






Release of 2021 Annual Operating Results

March 2022

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Contents

➤ **Part I: Overview of Performance**

- I. Raised profitability and continuously improved income structure
- II. Improved asset quality and enhanced risk resilience
- III. Reasonably allocated assets to serve the real economy
- IV. Increased liabilities steadily and developed deposits with a balance maintained between volume and price
- V. Enhanced capital strength and consolidated the foundation of sustainable development
- VI. Raised the market position and increased brand perception

Part II: Transformation Progress

Part III: Development Strategies for Next Phase

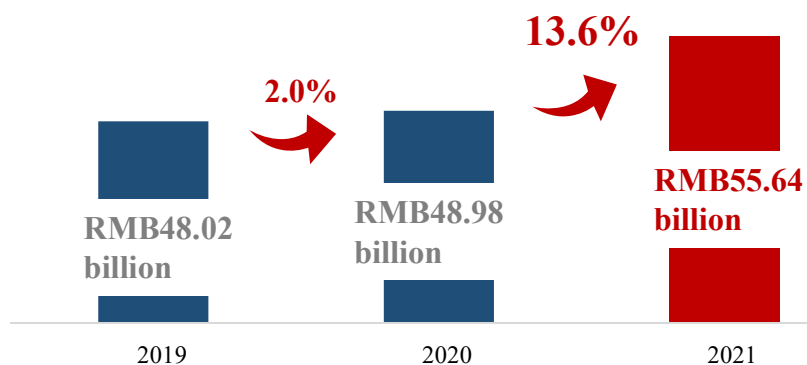
Overview of main indicators

Profit indicators	2021	Year-on-year increment	Growth rate
I. Net profit attributable to the equity holders	556.4	66.6	13.6%
II. Return on average assets (ROA)	0.72%	Up by 0.03 percentage points year-on-year	
III. Weighted average return on equity (ROE)	10.73%	Up by 0.62 percentage points year-on-year	
IV. Net operating income	2,045.6	98.3	5.1%
V. Net interest margin	2.05%	Down by 21 BPS year-on-year	
VI. Net non-interest income	566.6	124.5	28.2%
Non-interest net income ratio	27.7%	Up by 5 percentage points year-on-year	
VII. Operating expenses	597.4	78.4	15.1%
Cost-to-income ratio	29.2%	Up by 2.6 percentage points year-on-year	
VIII. Amount of allowance for impairment losses in the reporting year	770.5	-59.4	-7.2%
Scale indicators	End of 2021	Increment over the end of the previous year	Growth rate
I. Total assets	80,429	5,317	7.1%
II. Loans to customers	48,560	3,827	8.6%
III. Customer deposits	47,366	2,082	4.6%
Quality indicators	End of 2021	Increment over the end of the previous year	Growth rate
I. Balance of non-performing loans (NPLs)	674.6	-59.9	-8.2%
II. NPL ratio	1.39%	Down by 0.25 percentage points over the end of the previous year	
III. Balance of loan allowance	1,214.7	-46.3	-3.7%
IV. Allowance coverage ratio	180.07%	Up by 8.39 percentage points over the end of the previous year	
V. Ratio of allowance for impairment of loans to total loans	2.50%	Down by 0.32 percentage points over the end of the previous year	
Regulatory indicators	End of 2021	Change over the end of the previous year	
I. Capital adequacy ratio	13.53%	Up by 0.52 percentage points over the end of the previous year	
II. Tier-1 capital adequacy ratio	10.88%	Up by 0.70 percentage points over the end of the previous year	
III. Core tier-1 capital adequacy ratio	8.85%	Up by 0.11 percentage points over the end of the previous year	

