

CICC 1H2018 NDR Presentation



August 2018

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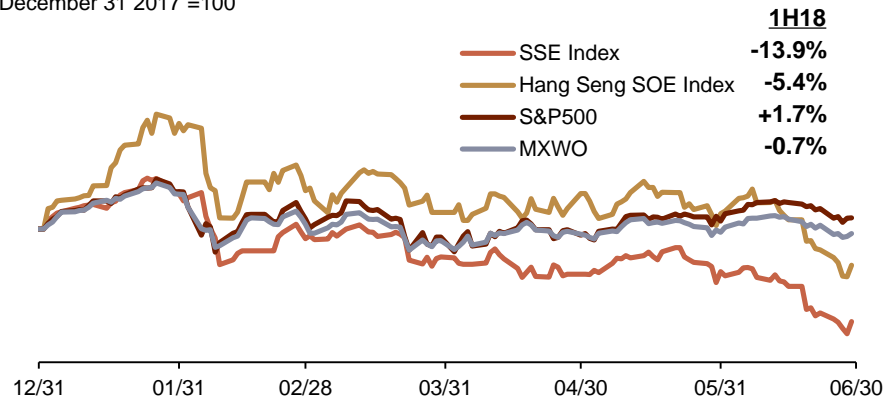
Section I

Operating Environment

A-share Market Down Significantly with Low Liquidity, Hong Kong Market Down but Active

Emerging Stock Markets Down, A-share Market Underperformed

December 31 2017 =100

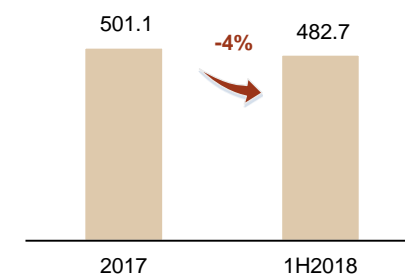


Source: Bloomberg

A-share Trading Volume Shrank, HK Stock Trading More Active

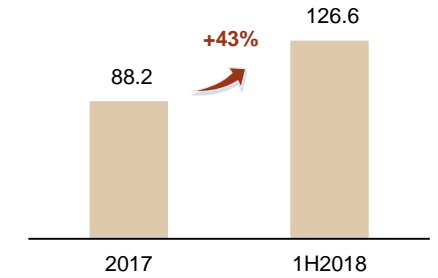
RMB bn

A-share ADTV



HKD bn

HK Stock Market ADTV

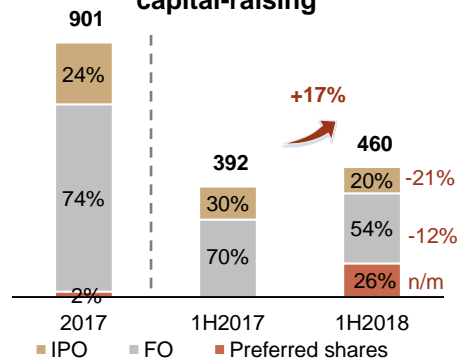


Source: Stock exchanges

A-share IPO Slowed, Hong Kong Equity Capital-Raising Surged 115%

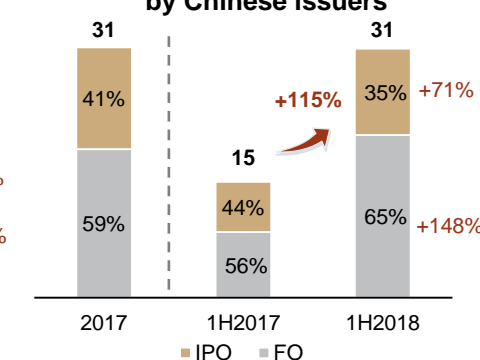
RMB bn

A-share equity capital-raising



USD bn

HK equity capital-raising by Chinese issuers

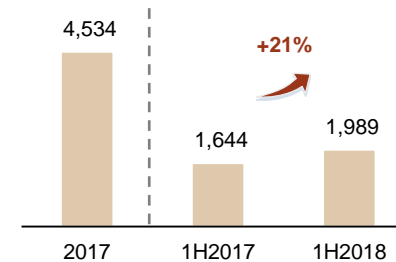


Source: Wind & Dealogic

Domestic Debt Capital-Raising Grew, Overseas Debt Capital-Raising by Chinese Issuers Flattish

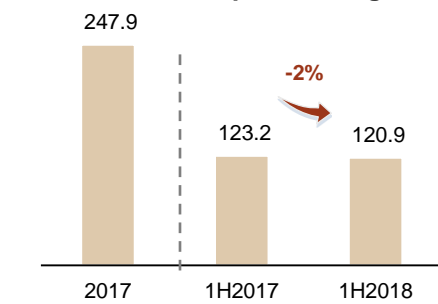
RMB bn

Domestic Credit Bond offerings underwritten by securities firms



USD bn

PRC-based overseas debt capital-raising

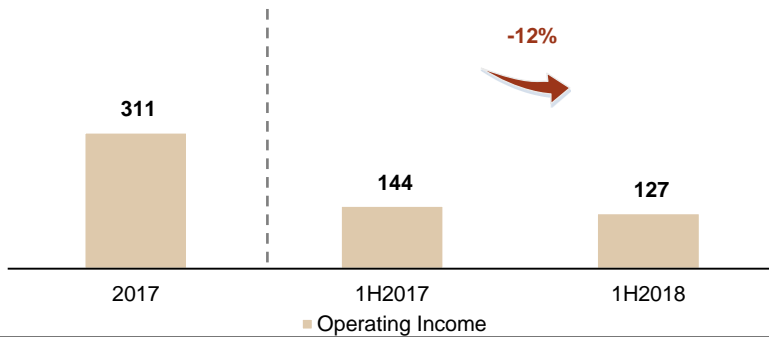


Source: Wind & Dealogic, overseas bond offerings by Chinese issuers include exchangeable bond, excluding CD

Securities Industry: Operating Income / Net Profit Fell Double Digits, Traditional Chinese Brokers Struggled

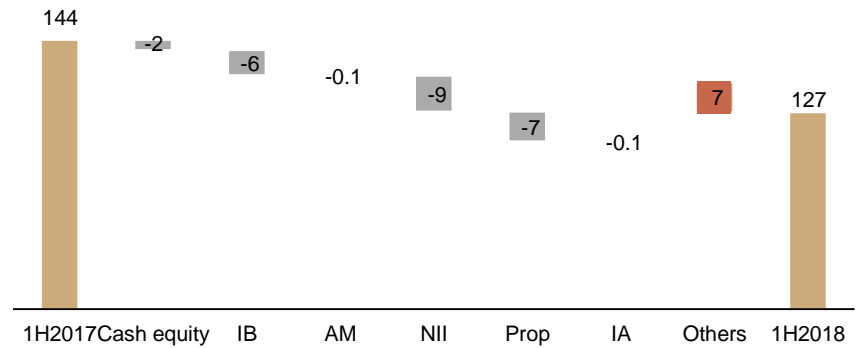
Industry Operating Income Declined YoY

RMB bn



Source: Securities Association of China

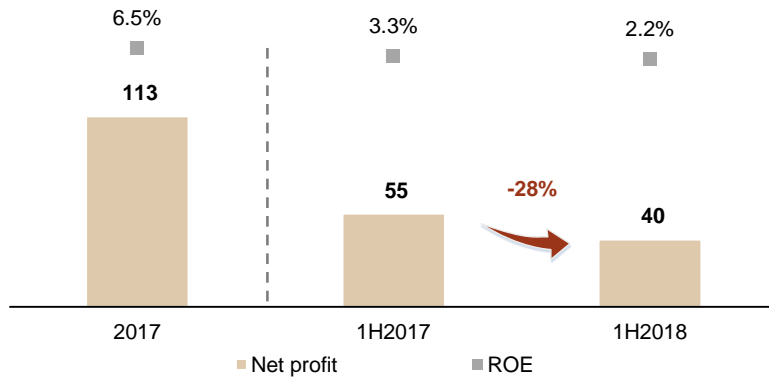
Operating Income of All Major Business Lines Declined



