




Release of 2017 Annual Operating Results

March 2018

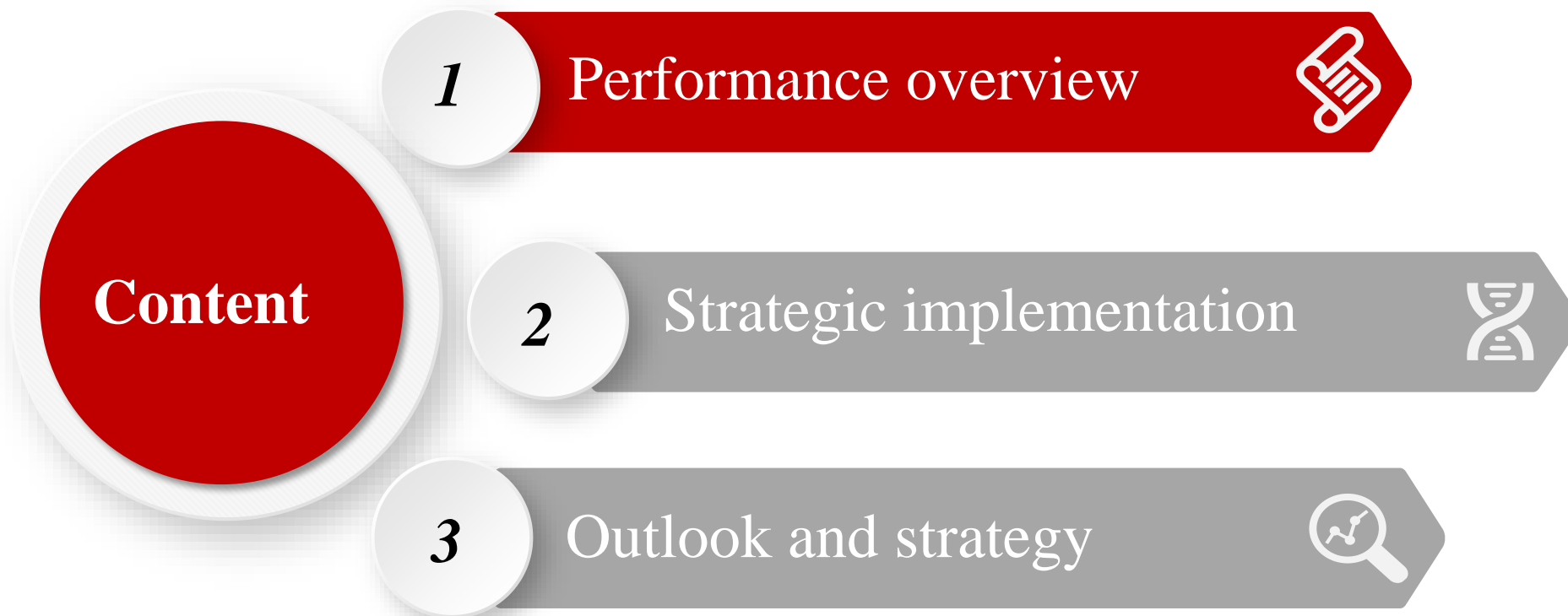


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Overview of main indicators

Unit: RMB100 million

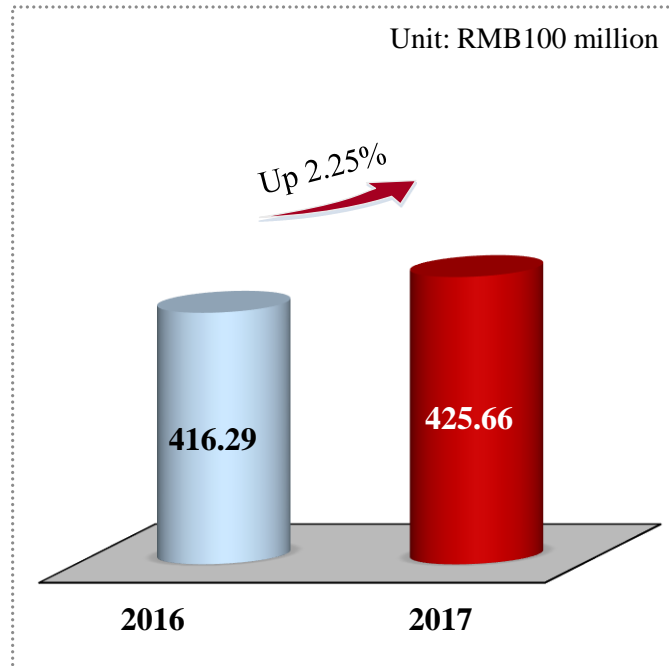
I. Profit indicators	2017	2016	Year-on-year change	Increase/decrease
1.Net profit attributable to the equity holders of the Bank	425.66	416.29	9.37	2.25%
2.Pre-allowance profit	1,080.63	1,068.96	11.67	1.09%
3.Return on average assets (ROA)	0.74%	0.76%		Down 0.02 percentage point
4.Return on average equity (ROE)	11.67%	12.58%		Down 0.91 percentage point
5.Net operating income	1,567.08	1,538.44	28.64	1.86%
II. Asset quality indicators	End of 2017	End of 2016	Year-on-year change	Increase/decrease
1.Balance of non-performing loans (NPLs)	536.48	485.80	50.68	10.43%
2.NPL ratio	1.68%	1.69%		Down 0.01 percentage point
3.Allowance coverage ratio	169.44%	155.50%		Up 13.94 percentage points
4.The ratio of allowance for impairment of loans to total loans	2.84%	2.62%		Up 0.22 percentage point
III. Scale indicators	End of 2017	End of 2016	Year-on-year change	Increase/decrease
1.Total assets	56,776.91	59,310.50	-2,533.59	-4.27%
2.Loans to customers	31,968.87	28,779.27	3,189.60	11.08%
3.Deposits from customers	34,076.36	36,392.90	-2,316.54	-6.37%
IV. Regulatory indicators	End of 2017	End of 2016	Year-on-year change	
1.Capital adequacy ratio	11.65%	11.98%		Down 0.33 percentage point
2.Core tier-one capital adequacy ratio	8.49%	8.64%		Down 0.15 percentage point
3.Liquidity coverage ratio	97.98%	91.12%		Up 6.86 percentage points



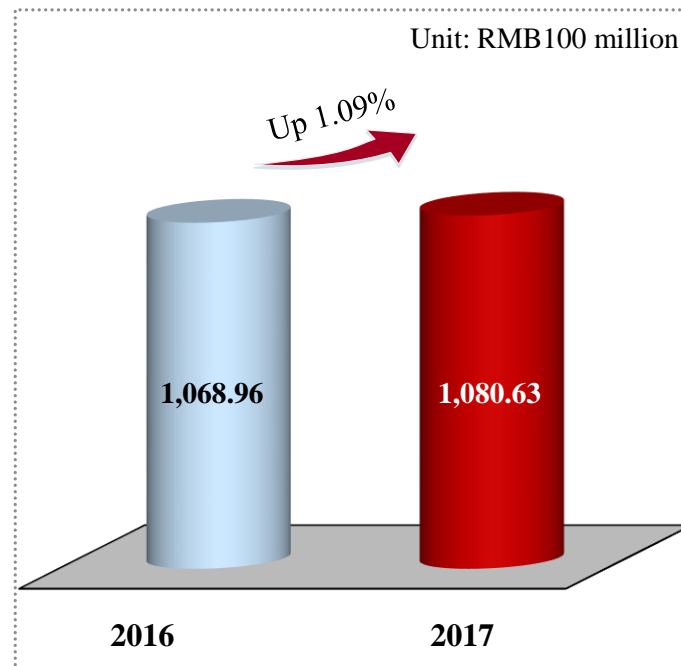
1. Performance overview

(1) Net profit, pre-allowance profit and net operating income all continued to grow