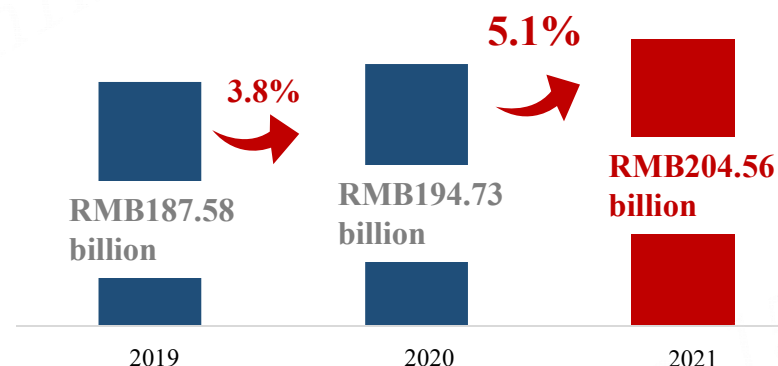
Unit:
RMB100
Million

I. Raised profitability and continuously improved income structure

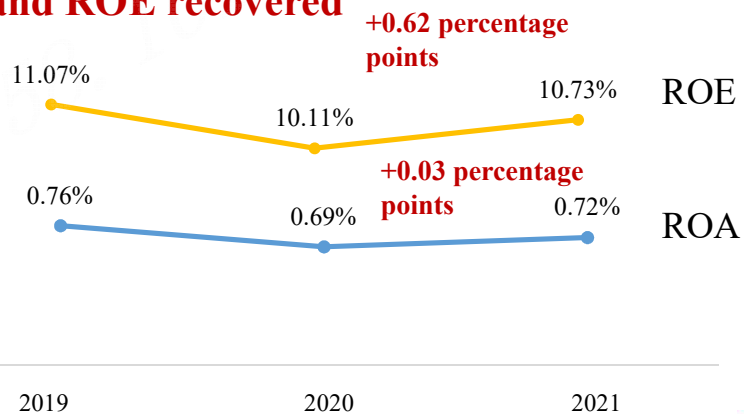
Net profit increased at a faster pace



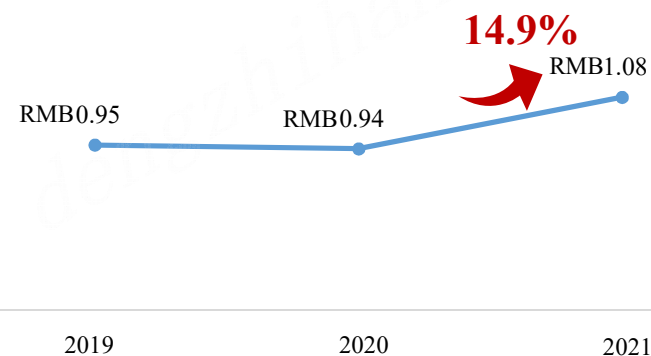
Net operating income grew steadily



ROA and ROE recovered

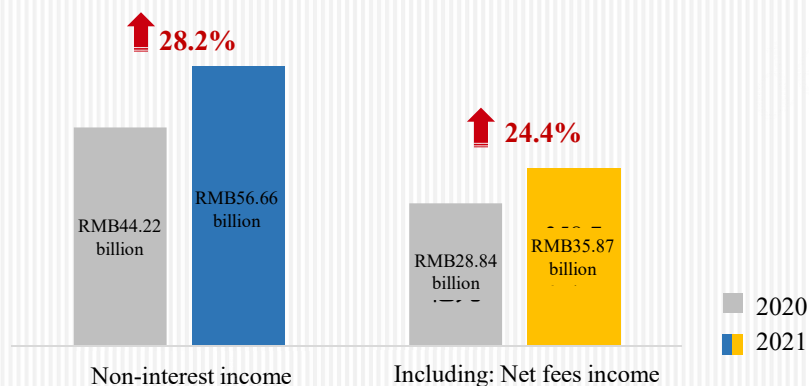


Earnings per share rose significantly

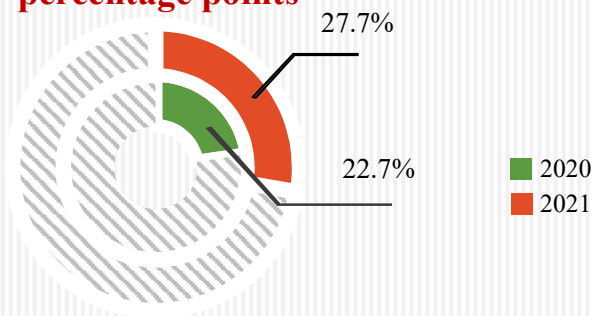


I. Raised profitability and continuously improved income structure

The light capital transformation was deepened, and the net non-interest income soared, with ratio increased

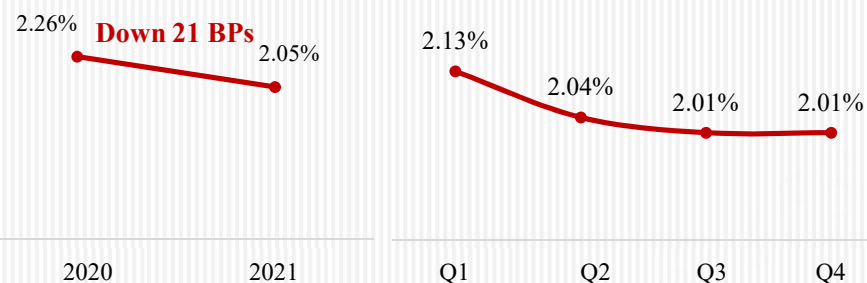


Net non-interest income ratio **up 5 percentage points**



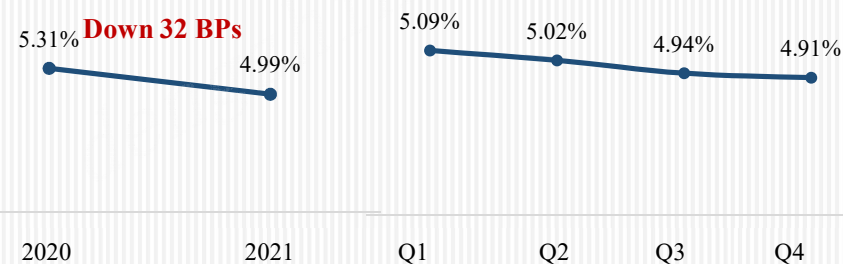
Net interest margin moved in the same direction as the market, remaining steady in the second half of the year

Change in net interest margin Movement by quarter



Change in loan yield

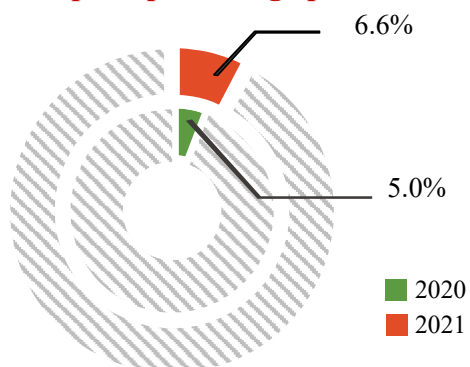
Movement by quarter



I. Raised profitability and continuously improved income structure

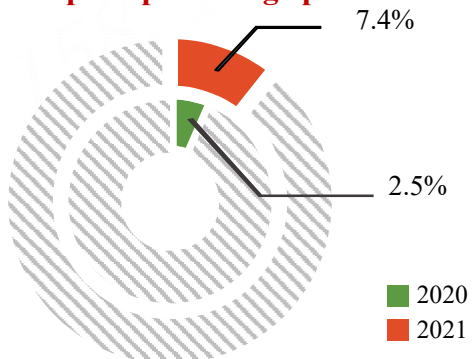
Proportion of net operating income contributed by subsidiaries

