




# Release of 2018 Annual Operating Results

March 2019



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# Overview of main indicators



Unit: RMB100 million

I. Profit indicators	2018	2017	Year-on-year change	Increase/decrease
1.Net profit attributable to the equity holders of the Bank	445.13	425.66	19.47	4.57%
2.Pre-allowance profit	1,125.59	1,080.63	44.96	4.16%
3.Return on average assets (ROAA)	0.77%	0.74%	Up 0.03 percentage point	
4.Return on average equity (ROAE)	11.39%	11.67%	Down 0.28 percentage point	
5.Net operating income	1,648.54	1,567.08	81.46	5.20%

II. Scale indicators	End of 2018	End of 2017	Year-on-year change	Increase/decrease
1.Total assets	60,667	56,777	3,890	6.85%
2.Loans to customers	36,084	31,969	4,115	12.87%
3.Deposits from customers	36,164	34,076	2,088	6.13%

III. Asset quality indicators	End of 2018	End of 2017	Year-on-year change	Increase/decrease
1.Balance of non-performing loans (NPLs)	640.28	536.48	103.80	19.35%
2.NPL ratio	1.77%	1.68%	Up 0.09 percentage point	
3.Allowance coverage ratio	157.98%	169.44%	Down 11.46 percentage point	
4.The ratio of allowance for impairment of loans to total loans	2.80%	2.84%	Down 0.04 percentage point	

IV. Regulatory indicators	End of 2018	End of 2017	Year-on-year change
1.Capital adequacy ratio	12.47%	11.65%	Up 0.82 percentage point
2.Tier-one capital adequacy ratio	9.43%	9.34%	Up 0.09 percentage point
3.Core tier-one capital adequacy ratio	8.62%	8.49%	Up 0.13 percentage point

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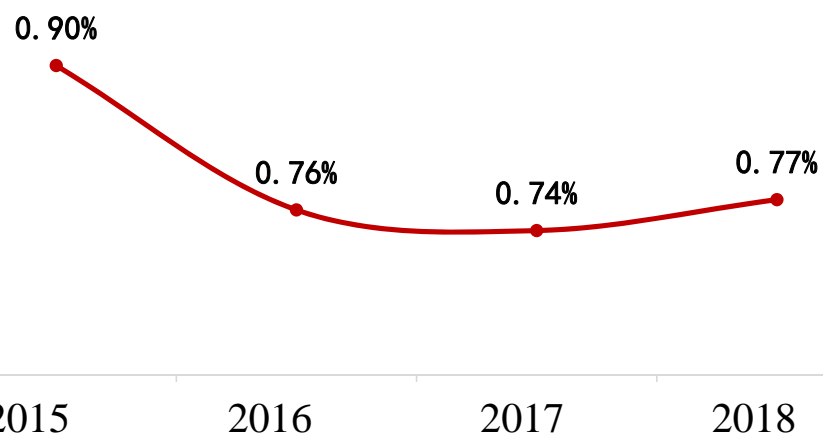
**3** Outlook and strategy



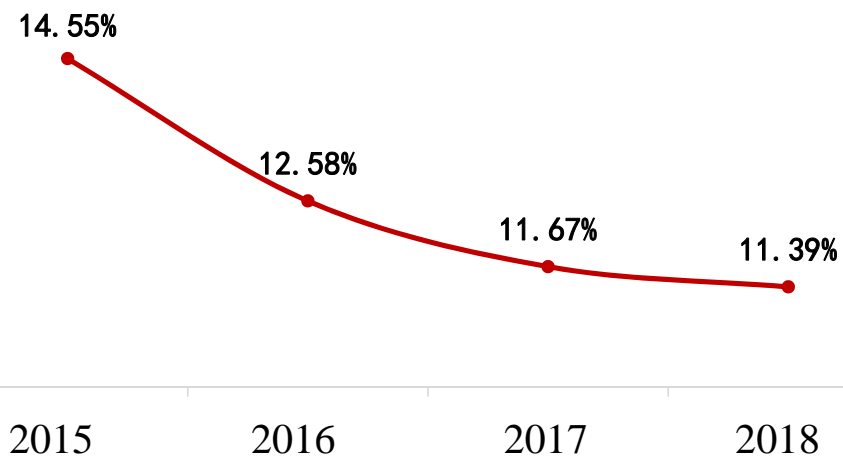
## 1. Performance overview

(1) Return for shareholders was robust with ROAA going up and the decline of ROAE markedly slowing down

Return on average assets ( ROAA )  
0.77% +0.03 percentage point



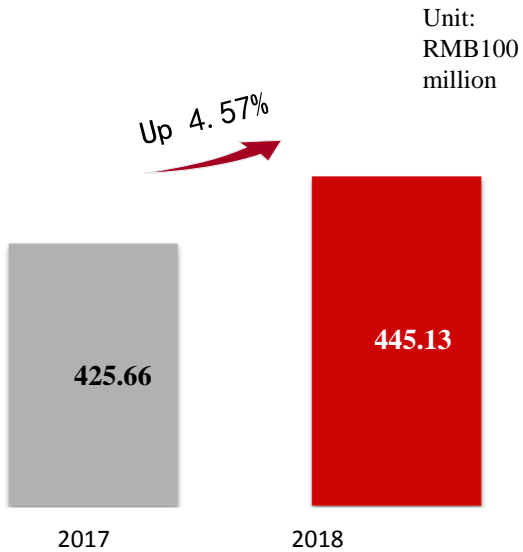
Return on average equity ( ROAE )  
11.39% -0.28 percentage point



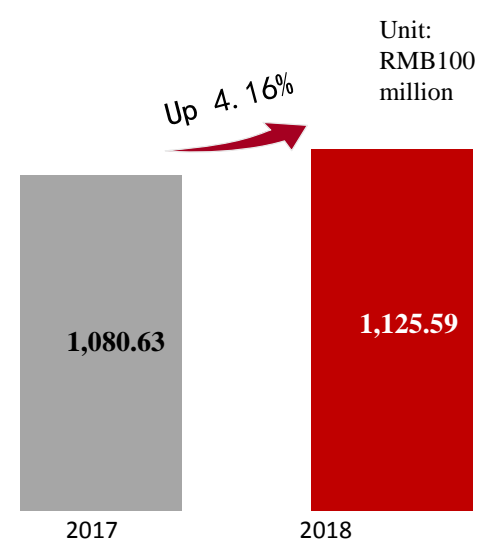
# 1. Performance overview

## (2) Growth of net profit recorded the best level for the recent 5 years

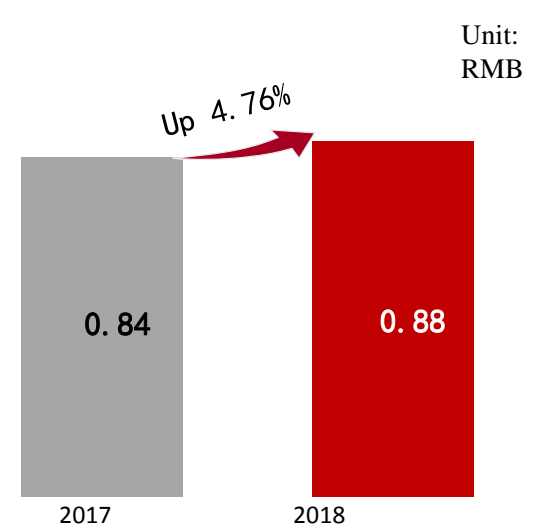
**Net profit attributable to the equity holders of the bank**  
**RMB44.513 billion, +4.57%**