Note: Cash equity only includes net revenue from securities sales on behalf of clients (including seat rental). Others include equity investment gains and other income

Net Profit Fell 28%

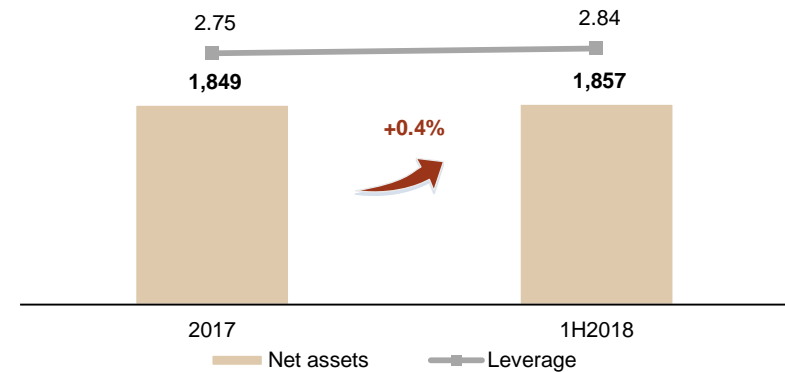
RMB bn



Source: Securities Association of China

Leverage Stable at Low Level

RMB bn



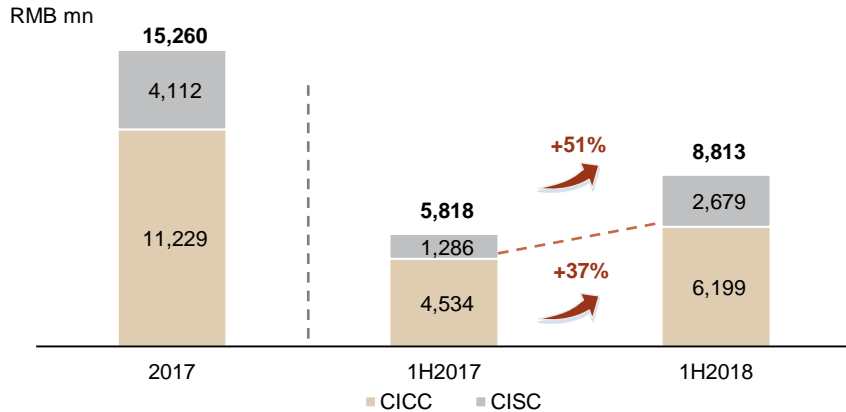
Source: Securities Association of China
Note: Client assets excluded in computing total assets

Section II

Financial Performance

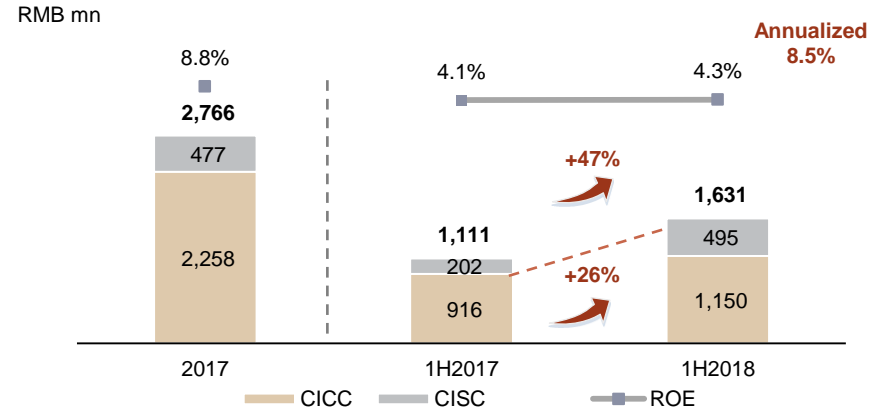
CICC Group: Revenue and Net Profit Grew by Double Digits, ROE Improved

Consolidated Revenue Grew 51%, CICC Standalone Grew 37%



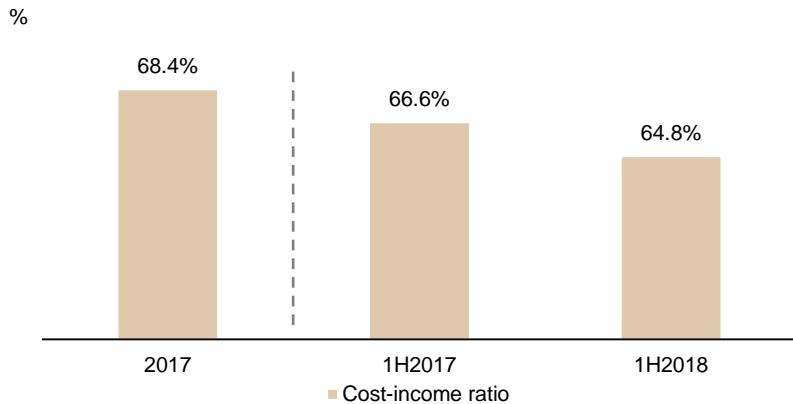
Note: Total revenue and other income. Differences due to reconciliation in consolidated financials

Consolidated Net Profit Grew 47%



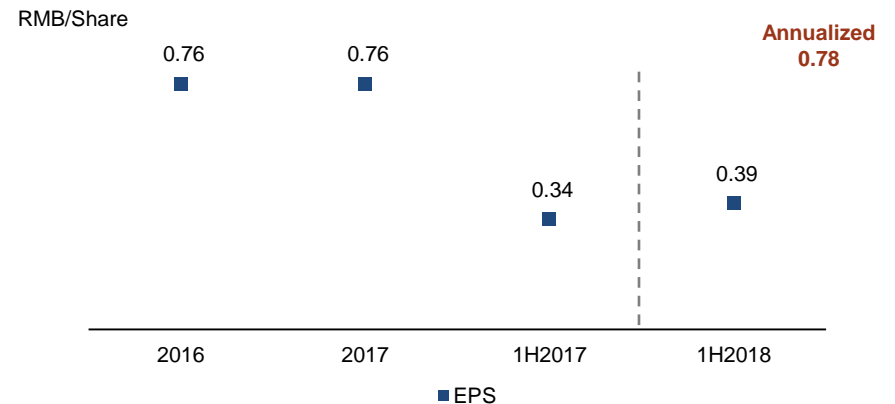
Note: Net profit refers to net profit attributable to shareholders / equity holders and other equity instrument holders of our Group.