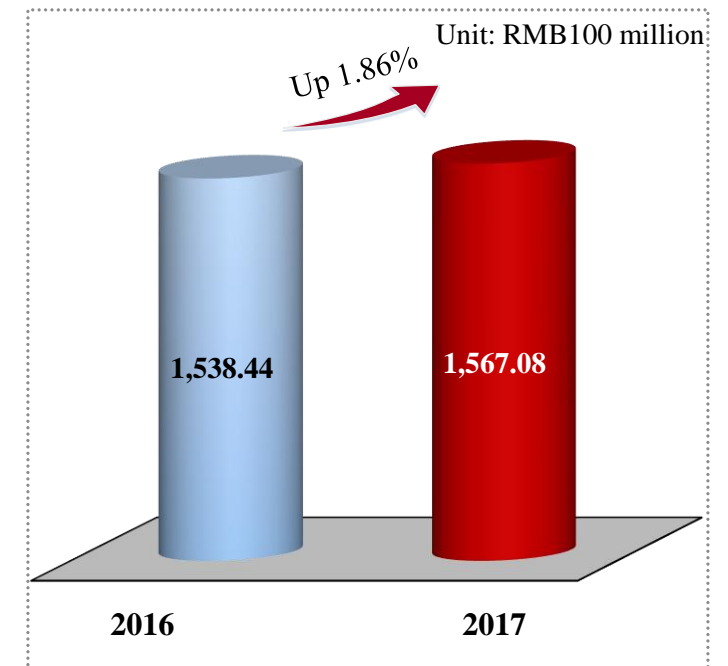
Net profit attributable to the equity holders of the Bank
RMB42.566 billion, +2.25%



Pre-allowance profit
RMB108.063 billion, +1.09%



Net operating income
RMB156.708 billion, +1.86%



1. Performance overview

(2) Return for shareholders indicators recorded narrowing declines and shrinking gaps between the Bank and its peers

Return for shareholders indicators: narrowing declines

Item	2017	2016	2015	2017 compared with 2016	2016 compared with 2015
1.Return on average assets (ROA)	0.74%	0.76%	0.90%	Down 0.02 percentage point	Down 0.14 percentage point
2.Return on average equity (ROE)	11.67%	12.58%	14.55%	Down 0.91 percentage point	Down 1.97 percentage points

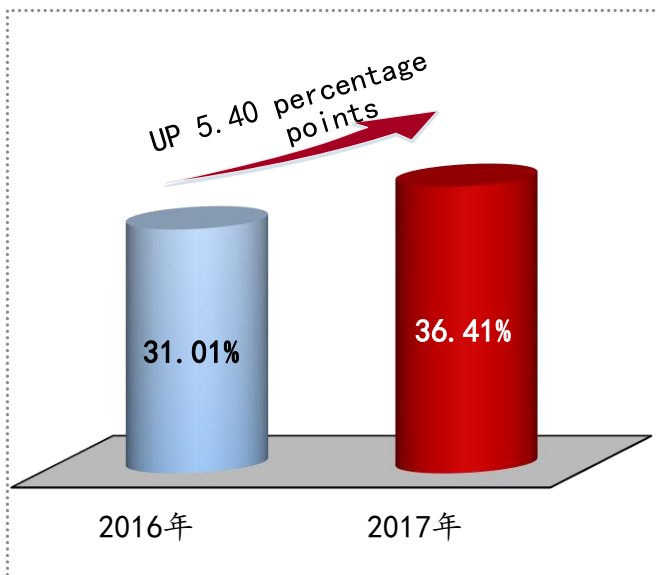
Return for shareholders indicators: shrinking gaps between the Bank and its peers

Item		Q3 2017	2016
ROA	CITIC Bank	0.81%	0.76%
	Average value of medium-sized listed joint-stock banks	0.94%	0.91%
	CITIC Bank - Average value	-0.13 percentage point	-0.15 percentage point
ROE	CITIC Bank	12.65%	12.58%
	Average value of medium-sized listed joint-stock banks	14.81%	15.04%
	CITIC Bank - Average value	-2.16 percentage points	-2.46 percentage points

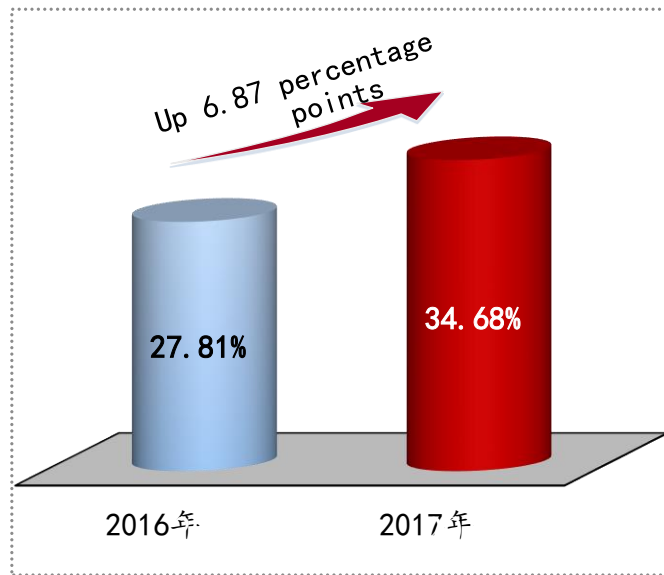
1. Performance overview

(3) Profit structure became even more optimal

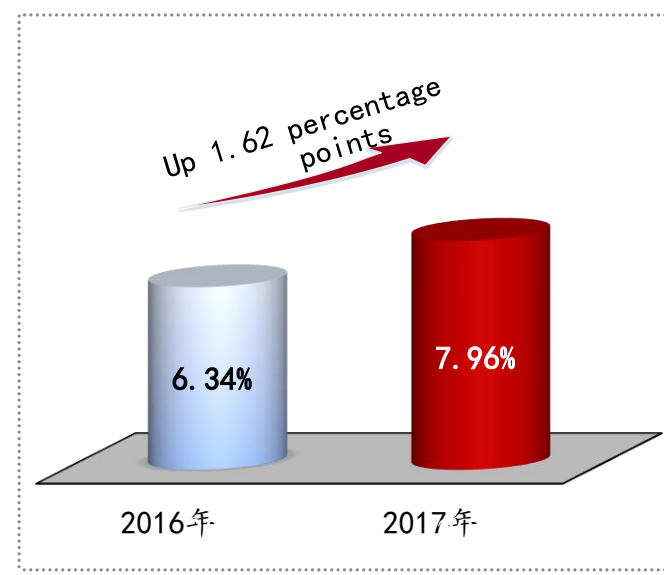
Non-interest income took up a proportion of **36.41%**, up **5.40** percentage points



Operating income from retail banking made a contribution of **34.68%**, up **6.87** percentage points



Subsidiaries made a profit contribution of **7.96%**, up **1.62** percentage points



Unit: RMB100 million

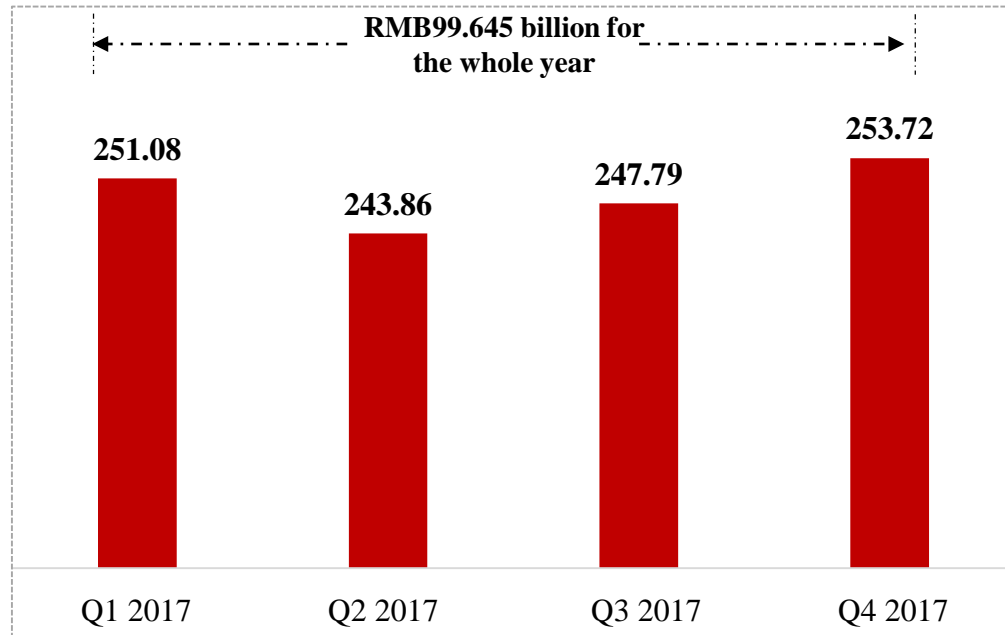
Item	2017	2016	Increment	Growth rate
1.Net non-interest income	570.63	477.06	93.57	19.61%
2.Net operating income from retail banking	543.47	427.84	115.63	27.03%
3.Total net profit from subsidiaries attributable to the equity holders of the parent company	33.87	26.40	7.47	28.30%

