

OUR HISTORY

We are a commercial bank established on April 20, 1987 under the name of CITIC Industrial Bank through restructuring of the banking department of CITIC Group and are the largest subsidiary of CITIC Group. The banking department of CITIC Group was formed in April 1985 with the approval from the State Council and the PBOC with the view to further developing a wide range of banking businesses including, among other things, overseas financings, foreign currency transactions, lending, international settlements, lease financings and deposit-takings. On April 20, 1987, CITIC Industrial Bank was officially established with approval from the State Council and the PBOC. It was headquartered in Beijing and had a registered capital of RMB 800 million. CITIC Industrial Bank is among the first national commercial banks established after PRC Government's implementation of reform and opening-up policies. It conducted licensed RMB and foreign-currency banking businesses as well as other relevant financial operations.

On August 2, 2005, we changed our name from CITIC Industrial Bank to China CITIC Bank, which reflected our commitment in transforming to a bank that focuses on both personal banking and corporate banking businesses. We were established as a joint stock limited company on December 31, 2006 under the name of China CITIC Bank Corporation Limited.

Our assets exceeded RMB 100 billion in 1996. We were ranked 291st in terms of tier one capital among global banks by the British magazine "The Banker" in 2002, and first in terms of average return on capital among PRC banks by the same magazine in 2003. From 2004 to 2005, our ranking in terms of tier one capital by the British magazine "The Banker" improved to top 200 from 202nd among global banks, and our ranking in terms of total assets by the same magazine improved to 134th in 2006 from 152nd in 2005.

We were the seventh largest commercial bank in China in terms of total assets.⁽¹⁾ As of December 31, 2006, we had 446 branch outlets throughout the country. We currently provide a comprehensive range of commercial banking products and services to our customers. Through our history, we have successfully adapted to the major changes in China's banking industry, as well as implemented a series of major corporate restructuring and operational reforms.

CORPORATE RESTRUCTURING

In April 2006, CIFH, the financial flagship of CITIC Group outside China and the holding company of CKWB, entered into an agreement with CITIC Group to purchase a 19.9% interest in our bank based on our net assets as of December 31, 2005 for a consideration of approximately HK\$5,300.8 million, representing a purchase price per share of HK\$1.12 or a discount of 79.49% compared to the mid-point of the indicative offer price range in the Global Offering. The purchase price was equal to 1.153 times the audited net book value of our bank for the year ended December 31, 2005 as calculated under IFRS. In the second and fourth quarters of 2006, CITIC Group made contributions to equity of RMB 5.0 billion and RMB 2.4 billion, respectively. As a result of these contributions to equity, the interests in us held by CITIC Group and CIFH are 84.83% and 15.17%, respectively.

In November 2006, CIFH entered into an agreement with CITIC Group to establish our bank as a joint stock limited company as joint promoters. We were established as a joint stock limited company on December 31, 2006 under the name of China CITIC Bank Corporation Limited.

CIFH also entered into a top-up agreement with us and CITIC Group on November 22, 2006, pursuant to which CIFH agreed to subscribe for certain H Shares in us. For more information about the top-up agreement, see "Our Relationship with CITIC Group and Connected Transactions — Our Relationship with Our Promoters — CIFH Top-Up".

With our restructuring into a joint stock limited company, we have restructured our board of directors and board of supervisors. Our board of directors is accountable to the general meeting of shareholders and responsible for, among other things, approving our strategic and operational plans, appointing senior

(1) Based on relevant data as of December 31, 2005 because the relevant data of certain PRC commercial banks as of December 31, 2006 were not available as of the Latest Practical Date.

OUR RESTRUCTURING AND OPERATIONAL REFORMS

management and establishing our organizational structure. In addition, several committees have been established to perform specific functions within the board of directors, including strategy development committee, audit and related party transaction control committee, risk management committee and nomination and compensation committee. Our board of supervisors is a supervisory body accountable to the general meeting of shareholders, and is responsible for supervising our board of directors and senior management, inspecting financial activities and examining our operational decisions including those related to risk management. For more information about our corporate governance, see “Management.”

