

Presentation of 2008 3Q Results

Industrial Bank Co.,Ltd.

Beijing, Oct. 2008

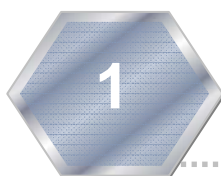
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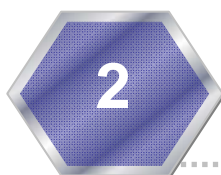


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Financial Performance



Operating Characteristics

Proactive adjustment, steady operation,
and better performance than expected



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Faced with the complex and ever-changing macro-economic environment, the Company decided to make decisions prudently, adjust strategy proactively, maintain stable operation and highlight operating characteristics after continuous rapid growth for years.

Performance in the first three quarters maintained strong growth momentum, and the operating performance was better than expected at the beginning of the year. Net profit was RMB9.427 billion, with an year-on-year increase of 56%, which consolidated the development base for accomplishing the full year plan.

The performance drive included: expanding business scale, widening interest margin, lower tax rate, rapid growth of intermediary business income and stable asset quality.

Main indicators maintained strong performance

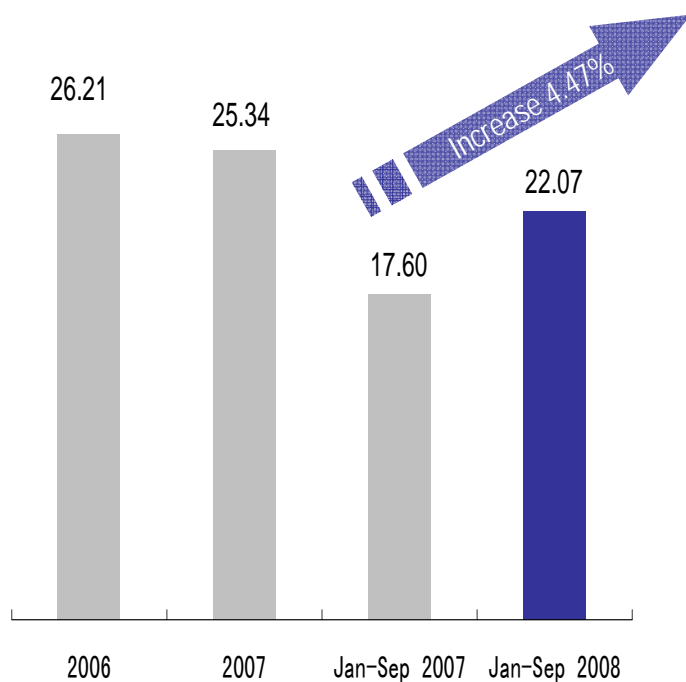


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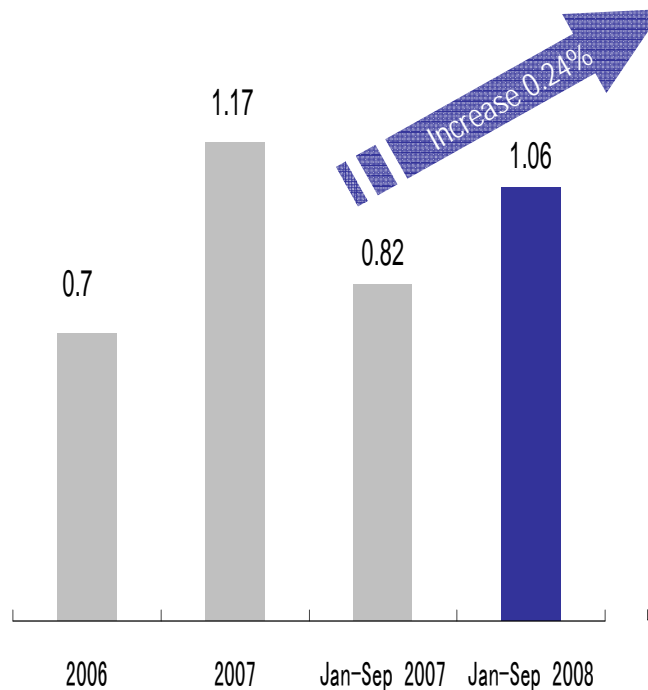
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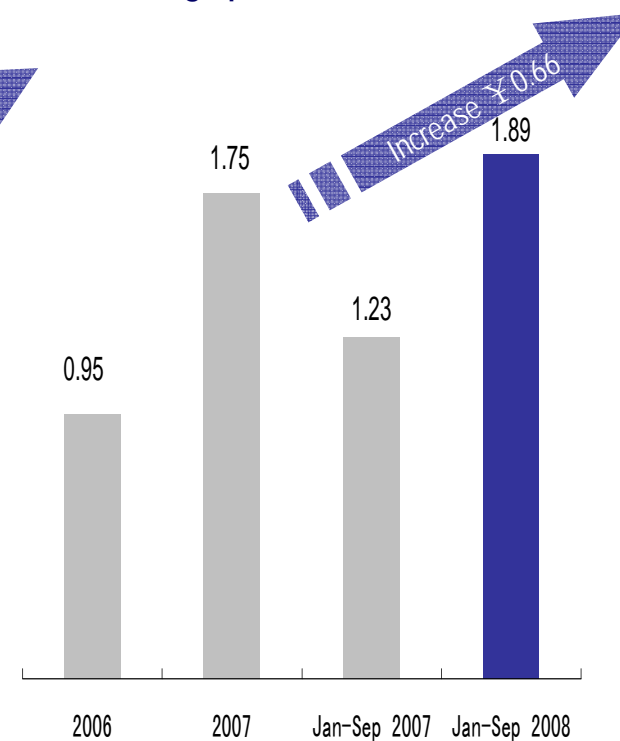
Weighted ROAE (%)