1. Performance overview

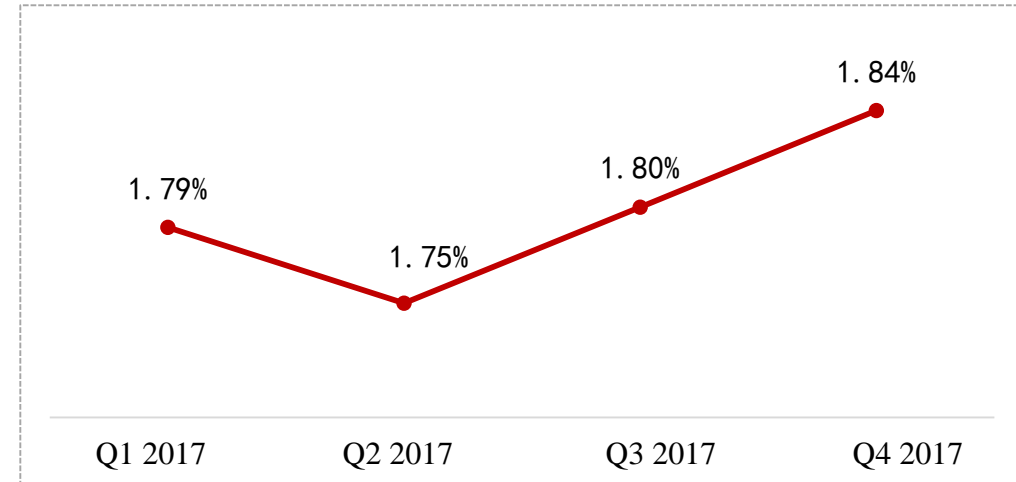
(4) Net interest margin started to stabilize and rebound

Stable increase of net interest income

Unit: RMB100 million



Quarterly growth of net interest margin

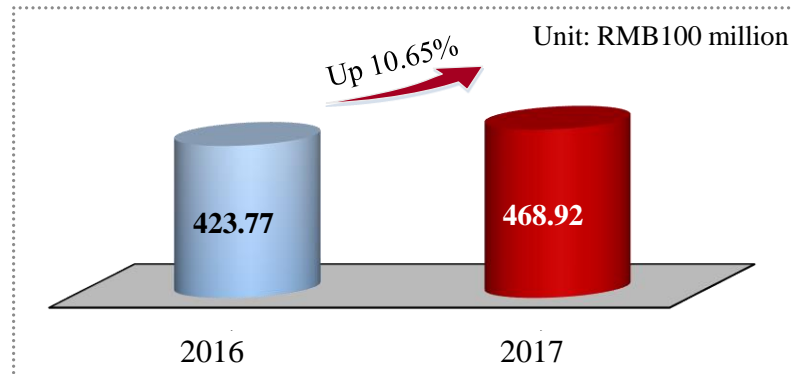


2015	2016	2017
2.31%	2.00%	1.79%

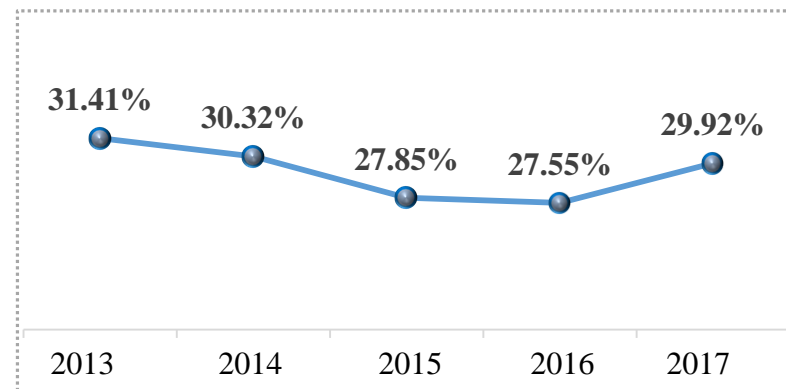
1. Performance overview

(5) Operating costs increased within reasonable range

Administrative expenses



Cost-to-income ratio



Increased strategic investment to support development of key businesses

- ✓ Allocated more resources to strategic priorities and areas with high output efficiency, e.g., increased resource input in development of financial technology and credit card business to improve input-output efficiency

Actively reduced sunken costs to lower costs and save expenses

- ✓ Implemented the three-year plan for reducing rentals of business premises, reducing the rental area of existing outlets by 73.7 thousand square meters in 2017
- ✓ Facilitated the "light-style sales-oriented" transformation of outlets, lowering costs via execution of the "reduce cash counters and increase non cash counters in outlets" program, and cut the number of outlet tellers by over 2,000.

1. Performance overview

(6) Asset quality improved amid stability

Improving trend in asset quality

Unit: RMB100 million

Item	End of 2017	End of 2016	Change
1. Balance of NPLs	536.48	485.80	10.43%
NPL ratio	1.68%	1.69%	Down 0.01 percentage point
2. Balance of “special mention + non-performing” loans	1,220.32	1,247.99	-2.22%
Ratio of “special mention + non-performing” loans	3.82%	4.34%	Down 0.52 percentage point
3. Loans overdue for more than 90 days/NPLs	109.38%	118.80%	Down 9.42 percentage points

Enhancement of risk resilience

Unit: RMB100 million

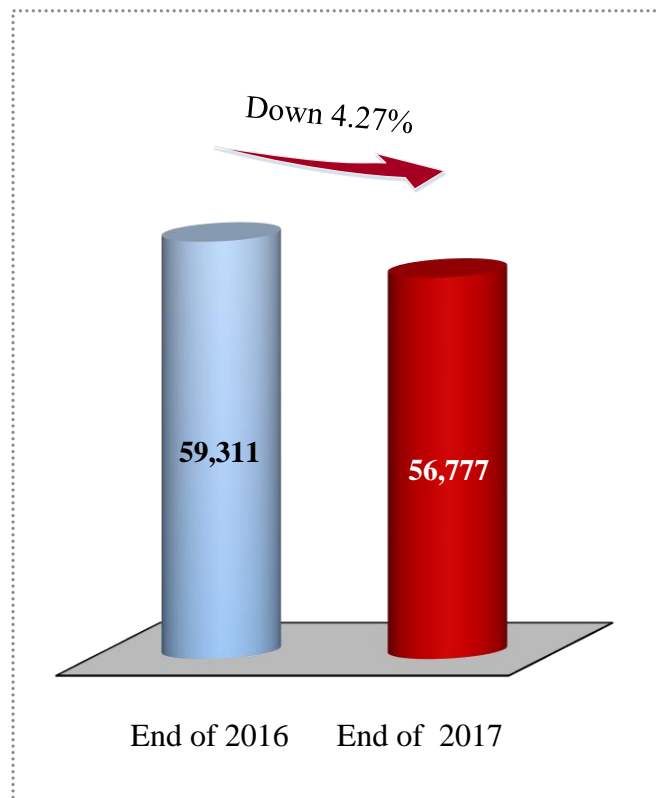
Item	2017	2016	Change
1. Allowance for impairment of loans	501.70	457.15	9.75%
2. NPL principal write-off	353.01	309.52	14.05%
	End of 2017	End of 2016	Change
3. Allowance coverage ratio	169.44%	155.50%	Up 13.94 percentage points
4. Ratio of allowance for impairment of loans to total loans	2.84%	2.62%	Up 0.22 percentage point

