



中信银行

CHINA CITIC BANK

2015 INTERIM REPORT

China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 0998



Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors, and senior management of the Bank pledge the truthfulness, accuracy and completeness of the report, ensure that the information in this report contains no false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

The meeting of the Board of Directors of the Bank adopted the full text and summary of the 2015 Interim Report on 18 August 2015. All of the nine eligible directors attended the meeting while seven of them attended in person. Director Zhu Xiaohuang and Director Yuan Ming acted as proxy for Director Li Qingping and Director Wu Xiaoqing respectively. The supervisors of the Bank attended the meeting as non-voting delegates.

The Bank did not conduct any profit distribution or conversion of capital reserve into share capital in the first half of 2015.

The 2015 Interim Financial Reports that the Bank prepared in compliance with PRC Accounting Standards for Business Enterprises (ASBE) No. 32: Interim Financial Reporting and International Accounting Standards (IAS) No. 34: Interim Financial Reporting were reviewed by PwC Zhong Tian and PwC in accordance with Chinese CPA Standards on Review Engagements 2101 "Engagements to Review Financial Statements" and Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" respectively.

All outlooks and forward-looking statements in connection with the future financial situation, operating performance, business development and business planning do not constitute any substantial commitment to the investors. Investors are kindly reminded to pay attention to the investment risk.

For the purpose of this report, numbers are expressed in Renminbi Yuan unless otherwise stated.

Mr. Chang Zhenming, as chairman of the Board of Directors of the Bank, Ms. Li Qingping, as President of the Bank, Mr. Fang Heying, as vice president of the Bank in charge of financial affairs, and Mr. Lu Wei, as general manager of the Finance and Accounting Department of the Bank, hereby pledge the truthfulness, accuracy and completeness of the financial statements contained herein.



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Definition

For the purpose of the report, the following terms assume the implications indicated in the following table, unless otherwise explained:

Alibaba	Alibaba Group Holding Limited
Articles of Association	Articles of Association of China CITIC Bank Corporation Limited
BAIC Group	Beijing Automotive Group Co., Ltd
Baidu	Baidu Online Network Technology (Beijing) Co.,Ltd
Bank/Company/China CITIC Bank/CITIC Bank/CNCB	China CITIC Bank Corporation Limited
BBVA	Banco Bilbao Vizcaya Argentaria S.A.
Board of Directors	Board of directors of the Bank
Board of Supervisors	Board of supervisors of the Bank
CBRC	China Banking Regulatory Commission
China AMC	China Asset Management Co., Ltd.
China Securities	China Securities Co., Ltd.
China UnionPay	China UnionPay Company Limited
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CIFL	China Investment and Finance Limited
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited)
CITIC-CP Asset Management	CITIC-CP Asset Management Company
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CITIC Futures	CITIC Futures Co., Ltd.
CITIC Group	CITIC Group Corporation, formerly known as CITIC Group which was renamed CITIC Group Corporation on 27 December 2011 after restructuring
CITIC Limited	CITIC Limited (the Bank was notified on 6 August 2014 that CITIC Limited had changed its name into CITIC Corporation Limited)
CITIC Medical & Health	CITIC Medical & Health Group Co., Ltd.
CITIC Press	CITIC Press Corporation
CITIC-Prudential Fund Management	CITIC-Prudential Fund Management Company Limited
CITIC-Prudential Insurance	CITIC-Prudential Life Insurance Company Ltd.
CITIC Real Estate	CITIC Real Estate Corporation Limited

CITIC Securities	CITIC Securities Co., Ltd.
CITIC Securities (Shandong)	CITIC Securities (Shandong) Co., Ltd.
CITIC Securities (Zhejiang)	CITIC Securities (Zhejiang) Co., Ltd.
CITIC Tourism	CITIC Tourism Group Co., Ltd.
CITIC Trust	CITIC Trust Co., Ltd.
CNCBI	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited)
CSRC	China Securities Regulatory Commission
CTBC	CTBC Financial Holding Co., Ltd
Group	China CITIC Bank Corporation Limited and its subsidiaries
HNIG	Henan Investment Group
joint-stock banks	Including China CITIC Bank, China Merchants Bank, Minsheng Bank, Industrial Bank, Pudong Development Bank, China Everbright Bank, Huaxia Bank, Ping'an Bank, Guangdong Development Bank, China Zheshang Bank, China Bohai Bank and Evergrowing Bank
Lin'an CITIC Rural Bank	Zhejiang Lin'an CITIC Rural Bank
MI	Beijing Xiaomi Science Technology Co., Ltd
NSSF	National Council for Social Security Fund
PBC	People's Bank of China
PwC Zhong Tian	PricewaterhouseCoopers Zhong Tian LLP
reporting period	The six months ended 30 June 2015
RMB	RMB Yuan
SEHK	The Stock Exchange of Hong Kong Limited
S.F. Express	S.F. Express (Group) Co., Ltd
SFC	Hong Kong Securities and Futures Commission
Shanghai Listing Rules	Rules Governing the Listing of Stock on Shanghai Stock Exchange
SSE	Shanghai Stock Exchange
State Council	State Council of the People's Republic of China
Tencent	Tencent Holdings Limited
Tianan Property Insurance	Tianan Property Insurance Co., Ltd.

Financial Highlights

Operating Performance

Item	Unit: RMB million			
	January- June 2015	January- June 2014	Growth rate (%)	January- June 2013
Operating Income	69,957	62,101	12.65	50,074
Total profit	30,120	29,503	2.09	27,243
Net profit attributable to the Bank's shareholders	22,586	22,034	2.51	20,391
Net cash flows from operating activities Per share data	38,180	90,072	(57.61)	47,381
Basic earnings per share (RMB)	0.48	0.47	2.13	0.44
Diluted earnings per share (RMB)	0.48	0.47	2.13	0.44
Net cash flows from operating activities per share (RMB)	0.82	1.93	(57.61)	1.01

Profitability Indicators

Item	January- June 2015	January- June 2014	Increase/ (decrease)	January- June 2013
Return on average assets (ROAA)	1.06%	1.14%	(0.08)	1.30%
Return on average equity (ROAE, excluding minority interests)	16.79%	18.96%	(2.17)	19.92%
Cost-to-income ratio (excluding business tax and surcharges)	26.05%	26.95%	(0.90)	28.66%
Credit cost	1.39%	1.09%	0.30	0.54%
Net interest spread	2.14%	2.14%	—	2.39%
Net interest margin	2.32%	2.36%	(0.04)	2.58%

Scale Indicators

Item	Unit: RMB million			
	30 June 2015	31 December 2014	Growth rate (%)	31 December 2013
Total assets	4,561,277	4,138,815	10.21	3,641,193
Total loans and advances to customers	2,308,003	2,187,908	5.49	1,941,175
Total liabilities	4,270,195	3,871,469	10.30	3,410,468
Total deposits from customers	3,081,463	2,849,574	8.14	2,651,678
Placements from banks and non-bank financial institutions	20,601	19,648	4.85	41,952
Total equity attributable to the Bank's shareholders	283,001	259,677	8.98	225,601
Net asset per share attributable to the Bank's shareholders (RMB)	6.05	5.55	8.98	4.82

Asset Quality Indicators

Item	30 June	31 December	Growth rate(%)/ increase/(decrease)	Unit: RMB million 31 December
	2015	2014		2013
Performing loans	2,277,527	2,159,454	5.47	1,921,209
Non-performing loans ("NPL")	30,476	28,454	7.11	19,966
Allowance for impairment of loans	54,410	51,576	5.49	41,254
NPL ratio	1.32%	1.30%	0.02	1.03%
Provision coverage ratio	178.53%	181.26%	(2.73)	206.62%
The ratio of allowance for impairment of loans to total loans	2.36%	2.36%	—	2.13%

Note: Performing loans include normal loans and special mention loans; and non-performing loans include sub-standard loans, doubtful loans and loss loans.

Capital Adequacy Indicators

Item	30 June	31 December	Increase/ (decrease)	31 December
	2015	2014		2013
Core tier-one capital adequacy ratio	8.98%	8.93%	0.05	8.78%
Tier-one capital adequacy ratio	9.03%	8.99%	0.04	8.78%
Capital adequacy ratio	11.88%	12.33%	(0.45)	11.24%

Leverage Ratio

Item	30 June	31 December	Increase (%)/ increase/(decrease)	Unit: RMB million 31 December
	2015	2014		2013
Leverage ratio	5.25%	5.19%	0.06	4.81%
Net tier-one capital	287,530	264,582	8.67	228,380
On and off-balance-sheet assets	5,474,273	5,096,499	7.41	4,746,753

Notes: (1) The data for 2013 was calculated based on the Administrative Measures for Leverage Ratio of Commercial Banks (Yin Jian Hui Ling (2011) No. 3) while the data since 2014 was calculated based on the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (Yin Jian Hui Ling (2015) No. 1).

(2) According to Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (Yin Jian Hui Ling (2015) No. 1), please refer to Investor Relations column of the official website of the Bank (http://bank.ecitic.com/eabout/inves/in_4_4.shtml).

Supplementary Financial Indicators

Major indicator ⁽¹⁾	Standard (%)	30 June 2015	Bank data (%)	
			31 December 2014	31 December 2013
Liquidity ratio	≥25	49.55	51.82	46.40
Including: RMB	≥25	45.54	52.59	43.45
Foreign currencies	≥25	146.24	40.45	106.78
Loan-to-deposit ratio ⁽²⁾	≤75	71.14	73.08	72.79
Including: RMB	≤75	71.55	74.44	72.35
Foreign currencies	≤75	65.28	56.47	79.83

Notes: (1) The data above was calculated in accordance with the regulatory standards of Chinese banking industry.

(2) Discounted bills are included in loans.

Corporate Introduction

Registered Name in Chinese:	中信銀行股份有限公司
Chinese abbreviation:	中信銀行
Registered Name in English:	CHINA CITIC BANK CORPORATION LIMITED
English abbreviation:	CNCB
Legal Representative:	Chang Zhenming
Authorized Representatives:	Li Qingping, Wang Kang
Secretary to the Board of Directors:	Wang Kang
Joint Company Secretaries:	Wang Kang, Wendy KAM MeHa (ACS, ACIS)
Representative of Securities Affairs:	Wang Junwei
Registered Address:	Block C, Fuhua Mansion, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing
Postal Code of the Registered Address:	100027
Office Address:	No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing
Postal Code of the Office Address:	100010
Official Website:	bank.ecitic.com
Telephone Number:	+86-10-89938900
Fax Number:	+86-10-85230081
Email Address:	ir_cncb@citicbank.com
Principal Place of Business in Hong Kong:	Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong
Newspapers for Information Disclosure:	China Securities Journal, Shanghai Securities News, Securities Time
Websites for Information Disclosure:	Website designated by the CSRC to publish interim reports of A-share issuers: www.sse.com.cn Website designated by SEHK to publish interim reports of H-share issuers: www.hkexnews.hk
Place Where the Interim Report is Kept:	Office of Board of Directors and Board of Supervisors, CITIC Bank
Legal Advisor as to PRC Laws:	King & Wood Mallesons (PRC)
Legal Advisor as to Hong Kong Laws:	Clifford Chance
PRC Auditor:	PricewaterhouseCoopers Zhong Tian LLP 11/F., PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, China
International Auditor:	PricewaterhouseCoopers 22/F, Prince's Building, 10 Chater Road, Central, Hong Kong

A-share Registrar:	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 36/F, China Insurance Building, No. 166 East Lujiazui Road, Pudong New District, Shanghai
H-share Registrar:	Computershare Hong Kong Investor Services Limited 1712-1716, Level 17, Hopewell Center, 183 Queen's Road East, Hong Kong
Listing Venue, Stock Name and Stock Code:	A-share: Shanghai Stock Exchange CITIC Bank 601998 H-share: The Stock Exchange of Hong Kong Limited CITIC Bank 00998
Date of First Registration:	20 April 1987
Date of Changing Registration:	8 December 2014
Authority of First Registration and Changing Registration:	State Administration for Industry & Commerce, PRC
Registration Number of Business License:	100000000006002
Institution Number of Finance License:	B0006H111000001
Tax Registration Number:	110105101690725
Certificate of Organization Code:	10169072-5

Report of the Board of Directors

I Economic, Financial and Regulatory Environments

In the first half of 2015, recovery of the global economies continued to divide, lingering on in deep post-crisis adjustment. In the U.S., although the economy continued to recover, when to raise interest rates was still undetermined and international capital flows remained largely uncertain. The EU economy edged up as the European Central Bank increasingly expanded its monetary easing policy. The emerging economies performed diversely with some decelerating growth and experiencing bigger fluctuations in the financial market. Adjust the complicated international and domestic economic environments and the increasing pressure of economic downturn, the Chinese government adhered to the general principle of seeking progress while maintaining stabilization of growth, carried out macro-regulation scientifically and precisely, and pushed forward system reform and policy innovation. As a result, the national economy performed within a reasonable range and major indicators picked up gradually. In the first half of 2015, gross domestic product (GDP) reached RMB29.6868 trillion, representing a growth of 7.0% year-on-year. Investment in fixed assets reached RMB23.7132 trillion, with a growth rate of 11.4% year-on-year. Commodity consumption rose steadily, with total retail sales of consumer goods reached RMB14.1577 trillion, up 10.4% year-on-year. Foreign trade surplus widened further, import and export of goods registered RMB11.5316 trillion, a decrease of 6.9% year-on-year, with trade surplus standing at RMB1.6128 trillion. Consumer price index (CPI) remained stable, up 1.3% year-on-year. Producer's price index (PPI) declined by 4.6% year-on-year, while purchasing price index of raw material (PPIRM) decreased by 5.5% year-on-year.

