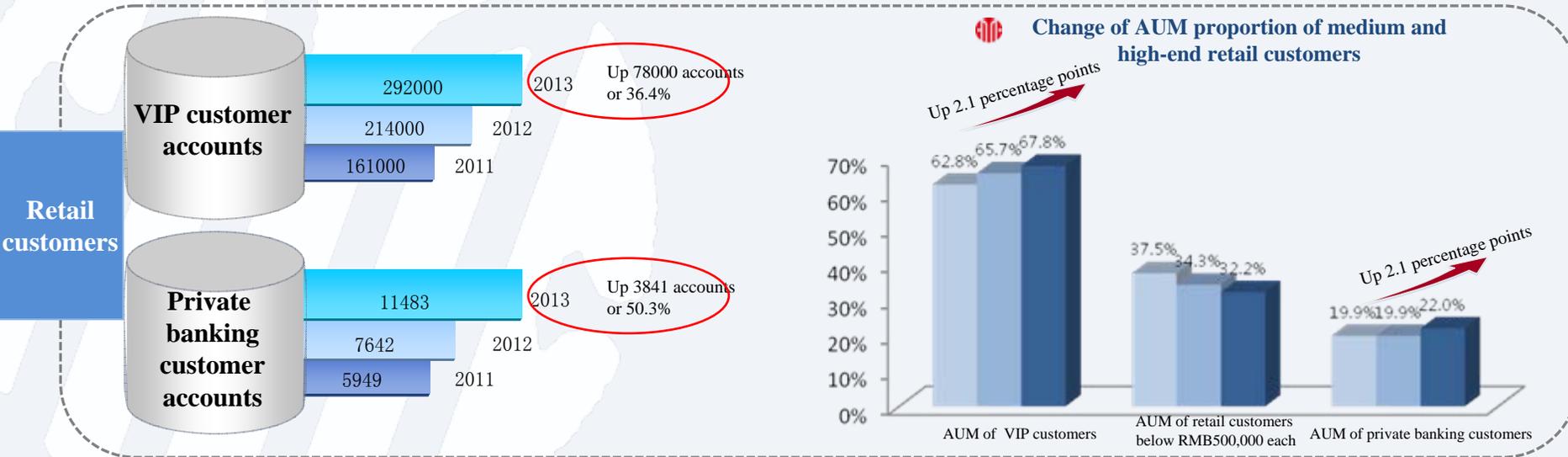
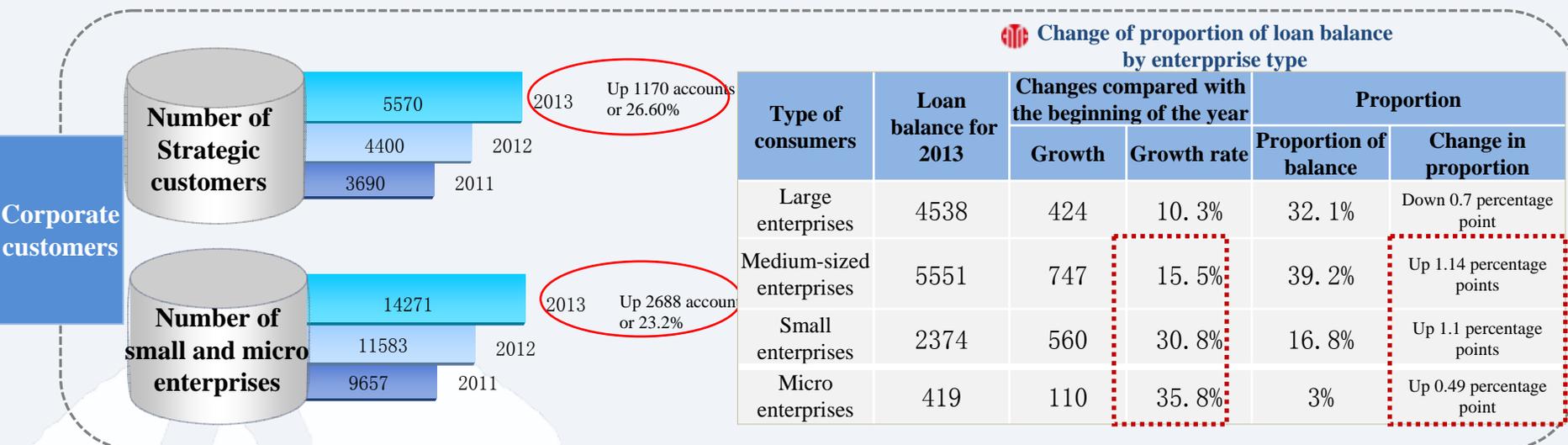


Note: The figures of free-based income were calculated in accordance with the regulatory definitions of the Bank, and others were calculated in accordance with the regulatory definitions of the Group.

(2) Marked Achievements in restructuring

5. Gradual formation of an “olive-shaped” customer structure

Unit: account, RMB100 million



(3) Marked pace-up of outlet construction



Distribution of newly established tier-one and tier-two branches



- The Bank has attained the development target set by the new strategy, i.e., "raising outlet growth rate from 10% to 20-25%".
- Outlets of the Bank cover 116 large and medium cities nationwide and occupy 80% of the local economic aggregates
- The Bank upgraded the 4 tier-2 branches respectively located in Wenzhou, Quanzhou, Wuxi and Foshan to direct management by the Head Office.