1. Performance overview

(7) Asset structure was adjusted with impressive results

Total assets was RMB5,677.7 billion, with 4.27% reduction from voluntary shrinking of the balance sheet

Unit: RMB100 million



More reasonable allocation of general-category assets

Unit: RMB100 million

Item	End of 2017	Increment	Growth rate	Proportion	Change in proportion
Total assets	56,777	-2,534	-4.3%	—	—
Including:	31,969	3,190	11.1%	56.3%	Up 7.8 percentage points
1.Total loans to customers	5,341	-5,034	-48.5%	9.4%	Down 8.1 percentage points
2.Total investments classified as receivables	9,166	984	12.0%	16.1%	Up 2.3 percentage points
3. Total securities investment	3,510	-1,957	-35.8%	6.2%	Down 3.0 percentage points
4. Total interbank assets					

Note: Total securities investment includes trading financial assets, available-for-sale financial assets, held-to-maturity investments and long-term equity investments.

Further leaning towards personal loans in credit extension

Unit: RMB100 million

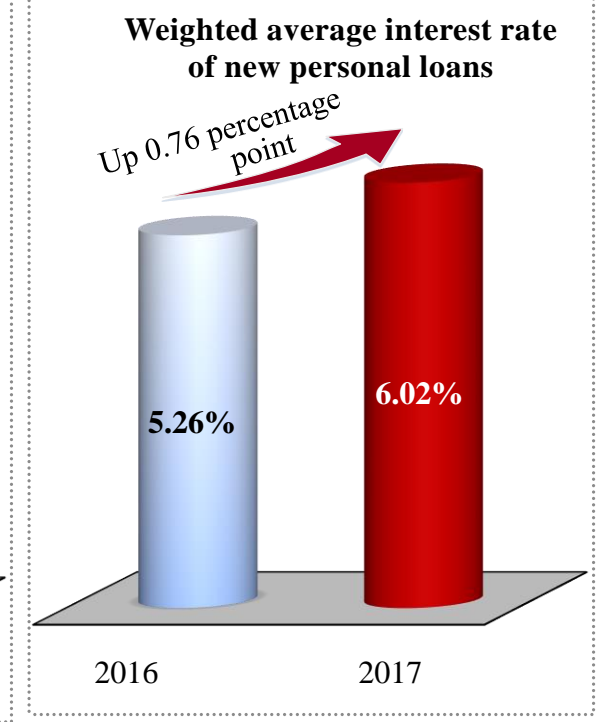
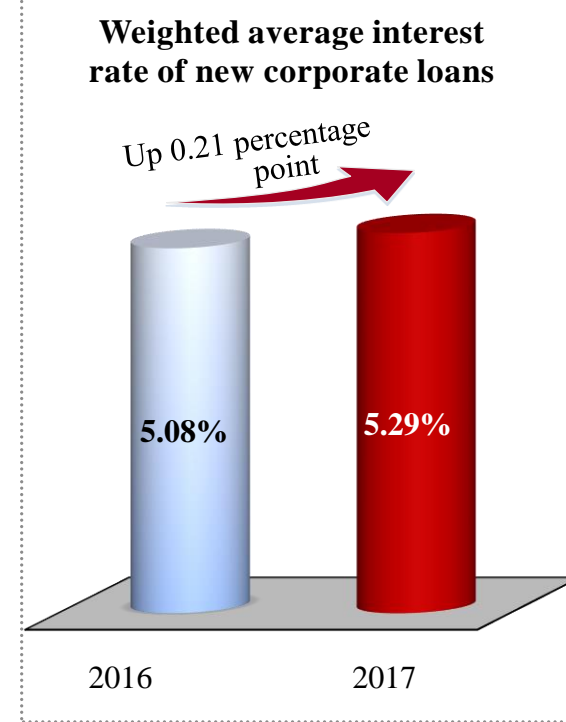
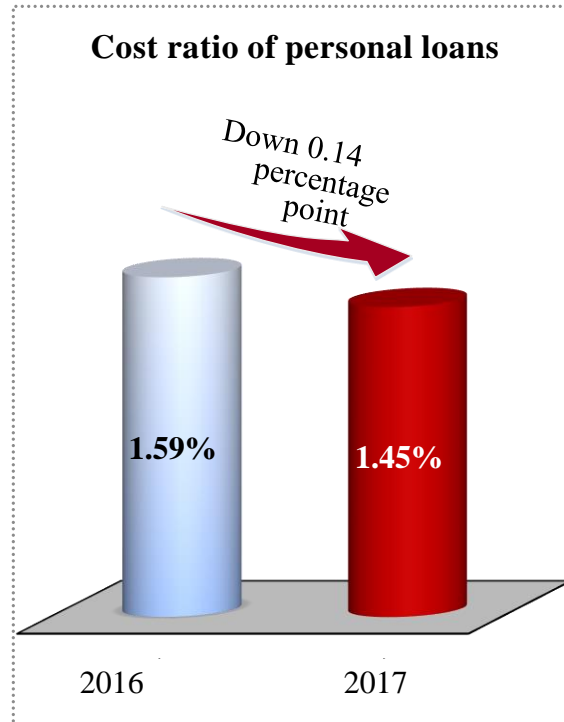
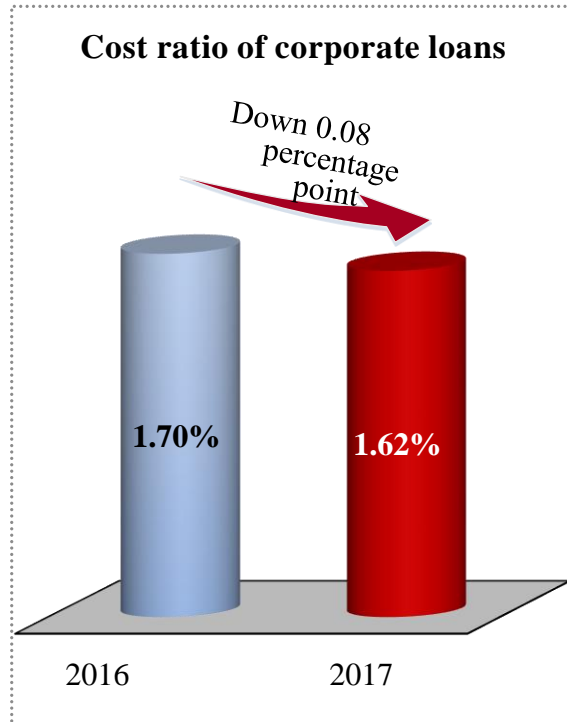
Item	End of 2017	Increment	Growth rate	Proportion	Change in proportion
1.Balance of corporate loans	19,653	440	2.3%	61.5%	Down 5.3 percentage points
2.Balance of personal loans	12,316	2,750	28.8%	38.5%	Up 5.3 percentage points
Including:	3,337	960	40.4%	10.4%	Up 2.2 percentage points
(1) Credit card loans	5,053	721	16.6%	15.8%	Up 0.8 percentage point
(2) Home mortgage loans	3,926	1,069	37.4%	12.3%	Up 2.4 percentage points
(3) Other personal loans					

1. Performance overview

(8) Loan and deposit interest management made obvious achievements

The cost of deposit was **1.59%**,
down **0.09** percentage point

Weighted average interest rate of new general
loans was **5.48%**, up **0.35** percentage point



1. Performance overview

(9) Brand influence continued to grow



- In February 2018, the Bank ranked the 24th among the “Top 500 Global Bank Brands” in terms of brand value.
- In November 2017, *The Banker* magazine of the United Kingdom named the Bank the “Bank of the Year in China”.
- In July 2017, the Bank ranked the 25th among the “Top 1,000 World Banks” in terms of tier-one capital.