The financial industry in China operated in a prudent and healthy manner, with the scale of monetary credit and total social financing both enjoyed steady moderate growth. In the first half of 2015, total social financing increased RMB8.81 trillion, RMB1.46 trillion less than the same period of the previous year. As at the end of June 2015, the balance of broad money (M2) supply and narrow money (M1) supply reached RMB133.34 trillion and RMB35.61 trillion respectively, a growth of 11.8% and 4.3% year-on-year respectively. Renminbi loan and deposit balance registered RMB88.79 trillion and RMB131.83 trillion respectively. The first half of 2015 recorded RMB6.56 trillion incremental Renminbi loans, up RMB537.1 billion year-on-year; and RMB11.09 trillion incremental Renminbi deposits, down RMB375.6 billion year-on-year.

The financial regulators adhered to the principle of progressing with stability, reform and innovation. While stringently safeguarding the bottom line of financial risk, the regulators rendered vigorous support to economic structural adjustment, transformation and upgrading and focused on enhancing financial services to the real economy. At its executive meeting, the State Council passed the Draft Amendment to China's Law on Commercial Banks by removing the 75% loan-to-deposit ratio stipulation. The ratio would be seen as a liquidity-monitoring indicator instead of a regulatory indicator and has filed to the National People's Congress for review. The PBC adopted a sound monetary policy with more attention to equilibrium between loose and tight, targeted regulation, reform and innovation. Meanwhile, it took a series of actions such as lifting the ceiling of deposit interest floating range to 1.5 times, promulgating the Deposit Insurance Ordinance and the Interim Administrative Measures for Large Certificate of Deposit Management and incorporating deposits and placements with financial institutions of non-bank financial institutions into the statistics of deposits and loans, which accelerated the liberalization of interest rates. The CBRC released the Guidelines on Financial Services to Micro and Small-Sized Enterprises in 2015 in order to improve this kind of financial services.

I Operating Performance and Strategic Transformation Overview

Performance overview

With the complicated domestic and international economic financial situations, the Group placed a firm focus on its new development strategy and the annual working guidelines, kept promoting strategy transformation, reinforced risk management and consequently enjoyed an overall sound and steady development.

Steady growth of profitability: During the reporting period, the Group realized net profit attributable to the Bank's shareholders of RMB22.586 billion, representing an increase of 2.51% year-on-year; profit before provisioning of RMB46.811 billion, representing an increase of 13.84% year-on-year; net interest income of RMB49.744 billion, representing an increase of 9.05% year-on-year; and net non-interest income of RMB20.213 billion, representing an increase of 22.60% year-on-year.

Rapid growth of business scale: As at the end of the reporting period, the Group's total assets reached RMB4.561277 trillion, up 10.21% over the end of the previous year, of which total loans and advances to customers stood at RMB2.308003 trillion, up 5.49% over the end of the previous year; and total deposits from customers amounted to RMB3.081463 trillion, up 8.14% over the end of the previous year.

Overall controllability of asset quality: As at the end of the reporting period, the Group's balance of NPLs stood at RMB30.476 billion, up RMB2.022 billion or 7.11% over the end of the previous year; and its NPL ratio was 1.32%, up 0.02 percentage point over the end of the previous year. The Group registered a provision coverage ratio of 178.53%, down 2.73 percentage points compared with the end of the previous year and a ratio of allowance for impairment of loans to total loans of 2.36%, the same with the end of the previous year.

Progress in Strategic Transformation

During the reporting period, the Bank strengthened strategic management by developing the strategic management measures and the assessment plan, defining the strategic indicators and the projects of strategic importance and demarcating the division of responsibilities for implementation of strategies. The Strategy Publicity & Guiding Group was established at the Head Office and it provided guidance in a variety of forms, e.g. presentation on strategies, online learning and special training, to the branches and the subsidiaries to assist them to in developing sub-plans. In general, the Bank's strategic arrangements were effectively carried out and the operational transformation was efficient and effective in practice.

Effective construction of an integrated platform: The Bank strengthened top-level design and organizational promotion of the integrated platform construction, improved the internal synergetic business management system, lead to set up six synergetic working groups specialized in comprehensive financing, bank-securities, bank-trust, bank-insurance, bank-bank and industry-financial among subsidiaries of CITIC Group, and also successfully developed typical comprehensive financing models for BAIC Group and HNIG, etc. During the reporting period, the Bank promoted capital operation and subsidiaries development through entering into an equity cooperative agreement with Taiwan-based CTBC, commencing the operation of CITIC Financial Leasing which is established by the Bank, successfully acquiring Rocks Asia by CIFL and approving the corporate restructuring of the credit card company by the Board of Directors.

Breakthroughs in marketing and promotion of great individual items: The Bank quickened the construction for the development mode of "great individual items" and put more resources and efforts in the innovation of products or products combination which have strong appeals to customers, high profit contribution, good brand effect and which are easy to copy and promote. The Bank strengthened the marketing and promotion of major products including integrated financial solutions for governments, supply chain finance business for e-commerce traders, auto finance, cash management, e-commerce, custody, cross-border trade finance, interest/exchange rate services, direct financing, bills business, financial services for going abroad, credit cards, "Loans Backed with Home Mortgage", "Xin Jin Bao" and mobile banking, thus the scale of relevant businesses grew rapidly.

Steady development of the great asset management system: The Bank actively probed into the great asset management and operation model, propelled the reform of exclusive operating institutions of wealth management business and defined the direction of asset management under the wealth management business. The Bank formulated the internal regulation governing corporate asset management and asset flows, established a platform for transfer of non-CNCB assets, developed innovative product series of “CITIC Zi Bao”, and actively promoted the inception of the first direct financing product for wealth management.

Promotion of domestic and international strategic planning: The Bank steadily promoted international outlet construction and applied for the establishment of the London Branch and the Sydney Branch after setting up our London Representative Office. The Bank joined hands with CNCBI to set up the Bank-Bank Cooperation Working Group to strengthen cooperation in the PRC and overseas businesses. The Bank, together with the other subsidiaries of CITIC Group, took efforts actively to support China’s “One Belt, One Road” initiative and “Beijing-Tianjin-Hebei integration” development strategy. In this process, the Bank sped up the reserve of important projects and expected to have financings of over RMB400 billion.

Big strides in internet finance: The Bank accelerated the upgrade of the mobile-banking application, diversified the applications of e-channels and rolled out, among others, T-bond, large CDs and “Xin Jin Bao” online, with obvious increase in the share of wealth management product and fund sales via e-channels. The Bank expedited innovative payment business and the intermediary business income in relation to e-payment soared. The Bank reinforced cooperation with other sectors, releasing the B2C supply chain finance platform “CITIC E Pay” and the online investment & financing platform “Zhao Cai Bao”. Meanwhile, the Bank launched strategic cooperation with Baidu, Xiaomi and S.F. Express, and fully sharing customers, data and channels between each other. The Bank consolidated the data platform construction and initiated the analysis of user behaviors and the activation of dormant accounts to deeply explore customers’ preferences and potential value, which enhanced our precision of marketing capability.

Optimize the management innovation: The Bank enhanced the system innovation reform, defined the roles of departments, optimized the innovation management process, devised the 2015 product innovation plan and established an interactive mechanism between the head office and branches for product innovation. The Bank also took great efforts on key innovative projects, and successfully launching the first real estate medium-term note, the first M&A bond and first session of CDs. The Bank provided the interest rate risk management solution based on the interest swap for the first time, piloted the cross-border direct lending in RMB business, direct lending business under domestic guarantee and financial asset-pledged loan business. Thus, the Bank’s products innovation capability was enhanced further.

I Analysis of the Financial Statements

Income Statement Analysis

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Net Interest Income	49,744	45,614	4,130	9.05
Net non-interest income	20,213	16,487	3,726	22.60
Operating income	69,957	62,101	7,856	12.65
Operating expenses	(23,290)	(21,086)	2,204	10.45
Asset impairment loss	(16,691)	(11,617)	5,074	43.68
Profit before taxation	30,120	29,503	617	2.09
Income tax	(7,151)	(7,078)	73	1.03
Net profit	22,969	22,425	544	2.43
Including: Net profit attributable to the Bank’s shareholders	22,586	22,034	552	2.51

Operating Income

During the reporting period, the Group realized an operating income of RMB69.957 billion, up 12.65% year-on-year, in which net interest income accounted for 71.1%, down 2.4 percentage points year-on-year; and net non-interest income accounted for 28.9%, up 2.4 percentage points year-on-year, indicating an increasingly better income structure.

Item	January-June 2015	January-June 2014	January-June 2013 (%)
Net Interest Income	71.1	73.5	80.8
Net non-interest income	28.9	26.5	19.2
Total	100.0	100.0	100.0

Net Interest Income

During the reporting period, the Group realized a net interest income of RMB49.744 billion, up RMB4.130 billion or 9.05% year-on-year. The increase in net interest income was primarily due to the continuous growth of our assets scale.

The table below sets out the average balances and average interest rates of the Group's interest-earning assets and interest-bearing liabilities. Average balances of assets and liabilities represent their daily average balances.

Unit: RMB million

Item	January-June 2015			January-June 2014			January-December 2014		
	Average balance	Interest	Average yield/cost rate (%)	Average balance	Interest	Average yield/cost rate (%)	Average balance	Interest	Average yield/cost rate (%)
Interest-earning assets									
Loans and advances to customers	2,240,688	68,398	6.16	2,024,269	63,362	6.31	2,074,393	130,975	6.31
Investment in debt securities	413,142	8,058	3.93	337,986	6,438	3.84	347,377	13,992	4.03
Deposits with the Central Bank	513,014	3,760	1.48	497,668	3,686	1.49	506,580	7,554	1.49
Deposits and placements with banks and non-bank financial institutions	199,127	2,045	2.07	312,720	6,698	4.32	276,146	9,834	3.56
Amounts under resale agreements	99,041	2,404	4.89	257,990	7,230	5.65	231,483	12,194	5.27
Receivables investments and others	855,833	23,020	5.42	471,302	14,866	6.36	507,814	31,090	6.12
Subtotal	4,320,845	107,685	5.03	3,901,935	102,280	5.29	3,943,793	205,639	5.21
Interest-bearing liabilities									
Deposits from customers	2,885,836	32,659	2.28	2,728,305	33,367	2.47	2,766,590	67,268	2.43
Deposits and placement from banks and non-bank financial institutions	947,260	20,506	4.37	792,186	21,063	5.36	773,693	38,168	4.93
Amounts under repurchase agreements	21,334	339	3.20	25,469	482	3.82	23,280	839	3.60
Issued debt certificates and others	191,810	4,437	4.66	84,288	1,754	4.20	101,600	4,623	4.55
Subtotal	4,046,240	57,941	2.89	3,630,248	56,666	3.15	3,665,163	110,898	3.02
Net interest income		49,744			45,614			94,741	
Net interest spread⁽¹⁾			2.14			2.14			2.19
Net interest margin⁽²⁾			2.32			2.36			2.40

- Notes: (1) Representing the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities.
(2) Calculated by dividing net interest income by average balance of total interest-earning assets, annualized.

Report of the Board of Directors

The table below sets out the changes in the Group's net interest income resulting from changes in the scale factor and the interest rate factor:

Unit: RMB million

Item	January-June 2015 compared with January-June 2014		
	Scale Factor	Interest Rate Factor	Total
Assets			
Loans and advances to customers	6,774	(1,738)	5,036
Investment in debt securities	1,432	188	1,620
Deposits with the Central Bank	114	(40)	74
Deposits and placements with banks and non-bank financial institutions	(2,433)	(2,220)	(4,653)
Amounts under resale agreements	(4,454)	(372)	(4,826)
Receivables investments and others	12,128	(3,974)	8,154
Changes in interest income	13,561	(8,156)	5,405
Liabilities			
Deposits from customers	1,927	(2,635)	(708)
Deposits and placement from banks and non-bank financial institutions	4,123	(4,680)	(557)
Amounts under repurchase agreements	(78)	(65)	(143)
Issued debt certificates and others	2,237	446	2,683
Changes in interest expense	8,209	(6,934)	1,275
Changes in net interest income	5,352	(1,222)	4,130

Net Interest Margin and Net Interest Spread

During the reporting period, the Group's net interest margin (NIM) stood at 2.32%, down 0.04 percentage point year-on-year, and net interest spread at 2.14%, which is consistent with the same period of last year.

Interest Income

During the reporting period, the Group realized an interest income of RMB107.685 billion, up RMB5.405 billion or 5.28% year-on-year. The increase in interest income was primarily due to the continuous increase in interest-earning assets. The Group's average balance of interest-earning assets increased by RMB418.910 billion or 10.74% from RMB3.901935 trillion in the first half of 2014 to RMB4.320845 trillion in the first half of 2015, and its average yield of interest-earning assets decreased by 0.26 percentage point from 5.29% in the first half of 2014 to 5.03% in the first half of 2015.

Interest Income from Loans and Advances to Customers

During the reporting period, the Group achieved RMB68.398 billion interest income from loans and advances to customers, up RMB5.036 billion or 7.95% year-on-year. The Bank also achieved RMB66.316 billion interest income from loans and advances to customers, up RMB4.769 billion or 7.75% year-on-year.

Classification by Term

The Group

Unit: RMB million

Item	January-June 2015			January-June 2014			January-December 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	1,137,674	33,859	6.00	1,159,324	36,936	6.42	1,158,337	73,784	6.37
Medium and long-term loans	1,103,014	34,539	6.31	864,945	26,426	6.16	916,056	57,191	6.24
Total	2,240,688	68,398	6.16	2,024,269	63,362	6.31	2,074,393	130,975	6.31

The Bank

Unit: RMB million

Item	January-June 2015			January-June 2014			January-December 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	1,113,419	33,426	6.05	1,136,923	36,473	6.47	1,135,848	72,830	6.41
Medium and long-term loans	1,005,396	32,890	6.60	781,600	25,074	6.47	828,859	54,290	6.55
Total	2,118,815	66,316	6.31	1,918,523	61,547	6.47	1,964,707	127,120	6.47

Classification by Business**The Group**

Unit: RMB million

Item	January-June 2015			January-June 2014			January-December 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	1,594,208	49,748	6.29	1,498,604	46,979	6.32	1,508,473	96,338	6.39
Discounted bills	66,671	1,504	4.55	63,990	1,962	6.18	74,347	3,782	5.09
Personal loans	579,809	17,146	5.96	461,675	14,421	6.30	491,573	30,855	6.28
Total loans to customers	2,240,688	68,398	6.16	2,024,269	63,362	6.31	2,074,393	130,975	6.31

The Bank

Unit: RMB million

Item	January-June 2015			January-June 2014			January-December 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	1,496,455	48,112	6.48	1,415,071	45,491	6.48	1,421,570	93,169	6.55
Discounted bills	58,847	1,295	4.44	56,562	1,840	6.56	66,107	3,516	5.32
Personal loans	563,513	16,909	6.05	446,890	14,216	6.41	477,030	30,435	6.38
Total loans to customers	2,118,815	66,316	6.31	1,918,523	61,547	6.47	1,964,707	127,120	6.47

Interest Income from Investment in Debt Securities

During the reporting period, the Group's interest income from investment in debt securities stood at RMB8.058 billion, up RMB1.62 billion or 25.16% year-on-year. The Group made proactive adjustments to the scale of its investment in debt securities in line with market interest rates and our liquidity management requirements, raising average balance of debt securities investment from RMB337.986 billion in the first half of 2014 to RMB413.142 billion in the first half of 2015, up 22.24 percentage points.