Cost-Income Ratio Down to 64.8%



Note: Cost-income ratio = operating expense (revenue and other income – interest expense – fee and commission expense) under IFRS

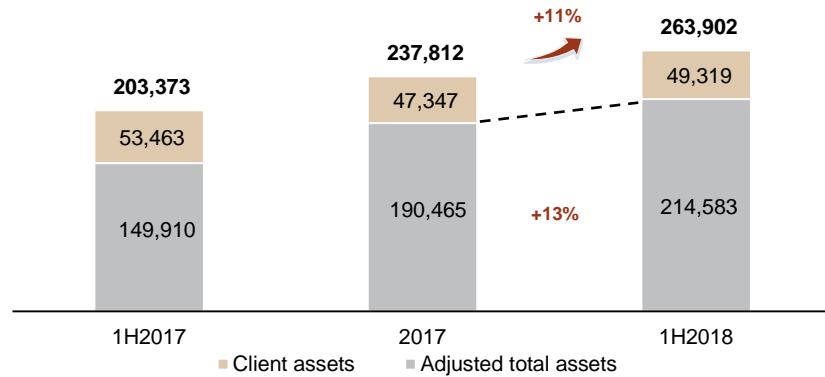
EPS Improved



CICC Group: Balance Sheet Grew Moderately, Leverage Stable

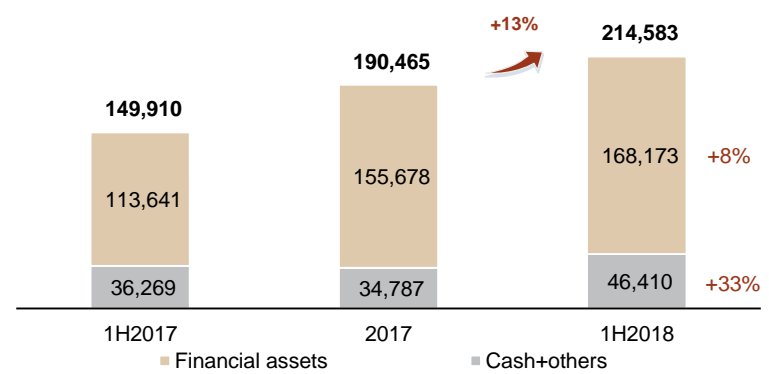
Adjusted Total Assets Grew

RMB mn



Liquidity Also Grew

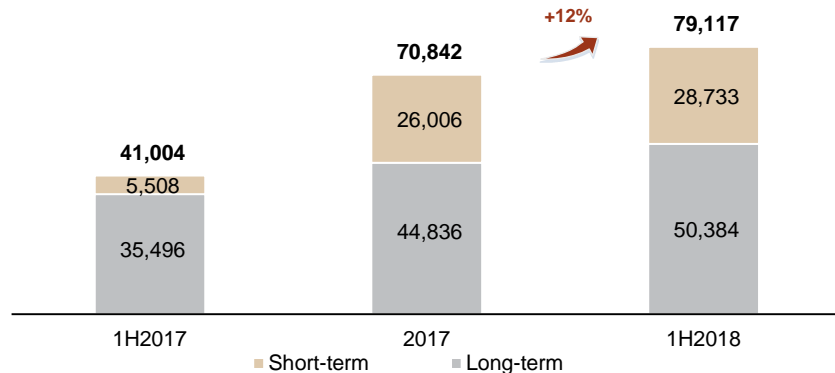
RMB mn



Note: Financial assets = financial assets at fair value through profit or loss + financial assets under repurchase agreements + funds out-financed + derivatives + financial assets available for sale

Majority of Debts in Long-term

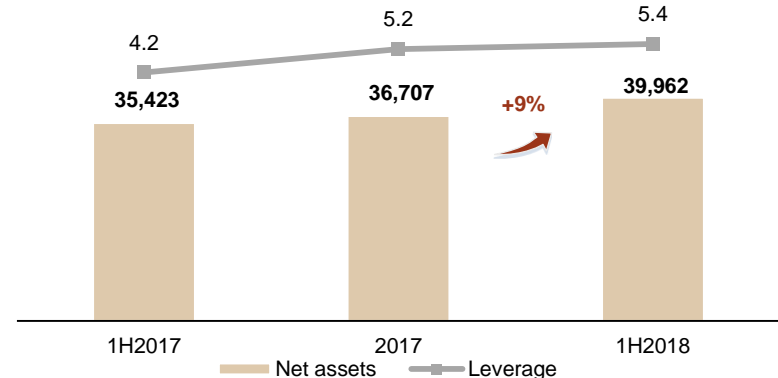
RMB mn



Note: Other liabilities include REPOs, accounts payable to brokerage clients, and financial liabilities at fair value through profit or loss.

Leverage Managed at a Stable Level

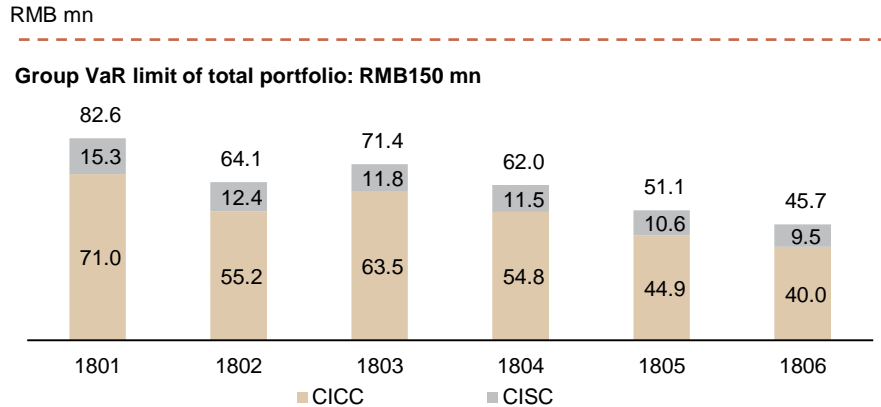
RMB mn



Note: Net assets refer to Total equity attributable to shareholders of the Company and holders of other equity instruments. Accounts payable to brokerage clients have been deducted in calculating the leverage ratio.

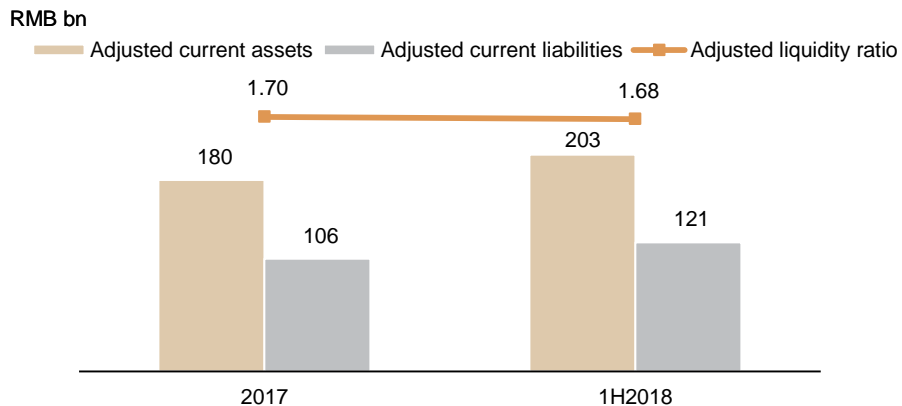
Major Risk Control and Financial Management Indicators Remained Healthy