Up 1.6 percentage points

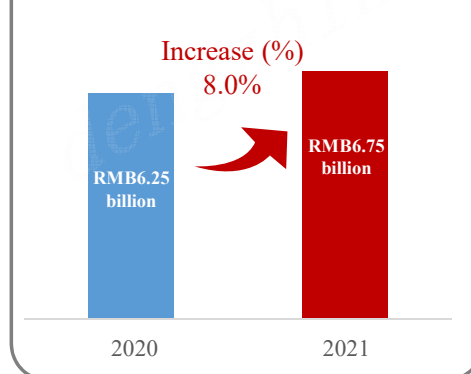


Proportion of net profit contributed by subsidiaries

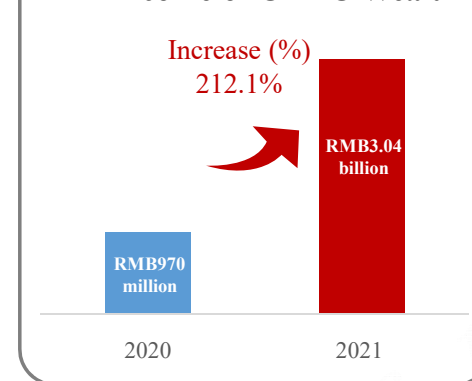
Up 4.9 percentage points



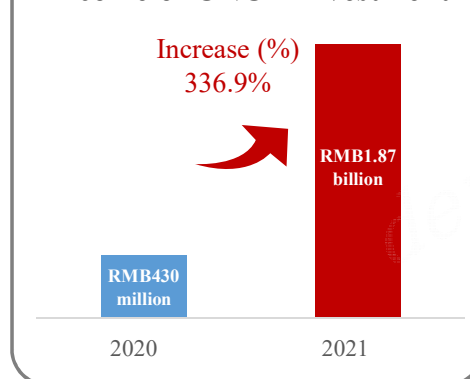
Income of CIFH



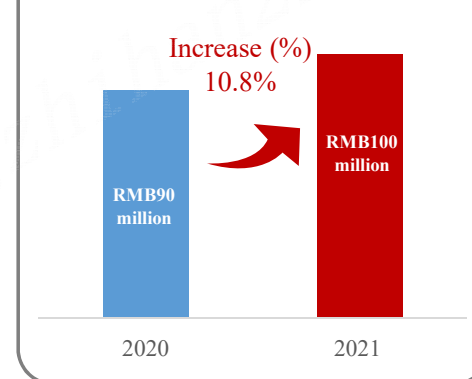
Income of CITIC Wealth



Income of CNCB Investment

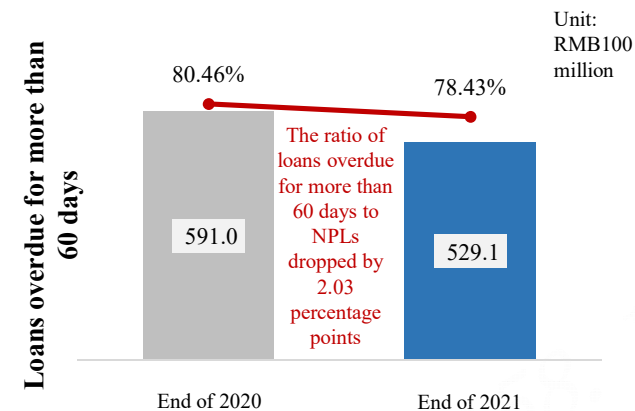
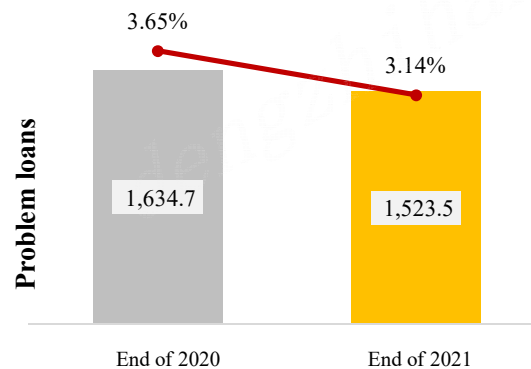
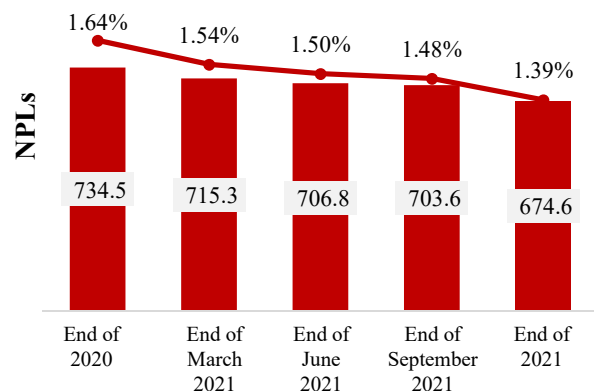