- The Bank was named the “Best Corporate and Investment Bank” by Asiamoney.
- The Bank received the award for the “Best Syndicated Loan Project in Asia” from The Asia Pacific Loan Market Association (APLMA).
- The Bank’s amount of M&A projects ranked No. 1 in Thomson Reuters M&A Financial Advisors League Tables



- In May 2017, the Bank ranked the 78th among the “Top 2,000 Global Enterprises” published by the Forbes magazine.



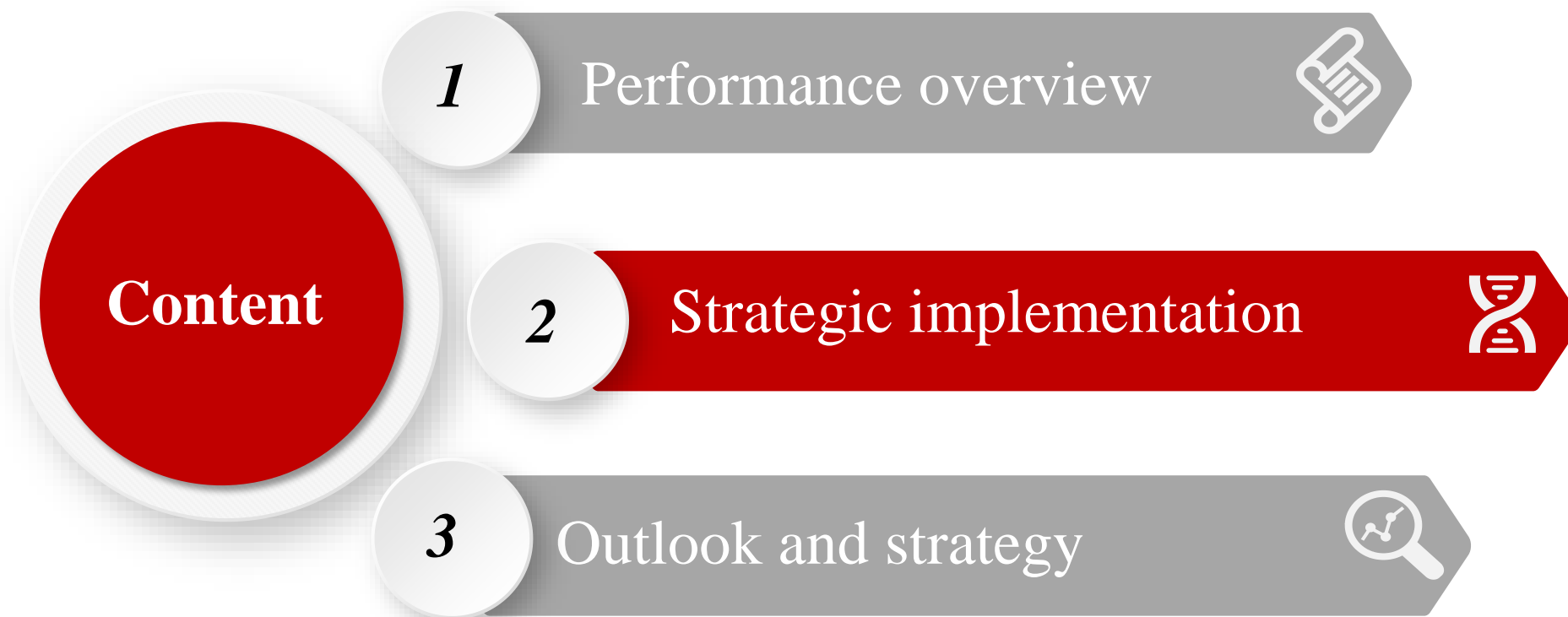
- In the competition for the 2017 “Excellence in Retail Bank Financial Services Awards” hosted by The Asian Banker, the Bank won the “Award for the Retail Bank Making the Greatest Progress in China and the Asia Pacific Region”.
- In the competition for the 2017 Awards for Excellent Transaction Banks in China, the Bank was named the “Best Electronic Transaction Bank”.
- The Bank was named the “Best Boutique Private Bank” in the competition for the awards of “the Best Private Banks” organized by Asiamoney.



- In the 2017 “GYROSCOPE System” released by the China Banking Association, CITIC Bank ranked the 6th among 18 national commercial banks and the 2nd among all joint-stock commercial banks.
- In the assessment of “Financial Competitiveness in Asia in the 21st Century”, the Bank was rated the “2017 Premier Commercial Bank of Asia.”



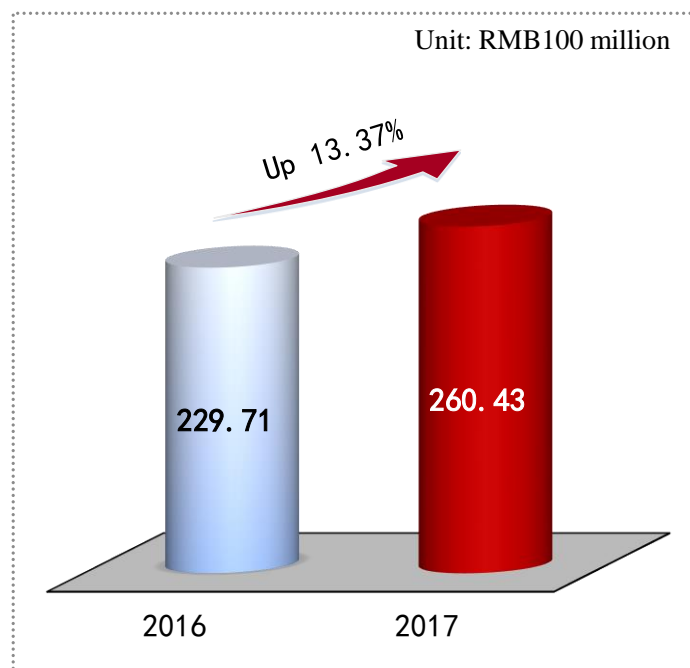
- Among the over 600 members of the interbank forex market, the Bank’s financial markets business won multiple honors, including the comprehensive “Best Market Maker” award, the “Best Trading Award” and the “Award for Best Spot Trading”.



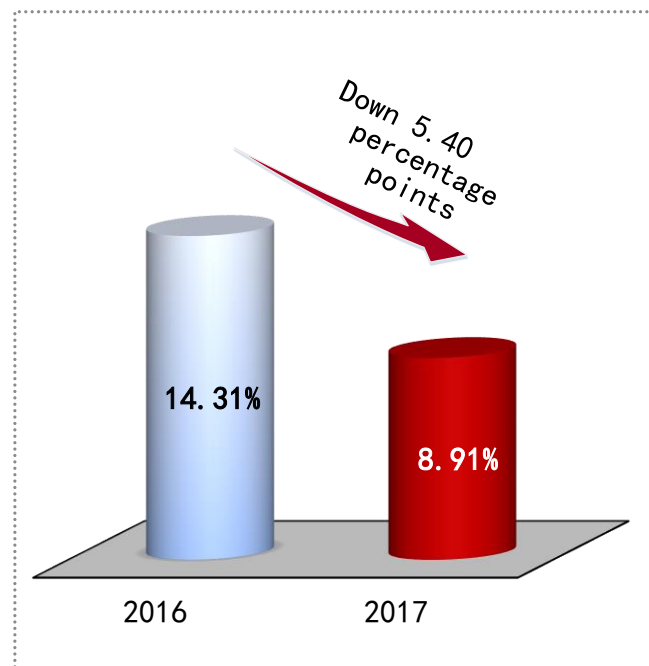
2. Strategic implementation

(1) Strategic guidance led to outstanding achievements in light-style development