Interest Income from Deposits with the Central Bank

During the reporting period, the Group's interest income from deposits with the Central Bank amounted to RMB3.760 billion, representing an increase of RMB74 million or 2.01% year-on-year. The average balance of deposits with the Central Bank grew by RMB15.346 billion due to higher deposits from customers and reserve requirement ratio.

Interest Income from Deposits and Placements with Banks and Non-Bank Financial Institutions

During the reporting period, the Group's interest income from deposits and placements with banks and non-bank financial institutions was RMB2.045 billion, down RMB4.653 billion or 69.47% year-on-year, mainly because the average balance of deposits and placements with banks and non-bank financial institutions decreased by RMB113.593 billion and the average yield of such deposits and placements dropped by 2.25 percentage points.

Report of the Board of Directors

Interest Income from Amounts under Resale Agreements

During the reporting period, the Group's interest income from amounts under resale agreements contracted by RMB4.826 billion or 66.75% year-on-year to RMB2.404 billion, mainly due to the RMB158.949 billion decrease in the average balance of amounts under resale agreements and the 0.76 percentage-point fall in the average yield thereof.

Interest Income from Receivables Investments and others

During the reporting period, the Group's interest income from receivables investment and others stood at RMB23.02 billion, up RMB8.154 billion year-on-year, mainly due to the increase in the investment in targeted asset management schemes for securities brokerages, bringing more interest income to the Group during the reporting period.

Interest Expense

During the reporting period, the Group's interest expense was RMB57.941 billion, up RMB1.275 billion or 2.25% year-on-year. The increase in interest expense was primarily due to the expansion of interest-bearing liabilities. The average balance of the Group's interest-bearing liabilities increased by RMB415.992 billion or 11.46% from RMB3.630248 trillion in the first half of 2014 to RMB4.046240 trillion in the first half of 2015.

Interest Expense on Deposits from Customers

During the reporting period, the Group's interest expense on deposits from customers stood at RMB32.659 billion, down RMB708 million or 2.12% year-on-year. The Bank's interest expense on deposits from customers was RMB31.618 billion, down RMB786 million or 2.43% year-on-year, primarily due to the fact that the average cost rate of deposits from customers decreased by 0.17 percentage point.

The Group

Item	January-June 2015			January-June 2014			January-December 2014		
	Average Balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits									
Time deposits	1,437,321	23,323	3.27	1,324,768	22,853	3.48	1,350,745	46,486	3.44
Demand deposits	949,746	3,512	0.75	875,905	2,972	0.68	896,846	6,550	0.73
Subtotal	2,387,067	26,835	2.27	2,200,673	25,825	2.37	2,247,591	53,036	2.36
Personal deposits									
Time deposits	351,932	5,562	3.19	409,263	7,332	3.61	395,557	13,788	3.49
Demand deposits	146,837	262	0.36	118,369	210	0.36	123,442	444	0.36
Subtotal	498,769	5,824	2.35	527,632	7,542	2.88	518,999	14,232	2.74
Total	2,885,836	32,659	2.28	2,728,305	33,367	2.47	2,766,590	67,268	2.43

Unit: RMB million

The Bank

Item	January-June 2015			January-June 2014			January-December 2014		
	Average Balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits									
Time deposits	1,370,643	22,747	3.35	1,273,577	22,224	3.52	1,291,735	45,223	3.50
Demand deposits	924,357	3,500	0.76	849,416	2,961	0.70	874,670	6,525	0.75
Subtotal	2,295,000	26,247	2.31	2,122,993	25,185	2.39	2,166,405	51,748	2.39
Personal deposits									
Time deposits	304,311	5,123	3.39	369,768	7,021	3.83	354,200	13,111	3.70
Demand deposits	128,863	248	0.39	105,615	198	0.38	110,370	420	0.38
Subtotal	433,174	5,371	2.50	475,383	7,219	3.06	464,570	13,531	2.91
Total	2,728,174	31,618	2.34	2,598,376	32,404	2.51	2,630,975	65,279	2.48

Unit: RMB million

Interest Expense on Deposits and Placements from Banks and Non-Bank Financial Institutions

During the reporting period, the Group's interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB20.506 billion, down RMB557 million or 2.64% year-on-year, which was primarily due to the 0.99 percentage-point fall in average cost ratio of deposits and placements from banks and non-bank financial institutions.

Interest Expense on Amounts under Repurchase Agreements

During the reporting period, the Group's interest expense on amounts under repurchase agreements was RMB339 million, down RMB143 million or 29.67% year-on-year, which was primarily due to the decrease of RMB4.135 billion in the average balance of amounts under repurchase agreements and the decline of 0.62 percentage-point in the average cost rate.

Interest Expense on Issued Debt Certificates and Others

During the reporting period, the Group's issued debt certificates and others interest expense stood at RMB4.437 billion, an increase of RMB2.683 billion or 152.96% year-on-year, which was primarily due to, among others, new issuances of RMB debts and the influence of inter-bank certificates of deposit.

Net Non-interest Income

During the reporting period, the Group realized net non-interest income of RMB20.213 billion, up RMB3.726 billion or 22.60% year-on-year.

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Net fee and commission income	17,480	12,807	4,673	36.49
Net gain from trading	1,426	2,712	(1,286)	(47.42)
Net gain from investment securities	1,183	800	383	47.88
Hedging gain	1	—	1	—
Other net operating gain	123	168	(45)	(26.79)
Total net non-interest income	20,213	16,487	3,726	22.60

Net Fee and Commission Income

During the reporting period, the Group realized net fee and commission income of RMB17.48 billion, representing an increase of RMB4.673 billion or 36.49% year-on-year, of which fee and commission income amounted to RMB18.367 billion, up 36.08% year-on-year. This increase was primarily due to the rapid growth in multiple businesses including bank card fees, wealth management service fees and agency fees.

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Bank card fees	5,851	3,679	2,172	59.04
Consulting and advisory fees	3,791	3,336	455	13.64
Guarantee fees	1,614	1,805	(191)	(10.58)
Wealth management service fees	2,568	1,720	848	49.30
Settlement fees	1,043	1,219	(176)	(14.44)
Agency fees	2,042	863	1,179	136.62
Custody and other trusted services commissions	1,121	783	338	43.17
Others	337	92	245	266.30
Subtotal	18,367	13,497	4,870	36.08
Fee and commission expense	(887)	(690)	197	28.55
Net fee and commission income	17,480	12,807	4,673	36.49

Report of the Board of Directors

Net Gain from Trading

During the reporting period, the Group registered RMB1.426 billion net gain from trading, down RMB1.286 billion year-on-year, mainly due to the decrease in realized gain from delivered derivatives.

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Derivative financial instruments	(753)	1,313	(2,066)	(157.35)
Net gain from foreign exchange trading	1,156	696	460	66.09
Debt securities	951	663	288	43.44
Financial instruments measured at fair value through profit or loss	72	14	58	414.29
Others	—	26	(26)	(100.00)
Net gain from trading	1,426	2,712	(1,286)	(47.42)

Loss on Asset Impairment

During the reporting period, the Group's asset impairment loss stood at RMB16.691 billion, up RMB5.074 billion year-on-year, of which impairment loss on loans and advances to customers increased by RMB4.477 billion or 41.02% year-on-year to RMB15.391 billion.

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Loans and advances to customers	15,391	10,914	4,477	41.02
Off-balance sheet assets	(66)	58	(124)	(213.79)
Securities investment	(5)	1	(6)	(600.00)
Other ^(Note)	1,371	644	727	112.89
Total loss on asset impairment	16,691	11,617	5,074	43.68

Note: Including the impairment losses of deposits and placements with banks and non-bank financial institutions, interest receivables, receivables investment and other assets.

Operating Expenses

During the reporting period, the Group incurred RMB23.290 billion operating expenses, representing an increase of RMB2.204 billion or 10.45% year-on-year, of which staff cost and property and equipment expenses increased by 8.25% and 13.58% respectively over the same period of the previous year.

The Group's cost to income ratio during the reporting period was 33.29%, down 0.66 percentage point year-on-year.

Item	<i>Unit: RMB million</i>			
	January- June 2015	January- June 2014	Year-on-year increase/decrease	Year-on-year growth rate (%)
Staff cost	10,656	9,844	812	8.25
Property and equipment expenses and amortization	3,855	3,394	461	13.58
Other	3,714	3,498	216	6.17
Subtotal	18,225	16,736	1,489	8.90
Business tax and surcharges	5,065	4,350	715	16.44
Total operating expenses	23,290	21,086	2,204	10.45
Cost-to-income ratio	33.29%	33.95%	Down 0.66 percentage point	
Cost-to-income ratio (excluding business tax and surcharges)	26.05%	26.95%	Down 0.90 percentage point	

Income Tax Analysis

The Group's income tax expense during the reporting period stood at RMB7.151 billion, up RMB73 million or 1.03% year-on-year. The Group's effective tax rate down 0.25 percentage point from 23.99% in the first half of 2014 to 23.74%.

Balance Sheet Analysis

As at the end of the reporting period, total assets of the Group reached RMB4.561277 trillion, up 10.21% over the end of the previous year, mainly due to the increase in the Group's loans and advances to customers, receivables investment, as well as investment in debt securities and equity instruments; and total liabilities of the Group recorded RMB4.270195 trillion, up 10.30% over the end of the previous year, mainly because of the increase in both deposits from customers and deposits and placement from banks and non-bank financial institutions, as well as issued debt certificates.

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	2,253,593	49.4	2,136,332	51.7
Receivables investment	901,425	19.8	653,256	15.8
Investment in debt securities and equity instruments ⁽¹⁾	529,132	11.6	415,740	10.0
Cash and deposits with the Central Bank	532,917	11.7	538,486	13.0
Net amount of deposits and placements with banks and non-bank financial institutions	149,439	3.3	162,171	3.9
Amounts under resale agreements	78,489	1.7	135,765	3.3
Others ⁽²⁾	116,282	2.5	97,065	2.3
Total assets	4,561,277	100.0	4,138,815	100.0
Deposits from customers	3,081,463	72.2	2,849,574	73.6
Deposits and placement from banks and non-bank financial institutions	924,393	21.6	707,940	18.3
Amounts under repurchase agreements	6,873	0.2	41,609	1.1
Debt certificates issued	167,558	3.9	133,488	3.4
Others ⁽³⁾	89,908	2.1	138,858	3.6
Total liabilities	4,270,195	100.0	3,871,469	100.0

- Notes: (1) Including financial assets measured at fair value through profit or loss for the current period, available-for-sale financial assets, held-to-maturity investments and investment in associates.
- (2) Including precious metals, derivative financial assets, interest receivables, fixed assets, intangible assets, investment properties, goodwill, deferred income tax assets and other assets.
- (3) Including borrowings from the Central Bank, financial liabilities measured at fair value through profit or loss for the current period, derivative financial liabilities, staff remuneration payables, tax and fee payables, interest payables, accrued liabilities and other liabilities.

Report of the Board of Directors

Loan Business

As at the end of the reporting period, the Group's total loans and advances to customers reached RMB2.308003 trillion, up 5.49% over the end of the previous year; and such loans and advances accounted for 49.4% of total assets, down 2.3 percentage points compared with the end of the previous year.

The Group

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,614,976	70.0	1,565,318	71.6
Discounted bills	88,648	3.8	68,043	3.1
Personal loans	604,379	26.2	554,547	25.3
Total loans and advances to customers	2,308,003	100.0	2,187,908	100.0
Impairment provision for loans and advances to customers	(54,410)		(51,576)	
Net loans and advances to customers	2,253,593		2,136,332	

As at the end of the reporting period, loans and advances of the Bank totaled RMB2,172.756 billion, up 5.30% over the end of the previous year.

The Bank

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,504,648	69.3	1,465,078	71.0
Discounted bills	81,117	3.7	59,888	2.9
Personal loans	586,991	27.0	538,512	26.1
Total loans and advances to customers	2,172,756	100.0	2,063,478	100.0
Impairment provision for loans and advances to customers	(54,098)		(51,136)	
Net loans and advances to customers	2,118,658		2,012,342	

Please refer to "Risk Management" of this report for risk analysis of the loan business.