**Pre-allowance profit**  
**RMB112.559 billion, +4.16%**

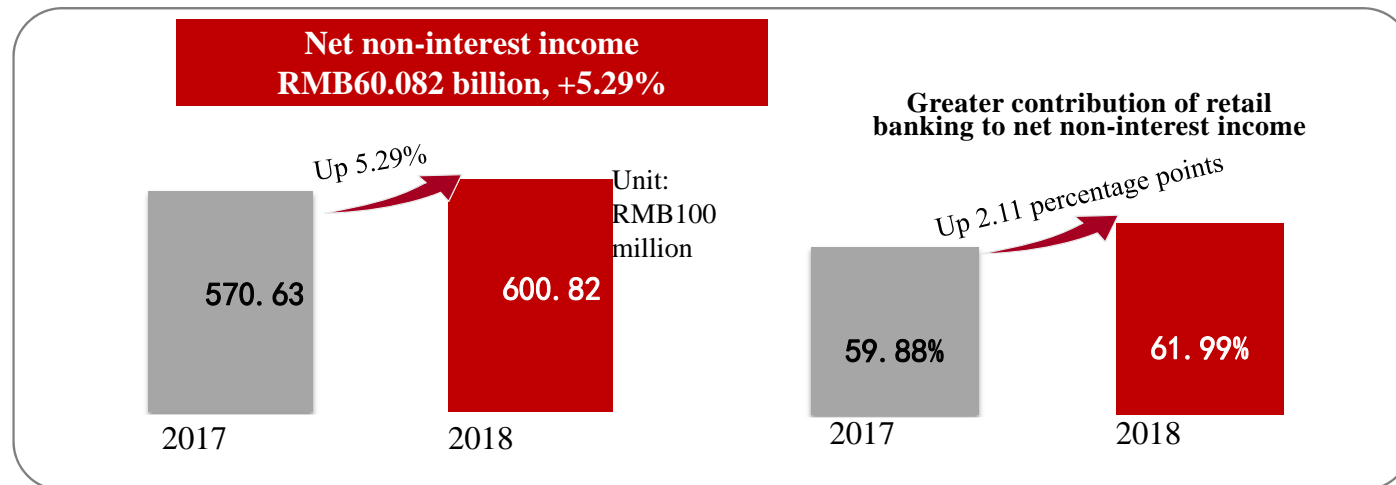
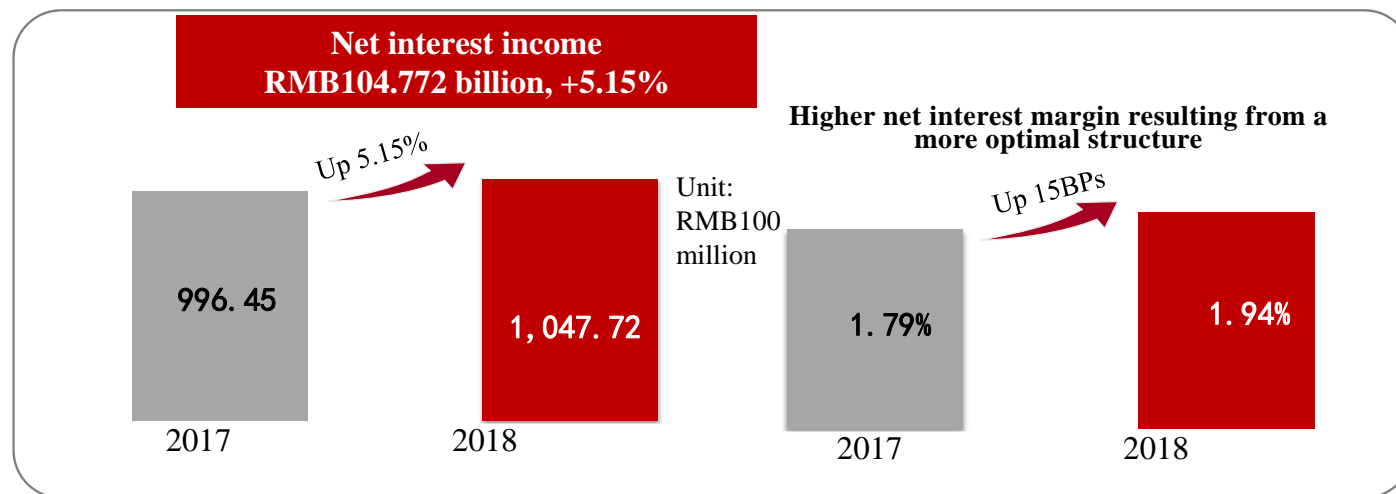
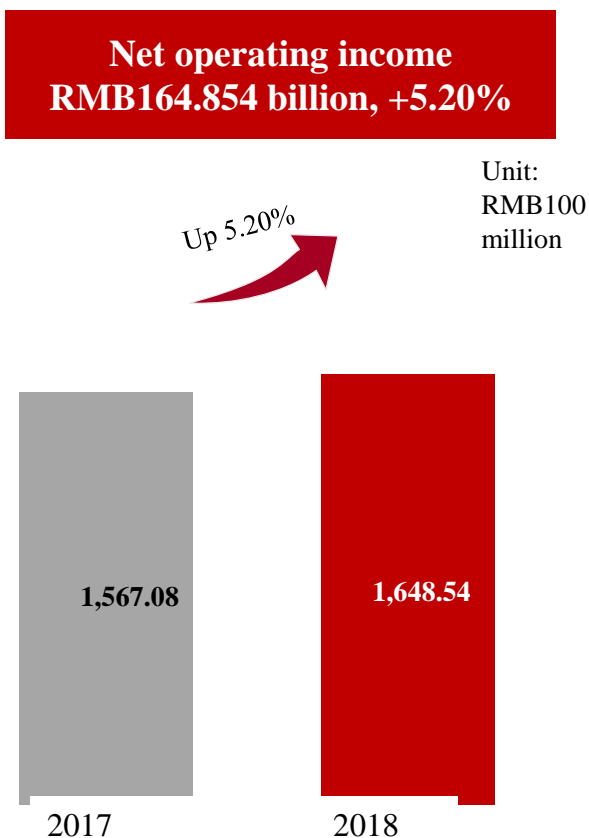