Monthly Ending VaR Remained Low



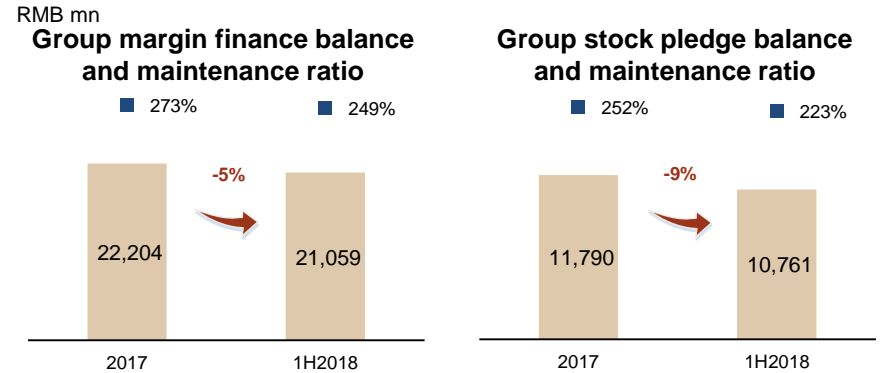
Note: VaR of the total portfolio hit RMB94.7 mn in 1H18

Adjusted Liquidity Ratio Remained Strong



Note: Adjusted liquidity ratio = (current assets – accounts payable to brokerage clients) / (current liabilities – accounts payable to brokerage clients)

Maintenance Ratio of Margin Finance Business at a Reasonable Level



Note: In 2017, CITICS, Haitong and Huatai reported margin finance maintenance ratio stood at 300%, 267%, and 304% respectively, and stock pledge maintenance ratio stood at 246%, 232% and 238%, respectively

Key Regulatory Indicators Healthy

Regulatory indicators	2017	1H2018	Alarming Line	Regulatory Line
Risk reserve coverage ratio	137.2%	161.0%	≥120%	≥100%
Capital leverage ratio	10.4%	11.9%	≥9.6%	≥8%
Liquidity coverage ratio	354.8%	283.1%	≥120%	≥100%
NSFR	129.4%	163.1%	≥120%	≥100%
Net capital / net assets	57.5%	65.5%	≥24%	≥20%
Equity position / net capital	51.2%	29.7%	≤80%	≤100%
Fixed income position / net capital	269.9%	254.3%	≤400%	≤500%

Section III

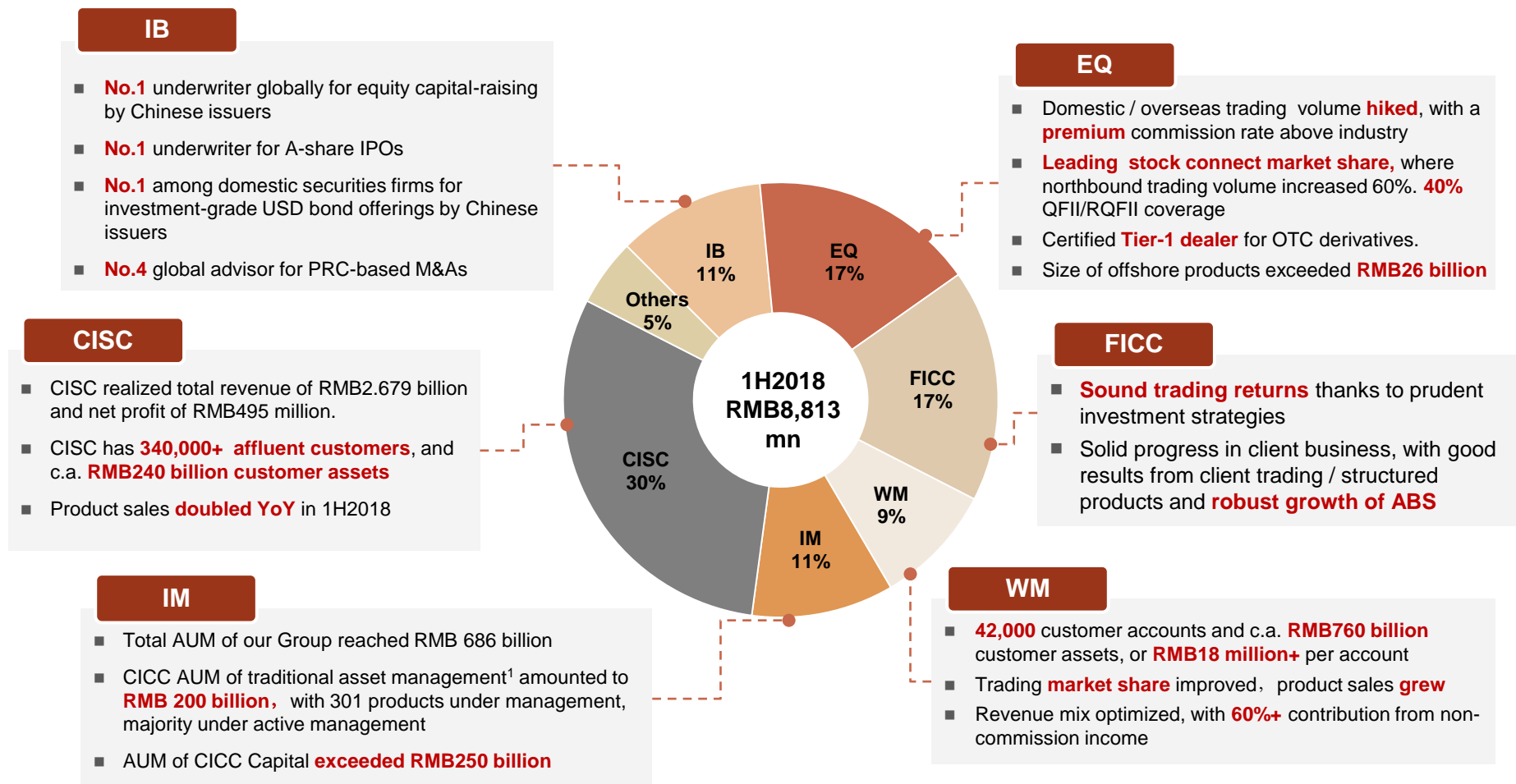
Business Highlights

Business Highlights

- 1 Well-Balanced Business Mix
- 2 Premier Investment Banking Franchise, Pipeline Strong
- 3 Equities Witnessed Strong Growth of PB and Cross-border Business
- 4 FICC Significantly Outperformed
- 5 Wealth Management Upgrade Ramped Up
- 6 Investment Management AUM Continued to Grow
- 7 Market Leading Research Coverage
- 8 Continued Efforts to Strengthen Middle and Back Office Capabilities

Highlight 1: Well-Balanced Business Mix

Major Business Segments Continued to Grow on Solid Fundamentals

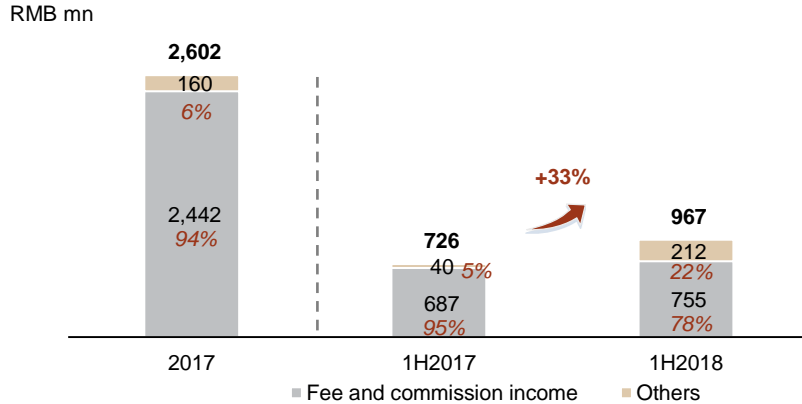


Note1: AUM of traditional asset management business includes AUM of asset management and mutual fund arms.