Investment in Debt Securities and Equity Instruments

Portfolio Analysis of Investment in Debt Securities and Equity Instruments

Unit: RMB million

Item	30 June 2015		31 December 2014	
	Value	Proportion (%)	Value	Proportion (%)
Debt securities investment				
Held-to-maturity debt securities	184,487	34.9	177,998	42.8
Available-for-sale debt securities	245,908	46.4	183,382	44.1
Trading financial assets	16,464	3.1	12,746	3.1
Financial assets measured at fair value through profit or loss for the current period	2,711	0.5	838	0.2
Total debt securities	449,570	84.9	374,964	90.2
Investment funds				
Available-for-sale investment funds	6,604	1.3	462	0.1
Trading financial assets	2	—	2	—
Total investment funds	6,606	1.3	464	0.1
Equity investments				
Available-for-sale equity investments	225	—	1,769	0.4
Investment in associates	1,026	0.2	870	0.2
Total equity investments	1,251	0.2	2,639	0.6
Certificates of deposit and interbank negotiable certificates of deposit				
Trading financial assets	14,530	2.7	13,923	3.3
Available-for-sale financial assets	55,849	10.6	23,888	5.8
Total certificates of deposit and interbank negotiable certificates of deposit	70,379	13.3	37,811	9.1
Investment in wealth management products				
Available-for-sale financial assets	1,460	0.3	—	—
Total investment in wealth management products	1,460	0.3	—	—
Total investment in debt securities and equity instruments	529,266	100.0	415,878	100.0
Impairment provision for investment in debt securities and equity instruments	(134)		(138)	
Net investment in debt securities and equity instruments	529,132		415,740	
Market value of listed securities in held-to-maturity debt securities	1,204		1,350	

Report of the Board of Directors

Classification of Debt Securities Investment

As at the end of the reporting period, the Group's investment in debt securities reached RMB449.570 billion, representing an increase of RMB74.606 billion or 19.90% over the end of the previous year, primarily because the Group further optimized the structure and scale of investment in debt securities based on comprehensive consideration of investment returns and risks.

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Banks and non-bank financial institutions	175,584	39.1	147,570	39.4
Government	115,401	25.7	85,258	22.7
Policy banks	53,611	11.9	44,306	11.8
Public entities	8,298	1.8	68	—
Others ^(Note)	96,676	21.5	97,762	26.1
Total debt securities	449,570	100.0	374,964	100.0

Note: Primarily corporate bonds.

Domestic and Overseas Debt Securities Investment

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Domestic	427,408	95.1	362,717	96.7
Overseas	22,162	4.9	12,247	3.3
Total debt securities	449,570	100.0	374,964	100.0

Foreign Currency Denominated Debt Securities Held

As at the end of the reporting period, the Group held a total USD7.593 billion (equivalent to RMB47.085 billion) worth of foreign currency denominated debt securities, of which the Bank held USD3.66 billion, accounting for 48.20% of the total. The Group's impairment provision for foreign currency denominated debt securities investment was USD17 million (equivalent to RMB106 million), all being impairment provision for debt securities held by the Bank.

Breakdowns of Significant Investments in Financial Debt Securities

The table below sets out the breakdowns of significant investments in financial debt securities held by the Group as at 30 June 2015.

Name of debt securities	Book value	Maturity Date	Annual interest rate (%)	Provision for impairment
Debt Securities 1	4,000	28 February 2017	4.20%	—
Debt Securities 2	4,000	18 August 2029	5.98%	—
Debt Securities 3	3,164	23 April 2017	4.11%	—
Debt Securities 4	2,644	23 April 2019	4.32%	—
Debt Securities 5	2,339	26 July 2017	3.97%	—
Debt Securities 6	2,203	06 May 2017	2.83%	—
Debt Securities 7	2,040	17 January 2018	4.12%	—
Debt Securities 8	2,000	14 March 2017	3.45%	—
Debt Securities 9	1,974	07 November 2015	4.05%	—
Debt Securities 10	1,973	11 November 2015	3.90%	—
Total debt securities	26,337			—

Changes in Provision for Investment Impairment Losses

Item	Unit: RMB million	
	30 June 2015	31 December 2014
Beginning balance	138	205
Accruals during the year ⁽¹⁾	(5)	(7)
Write-offs	—	—
Transfer in/(out) ⁽²⁾	1	(60)
Ending balance	134	138

Notes: (1) Equal to the net provision for impairment losses recognized in the consolidated profit and loss account of the Group.

(2) Transfer in/out includes the amount transferred from the provisions for impairment losses on investment in overdue debt securities to the provisions for bad debt, the transfer of sale of impaired investments to impairment provisions and impacts due to changes in exchange rate.

Classification of Derivatives and Fair Value Analysis

Item	Unit: RMB million					
	30 June 2015			31 December 2014		
	Nominal principal	Fair value		Nominal principal	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	470,837	1,420	965	298,961	977	754
Currency derivatives	832,880	4,687	4,419	978,918	6,406	6,208
Other derivatives	43,467	1,031	480	50,769	843	385
Total	1,347,184	7,138	5,864	1,328,648	8,226	7,347

On-Balance Sheet Interest Receivables

Item	Unit: RMB million			
	31 December 2014	Increase during the current period	Collected during the current period	30 June 2015
Loan interest receivable	8,667	68,398	(67,980)	9,085
Interest receivable for debt securities	6,485	8,058	(8,170)	6,373
Interest on receivables investment	11,190	23,018	(21,658)	12,550
Other interest receivables	1,173	8,211	(8,112)	1,272
Total	27,515	107,685	(105,920)	29,280
Allowances for impairment losses on interest receivables	(1,390)	(1,105)	757	(1,738)
Net interest receivables	26,125	106,580	(105,163)	27,542

Repossessed Assets

Item	Unit: RMB million	
	30 June 2015	31 December 2014
Original value of repossessed assets		
— Land, premises and constructions	592	446
— Other	485	458
Provisions for impairment of repossessed assets		
— Land, premises and constructions	(146)	(156)
— Other	(10)	(9)
Total book value of repossessed assets	921	739

Report of the Board of Directors

Total Deposits from Customers

As at the end of the reporting period, the Bank's deposits from customers totaled RMB3.081463 trillion, an increase of RMB231.889 billion or 8.14% over the end of the previous year. Deposits from customers accounted for 72.2% of total liabilities, down 1.4 percentage points compared with the end of the previous year.

The Group

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits				
Demand deposits	1,036,694	33.7	969,511	34.0
Time deposits	1,513,991	49.1	1,365,914	48.0
Including: negotiated deposits	111,802	3.6	102,886	3.6
Subtotal	2,550,685	82.8	2,335,425	82.0
Personal deposits				
Demand deposits	175,791	5.7	147,658	5.2
Time deposits	354,987	11.5	366,491	12.8
Subtotal	530,778	17.2	514,149	18.0
Total deposits from customers	3,081,463	100.0	2,849,574	100.0

As at the end of the reporting period, the Bank's deposits from customers totaled RMB2.92424 trillion, an increase of RMB224.643 billion or 8.32% over the end of the previous year.

The Bank

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits				
Demand deposits	1,011,289	34.6	945,128	35.0
Time deposits	1,448,118	49.5	1,300,408	48.2
Including: negotiated deposits	110,942	3.8	102,040	3.8
Subtotal	2,459,407	84.1	2,245,536	83.2
Personal deposits				
Demand deposits	157,716	5.4	133,223	4.9
Time deposits	307,117	10.5	320,838	11.9
Subtotal	464,833	15.9	454,061	16.8
Total deposits from customers	2,924,240	100.0	2,699,597	100.0

Breakdowns of Deposits from Customers by Currency

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
RMB	2,762,367	89.6	2,528,282	88.7
Foreign currencies	319,096	10.4	321,292	11.3
Total	3,081,463	100.0	2,849,574	100.0

Breakdowns of Deposits by Geographical Location

Unit: RMB million

Item	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Bohai Rim ^(Note)	760,798	24.7	733,731	25.7
Yangtze River Delta	723,093	23.5	662,812	23.3
Pearl River Delta and West Strait	503,921	16.4	423,903	14.9
Central region	457,295	14.8	429,345	15.1
Western region	395,841	12.8	373,237	13.1
Northeastern region	83,826	2.7	77,525	2.7
Overseas	156,689	5.1	149,021	5.2
Total deposits from customers	3,081,463	100.0	2,849,574	100.0

Note: Including the Head Office.

Breakdowns of Deposits by Remaining Maturity

The Group

Unit: RMB million

Item	Payable on demand		Within 3 months		Within 3-12 months		Within 1-5 years		After 5 years		Total	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	1,018,789	33.0	534,790	17.4	683,357	22.2	304,148	9.9	9,601	0.3	2,550,685	82.8
Personal deposits	228,163	7.5	158,657	5.1	96,397	3.1	47,523	1.5	38	—	530,778	17.2
Total	1,246,952	40.5	693,447	22.5	779,754	25.3	351,671	11.4	9,639	0.3	3,081,463	100.0

The Bank

Unit: RMB million

Item	Payable on demand		Within 3 months		Within 3-12 months		Within 1-5 years		After 5 years		Total	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	994,885	34.0	477,878	16.3	673,750	23.0	303,293	10.5	9,601	0.3	2,459,407	84.1
Personal deposits	210,090	7.2	117,489	4.1	89,639	3.1	47,577	1.5	38	—	464,833	15.9
Total	1,204,975	41.2	595,367	20.4	763,389	26.1	350,870	12.0	9,639	0.3	2,924,240	100.0

Shareholders' Equity

Changes in shareholders' equity in the Group during the reporting period are listed in the following table:

Unit: RMB million

Item	30 June 2015						
	Share capital	Capital reserve	Surplus reserve and general risk provision	Undistributed profit	Other comprehensive income	Minority interest	Total shareholders' equity
Beginning balance	46,787	49,296	69,841	95,586	(1,833)	7,669	267,346
i. Net profit	—	—	—	22,586	—	383	22,969
ii. Other comprehensive income	—	—	—	—	738	96	834
iii. Owner's input or reduction of capital	—	—	—	—	—	—	—
iv. Profit distribution	—	—	—	—	—	(67)	(67)
Ending balance	46,787	49,296	69,841	118,172	(1,095)	8,081	291,082

Major Off-Balance Sheet Items

The table below sets out major off-balance sheet items and their balances as at the end of the reporting period.

Item	Unit: RMB million	
	30 June 2015	31 December 2014
Credit commitments		
— Acceptance bills	660,703	712,985
— Letters of guarantee issued	124,838	124,008
— Letters of credit issued	111,740	134,766
— Irrevocable loan commitments	167,333	188,338
— Credit card commitments	132,455	124,106
Subtotal	1,197,069	1,284,203
Operating lease commitments	14,416	14,084
Capital commitments	7,845	8,413
Pledged assets	48,449	71,219
Total	1,267,779	1,377,919

Cash Flow Statement Analysis

Net Cash Flows from Operating Activities

Net cash flows from operating activities registered RMB38.18 billion, representing a decrease of RMB51.892 billion year-on-year, which was primarily due to the net cash inflow from financial assets held under resale agreements, deposits and placement from banks, and deposits, which off-set cash outflow in the forms of loans and advances to customers and receivables investments.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities recorded RMB92.595 billion, up RMB91.589 billion year-on-year, which was primarily due to the increase in net investments in cash.

Net Cash Flows from Financing Activities

Net cash flows from financing activities reached RMB35.842 billion, up RMB24.999 billion year-on-year, which was primarily due to the net increase in proceeds from issued debt certificates and due to payment of interests.

Unit: RMB million

Item	January- June 2015	Year-on-year increase/(decrease) (%)	Major cause
Net cash flows from operating activities	38,180	(57.61)	
Including: Net increase in interbank business ^(Note)	211,299	34.03	Increase in deposits and placements with banks
Net increase in loans and advances to customers	(130,709)	(21.25)	Decrease in incremental loans
Net increase in receivables investments	(248,164)	(5.87)	Increase in directional asset management schemes for securities brokerages
Net decrease in loans from the Central Bank	(40,000)	—	Decrease in standing lending facilities
Net increase in deposits	229,750	(42.39)	Decrease in incremental corporate deposits
Net cash flows used in investing activities	(92,595)	9,104.27	
Including: Cash received from withdrawal of investment	336,670	16.35	Increase in disposal and repayment of bond securities investments
Payments on investments	(427,037)	47.60	Increase in investments in held-to-maturity and available-for-sale bonds
Payments on purchase of fixed assets and other assets	(2,246)	103.81	Increase in prepayments on acquisition of fixed assets
Cash paid for acquisition of a subsidiary	(10)	100	Purchase of Rock Asia by CIFL
Net cash flows from financing activities	35,842	230.55	
Including: Proceeds from issued debt certificates	92,625	553.12	Issuances of RMB bonds and interbank certificates of deposit
Principal repayment for issued debt certificates	(53,525)	1,684.17	Repayment of matured deposit certificates
Interest payment for issued debt certificates	(3,258)	49.31	Interest payment

Note: Including deposits with banks, placements with banks and non-bank financial institutions, financial assets held under resale agreements, deposits from banks, placements from banks and non-bank financial institutions, and financial assets sold under repurchase agreements.

Items Measured at Fair Value

Unit: RMB million

Item	30 June 2015	31 December 2014	Change in fair value for the year	Equity change at fair value incurred cumulatively during the year
Financial assets at fair value through profit and loss	33,707	27,509	196	—
Financial assets derivatives	7,138	8,226	(1,088)	—
Available-for-sale financial assets	308,377	209,272	—	1,411
Investment properties	287	280	3	—
Total	349,509	245,287	(889)	1,411
Financial liabilities at fair value through profit and loss	—	573	—	—
Financial liabilities derivatives	5,864	7,347	445	—
Total	5,864	7,920	445	—

Capital Adequacy Ratio

The Group calculates and discloses its capital adequacy ratios (“CARs”) according to the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC (implemented as of 1 January 2013). During the reporting period, the Group’s CARs at all tiers complied with regulatory requirements of such new Regulation. As at the end of the reporting period, the Group recorded a 8.98% core tier-one CAR, up 0.05 percentage point compared with the end of the previous year, a 9.03% tier-one CAR, up 0.04 percentage point over the end of the previous year, and a 11.88% CAR, down 0.45 percentage point compared with the end of the previous year.

Unit: RMB million

Item	30 June 2015	31 December 2014	Increase/decrease over the end of the previous year (%)	31 December 2013
Net core tier-one capital	285,774	262,786	8.75	228,311
Net tier-one capital	287,530	264,582	8.67	228,380
Net capital	378,293	362,848	4.26	292,212
Risk-weighted assets	3,183,322	2,941,627	8.22	2,600,494
Core tier-one CAR	8.98%	8.93%	Up 0.05 percentage point	8.78%
Tier-one CAR	9.03%	8.99%	Up 0.04 percentage point	8.78%
CAR	11.88%	12.33%	Down 0.45 percentage point	11.24%

Segment Report

Business Segments

Major business segments of the Group cover corporate banking, retail banking and financial market. Data of these business segments mainly came from the Group’s management accounting system.