Return on total assets (%)



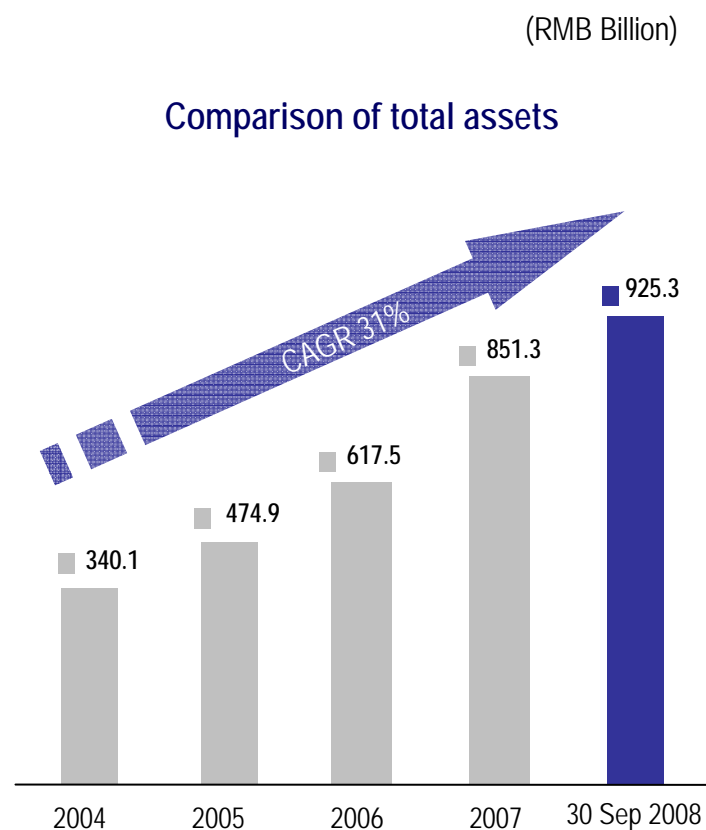
Earnings per share (Yuan/Share)



Note: Data of 3Q is not annualized.

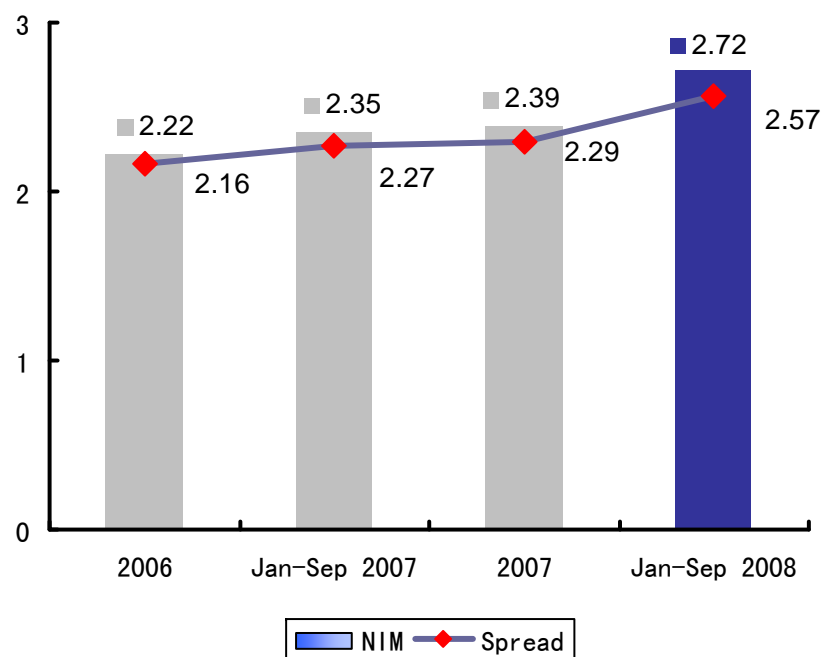
Performance drive: steady expansion in business scale