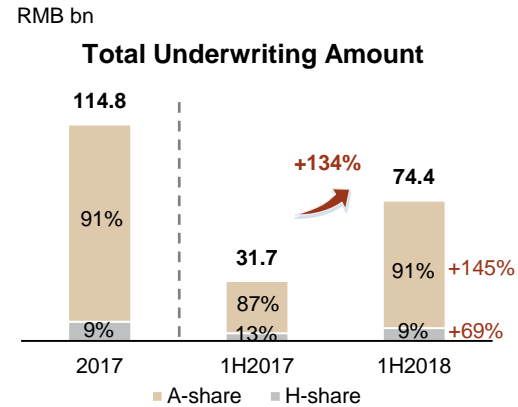
Note2: Currency is RMB on this page.

Highlight 2: Premier Investment Banking Franchise, Pipeline Strong

Revenue Grew YoY



Equity: No.1 Global Underwriter for Equity Capital-Raising by Chinese Issuers

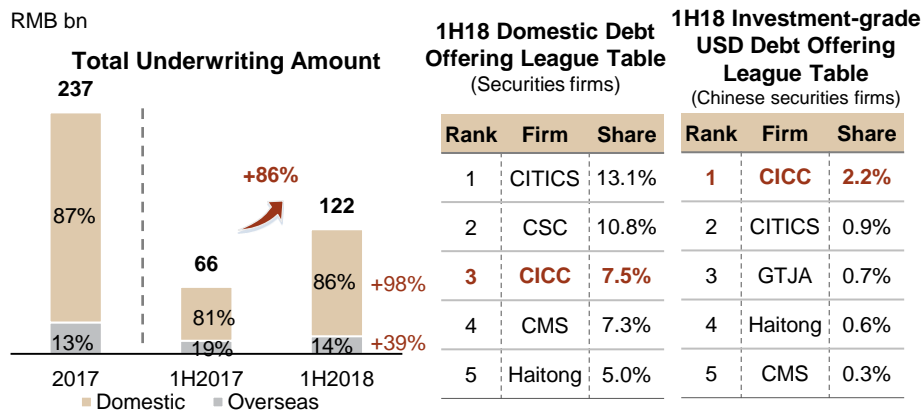


1H2018 Chinese Issuer Global Equity Offering League Table

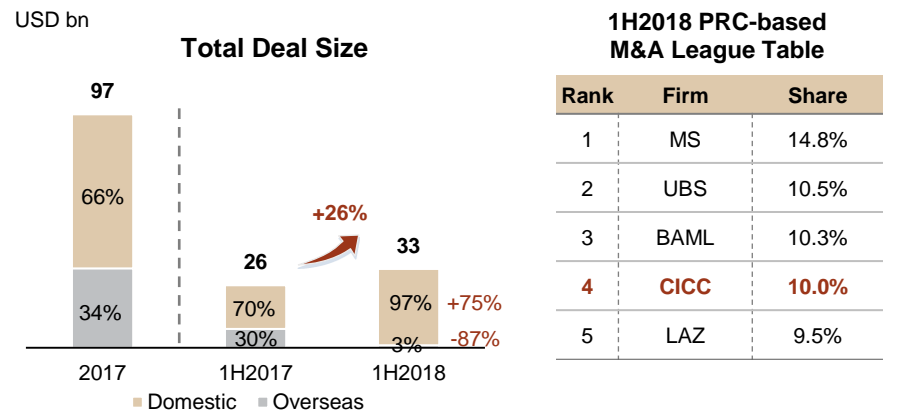
Rank	Firm	Share
1	CICC	10.0%
2	CSC	9.3%
3	CITICS	7.8%
4	GS	6.9%
5	MS	5.5%

Note: 1.PRC Issuer includes Mainland China, Hong Kong and Taiwan. Equity underwriting includes IPO, FO and preferred shares.
2. A-share based on sponsor, overseas based on JBR
Source: Wind, Dealogic

Debt: Domestic and Overseas Debt Capital-Raising Grew



M&A: Top-notch Financial Advisor

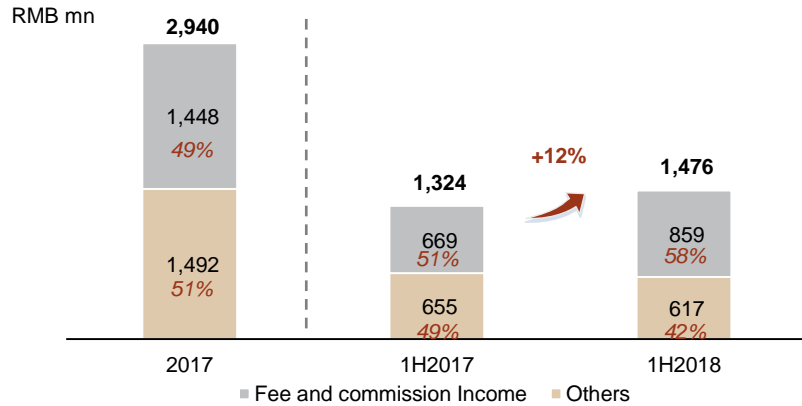


Source: Wind, Company statistics, Bloomberg

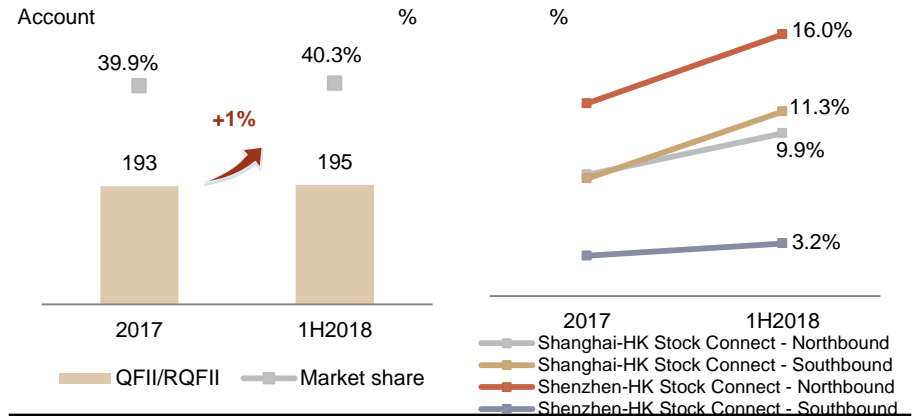
Source: Dealogic, by the date of announcement