Income of Rural Bank

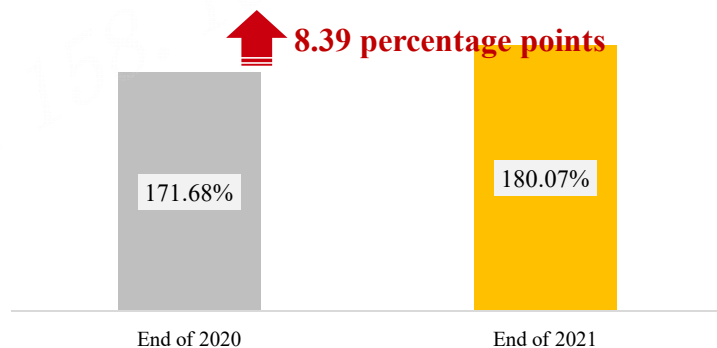


II. Improved asset quality and enhanced risk resilience

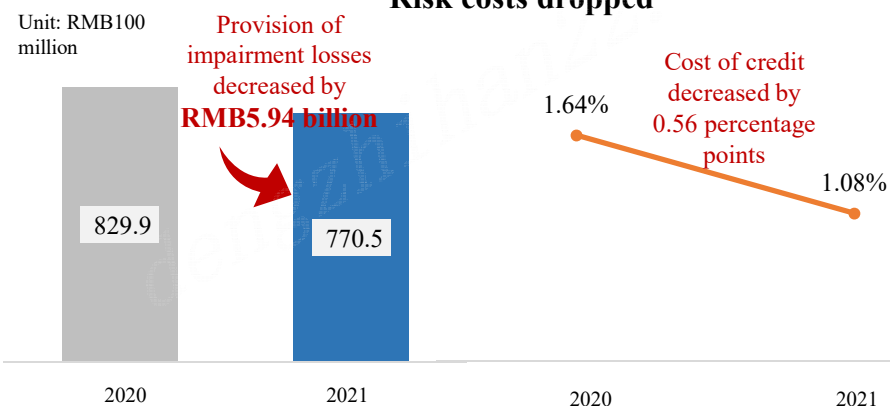
Balance and ratio of NPLs both declined



Allowance coverage ratio rose amid stability

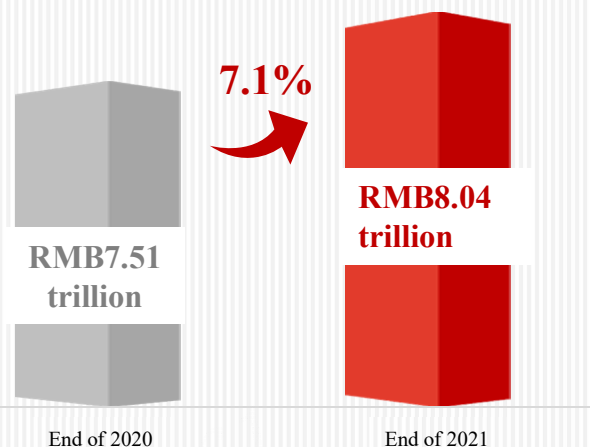


Risk costs dropped

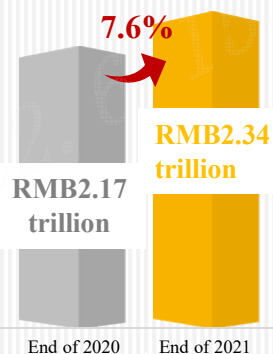


III. Reasonably allocated assets to serve the real economy

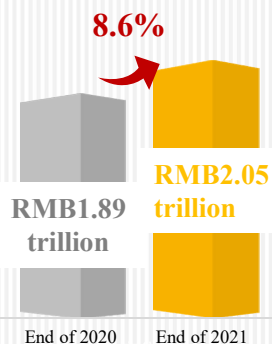
Total assets exceeded RMB8 trillion, up by 7.1%



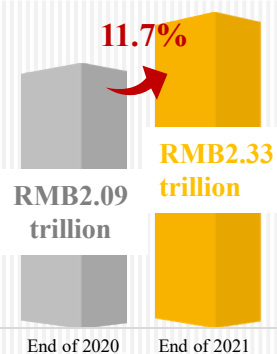
General corporate loans



Retail loans



Financial investments



Resources were primarily allocated to key areas

Green finance

Green credit

2021 **140.8%** ↑

RMB200.1 billion

Innovation in green financial instruments

- The Bank issued the market's first public bond fund with the "carbon neutral" theme with the amount of RMB2.5 billion
- Up to 11 carbon-neutral structured deposit products were issued.

Loans to strategic emerging industries

70.2% ↑

2021 **RMB310.6 billion**

Medium- and long-term manufacturing loans

27.2% ↑

2021 **RMB132.8 billion**

Inclusive financial loans

21.8% ↑

2021 **RMB395.8 billion**

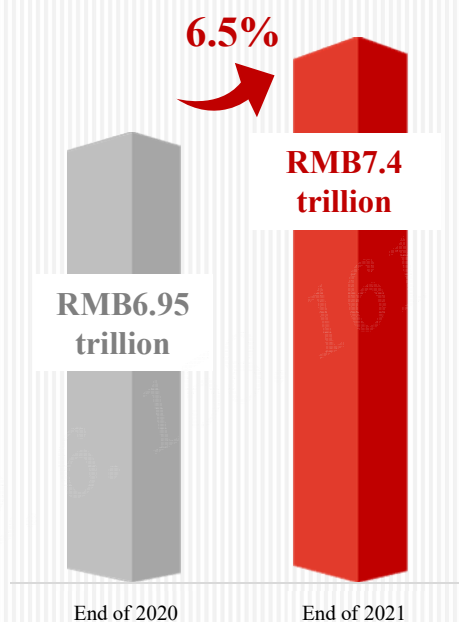
Note: Data of the business scale in key areas is presented by the Bank's standard.

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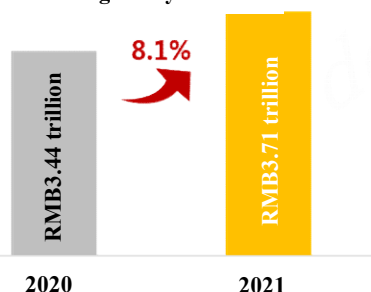
IV. Increased liabilities steadily and developed deposits with a balance maintained between volume and price