Unit: RMB million

Business segment	30 June 2015				January-June 2014			
	Segment Operating income	Proportion (%)	Segment Profit before taxation	Proportion (%)	Segment Operating income	Proportion (%)	Segment Profit before taxation	Proportion (%)
Corporate banking	35,000	50.0	13,231	43.9	31,723	51.1	13,391	45.4
Retail banking	16,234	23.2	3,197	10.6	11,454	18.4	351	1.2
Financial market business	21,655	31.0	18,582	61.7	18,372	29.6	16,070	54.5
Other business	(2,932)	(4.2)	(4,890)	(16.2)	552	0.9	(309)	(1.1)
Total	69,957	100.0	30,120	100.0	62,101	100.0	29,503	100.0

Geographical Segments

The table below lists operating results of the Group for the reporting period by geographical segment.

Unit: RMB million

Geographical segment	30 June 2015				January-June 2015	
	Total assets ^(Note)		Total liabilities		Profit before taxation	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Yangtze River Delta	1,043,029	22.9	1,038,182	24.3	3,793	12.6
Pearl River Delta & West Strait	701,327	15.4	698,868	16.4	1,176	3.9
Bohai Rim	998,015	21.9	986,179	23.1	6,100	20.3
Central region	561,693	12.3	556,710	13.0	5,166	17.2
Western region	522,362	11.5	517,603	12.1	3,700	12.3
Northeastern region	97,356	2.1	96,207	2.3	666	2.2
Head Office	2,328,739	51.2	2,085,378	48.8	8,148	27.1
Hong Kong	205,641	4.5	181,301	4.2	1,371	4.4
Inter-segment adjustment	(1,905,903)	(41.8)	(1,890,255)	(44.2)	—	—
Total	4,552,259	100.0	4,270,173	100.0	30,120	100.0

Note: Excluding deferred income tax assets and deferred income tax liabilities.

Unit: RMB million

Geographical segment	31 December 2014				January-June 2014	
	Total assets ^(Note)		Total liabilities		Profit before taxation	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Yangtze River Delta	832,355	20.2	828,692	21.4	1,931	6.5
Pearl River Delta & West Strait	567,700	13.7	564,494	14.6	2,675	9.1
Bohai Rim	916,047	22.2	906,031	23.4	4,541	15.4
Central region	510,466	12.4	503,804	13.0	4,353	14.8
Western region	468,004	11.3	460,468	11.9	4,229	14.3
Northeastern region	89,173	2.2	88,544	2.3	628	2.1
Head Office	1,946,061	47.1	1,742,187	45.0	9,547	32.4
Hong Kong	199,498	4.8	178,132	4.6	1,599	5.4
Inter-segment adjustment	(1,399,806)	(33.9)	(1,400,883)	(36.2)	—	—
Total	4,129,498	100.0	3,871,469	100.0	29,503	100.0

Note: Excluding deferred income tax assets and deferred income tax liabilities.

| Business Review

Corporate Banking Business

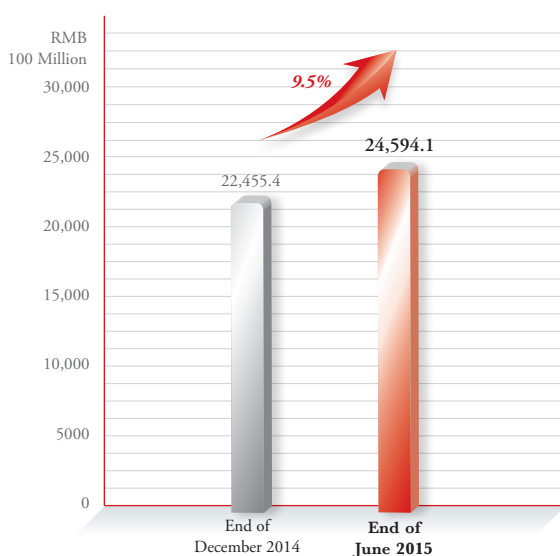
Business Overview

During the reporting period, facing business challenges such as macro-economic slowdown, financial disintermediation, interest rate liberalization, shock of internet finance and fiercer horizontal competition, the Bank paced up operational transformation of its corporate banking business, reinforced restructuring of products, customers and income on the basis of inheriting its traditional advantages in corporate banking, and accelerated the development of key businesses including trade finance, cash management, and asset custody. The Bank achieved sustained, rapid and coordinated growth in its corporate banking business. During the reporting period, the Bank realized RMB33.672 billion operating income from its corporate banking business, accounting for 49.83% of its total operating income, and RMB2.682 billion non-interest income from its corporate banking business, 13.90% of the Bank's total non-interest income.

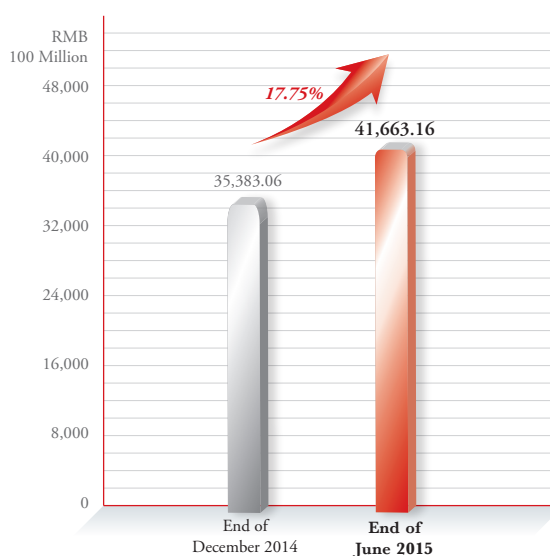
During the reporting period, the Bank actively advanced its corporate deposit business. On the one hand, the Bank boosted transaction banking business, and promoted continuous growth of low-cost stable deposits, relying on trade finance, cash management and asset custody. On the other hand, it strategically propelled active liabilities and effectively maintained existing depositors while expanding new ones by making strategies for active liability product offerings, timely adjusting pricing and other means. As at the end of the reporting period, 600 thousand corporate customers¹ had opened accounts with the Bank, up 8.3% over the end of the previous year. Corporate deposit balance stood at RMB2,459.41 billion, up 9.5% over the end of the previous year.

Under the context where effective structured demand of real economy was sluggish and the scale of credit lines of banks was restricted, the Bank made active efforts to guide the transformation of the operating mode of corporate assets across the Bank, and improved the operation and management ability from mechanism, structure and product, striving to become "the bank of the best integrated financial services". For mechanism, the Bank improved the asset management rules and processes; for structure, the Bank furthered its asset inputs in the modern service industry and strengthened the management of loans to the real estate sector; in terms of product, the Bank launched the series products of "CITIC Zi Bao", intensified its innovation in underlying financing instruments. As at the end of the reporting period, the Bank's corporate loan balance registered RMB1,585.765 billion, up 3.99% over the end of the previous year, of which the balance of Renminbi corporate general loans registered RMB1,379.376 billion, a growth of RMB28.394 billion over the end of the previous year.

Balance of Corporate Deposits



Scale of Asset Custody



¹ Due to upgrading of the Bank's core banking system, the number of corporate customers was calculated in accumulative terms during the current year.

Institutional Banking

During the reporting period, the Bank developed the Three-year Planning for Institutional Banking Development, further deepened partnership with institutional customers in sectors of public finance, social security, land and resources, housing and urban/rural construction, medical care, education and tobacco, consolidated and enhanced the advantages in featured institutional banking business. The Bank signed strategic cooperation agreements with the University of International Business and Economics and CITIC Medical & Health and became the strategic partner of governments at city or district level and other key institutional customers in over ten regions. It organized Public-Private Partnership (PPP) forums and project surveys in 16 regions, stepped up research and development of public service bill payment platform, cross-province traffic violation fines payment system and “Bank-Hospital Partnership 2.0”, among other innovative products, formulated and improved the Financial Service Package for Bank-School partnership and the Social Security Card Service Package.

As at the end of the reporting period, the Bank recorded 23,712 institutional customers in all types, and RMB785 billion average daily balance of deposits from institutional customers, which accounted for 35.7% of the average daily balance of corporate deposits, represented an increase of RMB76.5 billion over the end of the previous year, and exceeded the average growth rate of corporate deposits of the Bank.

Trade Finance

During the reporting period, the Bank vigorously promoted the supply chain finance mode for e-commerce traders, and made great efforts to develop auto finance business. The Bank led the peers by financing scale of auto finance business and made breakthroughs successively in such innovative areas as second-hand cars, imported cars with no franchise and cooperative financing with auto finance companies.

As at the end of the reporting period, on-and-off-balance of the Bank’s domestic trade finance business recorded RMB259.1 billion, increase of RMB32.6 billion or 14.4% year-on-year. During the reporting period, the financing amount accumulated to RMB346.2 billion, representing a year-on-year rise of RMB1.3 billion.

Cash Management

The Bank pushed ahead service and business mode innovation for cash management products, succeeded in marketing cash management projects to over 50 large group corporations and provided more than 20 key customers with B2B e-commerce financial services. It was qualified as fund sales supervision bank of Easternpay Information & Technology Co., Ltd. (affiliate of Baosteel Group Corporation) and China Payment & Clearing Network Co., Ltd. and successfully launched open online wealth management product “Liquidity Manager”, electronic entrusted loans and cross-border cash pool.

As at the end of the reporting period, the Bank recorded 227,000 accounts of cash management customer, 34.8% increase with the transaction volume reached to 23.6 trillion; the number of cash transactions stood at RMB23.94 million, up 11% year-on-year; B2B e-commerce projects accumulated to 150, up 35 compared with the end of the previous year. New transactions reached 148,000 with an amount of RMB29.1 billion. Internet finance projects added up to 124 and average daily deposits during the reporting period amounted to RMB12.86 billion.

Asset Custody

During the reporting period, the Bank adhered to the service mode of “great asset management” and “great transaction”, reinforced marketing, adjusted structure, strengthened management and improved economic efficiency. The Bank’s market share and value contribution of asset custody business continued to increase, indicating enhanced service capacity and fruitful business transformation.

As at the end of the reporting period, the Bank’s assets under custody reached RMB4,166.316 billion, an increase of 17.75% over the end of the previous year and 24.07% year-on-year; and its annuities under custody registered RMB33.936 billion, up 19.78% over the end of the previous year and 37.05% year-on-year. Personal pension accounts numbered 120,971, up 24.34% over the end of the previous year. The Bank’s total income from custody business during the reporting period recorded RMB1,121 million, up 43.17% year-on-year.

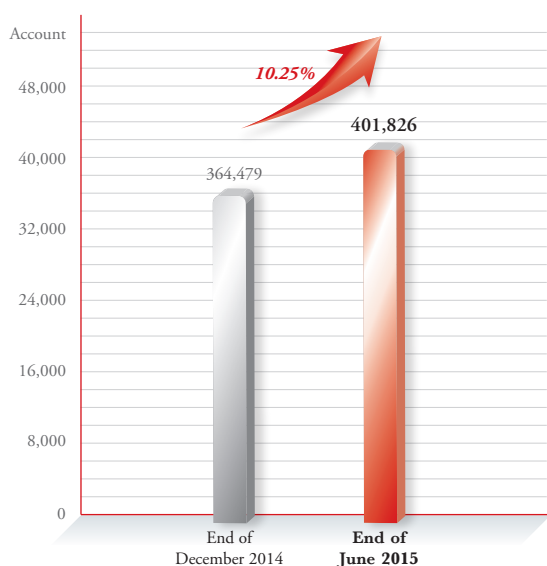
Retail Finance

Business Overview

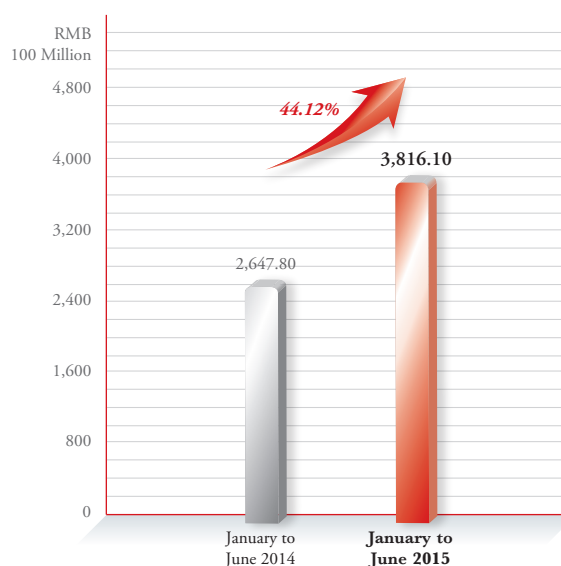
During the reporting period, the Bank further promoted the second transformation of its retail strategy, strengthened hardware transformation¹ and software transformation² of its business outlets. The Bank launched five “Great Individual Items” namely going-abroad finance, mobile banking, “Loans Backed with Home Mortgage”, “Xin Jin Bao” and credit card, which are tailored for white-collar elites, cross-border travelers, the elderly, elegant ladies and corporate leaders. Such items obtained good market response.

As at the end of the reporting period, the number of personal customers of the Bank reached 53,419,100 accounts accumulatively³, the Bank’s balances of personal deposits and personal loans recorded RMB463.907 billion and RMB622.978 billion respectively, up 2.37% and 7.12% over the end of the previous year respectively; assets under custody (AUM) of personal customers⁴ reached RMB1,011.991 billion, up 10.24% over the end of the previous year. During the reporting period, sale of personal wealth management products amounted to RMB1,338.494 billion, an increase of 59.90% year-on-year; sales of agency funds and collective wealth management products managed by brokers recorded RMB309.424 billion, up 1,022.61% year-on-year; agency insurance products sales amounted to RMB10.730 billion, up 147.59% year-on-year. During the reporting period, the Bank realized RMB15.454 billion operating income from its retail banking business, accounting for 22.87% of its total operating income, and RMB7.734 billion non-interest income from its retail banking business, 40.10% of the Bank’s total non-interest income.