Highlight 3: Equities Witnessed Strong Growth of PB and Cross-border Business

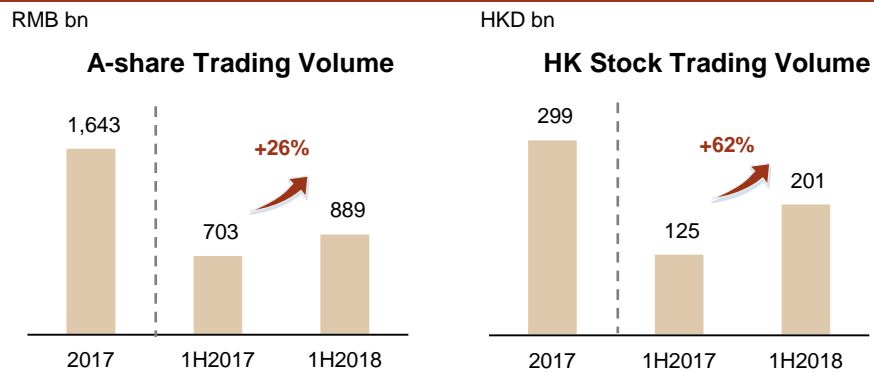
Revenue Grew Driven by PB and Cross-border Business



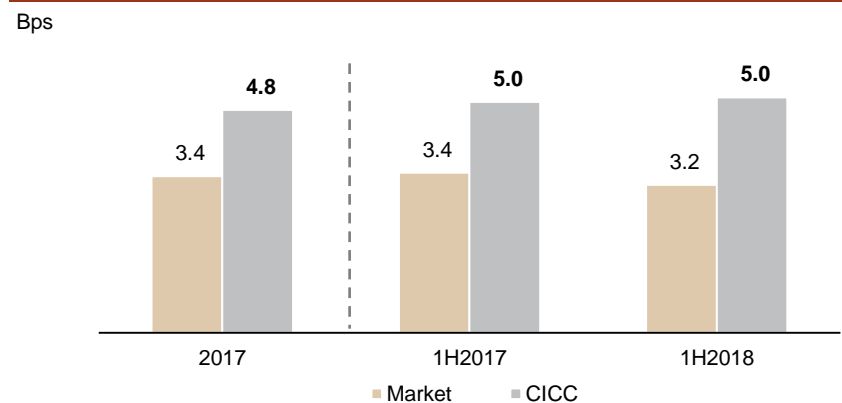
Leading QFII/RQFII Coverage and Stock Connect Market Share



Trading Volume Increased thanks to Premier Institutional Clientele

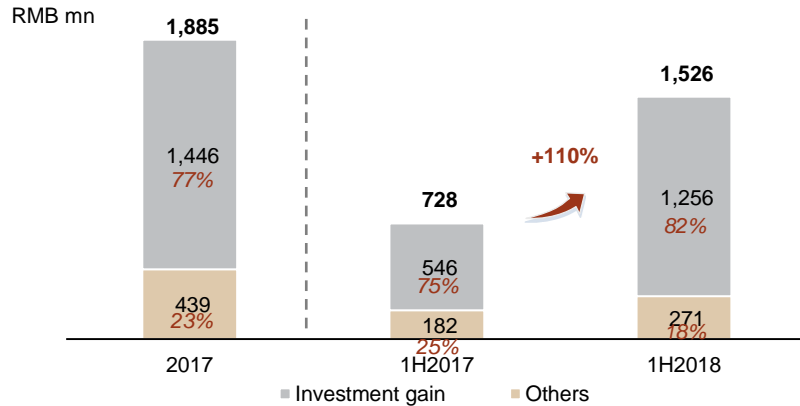


Commission Rate at a Premium Above Industry

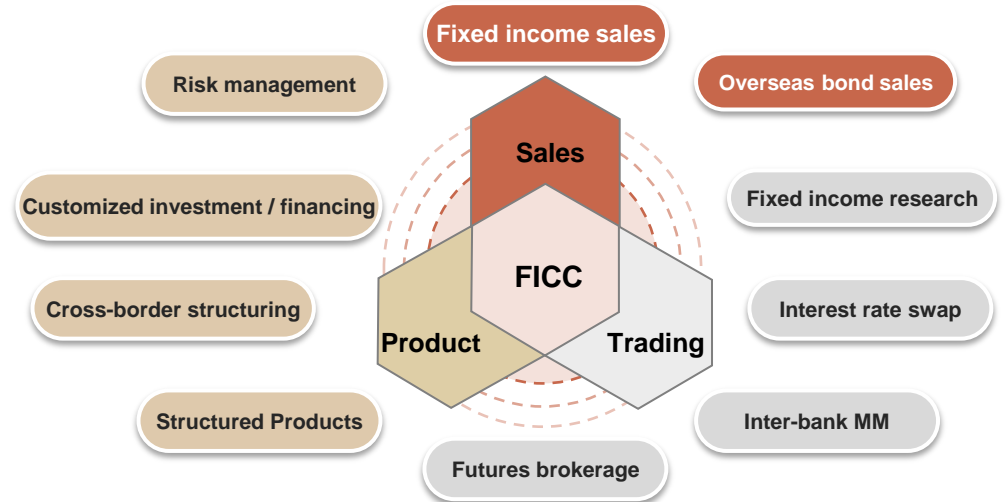


Highlight 4: FICC Significantly Outperformed

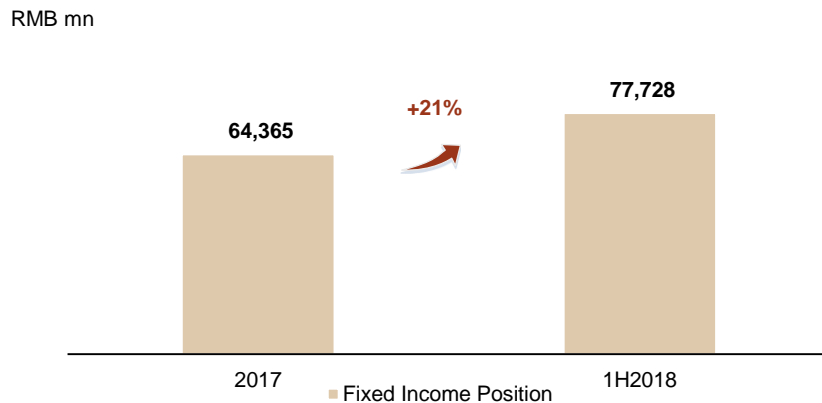
Revenue Surged on Solid Client Business Growth and Prudent Trading