STRATEGIC INVESTOR

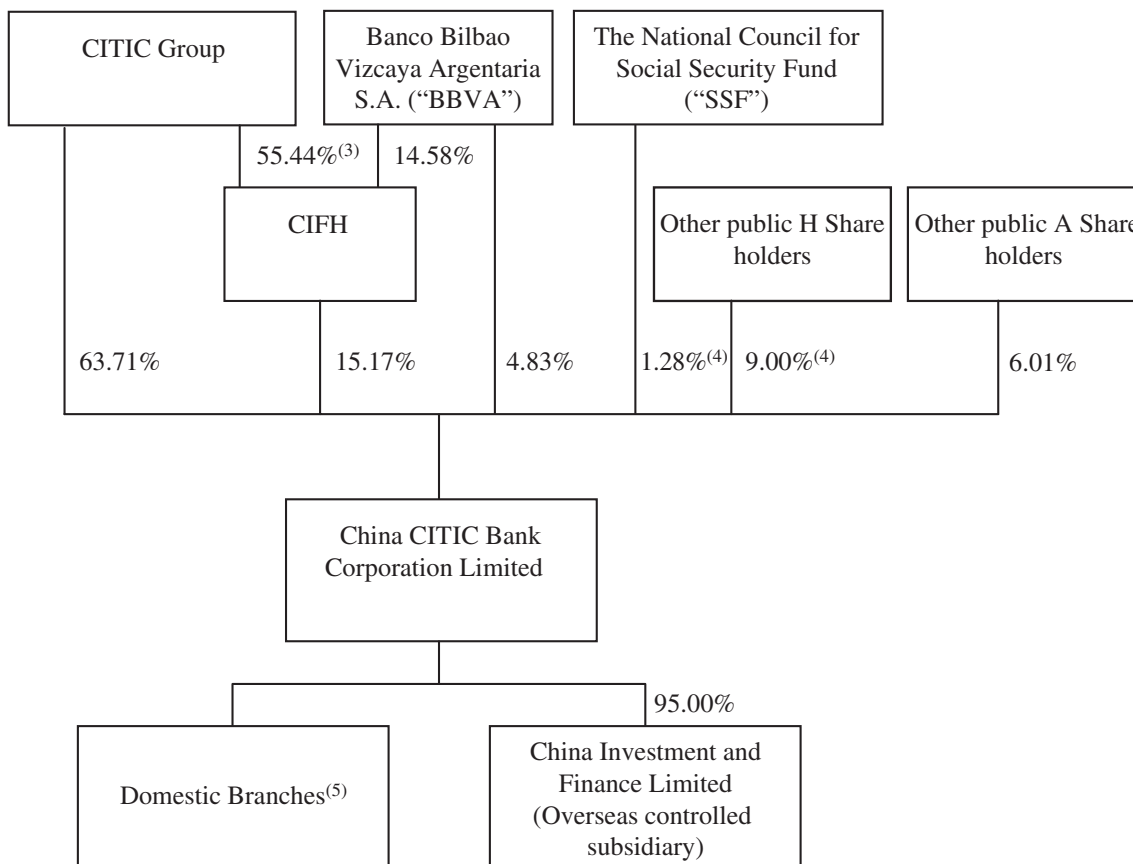
On November 22, 2006, we, CITIC Group and BBVA entered into a series of agreements, pursuant to which BBVA agreed to make a significant investment in us and enter into a strategic cooperation relationship with us. Pursuant to the share and option purchase agreement, BBVA purchased from CITIC Group such number of our ordinary shares representing 4.83% of our outstanding shares immediately after the closing on March 1, 2007 for the U.S. dollar equivalent of RMB 4,885 million, which, based on the agreed reference rate, equals US\$629 million. CITIC Group also agreed to sell to BBVA after the first anniversary of the Global Offering 52,892,289 shares, representing 0.17% of our outstanding shares prior to the Global Offering, at an aggregate purchase price of RMB 172 million. In addition, BBVA was also granted a call option to purchase such number of our ordinary shares representing 4.9% of our outstanding shares immediately after the call option closing, or as shall result in the aggregate shareholding percentage of BBVA to be increased to 9.9% of our outstanding shares immediately after the call option closing, whichever is greater.

See “Our Strategic Investor and Other Investors.”