**Basic earnings per share**  
**RMB0.88, +4.76%**



# 1. Performance overview

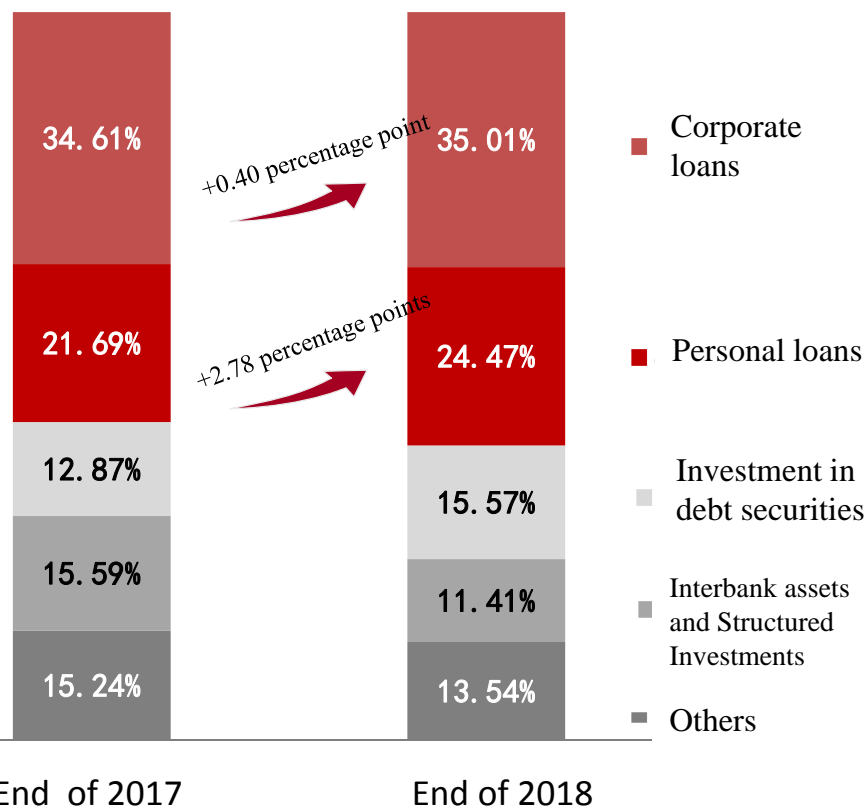
## (3) Net operating income continued to grow



# 1. Performance overview

## (4) Asset structure optimized

### Asset structure



Unit: RMB100 million

Item	End of 2018	Increment	Growth rate
<b>Total assets</b>	<b>60,667</b>	<b>3,890</b>	<b>6.85%</b>
Including: 1. Loans to customers	36,084	4,115	12.87%
(1) Corporate loans	21,239	1,586	8.07%
(2) Personal loans	14,845	2,529	20.54%
2. Investment in debt securities	9,446	2,136	29.23%
3. Interbank assets and Structured Investments	6,919	-1,932	-21.83%

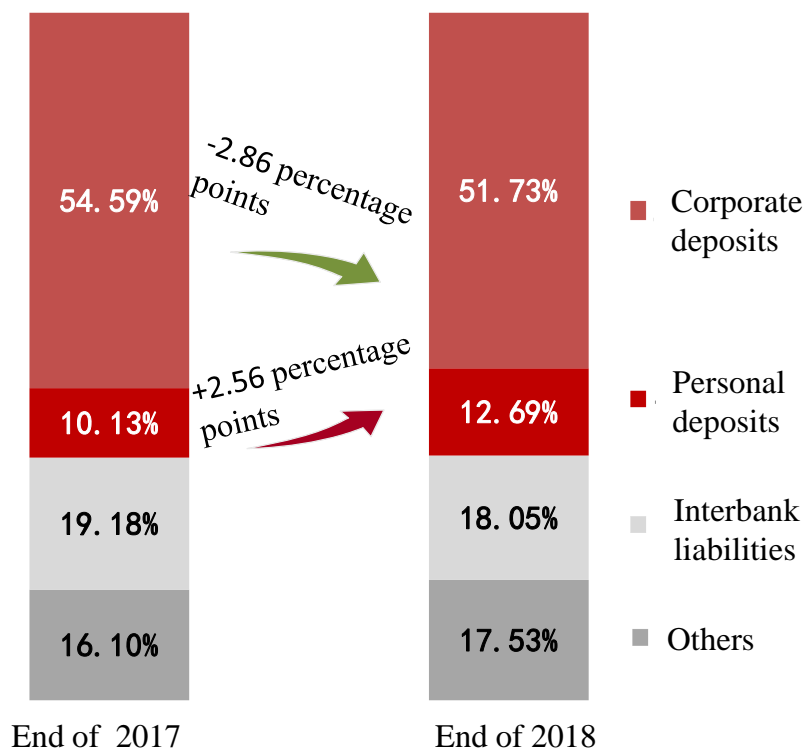


# 1. Performance overview

## (5) Customer deposits grew steadily, with robust growth in personal deposit

### Liabilities structure

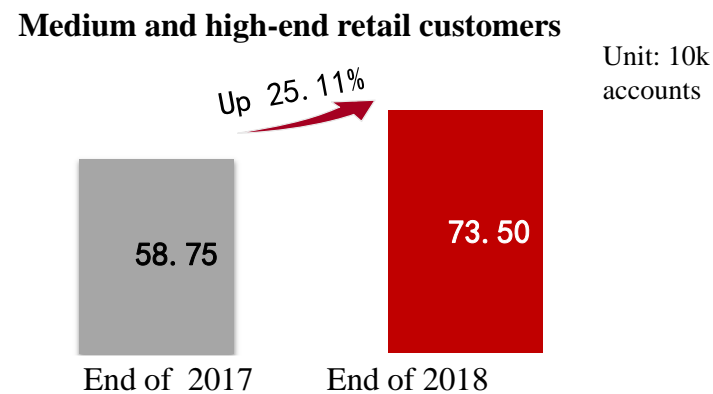
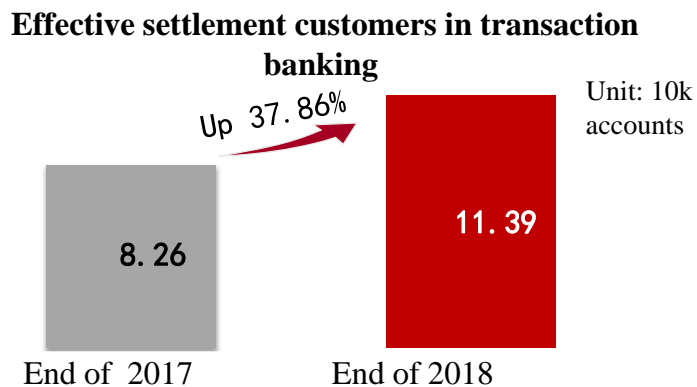
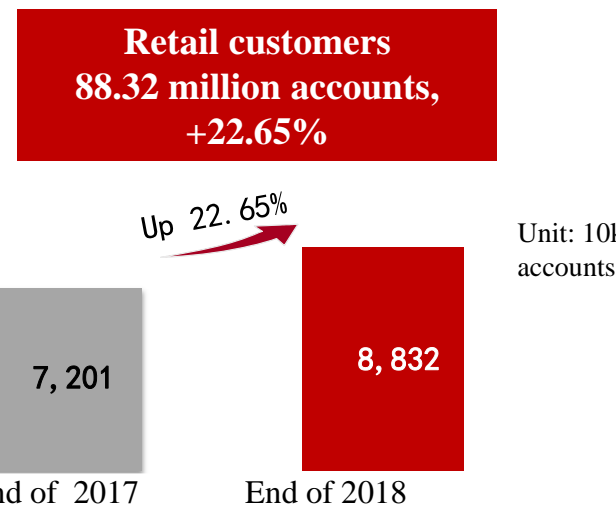
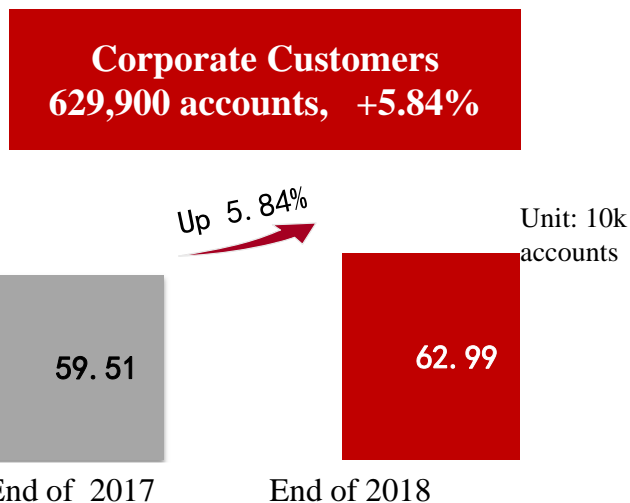
Unit: RMB100 million