ITEM	30 Sep 2008	Increase upon year-beginning (%)	Increase upon 3Q 2007 (%)
Total assets	925.313	8.69	7.89
Total liabilities	878.624	8.15	7.07
Balance of loans in domestic and foreign currencies	454.652	13.62	15.43
Averaged daily balance of interest-earning assets	968.875	-	14.47



Performance drive: interest margin expansion

Tendency of Spread and NIM (%)

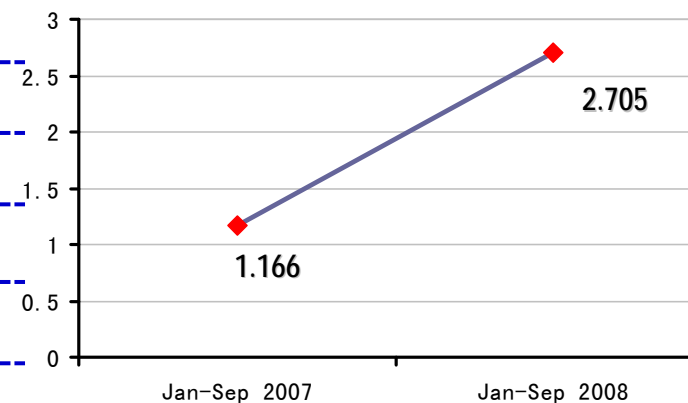


- ❖ The spread and NIM for the first three quarters were 2.57% and 2.72% , up 0.3% and 0.37% respectively year-on-year.
- ❖ Being affected by the decrease of interest rate in 3Q, spread and NIM fell slightly compared to the first half of the year. Nevertheless, the Company proactively optimized asset-liability structure, so as to reduce the influence of rate cut.

Performance drive: rapid growth of intermediary business income

	(RMB Million)		
Fee and Commission Income	Jan-Sep 2008	Jan-Sep 2007	Increase (%)
Payments & settlements fee	74.51	59.62	24.97
Bank cards fee	249.99	141.14	77.13
Agency business fee	478.83	255.03	87.75
Assurance & commitment fee	145.92	109.24	33.58
Transaction business fee	44.56	27.32	63.11
Custody business fee	106.98	47.43	125.55
Consultant fee	727.95	239.43	204.03
Others	326.29	186.43	75.02
Subtotal	2,155.03	1,065.65	102.23
Foreign exchange differences	550.38	100.25	449.02
Intermediary business income	2,705.41	1,165.89	132.05

(RMB Billion)
Comparison of Intermediary Business Income



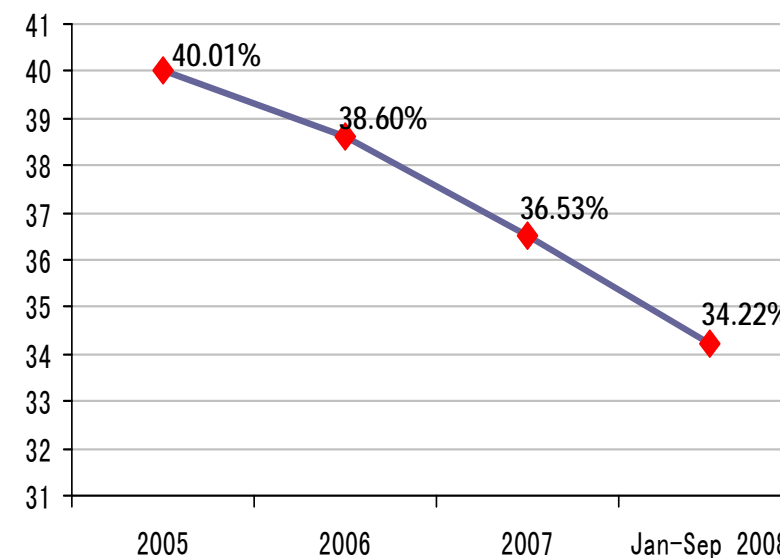
- ❖ Intermediary business income increased tremendously year-on-year, which brought about the proportion of non-interest income rose from 5.48% in 2007 to 11.04%.
- ❖ Intermediary income from foreign exchange, custody business and consultant business increased significantly over last year.