Total liabilities stood at RMB7.4 trillion, up by 6.5%

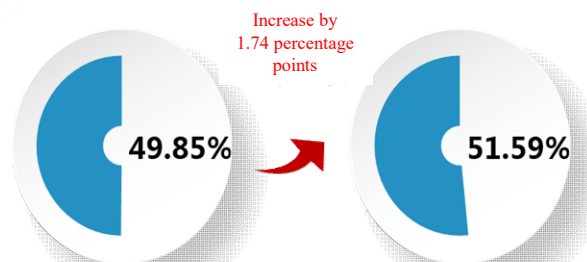


In terms of corporate deposits

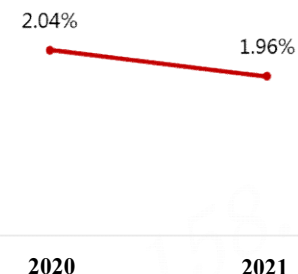
Average daily balance



Proportion of demand deposits

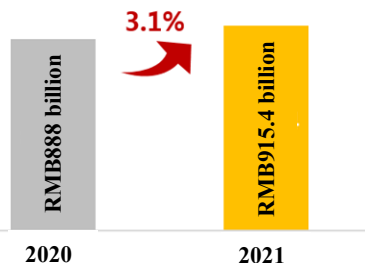


Deposit cost rate

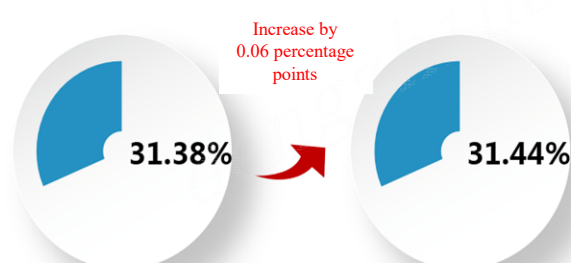


In terms of retail deposits

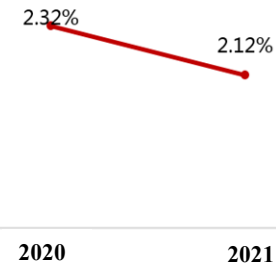
Average daily balance



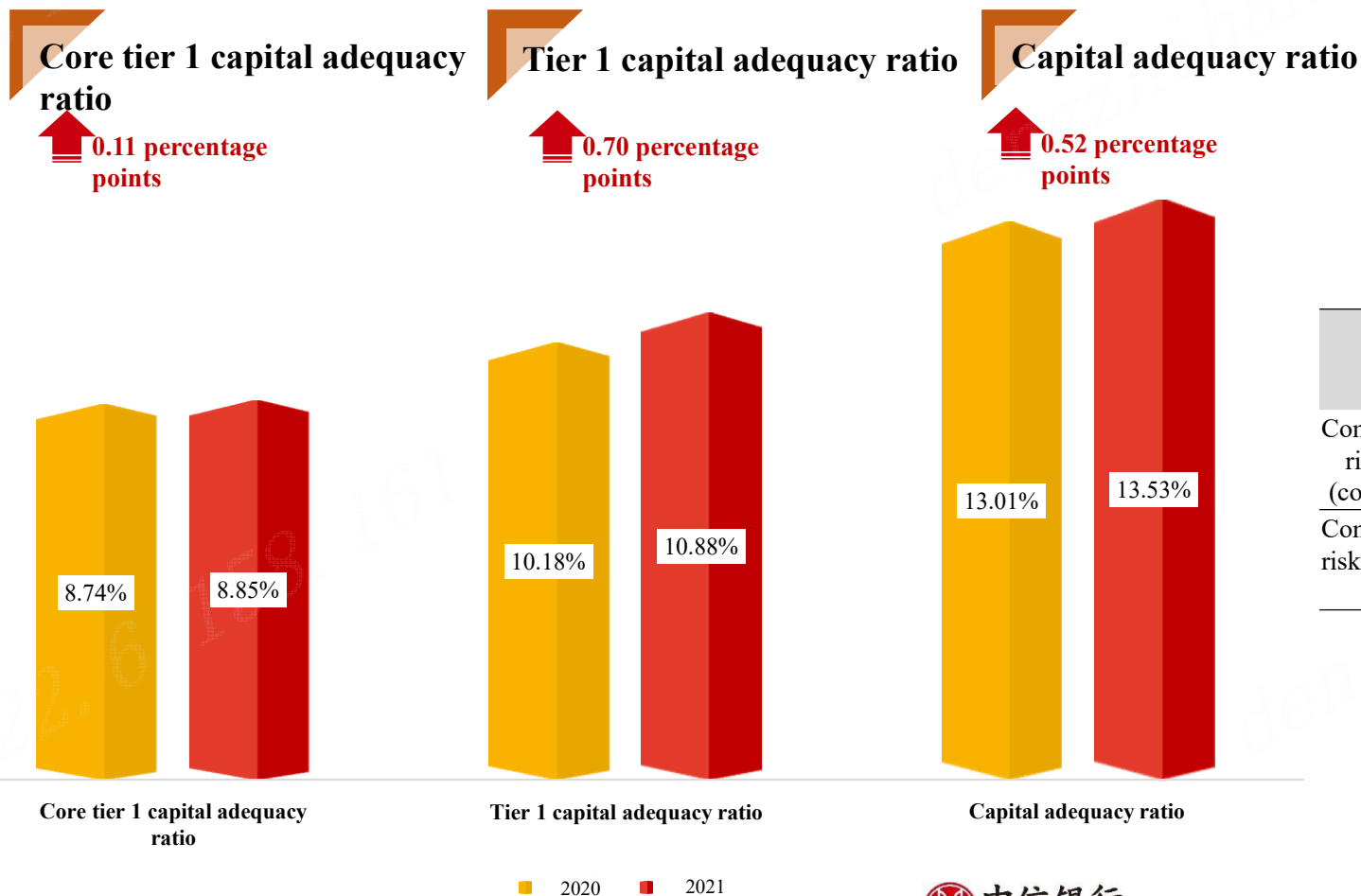
Proportion of demand deposits



Deposit cost rate



V. Enhanced capital strength and consolidated the foundation of sustainable development



Comprehensive risk weight

Item	2021	Over 2020	Over 2019
Comprehensive risk weight (consolidated)	71.90%	Up by 0.10 percentage points	Down by 3.85 percentage points
Comprehensive risk weight (the Bank)	69.89%	Down by 0.09 percentage points	Down by 3.91 percentage points

VI. Raised the market position and increased brand perception

The Banker

- **The Banker:**
 - **The 16th, up by five positions**, on its list of the "Top 500 Banking Brands"
 - **The 24th, up by two positions**, on its list of the "Top 1,000 World Banks" in terms of tier-one capital

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY

- **The Asian Banker:**
 - "Annual Family Heritage Service" Award
- **The Asian Private Banker**
 - "Best Private Bank among the Joint-stock Banks in China"

- **Shanghai Commercial Paper Exchange:**
 - "Excellent Trading Institution", "Excellent Acceptance Institution", and "Excellent Discounting Institution"