Number of VIP accounts



Trading Volume of Credit Cards



¹ Hardware transformation of outlets meant the Bank propelled optimization management of outlet layout and transformation and integration of retail banking channels and established a diversified development mode of retail banking where physical outlets cooperate with e-banking channels, and customers were served, businesses are diverted and products were sold via multiple channels.

² Software transformation of outlets aimed to enhance productivity of outlets from such aspects as strengthening team building for outlet-based retail banking, building internal trainer system and continuous training mechanism, improving customer service system and bettering the appraisal system for retail roles of outlets.

³ Due to upgrading of the Bank’s core banking system, the number of personal customers was calculated in historically accumulative terms.

⁴ To improve service level and unify customer standard, the Bank standardized and improved the categorization of retail customers, adopting AUM as the uniform standard for customer categorization. AUM stands for Assets Under Management, including deposit and investment & wealth management of customers.

Wealth Management and Private Banking

The Bank rebuilt five club brands and the service system for private banking and explored new mode for corporate and private business coordination. Meanwhile, the Bank focused on building professional wealth management consulting teams to improve professional quality and integrated customer service competency of the teams on a continuing basis.

As at the end of the reporting period, 401,826 people held VIP accounts at the Bank each with over RMB500,000 AUM, representing an increase of 37,346 accounts, up 10.25% over the end of the previous year; and AUM balance reached RMB703.689 billion, up RMB75.449 billion or 12.01% over the end of the previous year. Private banking customers each with more than RMB6 million assets managed by the Bank numbered 15,656 accounts, representing an increase of 2,013 accounts or 14.75% over the end of the previous year; and AUM balance stood at RMB235.13 billion, representing an increase of RMB33.566 billion or 16.65% over the end of the previous year.

Small Enterprise and Personal Credit

During the reporting period, as proactive response to the major trend of rising domestic consumption and policies supporting small and micro enterprises, the Bank further improved its product marketing, risk control system, operating system, resource allocation system and assessment system. It innovatively optimized “comprehensive credit grant based on home mortgage”, improved risk control measures and provided customers with business loans while meeting customers’ reasonable consumption demand. The Bank also made great efforts to develop featured products as private car loans, online unsecured loans and loans pledged by financial assets, to produce new growth engines. Besides, the Bank set out to build the “credit factory” for small enterprises and personal consumption and launched a new retail credit management system.

As at the end of the reporting period, the Bank recorded RMB469.507 billion balance of loans to small enterprises and personal credit business, up RMB13.781 billion or 3.02% over the end of the previous year. Specifically, the balance of consumer loans¹ amounted to RMB354.462 billion, up RMB21.971 billion over the end of the previous year; the balance of loans to small enterprise² recorded RMB112.716 billion; customers obtained through granting new loans³ numbered 124,500; each customer owned 5.39 retail products on average, up 0.44 over the end of the previous year.

Credit Card

In line with the business philosophy of “Smart Development”, the Bank made proactive efforts to explore and innovate new operation models in the internet and Big Data era, and enhanced its market and brand influence in an all-round manner through cross-sector integration.

The Bank continuously optimized its brand activities, including “9 Bonus Points Exchange”, “Splendid 365” and “Overseas Card-Swiping”, made better use of the internet channel and introduced a slew of internet marketing activities tailored for mobile internet and holidays. It also upgraded the “36+1 Sports” card, further consolidating advantages of high-end credit card in the health and sports area. The Bank stepped up mobile services and launched the CITIC mobile business trip platform, which enabled self-service booking of air tickets, hotels, car renting and visa service at the mobile terminal of credit card. It input more in installment business, increased fee-based income and kept exploring potential of existing customers by virtue of Big Data, resulting in better asset and income structure of credit card.

The Bank continued to advance “Internet +” to cooperate with entities among sectors, joint hands with Baidu, Alibaba, Tencent, MI and S.F. Express, etc. in internet finance innovation and internet finance ecosphere building, which could provide customers with the best experience, thus further consolidating credit card’s first mover advantages in internet finance areas.

As at the end of the reporting period, the Bank issued 27,076,100 cards accumulatively. During the reporting period, the Bank issued 2,480,200 new cards, up 47.61% year-on-year; it registered credit card transactions of RMB381.61 billion, up 44.12% year-on-year and realized RMB8.731 billion income from its credit card business, representing a growth of 45.24% year-on-year. Growing at a faster speed, installment business saw its transaction amount and business income up 108.60% and 93.93% year-on-year respectively.

¹ Consumer finance covers finance for housing, commercial property, private cars, business cars, education and comprehensive consumption.

² Small enterprise customers include small/micro enterprise legal person customers and personal business loan customers (excluding commercial housing and commercial vehicle business), of which small/micro enterprise legal person customers refer to small and micro enterprises satisfying the “criteria set by the four Ministries” and receiving no more than RMB10 million (inclusive) credit line each.

³ Personal loans include consumer finance and personal business loans falling in the scope of small enterprise customers.

E-banking

The Bank continued to develop e-platforms including personal internet banking and mobile banking, intensified e-commerce innovation, advanced cross-sector cooperation and conducted online marketing.

The Bank improved the integration of e-channels and kept diversifying functions of mobile banking and personal internet banking. During the reporting period, functions as “Xin Jin Bao”, agency sales of funds and American visa application progress inquiry were added to mobile banking, while such services as savings bonds (electronic) sales and personal credit report inquiry were added to personal internet banking. As at the end of the reporting period, personal internet banking customers of the Bank numbered 15,735,100, representing an increase of 13.15% over the end of the previous year; and mobile banking customers of the Bank totaled 8,743,000, an increase of 35.5% over the end of the previous year. During the reporting period, personal internet banking transactions numbered 118.709 million, involving an amount of RMB5.7 trillion, up 60.85% and 49.54% year-on-year respectively. The volume and value of personal mobile banking transaction registered 10.1413 million and RMB336.115 billion, up 669.96% and 908.95% year-on-year respectively. The transaction substitution rate of personal e-banking reached 95.22%, rising by 2.06 percentage points over the end of the previous year.

The Bank boosted the development of e-payment business, gaining rapid growth of transaction volume and intermediary income. As at the end of the reporting period, the transaction amount of e-payment business including swift payment and B2C online payment reached RMB112 billion, up 90.22% year-on-year; intermediary income stood at RMB87.2 million, 8.16 times the figure last year. In particular, alongside the robust development of cross-border foreign exchange payment business, the Bank has signed cooperative agreements on cross-border e-commerce foreign exchange payment with 27 payment agencies and completed system connection with six payment agencies, namely Alipay, QianBaopay, Yijifu, ChinaPay, UMS and Easy Bonus Card, seeing transaction amount of RMB1.073 billion. The Bank actively explored cross-sector cooperation with internet companies and introduced “CITIC e Pay”, a B2C supply chain finance platform, 188,400 new transactions involving RMB2.243 billion were conducted on the platform. The Bank won over 240 upstream producers and 2,750 downstream dealers.

Financial Market

Business overview

The Bank vigorously developed financial market business, strengthened collaboration between and within financial market segments, actively responded to changes in market and policies, and strived to spur product innovation in monetary market, capital market and international financial market, resulting in good operating performance in the first half of 2015. During the reporting period, the Bank realized operating income of RMB21.448 billion and non-interest income of RMB8.987 billion from its financial market business, 31.74% of total operating income and 46.59% of total non-interest income respectively.

Financial Market Business

The Bank actively developed money market transactions including RMB interbank borrowings and bond repurchase etc, and fully leveraged the role of money market instruments in financing. It improved the operating efficiency of short-term capital while meeting liquidity management requirements across the bank. The Bank fulfilled its duties as the primary trader in the open market, flexibly utilized open market repurchase and innovative tools of the Central Bank to optimize asset-liability structure. The Bank actively participated in interbank NCD in the national interbank market, pushed ahead benchmark rate improvement of the money market and rollout of innovative products like CDs and promoted development of innovative business.

In response to exchange rate fluctuations domestic and abroad during the reporting period, the Bank introduced depreciated currency financing, liability value added, risk management, cross-border trading, free trade zone business and other innovative exchange rate products by applying such tools as foreign exchange swap, option and option package, thus meeting customers' needs to reduce financing cost, obtain value increase in wealth management and hedging risks.

The Bank's competitive power of market pricing was dedicated to market making of bond (RMB) and interest rate derivatives, which make the pricing capacity well enhanced and resulting in notable trading performance through fluctuation catching. At the same time, the Bank broadened our sales channels and consolidated the relationship with core customers, which did promote the development of credit bonds subscription business prudently. Through diligent business innovation, it developed a service solution of interest rate risk management based on RMB interest rate swap for customers to meet the trend of market structure reform; it began to offer quotations to qualified non-financial institutional investors.

Focusing on asset portfolio wealth management and structured wealth management, the Bank seized market opportunities to timely adjust the asset allocation structure, effectively improved asset return and spurred the increase of wealth management size and income, within controllable risk. It continued to intensify wealth management product innovation and successively introduced non-principal guaranteed structured products, non-principal guaranteed foreign currency product and capital investment consultancy, further meeting customers' requirements of diversified wealth management and investment.

The Bank adopted a prudent investment strategy for Renminbi denominated debt securities. Thanks to its appropriate grasp of market trend and timely adjustment of portfolio duration, the Bank succeeded in optimizing asset structure while paying close attention to return on assets and market risk, return on debt up 11 basis points over the previous year. In terms of investment in foreign currency dominated debt securities, the Bank was able to improve stability of overall return on asset and resistance to risk due to its effective control of overall portfolio duration and emphasis on the selection of debt securities that were of controllable risk and higher returns.

The Bank has been actively expanded the gold leasing and precious metal trading business. As a result, the Bank achieved rapid business growth, steady customer base expansion, more diversified trading tools, and bigger market influence. Moreover, the Bank got the approval from the PBC to import gold, which further improved its competitiveness in the market.

As at the end of the reporting period, on-and off-balance asset under management of the Bank's financial market business amounted to 943.4 billion, increase 14% over the end of previous year.

International Business

The Bank strived to become a versatile service provider of international trade and cross-border finance through a customer-oriented model of "settlement+financing+trade". During the reporting period, the Bank successively promoted the organic integration of domestic L/C and export financing business with FX treasury products, so as to meet customers' multi-dimensional business needs with portfolio products. The Bank went all out to promote various businesses, including Renminbi NRA trade financing, NRA pledged trust usufruct, cross-border two-way Renminbi capital pool, cross-border direct lending and cross-border Renminbi transfer and remittance, further expanding channels of business income. The construction of international business platforms in free trade zones made phased achievements, the establishment of overseas institutions in London and Sydney made orderly progress.

During the reporting period, the Bank achieved USD191.53 billion import & export foreign exchange receipts and payments, 9.6 percentage points higher than the growth rate of national import & export volume. Meanwhile, the Bank realized RMB153.93 billion cross-border Renminbi foreign exchange receipts and payments. According to statistics from the Balance of Payments Department of the State Administration of Foreign Exchange and the RCPMIS system of the PBC, the two indicators above ranked No. 6 among all commercial banks and a steady No. 1 among all joint-stock banks in China.

Investment Banking Business

To closely keep up with industrial innovation, the Bank made breakthroughs in major innovative investment banking areas including medium-term notes of real estate developers and M&A bonds, explored the business mode of equity financing business which served for enterprises in the capital market and launched such innovative businesses as participation in employee stock ownership plans and directional add-issuance. The Bank also boosted integrated financing services involving private equity fund and, based on the innovation in local government financial modes, pushed forward formulation of solutions regarding PPP project financing and financial optimization in areas such as urbanization construction, transportation infrastructure construction, industrial integration, where funds amounted to over RMB30 billion at their inceptions and the project reserve exceeded RMB80 billion. Besides, the Bank focused on inception, marketing and reserve of "One Belt, One Road" fund of funds (FOF).

During the reporting period, the Bank's investment banking business realized RMB3.825 billion income, up by 44.36% over the previous year; the financing scale increased by RMB396.966 billion, up by 51.79% over the previous year. Public debt financing tools underwritten by the Bank recorded RMB131.928 billion, taking the sixth place among all commercial bank (as per Wind Info rankings). The Bank took the first place in terms of providing syndicated loans as a lead arranger among joint-stock banks in mainland China (as per Bloomberg Press rankings).

Interbank Business

With regard to its interbank business, the Bank persistently focused its business operation on eight categories of customers, including banks, securities companies, finance companies, fund companies, trust companies, insurance companies, financial leasing companies and futures companies. It kept improving customer relation management and product innovation ability, pushed forward development of interbank system and strengthened the breadth and depth of peer cooperation.

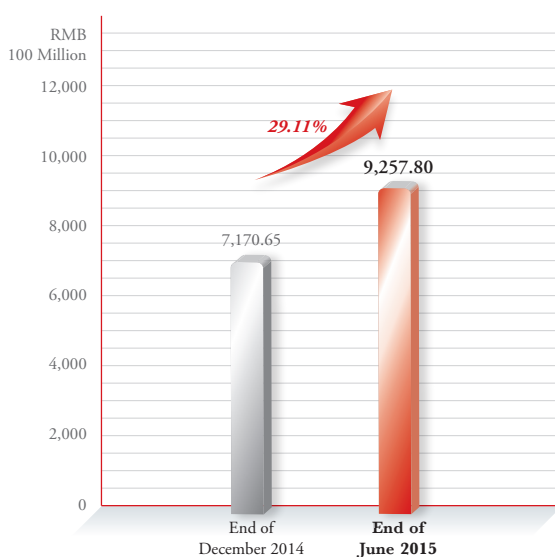
During the reporting period, the Bank concluded strategic cooperation agreements with 51 interbank customers, third-party depositary agreements with 87 securities companies, securities margin trading agreements with 24 securities companies, one-stop online account-opening agreements with five securities companies, bank-derivatives transfer cooperation agreement with one securities companies and bank-futures transfer agreements with 60 futures companies. In addition, the Bank qualified itself with the China Financial Futures Exchange, Zhengzhou Commodities Exchange and Dalian Commodities Exchange for conduct of futures margin depositary business, and thereby became one of the first joint-stock banks to be short listed for futures margin depositary business and one of the first banks qualified for option fund settlement as approved by China Securities Depository and Clearing Corporation Limited.