Performance drive: decrease in cost-income ratio

(RMB Billion)

ITEM	Jan-Sep 2008	Jan-Sep 2007	Change (%)
Operating management and other business cost	7.619	5.600	36.06
Operating income	22.268	15.983	39.33
Cost-income ratio	3.422	3.504	-0.82

Tendency of cost income ratio

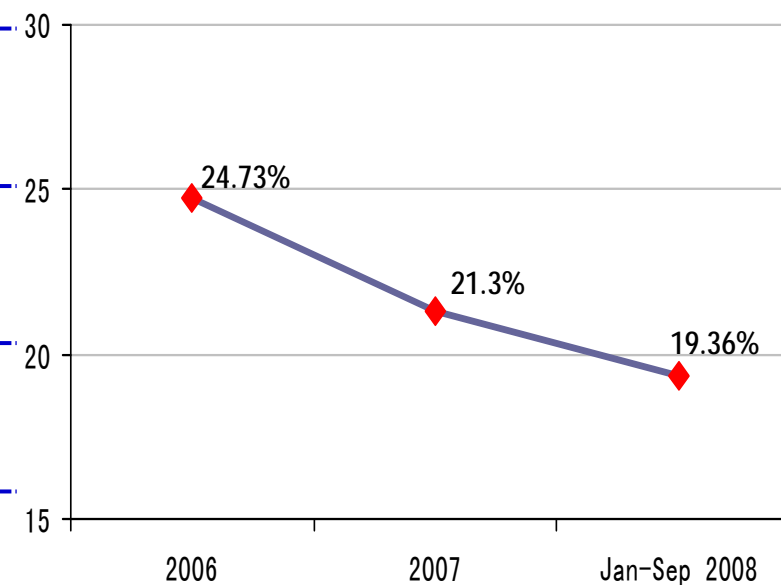


Performance drive: decrease in effective tax rate

(RMB Billion)

ITEM	Jan-Sep 2008	Jan-Sep 2007	Change (%)
Profit before tax	11.690	7.920	47.60
Income tax	2.263	1.896	19.37
Net profit	9.427	6.024	56.49
Actual tax rate	19.36	23.94	-4.58

Tendency of effective tax rate

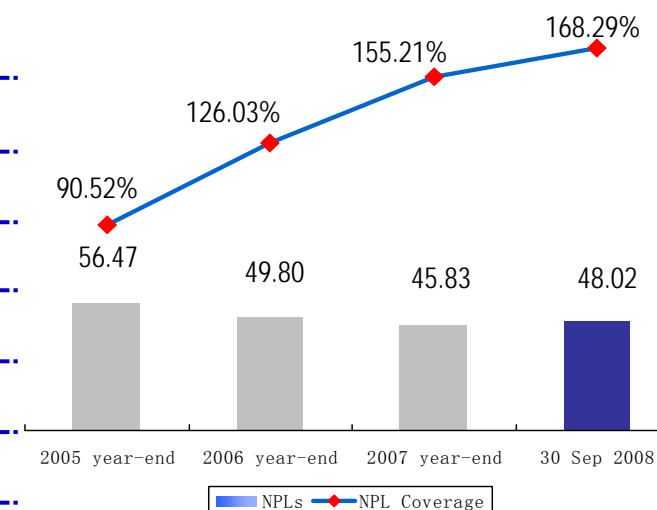


Performance drive: asset quality remained stable

(RMB Billion)

ITEM	30 Sep 2008		31 Dec 2007		Change (%)
	Amount	Proportion(%)	Amount	Proportion(%)	
Pass	438.756	96.50	384.404	96.06	14.14
Special Mentioned	11.094	2.44	11.156	2.79	-0.55
Substandard	2.253	0.50	2.407	0.60	-6.36
Doubtful	2.108	0.46	1.677	0.42	25.68
Loss	0.441	0.10	0.500	0.13	-11.71
Gross loans	454.652	100.00	400.143	100.00	13.62
Balance of NPL	4.802		4.583		4.78
Loans provision	8.082		7.114		13.60
NPL Coverage(%)	168.29		155.21		Increase 1308 bps
NPL ratio(%)	1.06		1.15		Decrease 9 bps