- **China Foreign Exchange Trade System**
 - "Best Foreign Currency Lending Member in the Interbank Foreign Currency Money Market"
 - "Best RMB/FX Market Maker in the Interbank Foreign Exchange Market"
- **National Interbank Funding Center**
 - "Core Dealer in the Interbank Local Currency Market"

21世纪经济报道
21ST CENTURY BUSINESS HERALD

- **21st Century Business Herald:**
 - "Excellent Bank for Corporate Banking"
 - "Best Bank for Auto Financial Services"
 - "Bank for Inclusive Financial Business"



Caijing Magazine

"Most Valuable Custodian Bank of the Year"



Hexun.com

"Excellent Bank for Wealth Management"



FX-Markets

"Best Foreign Exchange Trading Bank in China"



National Association of Financial Market Institutional Investors
"First Lead Underwriters of Carbon-neutral Bonds"



China Academy of Information and Communications Technology
Data Lake awarded "Excellent Case of Industry Big Data Application"



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Contents

Part I: Overview of Performance

➤ Part II: Transformation Progress

- I. Produced initial results in the "Action for Developing Core Business Capabilities"
- II. Deepened business transformation
- III. Achieved remarkable results in customer management
- IV. Achieved synergy at a faster pace
- V. Gained breakthroughs in the digital transformation
- VI. Continuously enhanced risk control capacity

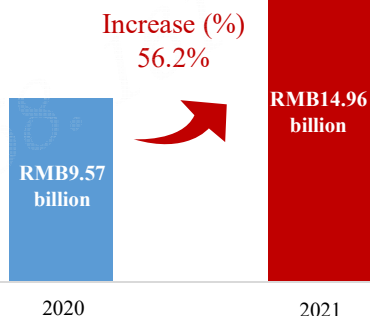
Part III: Development Strategies for Next Phase

I. Produced initial results in the "Action for Developing Core Business Capabilities"



Wealth under management
RMB3.66 trillion

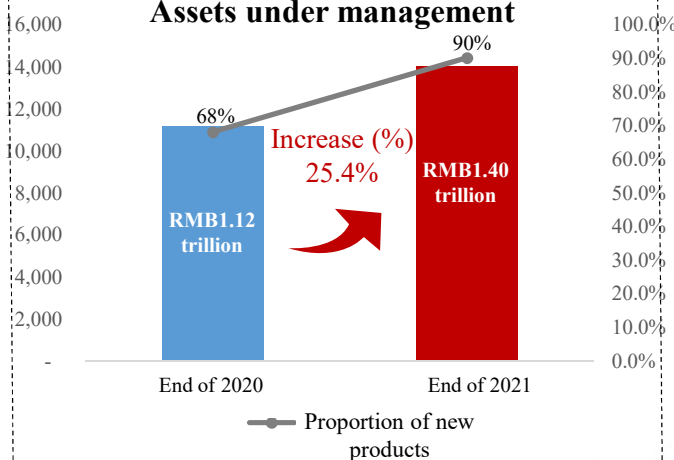
Income from mega wealth management



Note: Income from mega wealth management includes that from wealth management, agency sales, and custody.



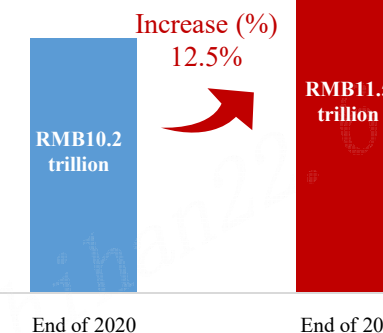
Assets under management



- ✓ Number of CITIC Wealth customers reached 6,066,000
- ✓ Volume of new products accounted for 90%



Comprehensive financing scale



Comprehensive financing reached **RMB11.5 trillion**, up by 12.5%.

Specifically, non-traditional business such as wealth management and bond underwriting amounted to **RMB2.2 trillion**, up by 23.7%.

Note: Comprehensive financing includes loans, financial investment, interbank assets, off-balance guarantees & commitments, non-risk-bearing wealth management products, and bond underwriting.

II. Deepened business transformation

Taking wealth management as the driving force, the Bank vigorously promoted the "new retail" transformation

Organizational change was deepened

The Head Office's organizational structure was optimized

- ✓ Integrating the Digital Banking Department, the Remote Center, and offline wealth management teams, the Head Office established the Wealth Management Department to promote "serving all customers with a full range of products through all channels". The integration of retail banking was accelerated at the level of mechanism and system to improve the efficiency of resource allocation.

Retail teams of branches were expanded

- ✓ The number of frontline wealth managers increased by **15%**.
- ✓ The number of remote channel operators rose by **22%**.

Business scale led the industry

RMB3.48 trillion **RMB2.05** trillion
Retail assets under management Retail credit

Business structure was improved continuously

80.8% **↑23** percentage points
Proportion of investment and wealth management business to total AUM increment

11.8% **↑3.5** percentage points
Proportion of the balance of personal credit loans to total personal loans

Featured business maintained the advantages

Over **100** million **20.5%**
Total number of credit cards issued Growth of the assets of private banking customers under management

18.4% **14.5%**
Growth of the assets of overseas finance customers under management Growth of the assets of pension finance customers under management

Capacity building was strengthened

Opening-up of customer service

- ✓ By deepening the establishment of ecological scenarios such as elderly care, going abroad, and comfortable housing, the Bank cooperated with internal and external partners to provide customers with comprehensive services.

Professional product creation

- ✓ Using the leverage of the investment research and advisory capabilities of the Group's financial subsidiaries, the Bank established the General Asset Allocation Committee to jointly offer professional investment advisory.

Synergistic channel services

- ✓ The Bank strengthened the collaboration among all its channels, optimized its app, launched services on WeCom, and increased workforce for remote assistance.

Digital operation and management

- ✓ With the "M+ platform" as one body and the "AI marketing platform and WeCom" as two wings, based on digital and intelligent engines, the Bank gained deep insights into customer needs.