Item	End of 2018	Increment	Growth rate
<b>Total liabilities</b>	<b>56,136</b>	<b>3,484</b>	<b>6.62%</b>
Including: 1. Deposits from customers	36,164	2,088	6.13%
(1) Corporate deposits	29,039	297	1.03%
(2) Personal deposits	7,125	1,791	33.57%
2. Interbank liabilities	10,135	34	0.34%

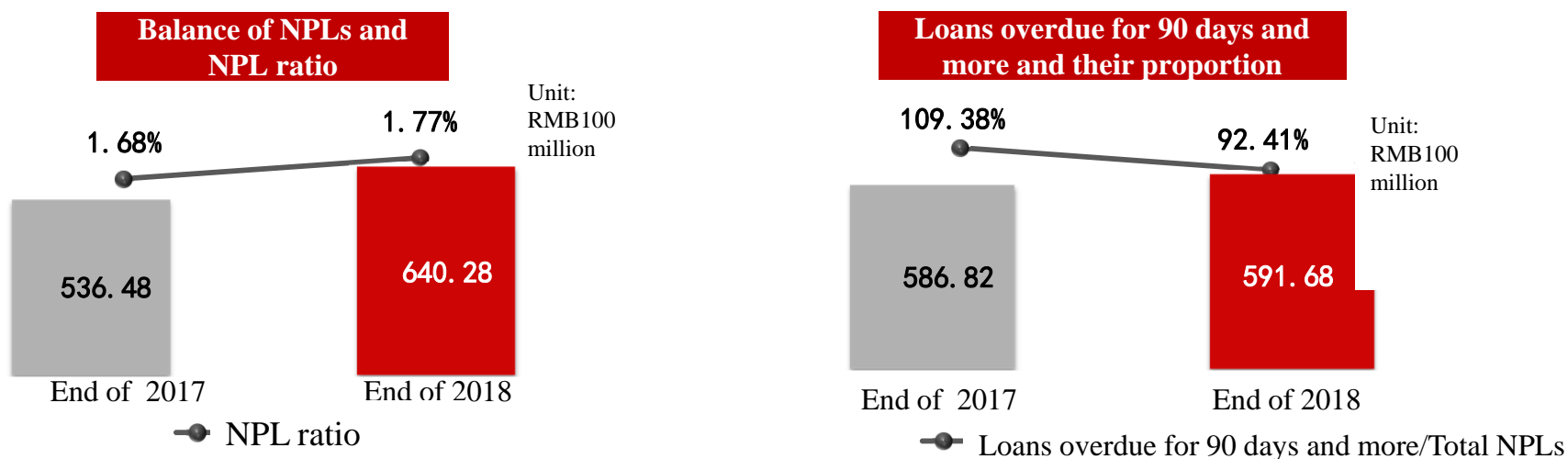
# 1. Performance overview

## (6) Expansion of customer base achieved early results



# 1. Performance overview

## (7) Release of credit risk went faster and asset quality enjoyed a further boost



Indicator	End of 2018	End of 2017	Changes
1. Allowance coverage ratio	157.98%	169.44%	Down 11.46 percentage points
2. The ratio of allowance for impairment of loans to total loans	2.80%	2.84%	Down 0.04 percentage point

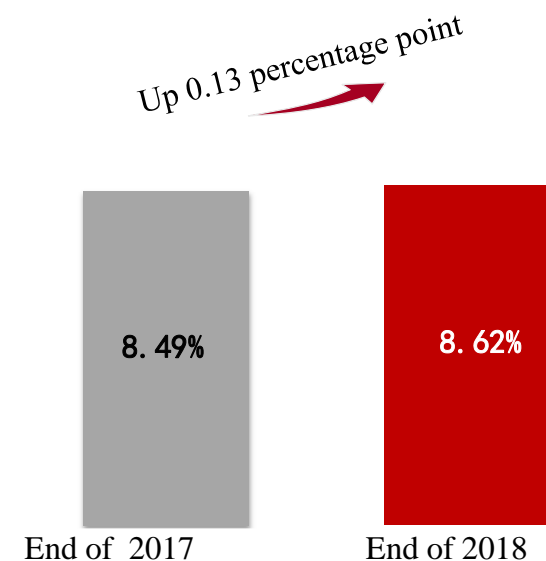
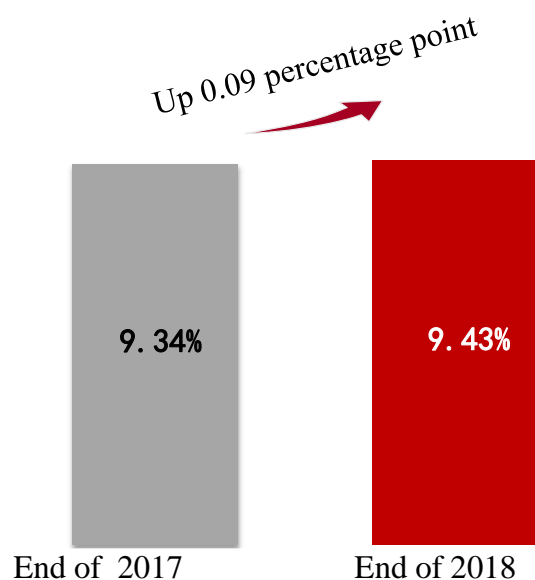
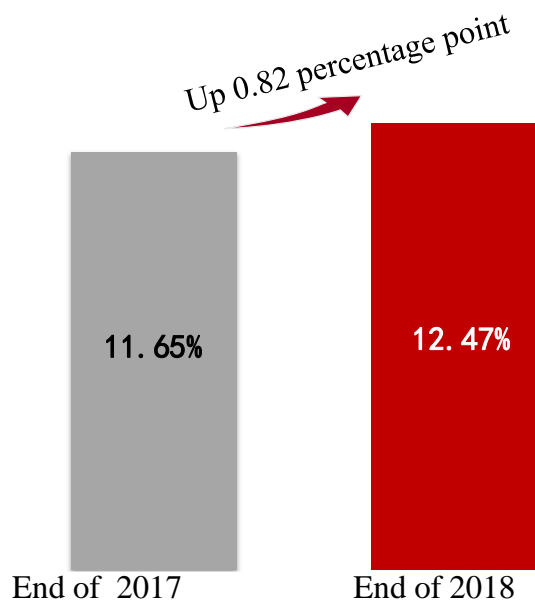
# 1. Performance overview