Tendency of NPLs and NPL coverage



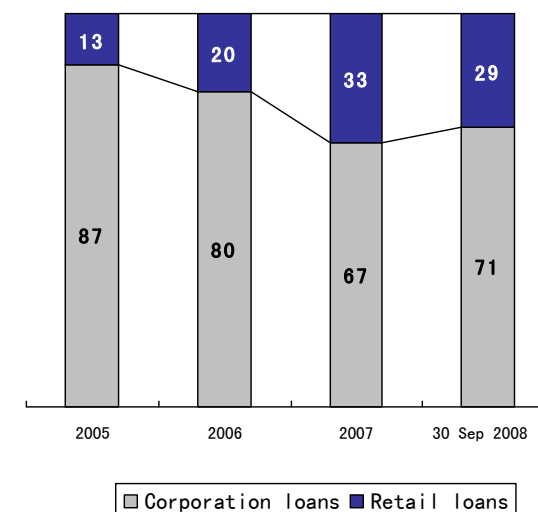
- ❖ Asset quality remained stable, and NPL ratio decreased by 9 bps.
- ❖ More prudent provision policy was implemented, and NPL coverage was further improved.

Loan portfolio: proportion of retail loans fell appreciably

(RMB Billion)

ITEM	30 Sep 2008		31 Dec 2007		Change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate loans	323.136	71.07	267.747	66.91	20.69
Incl: Corporate	302.196	66.47	260.500	65.10	16.01
Bills	20.940	4.60	7.247	1.81	188.93
Retail loans	131.516	28.93	132.395	33.09	-0.66
Total	454.652	100.00	400.143	100.00	13.62

Comparison of loan portfolio



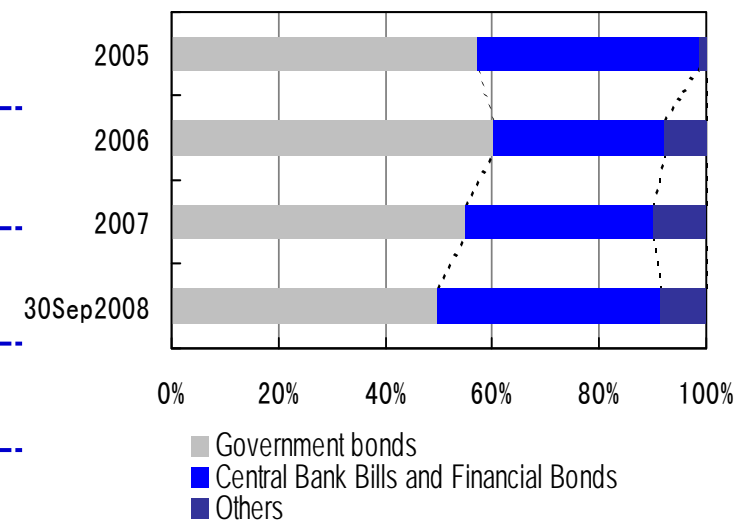
- ❖ Corporate loans took up a large proportion in the overall loan portfolio.
- ❖ Proportion of retail loans fell slightly.

Investment structure: asset-liability management orientation

(RMB Billion)

ITEM	30 Sep 2008		31 Dec 2007		Change (%)
	Amount	Proportion (%)	Amount	Proportion(%)	
Trading financial assets	7.489	5.20	8.525	6.33	-12.15
Available-for-sale financial assets	60.561	42.04	43.365	32.22	39.65
Investments receivable	19.213	13.34	21.126	15.69	-9.05
Held-to-maturity investments	56.786	39.42	61.593	45.76	-7.80
Total	144.050	100.00	134.609	100.00	7.01
ITEM	Jan-Sep 2008		Jan-Sep 2007		Change (%)
Interest income from investment	3.743		4.366		
Yield	3.49%		3.06%		Increase 43 bps

Distribution of investment business



- ❖ Self-managing investment mainly followed the demand of the Company's asset-liability management. Wealth management for clients and market making transactions became the focus of wealth management business.
- ❖ Yield of investment business increased steadily over the same period of last year.