As at the end of the reporting period, the Bank's balance of Renminbi and foreign currency denominated interbank assets (including deposits and placements with financial institutions) reached RMB126.171 billion, a decrease of RMB3.328 billion or 2.57% over the end of the previous year; while its balance of Renminbi and foreign currency denominated interbank liabilities (including deposits and placements from financial institutions) registered RMB925.780 billion, an increase of RMB208.715 billion or 29.11% over the end of the previous year. During the reporting period, new incremental discounted bills amounted to RMB363.402 billion, realized net income of RMB5,933 million from interbank business, up 28.01% year-on-year.

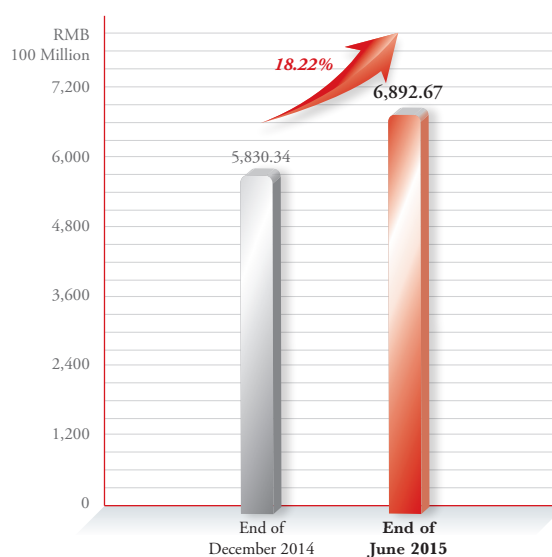
Special Business Area: Wealth Management Business

With the goal of "returning wealth management business to the essence of asset management", the Bank developed assorted and prudent wealth management product lines. During the reporting period, balance of wealth management products in all definitions totaled RMB689.267 billion, up RMB106.232 billion or 18.22% over the end of the previous year, of which wealth management products developed and sold by the Bank amounted to RMB587.314 billion including over 65% products having a term of three months or above and over 90% products having medium or less risk exposure, indicating a sound investment style. The Bank controlled risks stringently and honored all the 825 matured products as scheduled. Income from wealth management business amounted to RMB3.722 billion, forcefully bolstering the increase of bank-wide intermediary business income.

Interbank Liabilities



Balance of Wealth Management Products



During the reporting period, as an important way of participating in the competition in the bank asset management and linking customers' funds with direct investment & financing of the real economy, the Bank's wealth management business proactively responded to the national strategy of supporting real economy with finance. Over 75% of the funds were invested into the real economy and brought returns of RMB14.686 billion to the customers.

Service Quality Management

To establish and enhance the long-acting mechanism for service quality and consumer rights protection, the Bank incorporated consumer protection into its development strategies, set up a specialized department, formulated relevant serial rules and activated the review and approval mechanism for consumer rights protection relating to new products and new services. The Bank further intensified its efforts in service trainings, inspections, appraisal result notification and internal and external publicity and built a service assessment system focusing on outstanding retail outlet selection and retail posts appraisal, in order to improve service quality management and establish an all-round monitoring system.

During the reporting period, the Bank organized a series of publicity and educational activities, including "3•15 International Day for Protecting Consumers Rights", "Special Campaign against Illegal Online Trading of Bank Cards" and "Financial Knowledge Popularization", and achieved satisfying effects.

Integrated Financial Service Platform of CITIC Group

CITIC Group has numerous financial subsidiaries that are engaged in business areas including banking, securities, insurance, fund, trust and futures, most of which are leaders in their respective sectors. The Bank has been endeavoring to develop its unique competitive advantages in compliance with laws and regulations through the integrated financial service platform of CITIC Group.

Sharing of channel resources: Through agency product sales at physical outlets and through online banking channels, the Bank cooperated with companies of CITIC Group such as CITIC Securities, CITIC-Prudential Life Insurance, Tianan Property Insurance, CITIC-Prudential Fund Management, CITIC Real Estate, CITIC Tourism and CITIC Press for sharing of channel resources.

During the reporting period, via its physical outlets and online banking channels, the Bank sold 17 products of CITIC Securities and China Securities totaling RMB1.12 billion in value, 35 products of CITIC-Prudential Insurance and Tianan Property Insurance valued at RMB7.092 billion in total, and 68 products of CITIC-Prudential Fund Management and China AMC totaling RMB137.745 billion in value, and recommended RMB13.868 billion products for CITIC-CP Asset Management as an agent. In addition, CITIC Securities, CITIC-Prudential Life Insurance, CITIC Futures, CITIC-Prudential Fund Management, CITIC Real Estate, CITIC Tourism and CITIC Press also shared their institutional and outlet resources with the Bank by means of mutual access to outlets, joint organization of marketing events and display of publicity materials.

Product cooperation and joint marketing: The Bank carried out extensive cooperation with financial companies of CITIC Group in areas including wealth management products, third-party escrow services, custody, bond underwriting, enterprise annuities and co-brand cards and thereby provided customers with differentiated integrated financial services.

- R&D of wealth management product: The Bank researched and developed 216 wealth management products and realized RMB94.080 billion sales revenues thereof in cooperation with CITIC Securities, CITIC Trust and CITIC-CP Asset Management.
- Third-party escrow services: The Bank shared 3,327 institutional customers in third-party escrow and 518,400 personal customers with CITIC Securities, CITIC Securities (Zhejiang), CITIC Securities (Shandong) and China Securities.
- Custody business: The Bank cooperated extensively with CITIC Securities, CITIC Trust, CITIC-Prudential Fund Management, China AMC, CITIC- Prudential Life Insurance and other financial subsidiaries of CITIC Group in areas such as asset management of securities brokerages, fund, trust, insurance, PE and annuities. As at the end of the reporting period, the balance of custody for cooperative projects within CITIC Group registered RMB311.253 billion. During the reporting period, custody income scored RMB94.4317 million, while customers of annuity cooperation numbered 586, with an amount of RMB16.72 billion. Custody income realized during the reporting period amounted to RMB94.4317 million.

Report of the Board of Directors

- Bond underwriting: The Bank, together with CITIC Securities and China Securities, jointly underwrote RMB24 billion debt financing tools for customers through underwriting of short-term commercial papers, medium-term notes and asset-backed securities. During the reporting period, as the lead underwriter, the Bank underwrote RMB3 billion super-short-term commercial papers for CITIC Limited.

Domestic Distribution Channels

Branches

Outlet construction was paced up in a steady manner according to relevant development planning. During the reporting period, the Bank set up 24 new institutions, up 2.03% over the previous year, including 5 branches in Rizhao, Chengde, Liuan, Dazhou, Tianjin Pilot Free Trade Zone and 19 sub-branches. As at the end of the reporting period, the Bank had 1,254 outlets in 125 medium and large-sized cities in China, consisting of 37 tier-one branches (directly managed by the Head Office), 84 tier-two branches and 1,133 sub-branches.

The Bank continued to implement the transformational development strategy for retail business, and optimized regional and municipal layout of outlets, strengthened standardization of outlets and drove up the productivity of outlets, by the guideline of “small, smart and multi-business”, thereby providing strong support to the second transformation of its retail banking business.

Self-Service Outlets and Self-Service Terminals

During the reporting period, the Bank adjusted and optimized the allocation plan for self-service banks and terminals and reinforced risk prevention of transactions, which resulted in higher substitution rate and user efficiency in transactions of self-service terminals. As at the end of the reporting period, the Bank maintained 3,024 self-service banks and 11,115 self-service terminals (ATM, and CRS) in mainland China.

Online Banking and Mobile Banking

Please refer to “Report of the Board of Directors – E-Banking” of the report.

Telephone Banking Platform

The Bank provides telephone banking services to customers via its Telephone Customer Service Center. During the reporting period, the Service Hotline of the Bank’s Customer Service Center received 59.74 million incoming calls, including 34.74 million automated phone answering service calls and 24.01 million manual service calls, achieving a 20-second response rate of 83.54% for all manual service calls and a customer satisfaction rate of 98.07%. The Bank’s Customer Service Center proactively provided services as customer care and telephone notice, by actively making outgoing calls to customers totaling 198,600 person-times.

Information Technology

During the reporting period, the Bank completed upgrading the “new-generation core banking system” and realized one-off switchover and launch of the core banking system for all business segments, at 1,231 outlets under all the 37 branches and in all electronic channels of the Bank. The system has run smoothly after rollout. With top-notch architectural design, the “new-generation core banking system” developed an integrated, unified customer and agreement-signing view supporting both transaction processing and product selling, rolled out the “OTC Express” which simplified business vouchers and enhanced service efficiency at the counter, and built parameter-based “Product Factory” and “Fee Charging Factory” and optimized account structure to accelerate product innovation and support differentiated pricing. It also simultaneously planned for and completed several key systems including the enterprise level data warehouse and unified report generation statement platform, phase I of the new retail lending system and the new retail CRM system, which significantly improved the support of the information system to management decision-making, customer marketing and retail credit business expansion. Development of the “new-generation core banking system” optimized the enterprise IT architecture, and improved the Bank’s capacity in development, testing, maintenance and project group management on a full scale, laying a solid foundation for its strategic development in future.

To cope with the challenges and opportunities brought by “Internet +”, the Bank accelerated IT architecture transformation, continuously involve R&D of Big Data and distributed database platform and put into operation on applications such as historical data inquiry and personal comprehensive statement reconciliation.

Business of Subsidiaries

CIFH

CITIC International Financial Holdings Limited (CIFH) is the main platform for CNCB to conduct overseas business. As at the end of the reporting period, CITIC Bank and BBVA held 70.32% and 29.68% equity interest in CIFH respectively. CIFH specializes in commercial banking business and non-banking financial services. It conducts commercial banking business mainly via CNCBI, its wholly-owned subsidiary, and offers non-banking financial business through CIAM in which CIFH held 40% equity interests.

As at the end of the reporting period, CIFH had total assets of HKD252.77 billion, an increase of 0.6% over the end of the previous year, and a total staff of 1,865 people. During the reporting period, CIFH realized net profit of HKD1.41 billion, down 15.0% year-on-year.

CNCBI: CNCBI has 34 branches in Hong Kong SAR, 4 overseas branches and 2 major subsidiaries, namely, CITIC Bank International (China) Limited and HKCB Finance Limited. As at the end of the reporting period, CNCBI had total assets of HKD250.4 billion, up 0.5% over the end of previous year. During the reporting period, CNCBI realized operating income of HKD2.7 billion and net profit attributable to shareholders of HKD1.24 billion, representing a drop of 12.6% and 19.6% year-on-year respectively.

CIAM: During the reporting period, CIAM vigorously promoted the private equity investment concept of “PE+”, helped shareholders deepen mutual business cooperation and further leveraged synergy advantages of shareholders’ business by virtue of the flexible platform of the company.

CIFL

CIFL is a controlled subsidiary of the Bank established and located in Hong Kong SAR, whose business covers lending (CIFL holds a money lender license in Hong Kong) and investment (including fund investment, stock investment and long-term equity investment, etc.) It also conducts licensed investment banking business and private equity investment fund management business via its subsidiaries. During the reporting period, the Bank injected capital of RMB1.49 billion into CIFL upon approval of the regulators. After the capital injection, the registered capital of CIFL increased to HKD1.889 billion, of which the Bank holds 99.05% and CNCBI holds 0.95%.

During the reporting period, in line with its orientation as the company to “build CNCB’s overseas investment and financing platform combining overseas licensed business and domestic non-licensed business”, CIFL actively promoted the construction of domestic and overseas investment and financing platforms, kept exploring product and service systems and strengthened internal and external collaboration with all branches of CNCB, thus witnessing rapid growth of its cross-border investment and financing business as well as the operating results. During the reporting period, CIFL completed the acquisition of Rocks Asia, a licensed institution approved by the HKSF, which enabled it to engage in regulated activities under Type 4 (advising on securities), Type 6 (advising on corporate financing) and Type 9 (asset management) licenses granted by the Securities and Futures Commission. This will effectively enhance the Bank’s comprehensive cross-border investment and financing service capacity.

CIFL realized net after-tax profit equivalent to RMB83.1933 million during the reporting period, up 66.53% year-on-year. As at the end of the reporting period, CIFL had total assets equivalent to RMB5.052 billion, up 94.76% over the end of the previous year.

CITIC Financial Leasing

CITIC Financial Leasing promoted by the Bank opened for business on 31 March 2015. With a registered capital of RMB4 billion, CITIC Financial Leasing engages in financial leasing, transfer and assignment of financial leasing assets, fixed-income securities investment, acceptance of leasing deposit from the lessee, time deposit-taking from non-bank shareholders with the term over three months (inclusive), interbank borrowing, borrowing from financial institutions, overseas borrowing, leasehold sell-off and disposal, economic consultancy, etc.

In line with the development strategy of “specialized, market-based and internationalized”, CITIC Financial Leasing committed itself to financial leasing business mainly in environment protection and energy saving, clean energy, elderly support & health, modern agriculture, equipment manufacturing, urban digital transformation and general aviation. As at the end of the reporting period, CITIC Financial Leasing recorded total assets of RMB4.1 billion, of which leasing assets was RMB2.1 billion. During the reporting period, it carried out three leasing projects, and gained operating income of RMB52.14 million and net profit of RMB25.16 million.

Lin'an CITIC Rural Bank

Lin'an CITIC Rural Bank, the first rural bank established by the Bank, officially started operation on 9 January 2012. It has a registered capital of RMB200 million, with the Bank holding 51% of its equity interest and another 13 enterprises holding the remaining 49%. Lin'an CITIC Rural Bank is mainly engaged in general commercial banking business.