II. Deepened business transformation

Taking the system construction as the main line, the Bank consolidated and enhanced its competitiveness in corporate banking

System construction was deepened continuously



Integration of customer management:

- The Bank optimized customer classification, introduced "channel + scenario" and "industry + chain" operation, and promoted its "100 key customer acquisition channels and 1,000 customer acquisition" project to expand base customers.



Integration of product system:

- The Bank transformed to a "service intermediary" by building a "mega investment bank" ecosystem.
- The Bank transformed to "traffic-based operation" by reshaping its "mega commercial bank" specialties.
- The Bank transformed to "financing + intelligence" by cultivating the "extensive synergy" scenario.

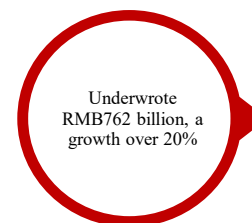


Integration of management mechanisms:

- Empowerment was given by product departments to customer departments, by middle and back offices to front offices, and by the Head Office to the frontline.
- With greater efforts in team development, the Bank cultivated excellent customer managers and product managers.

Advantages of featured business was consolidated

Bond underwriting
ranked 1st in the market



International business
ranked among the top



Auto finance
continued to lead



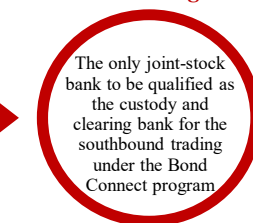
Transaction banking
grew rapidly



Institutional banking
consolidated the advantages



Custody business
achieved breakthroughs



II. Deepened business transformation

Taking integration of business with interbank customers as the starting point, the Bank created its competitive advantages in financial market business

The system of integrated business with interbank customers were established

Critical breakthroughs

- The Bank gained breakthroughs in customer management, with the focus on five major industrial customers, including securities, funds, urban/rural commercial banks, factor market, and cross-border customers.

Synergy within the Group

- Leveraging the advantage of the Group's full range of financial licenses, the Bank intensified the synergy among the financial subsidiaries and explored the competitive edge that differentiates it from interbank customer services.

Management innovation

- The Bank established an interbank customer management system and mechanism with CITIC characteristics, achieving innovation in management methods, implementation paths, synergy within the Bank, and supporting services.

The competitive advantage in financial market business were notable

Contribution of return on investment increased

With strengthened market research and optimized investment strategy, the Bank's return on bonds and other investment reached RMB17,866 million, a year-on-year increase of 32.3%.

Bills became more capable of serving the real economy

Both direct discounted and rediscounted notes exceeded RMB1 trillion, among which green credit discounting business reached RMB50.3 billion. The Bank served 11,700 corporate banking customers, of which 7,423 or 63.40% were micro and small enterprises.

FX market making ranked among the top

The Bank actively met customers' diverse needs such as hedging and investment, completing USD2.12 trillion forex market making transactions, a year-on-year increase of 25.4%

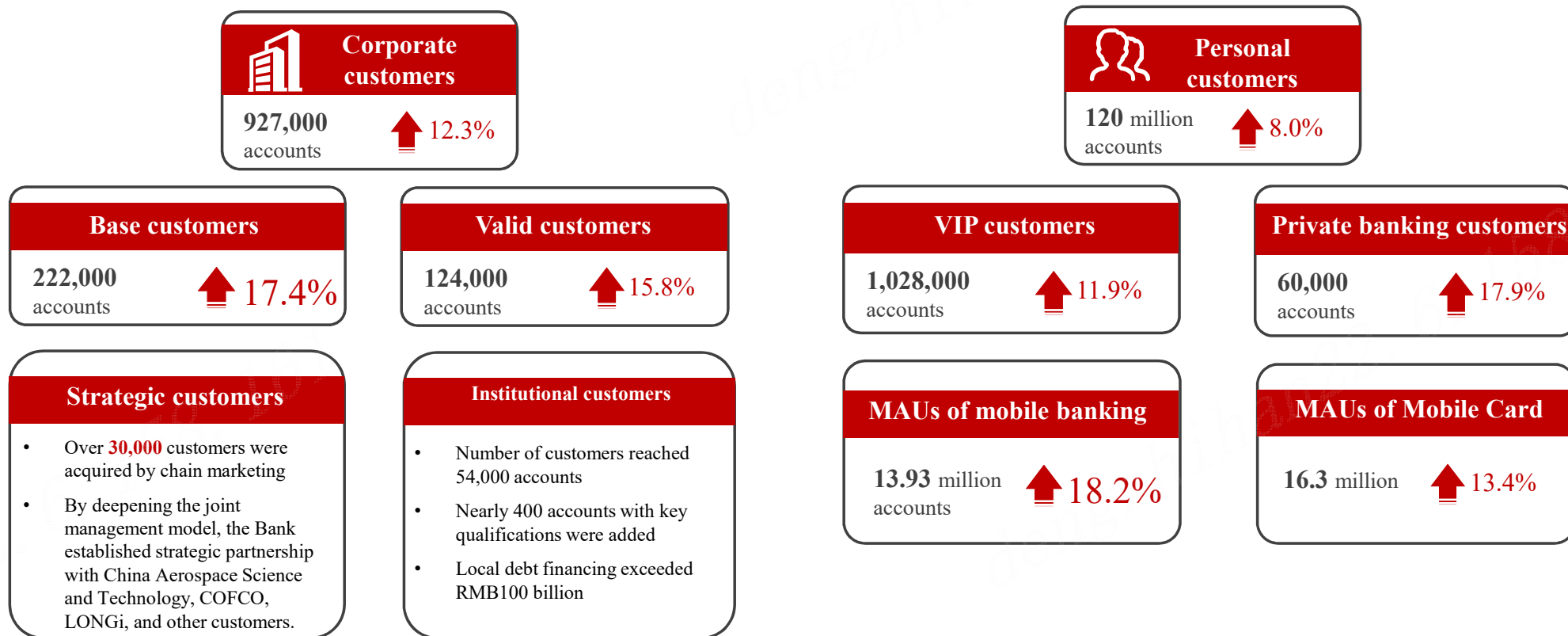
The position of money market core dealer was consolidated

The Bank recorded RMB24.86 trillion in total volume of RMB money market transactions.