OUR RESTRUCTURING AND OPERATIONAL REFORMS

OUR SHAREHOLDING AND GROUP STRUCTURE

The following chart sets forth our shareholding and group structure upon completion of the Global Offering and the A Share Offering, assuming that the Over-allotment Option is not exercised and BBVA and CIFH exercise their anti-dilution right and top-up right, respectively.⁽¹⁾⁽²⁾



(1) Upon completion of the Global Offering and the A Share Offering, the shares held by CITIC Group will be A Shares and the shares held by CIFH, BBVA and SSF will be H Shares.

(2) For information regarding our shareholding and group structure immediately following completion of the Global Offering without giving effect to the A Share Offering, see "Substantial Shareholders" and "Share Capital."

(3) Including 55.41% direct shareholding and 0.03% indirect shareholding of CITIC Group in CIFH.

(4) SSF's 1.28% shareholding in our bank does not include the shares to be purchased by SSF as a cornerstone investor, which will be 73,260,000 shares assuming an offer price of HK\$5.46 per share, being the mid-point of the proposed price range set out in this prospectus. See "Our Strategic Investor and Other Investors — Cornerstone Investors." When such purchase completes, the shareholding of SSF in our bank will increase to 1.47% and the shareholding in our bank of other H Share public shareholders will be reduced to 8.81%.

(5) Consists of 25 tier one branches, 16 tier two branches and 405 sub-branch outlets as of December 31, 2006.

OUR RESTRUCTURING AND OPERATIONAL REFORMS

FINANCIAL RESTRUCTURING

We have implemented the following key financial restructuring measures since 2003.

- In 2004, 2005 and 2006, we received contributions to equity of RMB 2.5 billion, RMB 8.6 billion and RMB 7.4 billion, respectively, from CITIC Group.
- In 2004 and 2006, we issued subordinated debt and bonds, respectively, each with an aggregate value of RMB 6.0 billion. Our subordinated debt was issued in 2004 to ten institutional investors, including insurance companies and investment companies. Our subordinated bonds were issued in 2006 through open market bidding to institutional investors such as commercial banks, insurance companies and policy banks.
- In June 2006, we transferred shareholding investments with net book value of RMB 10 million to CITIC Asset Management Company Limited, a wholly-owned subsidiary of CITIC Group, with no material gain or loss resulting from such transfers. The transferred investments included (i) investments with net book value of RMB 6.33 million which were sold to CITIC Asset Management Company Limited through a public auction for a cash consideration of RMB 6.35 million, and (ii) investments with net book value of RMB 4.14 million which were sold to CITIC Asset Management Company Limited for a cash consideration of RMB 4.14 million in accordance with an agreement signed between us and CITIC Asset Management Company Limited.
- In June 2006, we sold certain performing and non-performing related party loans. We sold performing related party loans to CITIC Group with an aggregate outstanding principal of RMB 2,000 million to another domestic commercial bank for the same amount in cash on June 30, 2006. These loans were included in loans and advances to customers before they were derecognized from our balance sheet as of the date of sale. We disposed of non-performing related party loans to CITIC Group with an aggregate outstanding principal of RMB 1,142 million and a net book value of RMB 417 million on June 26, 2006. The non-performing related party loans were sold in a public auction to the CITIC Group at their net book value for cash. They were included in loans and advances to customers before they were derecognized from our balance sheet as of the date of sale. See also “Assets and Liabilities — Assets”.
- Pursuant to an agreement we entered into with CITIC Group on December 13, 2006, CITIC Group is entitled to receive the recoverable amounts, including outstanding interest receivables, in our loans written off prior to our establishment as a joint stock limited company, which primarily consisted of loans written off in 2006, 2005 and 2004, with an aggregate principal amount of approximately RMB 10.5 billion for nil consideration. The written-off loans were extended during the period when CITIC Group was our sole shareholder and it was intended that, by way of this agreement between CITIC Group and us, the economic interests to be recovered of the written-off loans would be transferred back to CITIC Group as part of our financial restructuring. We entered into a supplemental agreement with CITIC Group in respect of the December 13, 2006 agreement on March 26, 2007. By virtue of the supplemental agreement, provisions under the December 13, 2006 agreement relating to: (i) our obligation to recover the loans on behalf of CITIC Group; and (ii) the fee arrangements in relation to the management and recovery of the loans were superseded. We will assist CITIC Group by holding the assets on their behalf in accordance with the legal requirements of the PRC in consideration for fees to be paid by CITIC Group. We will enter into a separate agreement with CITIC Group in the event we agree to take actions to recover the written-off loans on CITIC Group’s behalf. Our PRC legal adviser, King & Wood, has confirmed that the above agreements are legal and valid under PRC laws.