## (8) Capital adequacy ratios rose amid stability

**Capital adequacy ratio**  
12.47% +0.82 percentage point

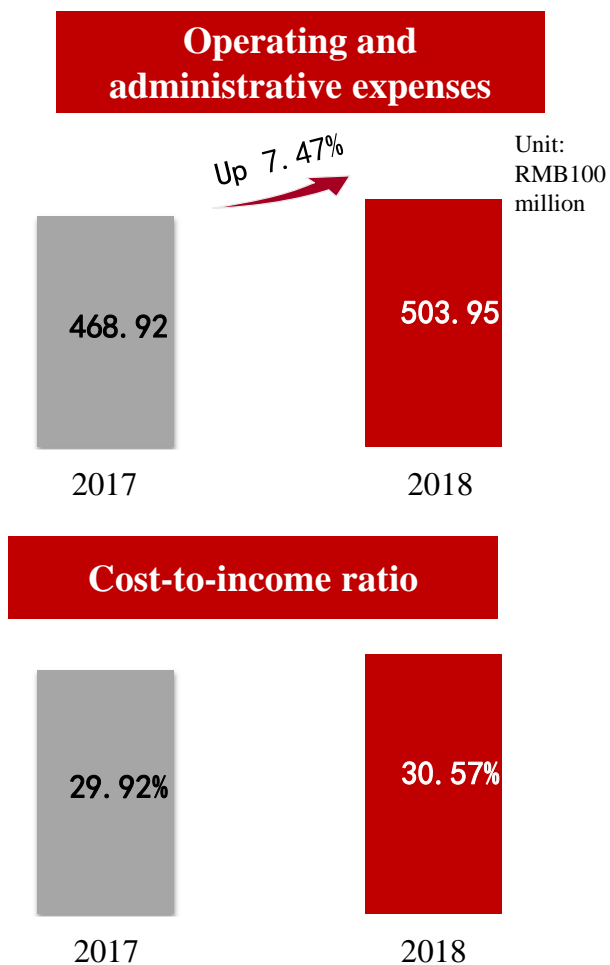
**Tier-one capital adequacy ratio**  
9.43% +0.09 percentage point

**Core tier-one capital adequacy ratio**  
8.62% +0.13 percentage point



# 1. Performance overview

## (9) Operating costs were maintained or reduced as appropriate



❑ **Increase strategic investment to support development of key businesses**  
 • Allocated more resources to strategic priorities and areas with high input-output efficiency, e.g., increased resource input in technology and credit card business to improve input-output efficiency.

❑ **Actively reduced fixed costs to lower costs and save expenses**

• Implemented the three-year plan for reducing rentals of business premises, reducing leased floor area of business premises by 177,000 m<sup>2</sup> and rental expenses by RMB370 million

• Facilitated the “light-style, smart and differentiated” transformation of outlets, effectively controlling operating costs through the execution of the “reduce high-cost items and increase low-cost items” program, improving the quality of online transactions, and optimizing the personnel structure by re-assigning over 2,000 tellers to retail and other business areas.

# 1. Performance overview

## (10) Brand influence continued to grow



**China Citic Bank**  
 World Ranking: 27  
 Country Ranking: 10

- The Banker magazine of the United Kingdom rated the Bank
  - The 19th on its list of the “Top 500 Global Bank Brands” in January 2019
  - The 27th on its list of the “Top 1,000 World Banks” in terms of tier-one capital in July 2018



- In May 2018, the Bank ranked the 85th on the list of the “Top 2,000 Global Enterprises” published by the Forbes magazine.



- In November 2018, the Bank was named the 2018 “Best Lender in China” by IFR Asia.
- In December 2018, the Bank won the “Annual Enterprise Award” in the “13th Competition for the People’s Enterprise Social Responsibility Awards” sponsored by People.cn.
- In December 2018, the Bank’s issue of USD offshore bonds was named the “Best Bank Bond” by The Asset.
- In December 2018, the Bank won the “Excellent Financial Bond Issuer Award” and the “Excellent ABS Initiator Award” from China Central Depository & Clearing Co., Ltd. (CCDC).



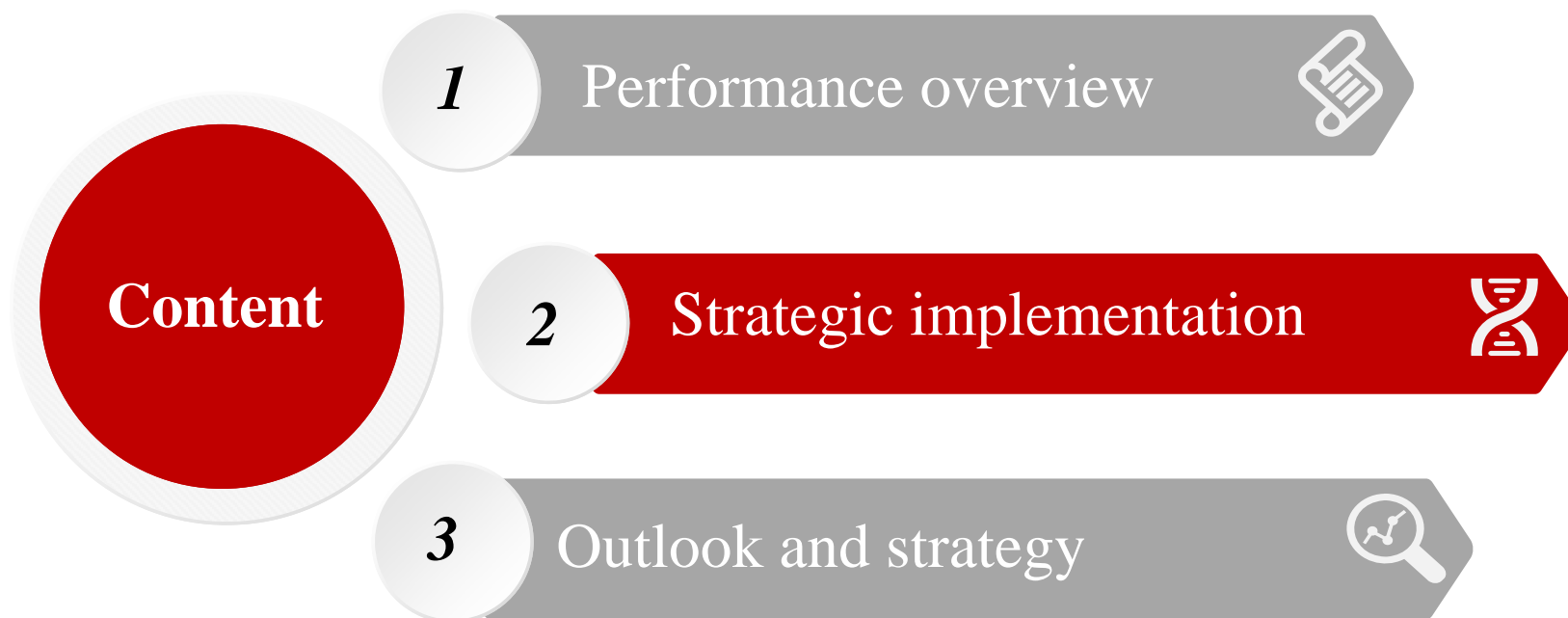
- In 2018, the Bank won the following honors from the Asian Banker
  - Compliance Risk Technology Implementation of the Year
  - Annual Financial Markets Achievement Award
  - The Best Blockchain Initiative, Application or Program Award
  - Best Customer Relations Management Project in China
  - Award for Best Custody System Implementation in China
  - China’s Most Progressive Private Bank