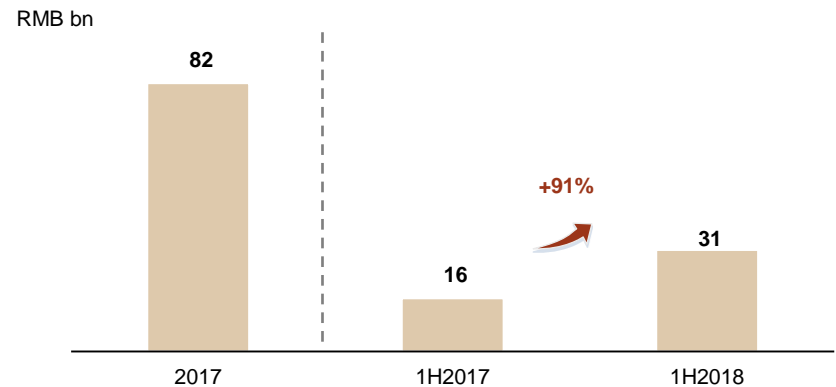
Diversified Product / Service Offerings



FI Position Increased Driven by Client Business



ABS Offering Amount Grew

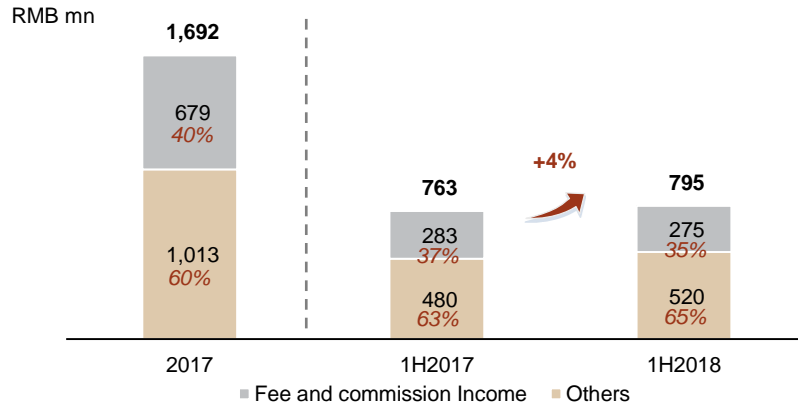


Note: Debt investments in financial assets at fair value through profit or loss + Debt investments in financial assets at fair value through other comprehensive income (Debt investments in AFS in 2017)

Source: Offering Amount as ABS manager from Securities Association of China

Highlight 5: Wealth Management Upgrade Ramped Up

Revenue Grew Moderately



Ramp-up of Wealth Management Upgrade

Capacity Building

- Wealth research
- Asset allocation
- Portfolio management
- Strengthen cross-sell
- Product diversification

Integration with CISC

- Integration of head office functions
- Product, resource, training, marketing support
- Customized products for retail investors

Marketing/Branding

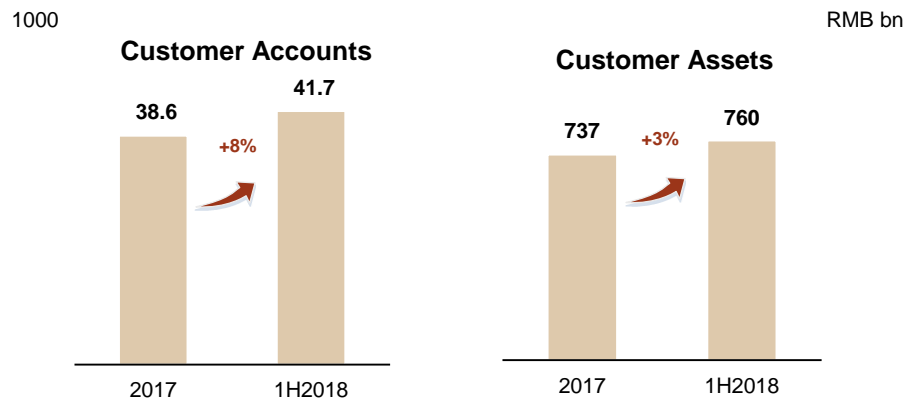
- Wechat, APP, PC-based marketing
- Digital-based data collection and customer behavioral analysis
- Strengthen brand recognition

System Building

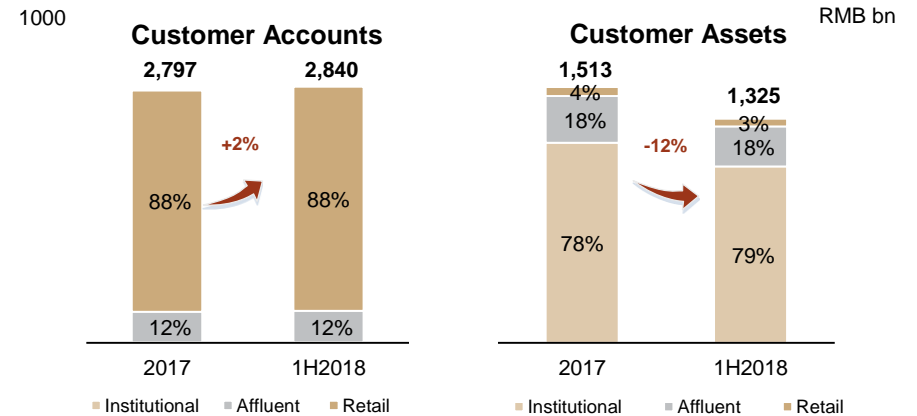
- Intelligent system development
- GWMS Version 1.2.1 launched
- O2O customer acquisition and retention