Smooth progress of the urban bank strategy

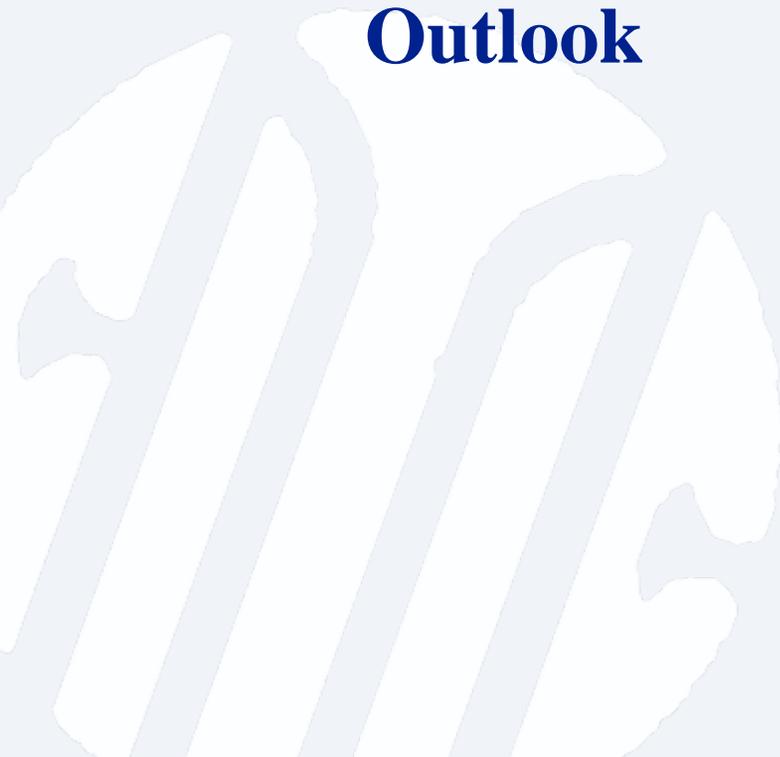
	2013	2012	2011	Cumulative 2013 increments	Year-on-year increment
Tier-one branches	42	36	35	6	5
Tier-two branches	69	60	54	9	3
Sub-branches	962	789	684	173	68
Total	1073	885	773	188	76

Note: *In 2013, the Bank set up 189 new outlets and cancelled one same-city outlet, so actual increment of the year was 188 outlets.



Part III

Outlook



Opportunities

The service sector becomes a new engine of economic growth

New urbanization is promoted at a quicker pace

Strategic emerging industries will enter a golden stage of development

Reform releases vitality of non-public economic components

Challenges

- **Economic slowdown exposes cyclical banking business to the test of risk and severe situation of NPL control**
- **Pace up of interest rate liberalization impacts on traditional profitability model of the banking industry**
- **Entry of private capital intensifies existing competition of banks**
- **Financial and technological disintermediation weakens the financing and payment functions of banks.**

(2) Countermeasures

Strengthen strategic implementation, promote rapid development, upgrade operation capacity and specify basic management

Highlight business uniqueness

- **Creating a uniquely CITIC Bank layout of differentiated competition** by accelerating the three distinctive business features, i.e., “financial services for the modern service sector, online banking and mainstreaming non-mainstream business”, towards the goal of “constructing a commercial bank with unique market value”

Optimize operation model

- **Further promote the transformation of retail strategy** towards balanced development of corporate and retail business segments;
- **Accelerate upward focus shift of corporate banking and downward focus shift of retail banking** to form an “Olive-shaped” customer structure
- **Vigorously develop intermediary business and speed up “mainstreaming of non-mainstream business”** to increase the share of income from intermediary business

Reinforce innovative development

- **Actively conduct distinctive innovative business by grasping the opportunity inherent in growth of internet finance**, with the use of big data analysis technology and placing risk under effective control

Boost cooperation within CITIC Group

- **Boost cooperation with subsidiaries of CITIC Group on all fronts** based on the strong brand and overall competitiveness of CITIC Group, fully realize the full-license advantages of the CITIC integrated financial platform in banking, securities, insurance, trust and fund, and thereby provide customers with full packages of integrated financial services

Pace up overseas business deployment

- **Integrate and expand the “Three-in-One” international operation platform** in cooperation with BBVA and CNCBI by leveraging the opportunities available from internationalization of Renminbi, in a view to steady promoting overseas institutional development and business growth

(3) Practical Measures for 2014

Practical
measures

1. Effectively enhance liabilities marketing and strengthen management of liquidity risk

2. Comprehensively consolidate customer base and promote rapid growth of effective customers

3. Intensify transformation of the three major business segments for greater comprehensive contribution

4. Pace up efforts to cultivate business uniqueness and create new profit growth points

5. Reinforce risk prevention and control to stabilize asset quality

6. Quicken the construction of core systems to guarantee rapid business development

Thank You !