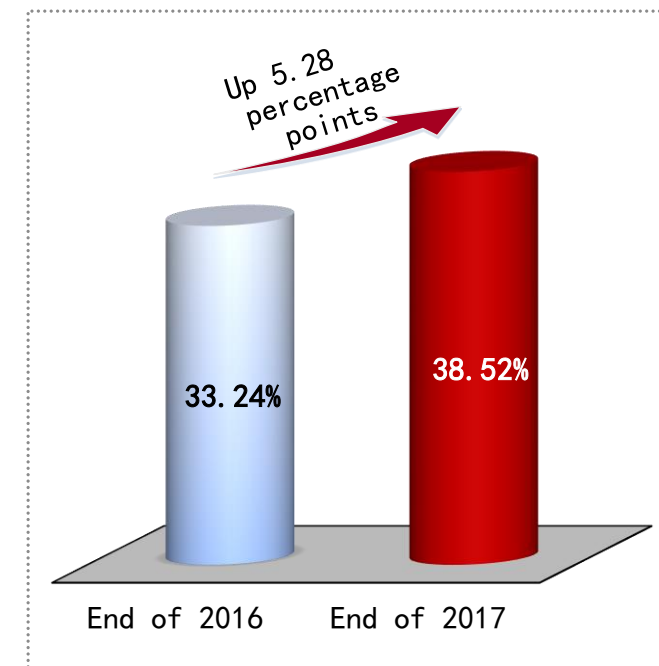
Capital-light business generated income of **RMB26.043 billion**, up **13.37%**



Risk assets grew **8.91%**, down **5.40** percentage points

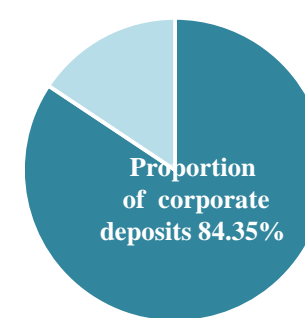
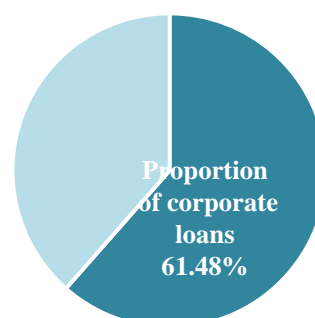
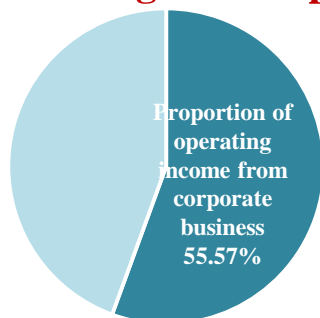


Personal loans took up a proportion of **38.52%**, up **5.28** percentage points



2. Strategic implementation

(2) The “One Body Two Wings” structure developed in harmony through transformation and innovation — (a) Competitive advantages of corporate banking business were consolidated



Investment banking

- ✓ The Bank underwrote 359 debt financing instruments, ranking the fourth on the market; and recorded an underwriting scale of RMB265.8 billion, ranking the fifth on the market.
- ✓ M&A Loans recorded RMB57.4 billion, with the aggregate amount of completed M&A projects topping the Thomson Reuters M&A Financial Advisor League Tables.
- ✓ The Bank issued its first local state-owned enterprise Bond Connect, first green Panda debt and first green short-term financing bond.

Asset custody

- ✓ The Bank provided custody services for RMB8.06 trillion assets, a growth of RMB1.49 trillion or 22.6% over last year
- ✓ The Bank provided custody services for RMB2.10 trillion public offering funds, becoming the largest custodian bank for public offering funds on the market.
- ✓ The Bank provided custody services for RMB62 billion enterprise annuity, continuing its place on the top list of joint-stock banks.

International business

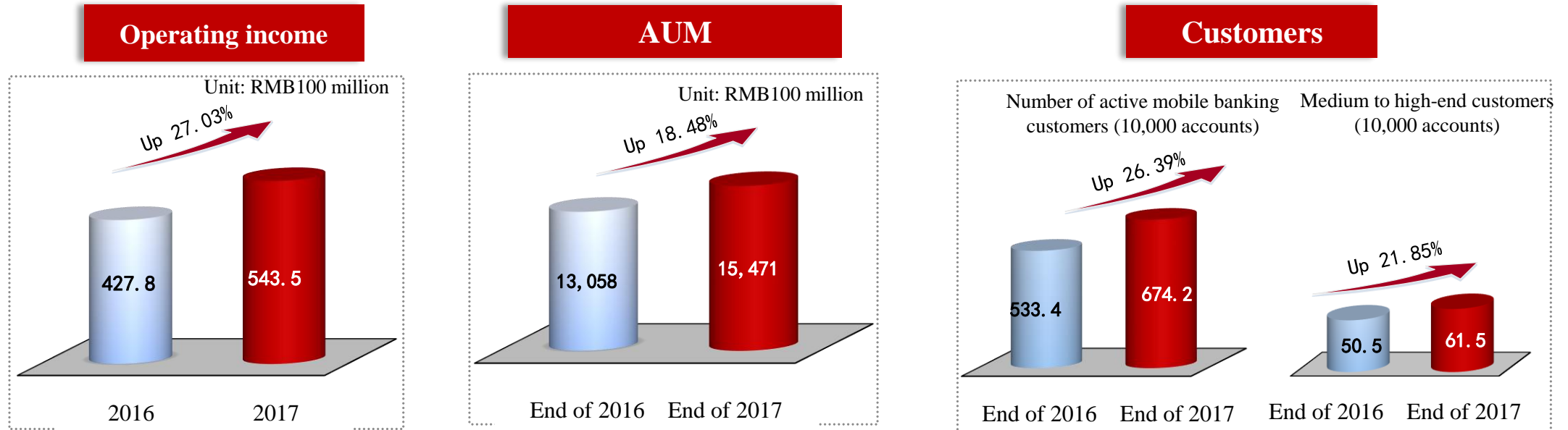
- ✓ Cumulative volume of forex purchase and sale recorded USD130.4 billion, rising to the top of all joint-stock banks and No.5 among all domestic banks.
- ✓ Income from spot forex purchase and sale registered a 47% growth compared with the previous year; international balance of payments recorded forex receipts and payments of USD205.5 billion, a market share of 3.4%, maintaining the top position among joint-stock banks.

Transaction banking

- ✓ Transaction banking recorded 372,000 accounts of contractual customers, up 10.3% over the end of last year.
- ✓ The number of transactions reached 75.475 million, up 44.5% over the previous year.
- ✓ The transaction volume was RMB69.6 trillion, up 5.3% over the previous year.

2. Strategic implementation

(2) The “One Body Two Wings” structure developed in harmony through transformation and innovation —(b) Second transformation of retail business went on with solid achievements



Credit card business: The Bank realized RMB39.07 billion income from credit card business, up 53.2%; issued a cumulative number of 49.57 million credit cards, an increase of 32.6% over the end of the previous year, including an incremental number of 12.19 million, representing an increase of 74.0%; and recorded total credit card transaction volume of RMB1,492.3 billion, an increase of 38.9%.

Private banking business: The balance of AUM from private banking customers was RMB402.5 billion, an increase of 25% over the end of the previous year. Income from capital-light business was RMB1.6 billion, up 69% from last year, accounting for 26% of total income from capital-light business in the retail banking segment, up 10 percentage points over the previous year.

Going abroad financial services: This business segment served customers by 3 million person-times and brought about 420,000 accounts of new retail customers. The Bank introduced the “CITIC Bank Global Visas” program providing customers with agency visa services that covered 70 countries.

Xinjin Bao business: The product recorded 4.78 million accounts of contractual customers, up 70.2% over the end of last year; and had RMB87.2 billion existing business volume, a growth of 111.4% over the end of last year.

2. Strategic implementation

(2) The “One Body Two Wings” structure developed in harmony through transformation and innovation — (c) Financial markets business became more competitive.