- In 2018, the Bank won the following honors from China Banking Association
  - Award for Best Contribution to Fee-Based Income
  - Special Contribution Award from the Special Committee on Fee-Based Income
  - Best Green Finance Award
  - Best Social Responsibility Manager Award
  - Best International Settlement Bank
  - Best Performance Award for Syndicated Loans



- In 2018, the Bank won the following honors from the China Financial Certification Center (CFCA)
  - Internet Finance Innovation Award
  - Best Corporate Internet Banking Award
  - Excellent Solution for Financial Technology Innovation and Application



## 2. Strategic implementation

### (1) From “One Body Two Wings” to “Troika”——(a) Transformation of corporation banking was rolled out on all fronts

The Bank comprehensively promoted the integration of its services to corporate customers and consolidated/expanded its market competitiveness, realizing net operating income of RMB87.184 billion from corporate banking business, accounting for 52.89% of the total, maintaining its dominant position.



1

#### Investment banking business developed with distinctive features

- The Bank underwrote RMB375.510 billion debt financing instruments, ranking the fifth on the market , with its market share rising amid stability.
- The Bank successfully landed a group of key M&A financing projects with market influence.

2

#### Competitive edges in international business were cemented

- Forex purchase and sale recorded a volume of USD139.831 billion, ranking the first among all joint-stock banks and No.5 among all domestic banks.
- International receipt and payment and cross-border Renminbi receipt and payment recorded USD259.081 billion and RMB301.113 billion, both topping all joint-stock banks.

3

#### The transaction banking strategy was advanced with a quicker pace

- The Bank recorded 454,400 accounts of subscribed transaction banking customers at the end of 2018, up 22.12% year on year; and RMB78.42 trillion transaction volume for the whole year, up 12.67% year on year .
- In transaction banking business, the Bank achieved integration of data, application and channel entry, optimized the account opening process for corporate customers and enhanced customer experience.

4

#### Custody business gained a higher market status

- The Bank provided custody services for RMB8.44 trillion assets, a growth of 4.78% over the end of the last year, a growth rate faster than that of its peers.
- The Bank realized custody income of RMB3.535 billion, a year-on-year increase of 7.06%, ranking the second among all joint-stock banks in terms of total custody income.



## 2. Strategic implementation

### (1) From “One Body Two Wings” to “Troika” —(b) Productivity of retail business released at a faster pace

In retail banking, the Bank recorded marked growth in the number of customers, continuous expansion of business scale and steady increase of value contribution, realizing net operating income of RMB57.132 billion from this business segment, an increase of 5.12% over last year, accounting for 34.66% of total net operating income.

#### Customer base was further cemented

- The Bank registered 88.30 million accounts of retail customers, up 22.65%.
- The Bank recorded 36.6997 million accounts of mobile banking customers, an annual increase of 34.30%, and transaction value of RMB6.29 trillion, up 48.61% over last year.
- The two major APPs, i.e., Mobile Card Space and Mobile Banking, recorded monthly active users of 11.13 million and 6.87 million, a growth of 77% and 52% over last year, respectively.

#### Performance of credit card business improved rapidly

- The incremental number of issued credit cards registered 17.4861 million, up 43.44% year on year; and the transaction volume was RMB2.08 trillion, an increase of 39.48% year on year
- The proportion of net operating income from credit card business in total retail income increased from 51.69% in 2017 to 53.69% in 2018.

#### Asset management scale rose to a new level

- The balance of AUM for retail customers was RMB1.78 trillion, an increase of 20.09% over the end of the previous year, ranking the 3<sup>rd</sup> among all joint-stock banks in terms of incremental AUM.
- Personal deposits exceeded RMB700 billion, an annual increase of nearly RMB179.071 billion, hitting a new high.

#### Unique businesses achieved new breakthroughs

- In going abroad finance, the Bank recorded more than 5.6631 million accounts of customers using its services, bringing in 420.6 thousands incremental customers to the Bank.
- “Xinjin Bao” recorded 2.0940 million incremental accounts of subscribed customers, a growth rate of 5.84% over last year.



## 2. Strategic implementation

### (1) From “One Body Two Wings” to “Troika”—— (c) Financial markets business developed rapidly

In financial market business, the Bank rode on market opportunities and continued to enhance its competitiveness, realizing net operating income of RMB18.056 billion from this business segment, a growth of 62.96 % over last year.



#### A leader in market making business

- Total money market transaction volume recorded RMB21.9 trillion. With RMB873.23 billion interbank certificates of deposit issued during the reporting period, the Bank was a market leader in terms of the volume of such issuance.
- The Bank completed USD1.97 trillion forex market making transactions, up 11.29% from last year, maintaining its ranking as a top interbank forex market maker. The Bank promoted the development of “Bond Connect” business, further consolidating its status as a core market maker at the interbank bond market.



#### Interbank business upgraded to a new level

- The “CITIC Interbank +” platform had 1,216 accounts of interbank legal-person customers, an increase of 49.02% over the end of the previous year, and recorded a transaction volume of RMB1.43 trillion, up 12.77% from last year.
- The Bank adopted multiple measures at the same time to promote the development of bill discounting business in close alignment with customer financing needs, and thereby helped improve financing efficiency for the real economy. For the reporting period, the Bank’s volume of bill discounting business exceeded RMB500 billion, including RMB120 billion financing for support to private enterprises.



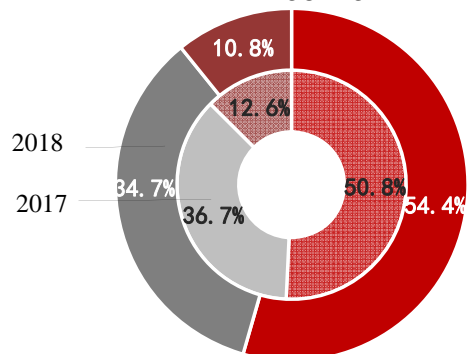
#### Steady progress in transformation of asset management business

- In active response to changes in the policy environment, the Bank steadily promoted the transformation of its asset management business and further strengthened the ability for active management of wealth management assets and allocation of general-category assets.
- As at the end of the reporting period, the Bank’s ongoing scale of non-risk-bearing wealth management products recorded RMB925.259 billion, in which NAV products took up a proportion of 26.44%.