OUR OPERATIONAL REFORMS

In recent years, we have taken a number of initiatives to further enhance operational and management capabilities, continue our healthy and rapid expansion, and to bring us more in line with international best

OUR RESTRUCTURING AND OPERATIONAL REFORMS

practices. The key initiatives include those in the areas of business and operations, risk management, internal controls, financial management, human resources management and information technology.

Business and Operations

We have undertaken a number of initiatives in various business lines with a view to continuing our business expansion and enhancing our competitiveness, which include the following:

- *Corporate banking.* We have implemented a strategy focusing on “high quality industries and high quality enterprises” and “mainstream markets and mainstream customers”. We have also sought to develop new products and services, focusing on investment banking and other new business areas;
- *Personal banking.* We have implemented the “Three Dimensions, Four Promotions” strategy with a view to continuing the rapid expansion of our personal loans, deposits and non-interest-based business. We have also established a more advanced credit card management and operating platform, which contributed to the significant increases in the transaction volume of our credit cards and the number of our credit cards issued, as well as the development of a distinctive series of credit card brands; and
- *Treasury operations.* Capitalizing on our leading market position and services, we were one of the first banks to become qualified for numerous new business areas, which further enhanced our overall competitiveness.

For more information relating to our development and strategy, see “Business”.

Risk Management and Internal Controls

We seek to foster a corporate culture focusing on maximizing risk-adjusted returns. To this end, we seek to establish an independent, comprehensive and dedicated risk management system with a vertical reporting line. Our recent initiatives include the following:

- introducing the positions of product managers and establishing disbursement centers;
- establishing the position of the chief risk officer and centralizing the appointment of branch risk managers;
- centralizing the management of disbursement centers and post-disbursement activities at our risk management departments, strengthening the independence of risk management function, and imposing first-in-line responsibilities;
- developing a more advanced credit rating system with Moody’s KMV, based on the requirements of Basel II;
- establishing subcommittees under the head-office risk management committee responsible for setting guidelines for and monitoring credit, market and operational risks, respectively; and
- continually enhancing internal audit functions in order to establish a more independent, uniform and standardized internal audit system.

For more information on our risk management and internal controls initiatives, see “Risk Management”.

Financial Management

Our financial management consists of asset and liability management, capital management, resource allocation and funds transfer pricing. Our recent initiatives include the following:

- further enhancing our asset and liability structure by focusing on interest rate pricing and risk weighting of our products;

OUR RESTRUCTURING AND OPERATIONAL REFORMS

- introducing the indicators of economic value added and return on risk adjusted capital, which form an integral part of the performance and compensation assessment at the branch level, as part of an effort to increase capital efficiency and increase focus on cost of capital at our branches;
- controlling cost and promoting efficient use of capital as part of an effort to enhance resource allocation; and
- implementing financial management system in December 2005, which enables us to centrally manage budget planning, capital expenditures and other financial data. Such system provides a platform for a more accurate intersegment fund transfer mechanism.

For more information on our financial management, see “Business — Financial Management”.

Human Resources Management

We have implemented or are in the process of implementing a number of initiatives to enhance our human resources management, including the following:

- establishing an evaluation mechanism based on operating performances for all senior management at the head office, branch and the sub-branch levels;
- designing a long-term stock option incentive program for senior management; and
- providing comprehensive training through our bank-wide training platform to improve the skill set of our employees;

For more information about our human resources management, see “Business - Employees”.

Information Technology

We have implemented or are in the process of implementing a number of key projects to improve our information technology systems, including the following:

- implementing and updating our various core information technology systems, including general business and operations, treasury transactions, international business, electronic banking systems;
- further enhancing management information system to support operational and managerial decision-making processes;
- implementing and upgrading credit management system;
- establishing and improving a disaster recovery center.

For more information about our information management system, see “Business - Information Technology”.