Monitoring indicators: main indicators reached full-line regulatory standards

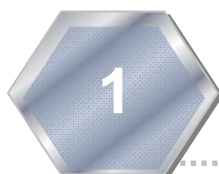


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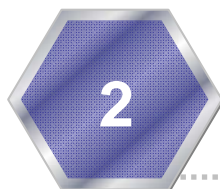
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ITEM (%)	30 Sep 2008	31 Dec 2007	Criterion
Capital adequacy ratio	11.05	11.73	≥ 8
NPL ratio	1.06	1.15	≤ 5
Loan-to-deposit ratio (translated into RMB)	70.34	68.73	≤ 75
Asset liquidity ratio (translated into RMB)	37.65	39.22	≥ 25
Proportion of loans to the largest single borrower	2.14	4.18	≤ 10
Proportion of loans to the largest ten borrowers	18.40	20.94	≤ 50



Financial Performance



Operating Characteristics

- I : Prudent decision making, and proactive strategy adjustment
- II : Promoting operation transformation,
and maintaining steady business development
- III: Outstanding operating features

I Prudent decision making & proactive strategy adjustment



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- ❖ At the beginning of 2008, in response to the central's tight monetary policy and PBOC's credit window guidance, the Board analyzed internal and external situation of the Company, made decisions prudently and controlled the expansion proactively.
- ❖ In the first three quarters, the Company gained relatively balanced profits in each quarter, and the growth rate slowed gradually quarter by quarter. This was not only affected by the impact of last year's low-high performance base, but also was the Company's response to the central macro-control requirements and the proactive adjustment of the development pace, so as to cope with the complicated and ever-changing economic situation.

Year	2005	2006	2007	Mar-end 2008	Jun-end 2008	Sep-end 2008
Balance of assets	474.935	617.460	851.335	866.170	916.964	925.313
Growth of assets	39.7%	30.0%	37.9%	1.7%	7.7%	8.7%
Balance of loans	242.437	324.511	400.143	419.951	441.524	454.652
Growth of loans	19.4%	33.9%	23.3%	5.0%	10.3%	13.6%
Net profit	2.465	3.798	8.586	3.088	6.544	9.427
Growth of net profit	39.6%	54.1%	126.1%	119.3%	79.7%	56.5%

II Promoting operation transformation, and maintaining steady business development

- ❖ Confronted with new complex operating environment, the Company adopted the policy of “encouraging the growth of some sectors while discouraging the expansion of others”, actively coped with the difficulties, diligently strived to open up market, and achieved the harmonious unification of safety, liquidity and effectiveness.
- ❖ **Firstly, the adjustment of retail credit policy.** After three years’ rapid growth, the Company has achieved the “quantity” expansion of retail business. This year, the Company has targeted at adjusting growth proactively, optimizing business products and regional distribution, thus seizing two structures’ adjustment. As for the product structure, personal consumption and business loans fell gradually, while the proportion of personal mortgage increased steadily. For the regional structure, certain adjustments were made to personal loan business in the 1st tier cities; business in the 2nd and the 3rd tier central cities went up steadily. Asset quality maintained excellence.

Year	2005	2006	2007	Sep-end 2008
Balance of retail loans	30.576	64.618	132.395	131.516
Growth of retail loans	75.7%	111.3%	104.9%	-0.7%
Proportion of retail loans	12.6%	19.9%	33.1%	28.9%
NPL ratio of retail loans	0.59%	0.28%	0.17%	0.32%

II Promoting operation transformation, and maintaining steady business development (continued)



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- ❖ Secondly, the enhancement of risk control upon real estate loans. NPL ratio of real estate loans was 0.52%, well below the overall NPL ratio of the Company, as well as the NPL of other banks' real estate loans.
- The approval authority for real estate loans was closed on the head office. The head office formulated the size control target for full-line real estate development loans, and transmitted to branches with monthly monitoring. To those branches with over-sized loans, the head office would suspend the approval of projects.
- More than 80% of mortgage loans were processed based on collateral. The value of the collateral is determined by the purchase price of the land but not the assessment price.
- By the requirement of "one case, one policy", the Company carried out corresponding post-lending management program for each real estate loan, implemented the closed mode of capital operation for loans, strictly monitored the sales of projects and capital returns, so as to ascertain the source of repayment and the repayment progress.