Total Wealth Solution

Customer Accounts / Assets Grew

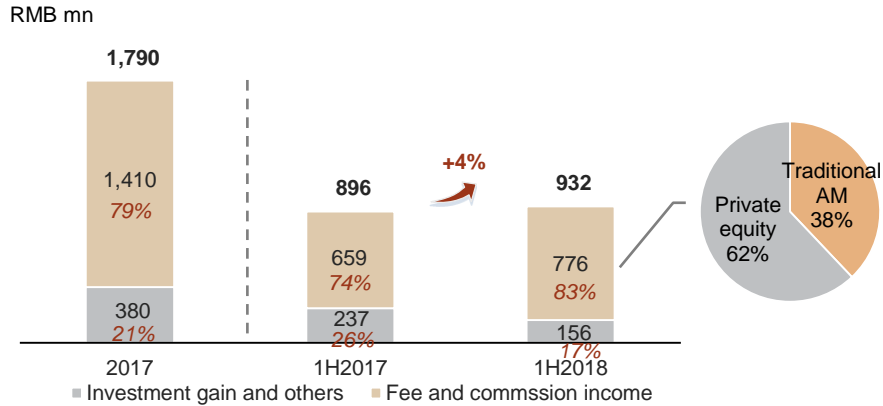


CISC Customers Assets Declined amid Market Weakness

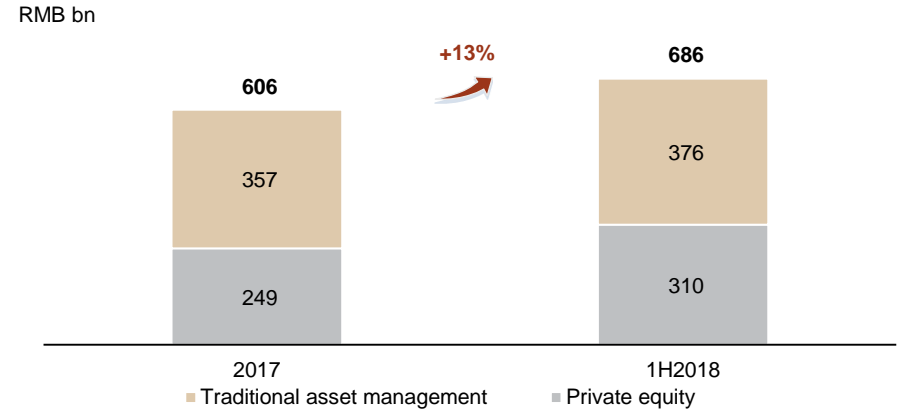


Highlight 6: Investment Management AUM Continued to Grow

Revenue Grew Moderately

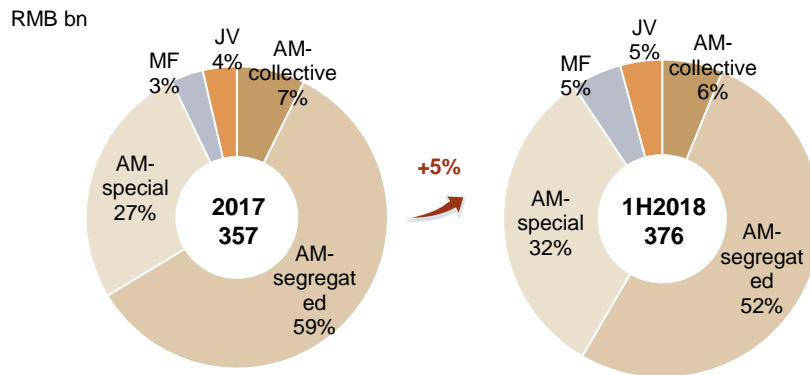


Total AUM of Our Group Expanded Steadily

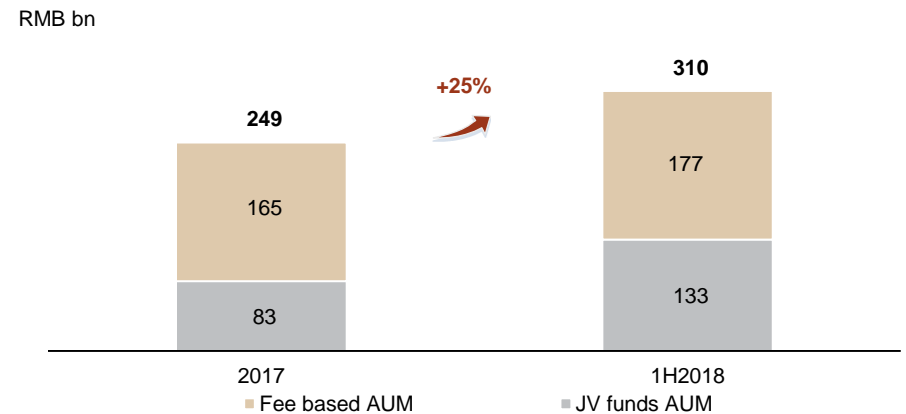


Note: Traditional asset management includes asset management and mutual fund.

Majority of Asset Management AUM Under Active Management



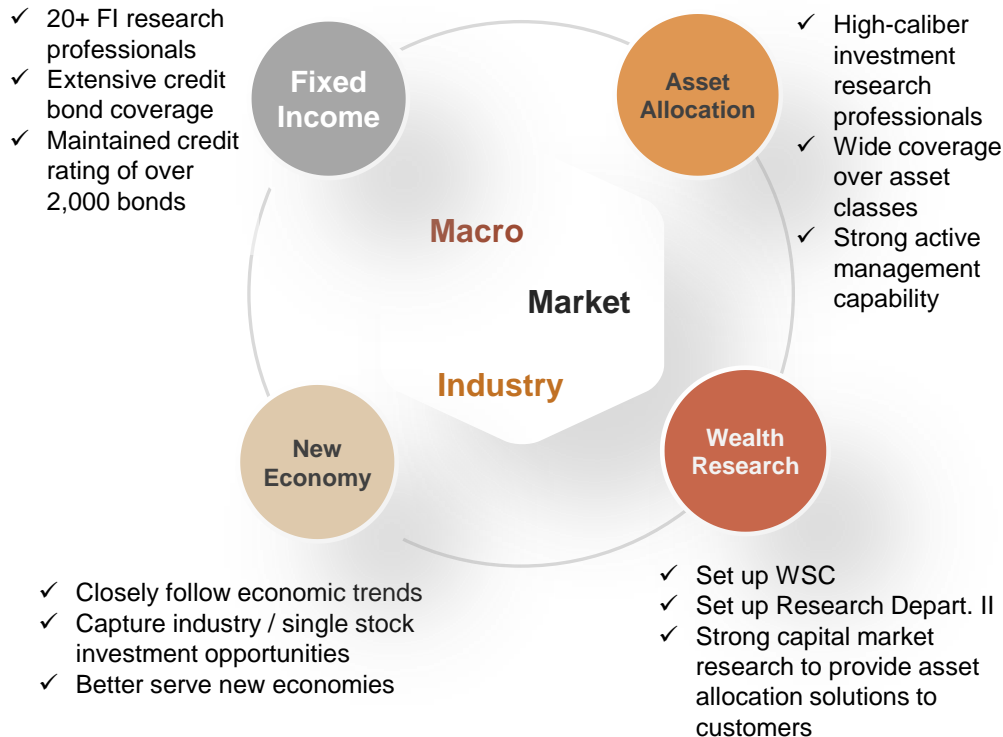
Private Equity AUM Exceeded RMB300 billion



Highlight 7: Market Leading Research Coverage

Multi-Sector, Multi-Dimensional Research Platform

- **100+** experienced professionals, covered domestic and abroad clients
- Multi-department, multi-sector, and multi-dimensional research platform



Extensive Coverage and Bilingual Strength



- During the first half of 2018, we published **6,800** reports in English and/or Chinese.

Deep Understanding of China

Closely follow macro and industry policy trends:

- *Wonderful L.I.F.E*
- *Beautiful China*
- *Biological innovation*
- *China industrial internet*
-



Highlight 8: Continued Efforts to Strengthen Middle and Back Office Capabilities

Initiatives to Enhance Talent / Risk and Compliance / IT System Management in 1H2018

Talent Management Scheme

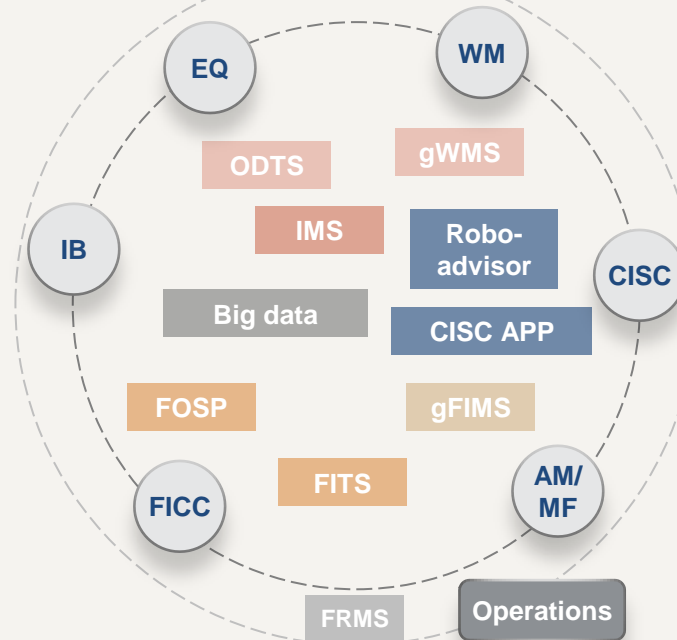
- Announce to implement the Participating Managing Director Program (the "PMD" Program)
- Certain Directors, Senior Management, PMDs and senior staff collectively and **voluntarily bought H Shares** of CICC out of their own funds on a voluntary basis at their own risks

Risk Control and Compliance

- Implement consolidated balance sheet management and comprehensive risk management
- Strengthen control of all types of risks, and better manage equity / credit / currency volatility risks and regulatory risks
- Strengthen investor suitability management
- Prevent against major risk incidents and occurrence of unexpected material loss

IT Systems

- Integrated IT systems to support major business lines
- Interconnection between systems further strengthened



Thank You!



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[Http:www.cicc.com](http://www.cicc.com)