III. Achieved remarkable results in customer management

- The Bank gained results in building the management system for small- and medium-sized corporate customers, with base and valid customers increasing 1.8 and 2.3 times over the previous year, respectively.

- The Bank made new breakthroughs in retail customer acquisition. VIP customers exceeded 1 million accounts, and private banking customers surpassed 60,000 accounts.



IV. Achieved synergy at a faster pace

Under the "One CITIC, One Customer" philosophy, the Bank enhanced the Group's major synergy platform to release synergistic advantages.



V. Gained breakthroughs in the digital transformation

Investment in science and technology increased continuously



From 2018 to 2021, investment in science and technology totaled **RMB24.5 billion**, a compound annual growth of **19%**.

In 2021, investment reached **RMB7.54 billion**, accounting for **3.68%** of income, up by **0.97 percentage points** compared to 2018.



In 2021, technology personnel amounted to nearly **4,300**, accounting for nearly **8%** of the Bank's total employees.

Digital infrastructure was solidified



The Bank deepened the system of field responsibility, with **77%** of technology personnel integrated into the business. The number of business demand delivery throughout the year increased by **73%** year on year, and the delivery timeliness was sped up by **35%** year on year.



The cloud rate of infrastructure reached **99.6%**, and the system operation and maintenance cost of a single transaction decreased by **20.1%**.



The Lingyun Project won the Financial Technology Development Award - **First Prize** from the **PBOC**.



The CITIC solution for uncommon characters won the Financial Technology Development Award - **Second Prize** from the **PBOC**.



The blockchain platform led the industry and was replicated and promoted in various entities such as PipeChina.



The Bank was the first in the industry to achieve "**Excellent**" in technology operation and maintenance, with the maturity of operation and maintenance capability **ranking 1st among joint-stock banks for three consecutive years**.

Potential of empowerment business was released



CITIC Brain's smart recommendation engine was triggered **200 million+** yearly, contributing to over **RMB200 billion** of wealth management sales.



The credit card intelligent model system helped achieve **billion-level** income generation and efficiency improvement.



The Bank established digital ecological scenarios such as automobiles and housing, serving over **7.2 million** users, with total treasury transactions exceeding **RMB640 billion**.



The inclusive digital credit factory raised the efficiency of new product development by **75%** through streamlined operations, modular assembly, and open docking.



The centralized trading platform of the financial market achieved automatic, intelligent market making and trading. The quotation volume of the local currency market making subsystem exceeded **RMB10 trillion**, a year-on-year increase of over **10 times**.

VI. Continuously enhanced risk control capacity



Item	2021	Change
New NPL ratio	1.74%	Down by 0.58 percentage points
Migration rate of pass loans to NPLs	1.93%	Down by 0.63 percentage points
Recoveries of loans previously written off	96.27	Increase by RMB1.5 billion

Note: New NPL ratio = (Annual increase of NPLs + disposed NPLs throughout the year) / Average of the opening and ending balance of NPLs.

Risk management system was improved

The Bank deepened its risk management system in which risks can be put under control and development can be boosted

- The Bank intensified industry research and enhanced the synergy of credit policies, approval standards, marketing guidelines, and resource allocation policies.
- The Bank reshaped the post-lending and post-investment management systems.
- The Bank strengthened the consolidated risk management among subsidiaries.
- The Bank deepened intelligent risk control and improved the capabilities of risk identification and early risk warning.

Full efforts were made to control new risks

- The Bank established a sound system for dedicated approvers to improve approval capabilities.
- The Bank enhanced the management and control of credit concentration through manual and technological defense.
- The Bank moved forward the threshold of risk mitigation by focusing on strengthening the classification of pass customers.

Disposal was accelerated

- The Bank mitigated and disposed of key problem customers by applying one policy for one account.
- The Bank completed the remediation of the existing business during the transition of the New Rules on Asset Management.
- The Bank intensified collaborative disposal among the Group's subsidiaries and deepened the platform for special asset management.

Contents

Part I: Overview of Performance

Part II: Transformation Progress

➤ **Part III: Development Strategies for Next Phase**

I. Outlook

II. Priorities in 2022

I. Outlook



As the economic and financial condition is expected to be more severe and complex in 2022, banks will face opportunities and challenges in their operation and management and should therefore pay attention to the following five aspects:

- 1 The impact of fiscal and monetary policy adjustments
- 2 The impact of deepening supply-side structural reform
- 3 The impact of capital market expansion and acceleration
- 4 The impact of the continuous advancement of common prosperity
- 5 The impact of preventing and mitigating material risks

II. Priorities in 2022

The Bank will adhere to the principle of "prioritizing stability and pursuing progress amid stability", focus on "stabilizing interest margin, increasing fee-based business income, reducing NPLs and attracting more customers", and promote the "Action for Developing Core Business Capabilities". It will speed up the high-quality development by optimizing the system, adjusting the mechanisms, improving capabilities, and increasing vitality.



To speed up the release of the "new retail" transformation momentum

- Taking wealth management as the driving force, the Bank will deepen the "five expertise" customer relationship and strengthen opening-up and integration to release the effectiveness of digital management.

To rebuild the competitiveness of corporate banking

- The Bank will improve comprehensive financing service capabilities in key areas, deepen the management system for small- and medium-sized customers, and strengthen team development.

To raise the value contribution of financial market business

- The Bank will deepen the integrated business with interbank customers and focus on key industries and customers to build professional advantages, thereby raising value contribution.

To advance synergy and integration with the reliance on the financial holding platform

- The Bank will make joint efforts to build the "CITIC Wealth of Happiness" brand and cultivate capital market business so as to create the CITIC industry and finance ecosystem.



To strengthen system construction and raise risk control capabilities

- The Bank will speed up in clearing the existing risks, strictly prevent and control incremental risks, and continue to improve risk management and internal compliance systems.

To cultivate lean management to empower business development

- The Bank will intensify the overall management of assets and liabilities, deepen the reform of human resources, and improve the organization of science and technology.



Thank you!