Year	2005	2006	2007	Sep-end 2008
Balance of real estate loans	25.691	53.99	56.058	58.516
Growth of real estate loans	29.6%	110.2%	3.8%	4.4%
Proportion of real estate loans	10.59%	16.6%	14.0%	12.9%
NPL Ratio of real estate loans	2.39%	0.72%	0.50%	0.52%

II Promoting operation transformation, and maintaining steady business development (continued)



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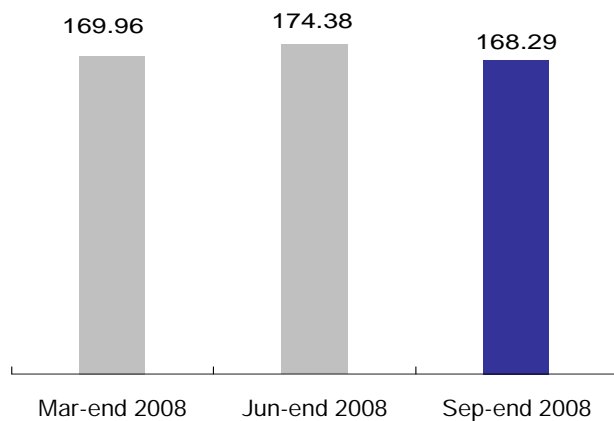
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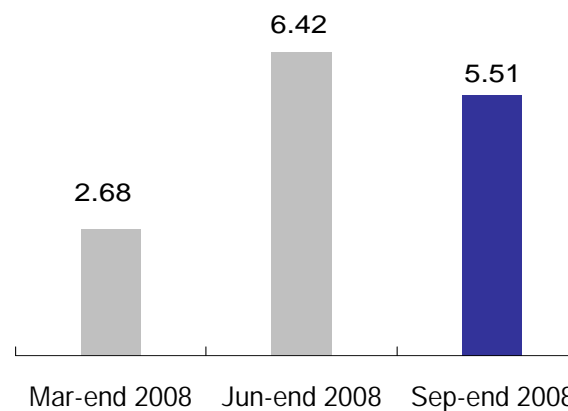
❖ Thirdly, keeping stable operation.

- NPL coverage ratio stayed at a relatively high level, increased by 1308 bps from the beginning of the year, providing safeguard to deal with the complex and ever-changing financial situation.
- Average daily excess reserve ratio in 3Q was about 7%, and the minimum level was not less than 3.2%, illustrating the sufficient liquidity and strong solvency of the Company.
- Excellent cost control mechanism was maintained, and cost-income ratio decreased continuously.

Provision coverage ratio (%)



Excess reserve ratio (%)



III Outstanding operating features

- ❖ Firstly, focused on supporting medium-sized enterprises' loans, particularly energy conservation and emission reduction loans.
 - At the end of Sept. 2008, proportions of loans granted to large, medium and small enterprises were 20.95 %, 78.35 %, and 0.70 % respectively.
 - As at the end of Sept. 2008, the Company had issued a total number of 76 loans to energy conservation and emission reduction projects, with the amount of RMB2.842 billion, an increase of RMB2.179 billion over the beginning of the year. The above projects can achieve annual savings of 3,354,700 tons of standard coal, thus reducing 10,821,800 tons of carbon dioxide emission. According to the estimation under the five-year duration of energy efficiency projects , 16,773,600 tons of standard coal can be saved, and 54,109,200 tons of carbon dioxide emission can be reduced.
 - After three years of exploration and practice, the Company's energy conservation and emission reduction financing business achieved remarkable results in the following six areas:
 - (1) to continuously promote product innovation; (2) to strengthen risk management;
 - (3) to build up the brand of green credit; (4) to establish the bank-to-government cooperation platform;
 - (5) to advance international cooperation; (6) to improve the professional team-building.

III Outstanding operation features (continued)

- ❖ **Secondly, enhanced the expansion of core liabilities like general deposits, and reinforced the development base.**
 - Liability business, especially the core liability business, is the most significant issue for the Company's business development this year, as well as the direction of business restructuring. The Company has implemented diversified measures to improve the core liability business which based on general deposits.
 - Policies to encourage the development of liability business achieved remarkable results. The proportion of deposits to liabilities increased steadily. As at the end of Sept. 2008, the total deposits of domestic and foreign currencies reached RMB564.03 billion, a rise of RMB98.206 billion which accounted for an increase of 21.08% from the end of last September, and a rise of 11.6% from the beginning of the year. Total liability was RMB878.62 billion, with an increase of 8.15% from the beginning of the year. The proportion of deposits to total liability was 64.2%, with 2% higher than that of year-beginning.