Against the backdrop of “deleveraging” and “strong regulation”, the Bank actively promoted the transformation of its financial markets business with the objective of shifting from scale expansion to quality improvement, from holding for profit to trading for profit and from product marketing to customer management. It improved the product and service systems and strengthened product innovation, achieving relatively fast growth of both traditional and emerging businesses.

Financial markets business:

- ✓ The Bank completed forex market making transactions of USD1.68 trillion, a growth of 28% year on year. Among the over 600 members at the interbank forex market, the Bank ranked the top in terms of spot comprehensive market making.
- ✓ Total money market transaction volume of the Bank recorded RMB14.85 trillion.

Interbank business:

- ✓ The “CITIC Interbank +” platform, the interbank financial service platform that the Bank built with priority efforts, gradually enriched its online products and covered the whole country with its services, recording total transaction volume of RMB1,288.3 billion .
- ✓ The proportion of electronic bills accounted for 98.52% of the total, representing an increase of 15.52 percentage points over the end of last year, which was higher than the average level of the domestic banking industry.

Asset management business:

- ✓ The scale of all wealth management products issued by the Bank was in the amount of RMB1.19 trillion, an increase of 15.6% over the end of the previous year, of which the scale of non-risk-bearing products was RMB952.8 billion, representing an increase of 16.3%.
- ✓ the Bank successfully rolled out the first “Tiantian Bao” product that supported 7 × 24 redemption. The Bank pioneered the industry by launching the “CITIC Bank Manager Prosperity Index”, further upgrading the market influence of its asset management brand.

2. Strategic implementation

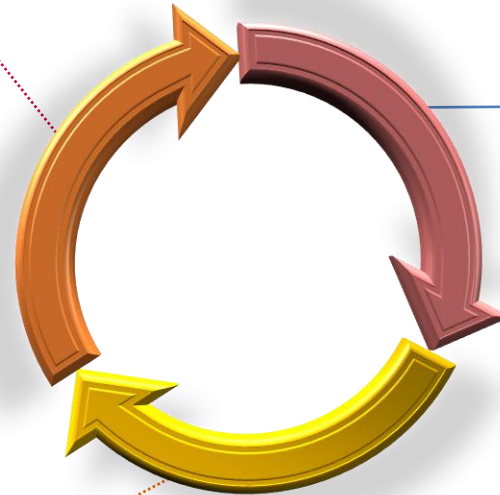
(3) Integration and internationalization made new breakthroughs via synergistic development

New fruits of group synergy

- The influence of the CITIC Alliance Fleet grew further. The Bank provided enterprises with comprehensive finance of RMB609.5 billion, in conjunction with CITIC Group's financial and non-financial subsidiaries by means of balance-sheet loans, bond underwriting, equity investment, financial leasing and various types of funds.

In-depth promotion of synergy with subsidiaries

- CITIC Financial Leasing maintained its industry leader position in the clean energy field, successfully established an asset valuation system for new energy power plants and became the largest photovoltaic power plant holding and leasing company in the industry.
- The Bank collaborated with CNCBI and CNCB Investment on 116 cross-border projects with the cooperation scale reaching RMB310.4 billion, an increase of 186% over the previous year.



Faster arrangements for internationalization

- The Bank actively expanded its overseas business platforms, obtaining approval for establishing its Hong Kong branch and pushing forward preparation work for the establishment of its London and Sydney branches in an orderly manner.
- The Bank concluded equity transaction agreements with JSC Halyk Bank of Kazakhstan and other relevant parties, the first Chinese joint-stock bank to acquire a bank in Kazakhstan.

2. Strategic implementation

(4) Science and technology drove forward innovative development with exhibition of initial vitality

1. Completed the IT system for total-process three-dimensional prevention and control

The Bank built the new-generation credit business management system covering all customers, all products, all processes and all business units; achieved full coverage of operational risk and real-time risk warning and blocking for e-banking transactions; Over 600 transactions with total value of RMB 260 million were blocked; applied the Internet of Things technology for collateral management, which only needed 1% of the time than previously needed.

2. Made more diverse and mature application of data warehousing + big data

The big data platform covered 16 types of technical components and 18 types of business applications. It strongly supported risk modeling, liquidity management, management accounting, customer marketing, anti-money laundering and anti-fraud; and big data marketing brought along a 70% growth in retail customer AUM.

3. Actively piloted the application of new technologies such as artificial intelligence and blockchain

The Bank rolled out "CITIC Robo-Advisor", its own smart investment product; launched China's first L/C application alliance based on blockchain technology in the field of trade finance, which already attracted many of its peers to join and recorded a transaction volume of over RMB1 billion; and created the "CITIC Transfer Chain" for transfer of credit lines.

4. Made new breakthroughs in basic technology research

Independent research and development of distributed databases applicable to banking business achieved breakthroughs and obtained validation, which will be applied to the transformation of the technology platforms of the Bank's core business system; the IAAS and paas platforms were completed, helping save nearly RMB 100 million per year only in hardware investment; and new technologies such as face and fingerprint recognitions were maturely applied in multiple scenarios.

5. Focused on building an open and cooperative ecosphere

The Bank built three open platforms, i.e., mobile finance, transaction + and interbank +; implemented CITIC Group's "Internet +" strategy, actively deployed the "CITIC Alliance", connected with CITIC Group's billion-level customers and massive data and created new value and service experience for customers.



2. Strategic implementation

(5) The risk defense lines got a firmer footing through in-depth promotion

1. Construction of a risk culture was promoted on all fronts

- Continued to promote the construction of a compliance and risk culture and implemented the “all-round, total-process and all-employee” risk culture system.
- Organized more than 2,000 events centering around the construction of a “Safe CITIC Bank” such as training/communications, whistle-blow education and case-based teaching, wrote 103 typical cases and completed more than 3,100 risk inspections.

3. Strong guidance of credit policies helped business structure optimization

- Credit policies greatly guided business. In the past three years, the proportion of loans to industries which the Bank actively supported increased by 23 percentage points; to A-rating customers, increased by 20.7 percentage; Proportion of branch loans with good asset quality and higher return increased by 4.3 percentage points; and credit granted to strategic branches and key areas took up 86% of the total.
- After 2015, asset quality for customers who were granted credit for the first time was good. In the past three years, incremental loan balance was over RMB 700 billion with only 0.14% of NPLs and 0.47% NPLs plus special mention loans.