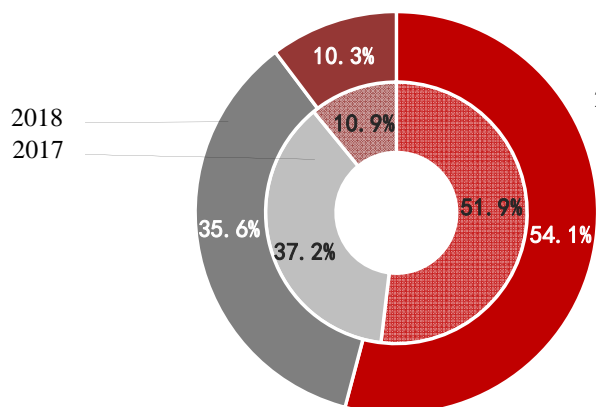
## 2. Strategic implementation

(2) The "regional differentiated development strategy" was effectively implemented

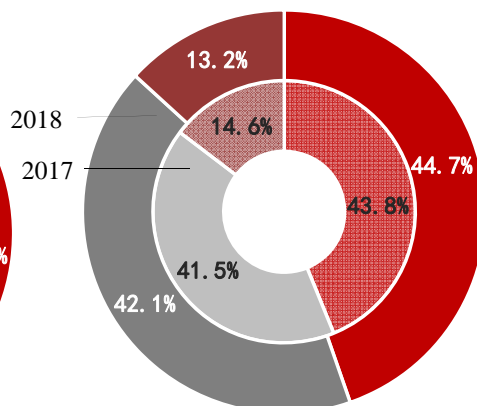
Shares in total operating income



Shares in total deposits



Shares in total loans



In its 2018-2020 Development Plan, the Bank divided its branches into three categories, i.e., "strategic pivotal branches, key regional branches and regional branches with good potential", according to the national and regional development strategies and in alignment with its own actual situations, and implemented the differentiated and echelon-based regional development strategy. In terms of operating results, the resource input and output contribution of the strategic pivotal branches in Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing and Hangzhou achieved steady growth.

- For the year 2018, net operating income of the strategic pivotal branches took up 54.4% of the total, up 3.6 percentage points year on year.
- The 2018 year-end balance of customer deposits of the strategic pivotal branches accounted for 54.1% of the total, up 2.2 percentage points over the end of the previous year.
- The 2018 year-end balance of customer loans of the strategic pivotal branches accounted for 44.7% of the total, up 0.9 percentage point over the end of the previous year.

## 2. Strategic implementation

### (3) The strategy on science and technology for growth was advanced at a quicker pace

The Bank regarded science and technology for growth as one of its most important strategies and empowered business growth with tech innovation to drive high-quality development.

#### 1. Accelerated digital and smart transformation

- Big data and “CITIC Brain” were applied in multiple areas such as product innovation, risk control and marketing.

#### 2. Deepened the application of tech innovations to release business vitality

- Landed a batch of unique “chain finance” models such as “Cloud Chain” and Yiwen, and launched the new generation financial service platforms for transaction banking and mobile banking,. Innovative products such as “Xin Miao Tie”, smart payment, and online factoring were well received among customers.
- Embedded E-Commerce butler, E-Hu Bao, Xin Yue Bao and other products in business scenarios to enhance retail customer acquisition capabilities
- Embedded IT into “tribe-style management”, pushed forward 12 financial technology innovations and completed 19 key tasks of technology empowerment.

#### 3. Strengthened the construction of tech infrastructure to enhance service capabilities

- Constructed the private cloud technology systems, reducing the deployment time of new systems from 14 days to 1 day
- Introduced virtualization and SDN network technology, becoming first-class in the industry in network construction
- Increased the deployment of X86 servers by 30% year on year

#### 4. Created the blockchain service platform to create a new trading ecology

- Pioneered the application of blockchain in trade finance, with cumulative transaction volume exceeding RMB10 billion.
- Established the largest interbank blockchain cooperation ecology in China, in cooperation with the Bank of China, Minsheng Bank and Everbright Bank

#### 5. Included tech investment in strategic resource arrangements to foster kinetic energy for sustainable development

- Set up a special fund for innovation in financial technology to advance the science and technology for growth strategy at a faster pace; made tech investment of RMB3.58 billion in 2018, an increase of RMB616 million or 20.78% over 2017; and accelerated the deployment in artificial intelligence, blockchain, cloud computing and big data to cultivate kinetic energy for sustainable development.

## 2. Strategic implementation

### (4) Integration and internationalization were in good progress

#### □ Highlighted unique business operations and leveraged on the advantages of domestic-overseas interaction

- Leveraging its location advantage, CNCBI grew and expanded its cross-border financial services, realizing net profit of HKD3.008 billion in 2018, a growth of 7.12% over last year.
- The Bank deepened cooperation with CITIC Group's subsidiaries and the domestic and overseas business interaction, providing enterprises with comprehensive finance of RMB625.8 billion in conjunction with CITIC Group's financial subsidiaries.
- The Bank accelerated the construction of its overseas institutional platforms, continuing to promote the establishment of its overseas branches in Hong Kong, London and Sydney (The license application of the London Branch was officially approved in March 2019).
- CITIC Financial Leasing deeply engaged in the field of green leasing. The balance of green lease assets accounted for 67.21% of the total, up 5.44 percentage points over the end of the previous year, indicating a continuous rise in influence.

#### □ Promoted integrated layout and enhanced market influence

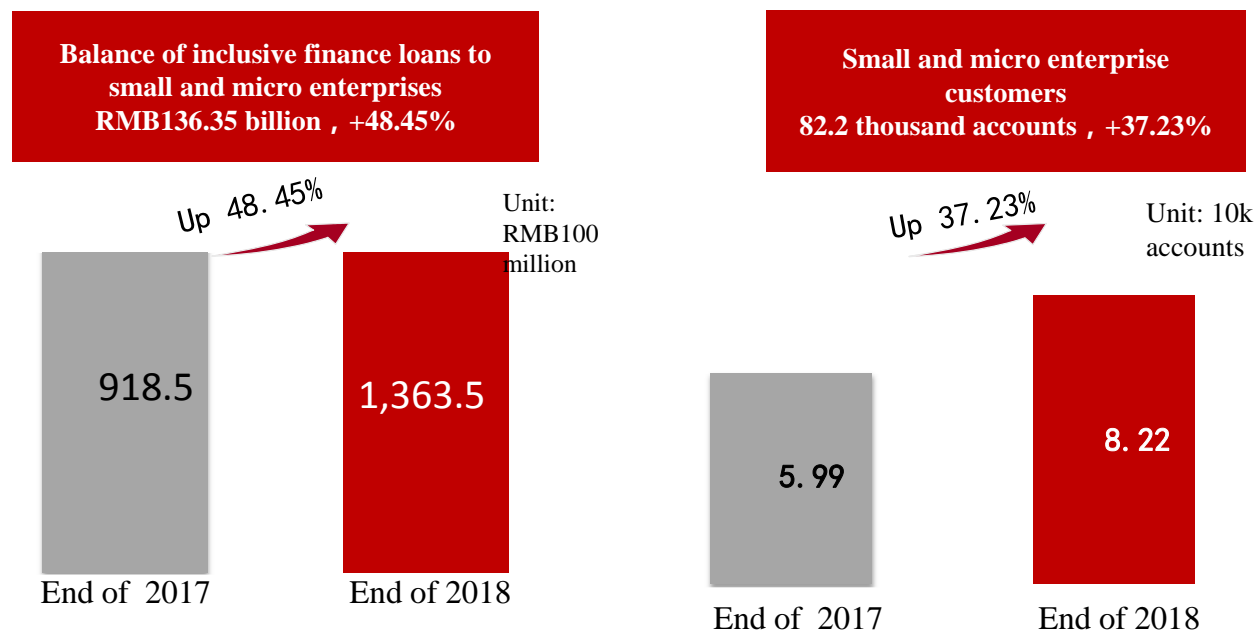
- **CITIC aiBank:** The bank built its advantages as an “Internet + Finance” platform, and markedly increased its brand influence. Only one year after its inception, CITIC aiBank recorded more than 12 million users, total assets of RMB35.9 billion and nearly RMB80 billion inclusive finance loans disbursed to over 4 million individual users and 580,000 small and micro business owners.
- **JSC Altyn Bank:** The Bank was the first Chinese bank to acquire bank equity in the countries along the “Belt and Road”, making positive contributions to building a sustainable, mutually beneficial and win-win “Belt and Road” investment and financing system.