III Outstanding operation features *(continued)*



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- ❖ **Thirdly, deepened the cooperation mechanism of Bank-to-Bank Platform, and extended the cooperation.**
 - In order to meet the growing consumer demand of comprehensive service provided by financial institutions, the Company marked out the “Bank-to-Bank Platform” brand on the basis of cooperation practiced with securities companies, insurance companies, and fund companies for many years, and hammered at becoming the provider of professional banking services to small and medium-sized financial institutions.
 - The Bank-to-Bank cooperation business boosts “resources sharing and services innovation” as the basic concept. By providing core products, services and technology, the Company cooperates with city commercial banks and rural credit cooperatives which have the advantage of regional networks, so as to share mutual advantages, benefit and growth, and particularly provide a more convenient service network and better financial services to customers.
 - As at the end of Sept. 2008, the Bank-to-Bank Platform had signed contracts with accumulative 196 clients, in which 127 clients had been connected through IT network, thus shaping a network of nearly 10,000 outlets. This is the third service channel besides self-founded and strategic acquisitions, effectively offsetting the lack of IB’s outlets. In the first three quarters of 2008, the financial product sales through the network of Bank-to-Bank cooperation amounted to RMB13.3 billion, increasing the revenue of intermediary business.

III Outstanding operation features (continued)

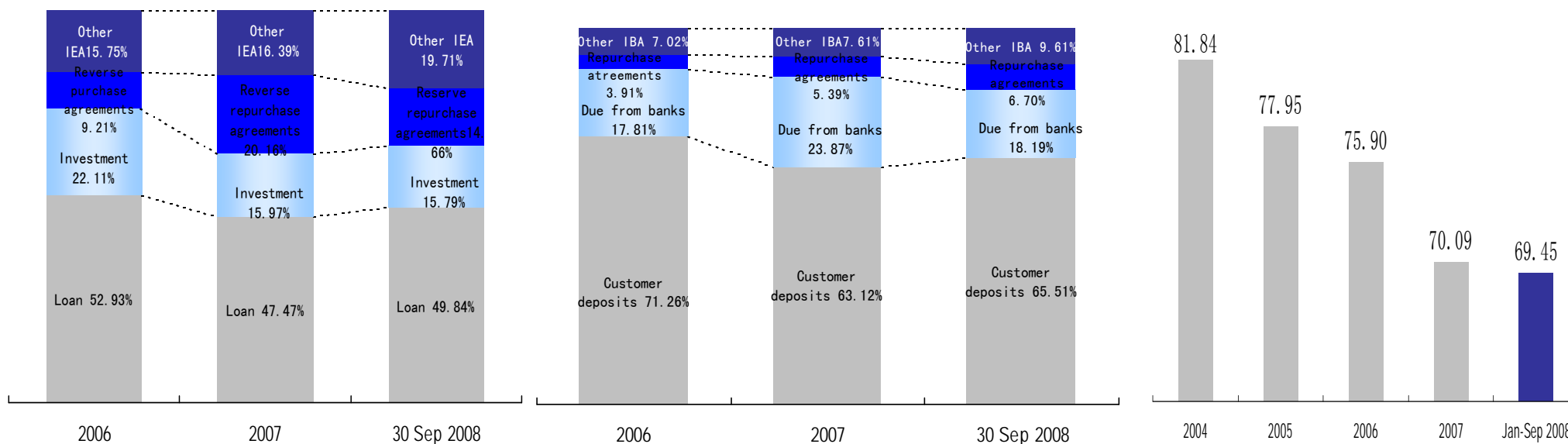
❖ Fourthly, diversified asset-liability structure.

- The asset structure was diversified, and the loan accounted for a lower proportion.
- Based on diversified liability structure, the proportion of general deposits continuously rose.
- Income structure became diversified progressively. The reliance on traditional LD spread descended gradually, and the influence of downward economy was reduced.

Diversified asset structure

Diversified liability structure

Loan interest to interest income (%)



III Outstanding operation features *(continued)*

❖ **Fifthly, intermediary business income maintained rapid growth.**

- At the first three quarters of 2008, the intermediary business income amounted to RMB2.705 billion, with a growth of 132% over the same period of last year. The foreign exchange differences and consultant fees increased remarkably, the growth rate reached 449% and 204% respectively.
- So far this year, with the doldrums of the capital markets and the decline of agency business income, the Company has actively adapted to the changing situation, promoted product innovation and introduced wealth management products, which promoted the sales of relevant products and brought a corresponding growth in fee and commission income.
- The “disintermediation” phenomenon for corporate finance became more evident. The Company rapidly developed investment banking business related to debt financing, in which the issuance size of short-term financing bonds ranked top five in the market, creating high fee and commission income.
- The environment to use bank cards was improved continuously, the Company’s engaged merchants and POS equipments continuously increased, and the gold and bonds trading market began their startup. All these factors contributed to the growth of bank cards and transaction business.