2. The risk management system was reinforced on all fronts

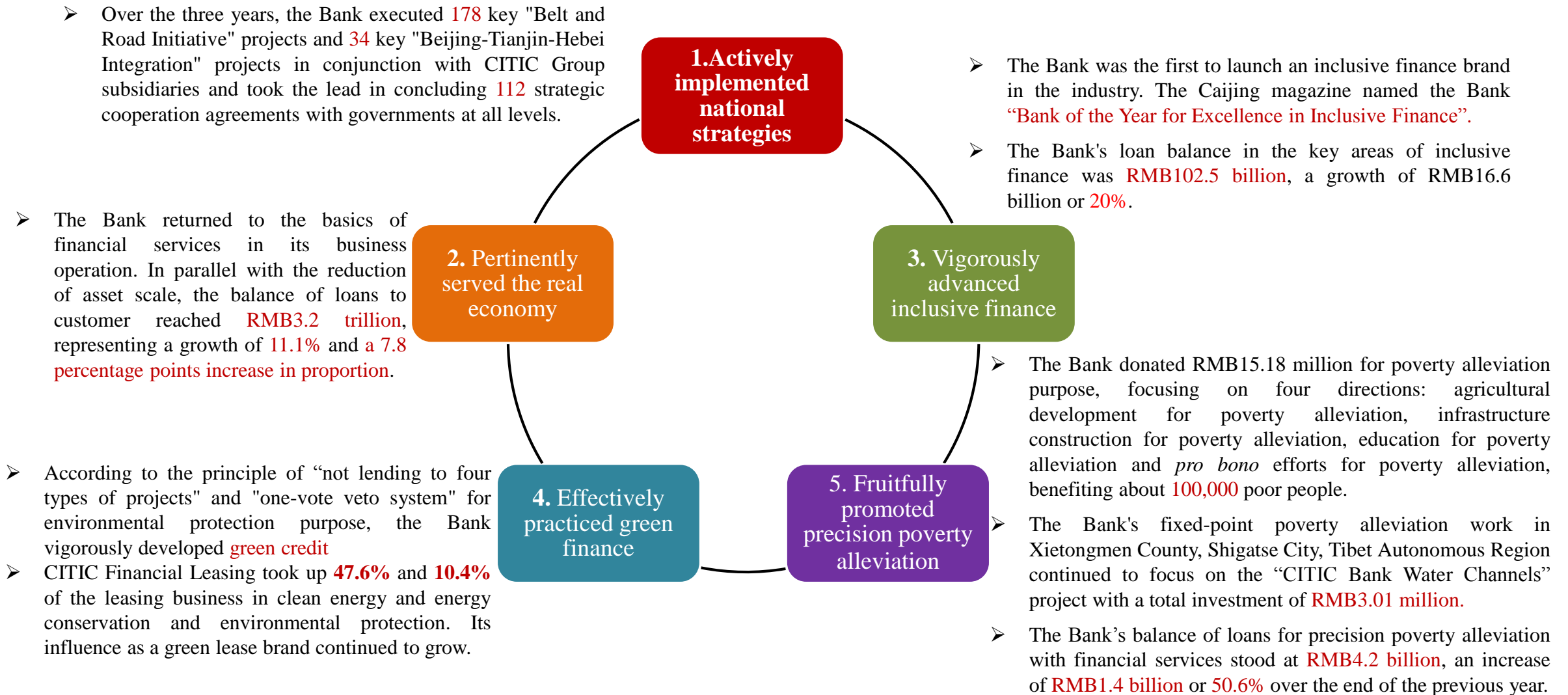
- Implemented the risk management responsibilities of Defense Line 1 and practiced the pre-lending and post-lending processes with the front office embedded therein.
- Optimized 13 internal measurement models, and the internal measurement system was fully applied to all business procedures in the corporate and retail banking.
- Improved risk management policies in businesses like asset management and bond investment; completed the 33 key procedures rearrangement, and revised over 20 major risk management rules.

4. Accountability for non-performing assets was pursued with a tougher hand in all aspects

- Continued to reinforce the disposal of non-performing assets, cumulatively disposing RMB66.0 billion non-performing assets in 2017, of which RMB28.6 billion was recovered RMB1.5 billion, which were written off previously, were collected.
- Set up a system for active management of problem assets, strengthened accountability mechanism, and implemented the policy of lifelong prosecution for loan management, and those who were accountable for NPLS need to leave the post to do full-time loan collection.

2. Strategic implementation

(6) Performed social responsibilities with great courage and better results





(1) Economic and financial development trends

1

China's comprehensive opening up of economy

3

More coordinated regional development

5

Unstoppable wave of financial technology

7

Returning to the basics of financial services

2

Promotion of high-quality development at a quicker pace

4

Booming active financial markets

6

Overlapping of diverse financial risks

8

“Tight regulation and heavy penalty” to stay as a normal phenomenon

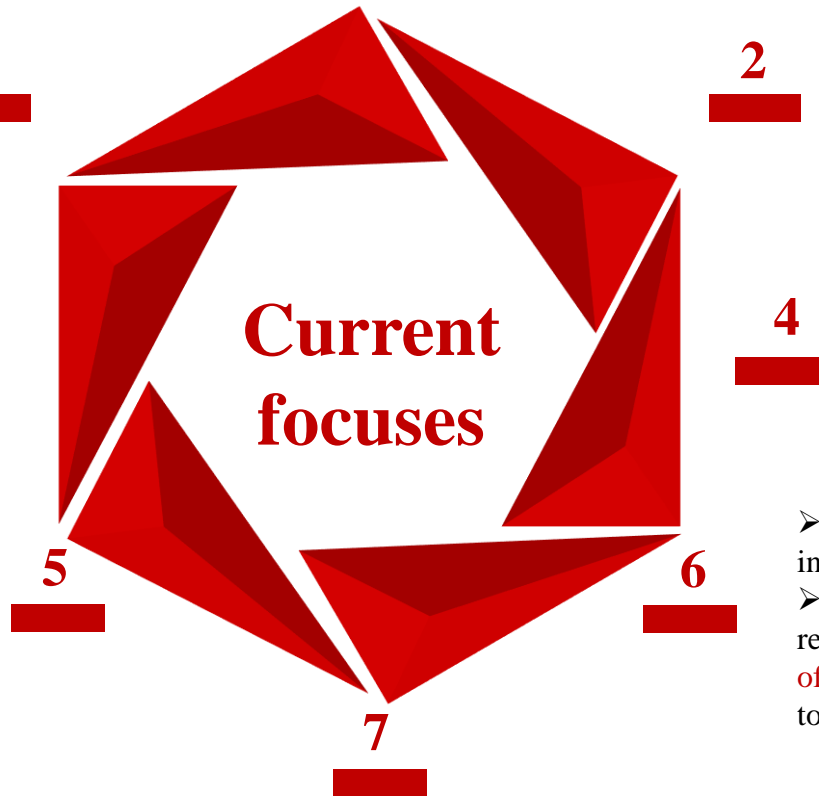
3.Outlook and strategy

(2) Current focuses

As financial deleveraging and rectification of market chaos continue to go further, **banks are returning to the basics of financial services in their operation.** **1**

With market interest rates most probably to remain high, tight liquidity will prevail in banks. **3**

The coming new regulations on asset management will require banks to “abandon rigid repayment, eliminate embedded products and sub-contracts, ensure no mismatch and launch NAV products”, **challenging asset management business to transform for development.**



Banks are speeding up their arrangements in internet finance while **financial technology** penetrates and applies to all aspects of business management, **driving forward innovation of development models** **2**

With growing coordination in financial regulation, the prevention of cross-cutting financial risks is placed on the agenda. **4**

- Implementation of the new standard on financial instruments **changes the credit risk management model.**
- With the implementation of the new deal relating to regulation of allowances, banks will **accelerate their disposal of non-performing assets and further consolidate asset quality** to better serve the real economy.

Banks face higher requirements on comprehensive risk management:

- Market liberalization of interest rates and greater two-way fluctuations in exchange rates make it harder to manage market risk.
- Neutral to tight market liquidity plus more stringent regulatory requirements makes it harder to manage liquidity risks.

(3) New positionings for strategic development

Vision:

To become a responsible unique enterprise that offers the best comprehensive financial services with dignity and a human touch

Mission:

To create value for customers and seek happiness for employees;

To make profit for shareholders and perform social responsibility

Overall
positioning

Become the enterprise offering the best comprehensive financial services

Business
positioning

Gradually shift from “One Body Two Wings” to “Troika”

Regional
positioning

Adhere to differentiated echelon-specific development

Sector
positioning

Understand when to advance and when to retreat as well as what to support and what to control so as to actively expand business into industries lightly dependent on economic cycles

Customer
positioning

Place return for high-value customers and inclusive services on an equal footing

Product
positioning

Place “foundation consolidation” and “greater innovation” on an equal footing

Channel
positioning

Online, offline, customer service and cross-sector "four in one"

(4) Work priorities in 2018

- Pursue**
progress
amid
stability
- 1 Accelerate turnover and expand management of asset flows to promote light-style development of asset business
 - 2 Acquire more customers and cement the foundation for growth of deposits to achieve high-quality stable growth of liability business
 - 3 Focus on unique characteristics, consolidate existing advantages and create new strong points to build differentiated competitive edges
 - 4 Clarify positionings and implement policies in differentiated ways with precise efforts to promote differentiated regional development
 - 5 Control risks and place management of incremental risks and resolution of existing risks on an equal footing to enhance the capability for active risk control
 - 6 Reinforce compliance and conduct business in a lawful and prudent manner to construct a “Safe CITIC Bank”



Thank you for
your attention!