## 2. Strategic implementation

### (5) Vigorously promote the development of inclusive finance

The Bank regarded inclusive finance as a strategic choice for its transformation of development pattern, exploring market demands and cultivation of future core customers, and comprehensively promoted the development of inclusive finance business.

- Enhanced top-level design: The Bank set up the tier-one Inclusive Finance Department at the Head Office, and built a platform that concentrated the operation and management of the “review, approval, disbursement and post-lending” procedures, enabling increasingly smooth operation of its systems.
- Improved the product system: Focusing on key areas such as the “supply chain customers, government customers, innovation-related customers and Internet-based customers”, the Bank developed standardized products such as “two bills and two chains” (bank acceptance bills and business acceptance bills; core business supply chain and government supply chain) to innovate business models.
- Boosted system support: The Bank built exclusive processes and customer management modules for inclusive finance, achieving full-process online operations and higher process efficiency.







## 3.Outlook and strategy

### (1) Keep alerted to changes in internal and external situations

- Reform in deep water area and challenging period
- Uncertainties of China-US trade frictions
- Banking regulations subject to constant adjustment
- Continuance of the “stringent regulation and severe penalty” situation



#### ◆ Challenges

##### The challenge of asset quality under pressure

- Severe downward pressure on the economy, faster structural adjustment, accumulation of risks in the banking sector, and accelerated exposure of non-performing assets.

##### The challenge of growth slow-down of net operating income

- High prices of customer deposits, lowering prices of premium assets, declining interbank interest spread, and pressure on net interest margin;
- Continuous weakening economy of scale in development of the banking sector

##### The challenge of growing difficulty in management

- Intensifying volatility resonance of the global financial market , and normalization of "stringent regulation and heavy penalties";
- Successive implementation of the new regulations respectively regarding liquidity, asset management, provisioning and capital replenishment, and the new leasing standards.



#### ◆ Opportunities

##### Opportunities for deposit marketing and premium asset reserve

- The central bank maintains reasonably adequate liquidity; after the tax cuts and availability of fiscal resources, better funding situation for the real economy is expected;
- Infrastructure investment is picking up, and the government supports the development of the high-quality service industry, the advanced manufacturing industry and the strategic emerging industries, which drives asset demands.

##### Opportunities for growth of private companies and small and micro enterprise and great development of retail finance

- The central government provides targeted support to the development of small and micro enterprises and private companies, releasing huge policy dividends;
- Consumption upgrades and fin-tech prosperity usher in new development opportunities for retail finance.

##### Opportunities for regional coordinated development

- The government promotes high-quality development of the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macau Greater Bay Area and the Yangtze River Delta.

- Appropriateness of the prudent monetary policy
- Add-on effect of the aggressive fiscal policy
- Targeted support to private companies and small and micro enterprises
- Key regions spearheading high-quality development



## 3.Outlook and strategy

### (2) Business strategy

Adhere to the overall tone of “pursuing progress amid stability”, return to the basics of financial services, maintain strategic focus, accelerate structural adjustment, deepen business transformation and exert every effort to promote the transformation towards high-quality development

#### 1. Reinforce the essentials, cement the foundation and effectively return to the basics of customer management

- Practice the "customer orientation" business concept, vigorously expand the basic customer groups, manage core customers in more profound and thorough ways, solidify the customer base and improve the customer mix.
- Deepen the construction of the customer management system, tap customer value throughout their industry chains, reinforce customer service integration and comprehensively enhance the capability to provide customers with comprehensive financial services.

#### 2. Resolutely adjust structures for light-style development

##### Focus on deposits to adjust the liability structure

Focusing on transaction banking and settlement, we will exert all efforts to expand low-cost core deposits, flexibly adjust our active liability strategy, and promote the coordinated development of liability business.

##### Ride on opportunities to adjust the asset structure

Riding on the development opportunities of retail business, we will adjust and optimize the structure of corporate banking business, actively develop inclusive finance, and increase investment in premium assets.

##### Focus on fee-based income to adjust the income structure

We will vigorously develop fee-based business, focusing on investment banking, asset management, custody, credit card, settlement and agency businesses, and increase the proportion of non-interest income.

## 3.Outlook and strategy

### (2) Business strategy

#### 3. Guide growth with innovation and empower business development with technology

Regard financial technology as an important breakthrough in promoting innovation for development, and facilitate management innovation, product innovation, service innovation and technological innovation to support high-quality development.

##### Empower business development with technology

- Focus on online, modeled and chain-based marketing for corporate banking and rely on technological means such as cloud platforms and big data to implement the transaction banking strategy
- Accelerate the digital transformation of retail finance, promote smart management, smart marketing and smart services, and build a scenario-based service ecosphere, in a bid to create a low-cost cross-sector business platform
- Promote the construction of a “process-based bank” to improve customer experience, enhance management efficiency and reduce costs

##### Improve the institutional set-up and mechanism for innovation

- Set up a special fund and incentive funds to reward fin-tech innovation, encourage grassroots “micro-innovation”, create innovation experimental fields and release innovation vitality
- Create a cross-sector cooperation model, strengthen in-depth partnership with leading tech companies and research institutions, and study the establishment of incubators and start-up accelerators
- Accelerate the introduction and training of fin-tech talents, cultivate the digital thinking ability of middle and high-level managers, and build fin-tech teams with outstanding tech proficiency and competency.

## 3.Outlook and strategy

### (2) Business strategy

#### 4. Stick to the risk bottom line, conduct prudent and compliant business operation and improve risk management capabilities

##### Enhance quality in more solid ways to win the tough battle of risk prevention and control

- Reinforce the exit from high-risk customers and low-quality low-efficiency customers, strictly enforce the credit policy, strengthen the unified credit management of customers, and move risk management work to earlier stages by adjusting and optimizing the customer mix and business structure.
- Enhance the awareness of active risk management, build the capability for handling major risk incidents, strengthen the active management of problem assets, and improve risk prevention and control in key areas.

##### Conduct compliant business to construct a “SAFE CITIC Bank”

- At the cultural level: Deepen the construction of the risk and compliance culture, and cultivate all employees in rule awareness and a risk mindset that respects rules and regulations and sticks to the risk bottom line.
- At the institutional level: strengthen the closed-loop management of rules and regulations, and effectively put in place total-risk management, internal control and compliance, incidence prevention and regulatory policy implementation.
- At the regulatory level: reinforce audit supervision, strengthen accountability, intensify rectification of problems from the sources, and toughen targeted governance of incidence risks.



**Thank you for  
your attention!**