As at the end of the reporting period, Lin'an CITIC Rural Bank recorded an average daily deposit balance of RMB663 million, slightly higher than that at the end of the previous year. The capital adequacy ratio, provision coverage ratio and provision to loan ratio were 35.41%, 299.58% and 3.0% respectively, in compliance with industrial regulatory requirements.

Risk Management

Credit Risk Management

Risk Management of Corporate Credits

During the reporting period, the Chinese economy continued to slow down while the macro-economic situation remained complicated, the Bank responded proactively to changes in the external environment, adhered to be prudent risk appetite, and made efforts to cultivated quality core customers. To achieve coordinated development of asset return, quality and size, it also acted proactively in the financial innovation tide and strengthened risk limit management of asset portfolio and key areas.

In terms of local government financing vehicle (LGFV) loans, the Bank continued to strictly implement the policy on limit management of comprehensive bank-wide on and off- balance sheet LGFV assets. According to the principle of “total amount control, classification management, differentiated treatment, and gradual risk resolution”, the Bank optimized the composition of LGFV assets, highlighted priority areas, and avoided high-risk LGFV business. The Bank also timely adjusted the LGFV credit policy in accordance with the policies of Chinese Government and the Bank in terms of cleaning up and identifying government debts.

In terms of real estate financing, the Bank strictly controlled the total amount of total bank-wide on and off-balance sheet real estate credits and managed real estate enterprises via name list according to the principle of “total amount control, differentiated treatment, higher entrance thresholds and strengthened management”. Regionally, loans were mainly granted to first-tier cities, especially those central cities with developed economy, healthy real estate market and livable environment. As to the selection of projects, loans were mainly granted to commercial residential housing projects aimed to meet rigid demands and some improvement demands. High-end luxury housing projects with large unit areas and high unit price were strictly controlled. Low-income housing projects with state-owned investors, good qualifications, standard operation mode and ample cash flows, and urban shanty town renovation projects with their debts included in government debts were carefully selected. The Bank insisted on strict mortgage management and close-circuit cash flow management for real estate loans and strengthened risk monitoring and management of existing loans.

In terms of financing for industries with severe overcapacity, the Bank mainly supported strongly competitive premium enterprises compliant with the technology upgrading requirements, carbon emission constraints and green credit standards, while proactively exited from enterprises that were unsatisfactory in business operation, poor in market competitiveness, backward in production capacity and did not meet environmental standard. The Bank strictly forbade the provision of any form of incremental credits to additional capacity projects of industries suffering from severe overcapacity, and refrained from financing construction projects that failed to get lawful permits.

In terms of off-balance sheet businesses such as wealth management and bond underwriting, the Bank stringently observed regulatory policies, allocated resources according to the principle of “low capital consumption”, and reinforced whole-process risk management. To toughen risk control, the Bank investigated, reviewed and approved financing wealth management business according to the same criteria as those for proprietary credit facilities to toughen risk control, and continued to implement risk limit management of key industries and overall banking wealth management business, with the aim of promoting prudent growth of off-balance sheet businesses such as wealth management and bond underwriting.

Risk Management of Small Enterprise & Personal Credits

During the reporting period, in response to changes in the macro-economic situation and regulatory requirements, the Bank strictly implemented the government’s macro control policy to ensure operational compliance and risk controllability of its small enterprise & personal credit business. By standardizing the processes for granting credits to small enterprises and individuals and improving the “credit factory” model, the Bank enhanced business efficiency while ensuring independent risk control. Meanwhile, the Bank powerfully developed its quantitative risk management techniques, constructed a new retail credit management system, and set up nodes for systemic risk control, so as to ameliorate the quality of risk control and monitoring of small enterprise & personal credits business.

The Bank clarified the product approval criteria, strengthened pre-lending due diligence and approval assessment, and rigorously implemented authorization management, thus enhancing risk control and management during the business access process and preventing risks from the very beginning. In addition, the Bank introduced diversified post-lending monitoring and management measures, and used multiple means including special inspection, system monitoring and asset quality notification to ensure healthy and compliant development of small enterprise & personal credits.

Risk Management of Credit Card Business

With regard to risk management of credit card business, the Bank followed the principle of “structural adjustment, risk control and higher profitability”, deepened “all-round & total-process” reform of the risk policy system, and improved the construction of “a multi-dimension & full-lifecycle measurement and management platform” to strictly guard the risk bottom line. Before granting loans, the Bank constructed and implemented the integrated credit assessment system to optimize credit resource allocation via all-round upgrading of credit assessment, cooperated with non-banking partners by relying on the Internet and big data to deepen credit models, and enriched and consolidated the tools for management of customer groups to streamline the structure of customer groups; After lending, the Bank kept improving its early warning mechanism, exited from and compressed customers with high potential risks in advance, and increased support to high-value customers to optimize the loan structure; With simultaneous use of multiple channels and measures to collect credit card overdue and equal attention to non-performing asset collection, the Bank also explored the securitization of non-performing assets.

Risk Management of Financial Market Business

During the reporting period, the Bank prudently invested in securities and provided customers with risk hedging and value added services. With regard to Renminbi denominated bond investment, the Bank targeted mainly at premium enterprises in relevant sectors. With regard to foreign currency denominated bond investment, the Bank mostly invested in overseas bond offerings by good-quality Chinese issuers.

Loan Monitoring and Post-Lending Management

In response to the severe economic situation during the reporting period and for the purpose of preventing extensive outbreak of systemic risk and stabilizing asset quality amid strategic transformation and structural adjustment, the Bank prioritized risk control in key risk areas and refined basic management efforts relating to systems, mechanisms, tools and human resources. During the reporting period, the Bank mainly reinforced the following work:

Report of the Board of Directors

Effectively strengthened process management of risks and stabilized credit asset quality. The Bank explicitly defined credit asset quality control targets and monitored branch attainment of the targets on a monthly basis; improved the performance evaluation measures with more emphasis on assessment of credit asset quality; strengthened on-site guidance and experience exchanges for branches with regard to risk treatment; reinforced causal analysis of and accountability for incremental NPLs at branches.

Effectively implemented the overall arrangements of risk management system reform and initiated the “construction of post-lending comprehensive management system” in terms of organization, policy, process, IT construction and culture. The Bank established credit risk early warning committees at the Head Office and all the branches and preliminarily completed the measures for post-lending management, the measures for early warning management, the manual for post-lending management, etc.

Effectively strengthened risk monitoring of key areas and proactively prevented and dissolved systemic credit risk. In particular, the Bank constructed and improved the bank-wide risk early warning system on the basis of the risk monitoring and mitigation mechanism targeting at “ten customers of priority concern” for better capacity of risk early warning and risk mitigation; prioritized efforts to toughen risk monitoring and screening of key areas including industries with overcapacity such as iron and steel, coal, paper making, ship building and PV, of real estate, wholesale and coal industries, of customer groups such as guarantee circle and group customers, and of key businesses such as factoring, trade finance, general credits and banker’s acceptance bills; regularly monitored, analyzed and reported the asset quality of key personal credit products, and followed up the dissolution of overdue and non-performing loans; increased efforts for proactive exit from and restructuring of risky loans, and pushed forward the completion of the proactive exit plan across the Bank to ensure the proactive exit ratio of no less than 5%; monitored the implementation of the mandatory indicators for portfolio limit management on a monthly basis, to ensure that all the indicators were controlled within target; strengthened post-lending management of off-balance sheet businesses and interbank investments by including 7 categories of businesses into the risk monitoring scope, and established the monthly risk monitoring report and limit monitoring mechanism.

Effectively promoted IT development for gradual enhancement of credit management tools and approaches. The Bank started the new-generation credit management system development project and finished the preparatory work for the project; completed the consulting and initiation assessment and business demand assessment for the risk early warning system project as well as demand assessment for the corporate credit limit management system; developed the statistical management system and standard electronic handling templates for total-asset operation; continuously promoted standardized credit granting process and information-based credit management tools.

Effectively enhanced human resources development for credit management, with the increasingly specialized and professional management. The Bank organized trainings for full-time post-lending personnel bank-wide, trainings on post-lending management of retail loans, trainings on post-investment management of financial wealth management, trainings on risk classification and provision management, trainings for loan disbursers and guarantee checkers, trainings on collaterals management, and trainings on the construction of data analysis system.

Credit Risk Analysis

Distribution of Loans

Concentration of Loans by Geographic Region

As at the end of the reporting period, the Group's loan balance was RMB2.308003 trillion, an increase of RMB120.095 billion or 5.49% over the end of the previous year. The Group's loans to the Bohai Rim, the Yangtze River Delta and the Pearl River Delta ranked the top three, recording RMB633.289 billion, RMB518.090 billion and RMB342.473 billion respectively, accounting for 27.44%, 22.45% and 14.84% of the Group's total loans respectively. In terms of growth rate, the Bohai Rim, the overseas markets, the Pearl River Delta and the central region recorded the highest numbers, reaching 9.83%, 7.38%, 7.24% and 5.46% respectively, all being higher than the Group's average loan growth rate.

The Group

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Yangtze River Delta	518,090	22.45	512,214	23.41
Bohai Rim ⁽¹⁾	633,289	27.44	576,598	26.35
Pearl River Delta and West Strait	342,473	14.84	319,360	14.60
Central region	323,011	13.99	306,274	14.00
Western region	306,265	13.27	292,793	13.38
Northeastern region	59,672	2.59	64,071	2.93
Overseas	125,203	5.42	116,598	5.33
Total loans	2,308,003	100.00	2,187,908	100.00

Note: (1) Including the Head Office.

The Bank

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Yangtze River Delta	514,567	23.68	509,464	24.69
Bohai Rim ⁽¹⁾	628,416	28.92	573,158	27.77
Pearl River Delta and West Strait	341,125	15.70	317,718	15.40
Central region	322,711	14.85	306,274	14.84
Western region	306,265	14.10	292,793	14.19
Northeastern region	59,672	2.75	64,071	3.11
Total loans	2,172,756	100.00	2,063,478	100.00

Note: (1) Including the Head Office.

Concentration of Loans by Product

As at the end of the reporting period, the Group's corporate loan balance (excluding discounted bills) amounted to RMB1.614976 trillion, up RMB49.658 billion or 3.17% over the end of the previous year; and personal loan balance of the Group reached RMB604.379 billion, up RMB49.832 billion or 8.99% over the end of the previous year. Personal loans grew faster than corporate loans, with its balance proportion further going up to 26.19%. Balance of discounted bills edged up RMB20.605 billion over the end of the previous year.

Report of the Board of Directors

The Group

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,614,976	69.97	1,565,318	71.54
Personal loans	604,379	26.19	554,547	25.35
Discounted bills	88,648	3.84	68,043	3.11
Total loans	2,308,003	100.00	2,187,908	100.00

Unit: RMB million

The Bank

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,504,648	69.25	1,465,078	71.00
Personal loans	586,991	27.02	538,512	26.10
Discounted bills	81,117	3.73	59,888	2.90
Total loans	2,172,756	100.00	2,063,478	100.00

Unit: RMB million

Concentration of Loans by Sector

As at the end of the reporting period, two sectors, namely, manufacturing and wholesale & retail ranked the top two in terms of corporate loans from the Group, amounting to RMB395.705 billion and RMB265.778 billion respectively, thus accounting aggregately for 40.96% of the Group's total corporate loans, down 2.15% over the end of the previous year. In terms of growth rate, loans to leasing and commercial services, real estate and water conservancy, environment and public utilities management grew faster by 25.88%, 20.13% and 6.8% over the end of the previous year respectively, all being higher than the Group's average corporate loan growth rate.

The Group

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	395,705	24.50	384,521	24.58
Transportation, warehousing and postal service	138,817	8.60	138,230	8.83
Production and supply of power, gas, water	50,588	3.13	51,828	3.31
Wholesale and retail	265,778	16.46	290,107	18.53
Real estate	215,838	13.36	179,677	11.48
Water conservancy, environment and public utilities management	119,108	7.38	111,524	7.12
Leasing and commercial services	105,496	6.52	83,809	5.35
Construction	97,304	6.03	101,834	6.51
Public and social organizations	19,197	1.19	19,304	1.23
Others	207,145	12.83	204,484	13.06
Total corporate loans	1,614,976	100.00	1,565,318	100.00

Unit: RMB million

The Bank

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	387,430	25.75	377,992	25.79
Transportation, warehousing and postal service	137,008	9.11	136,345	9.31
Production and supply of power, gas, water	50,015	3.32	51,468	3.51
Wholesale and retail	252,181	16.76	275,963	18.84
Real estate	191,884	12.75	160,821	10.98
Water conservancy, environment and public utilities management	118,026	7.84	111,466	7.61
Leasing and commercial services	105,147	6.99	83,514	5.70
Construction	96,133	6.39	100,456	6.86
Public and social organizations	19,197	1.28	19,304	1.32
Others	147,627	9.81	147,749	10.08
Total corporate loans	1,504,648	100.00	1,465,078	100.00

Unit: RMB million

Breakdowns of Loans by Type of Guarantee

As at the end of the reporting period, the Group's loan guarantee structure was further optimized. The balance of mortgage and pledge loans stood at RMB1,298.855 billion, up RMB85.685 billion over the end of the previous year, accounting for 56.28% of total loans, 0.83 percentage point higher than the end of the previous year; and the balance of unsecured and guaranteed loans amounted to RMB920.5 billion, up RMB13.805 billion over the end of the previous year, accounting for 39.88% of total loans, down 1.56 percentage points over the end of the previous year.

The Group

Type of guarantee	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	437,231	18.94	392,960	17.96
Guaranteed loans	483,269	20.94	513,735	23.48
Mortgage loans	1,032,768	44.75	953,053	43.56
Pledge loans	266,087	11.53	260,117	11.89
Subtotal	2,219,355	96.16	2,119,865	96.89
Discounted bills	88,648	3.84	68,043	3.11
Total loans	2,308,003	100.00	2,187,908	100.00

Unit: RMB million

The Bank

Type of guarantee	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	407,310	18.75	368,639	17.86
Guaranteed loans	434,614	20.00	469,234	22.74
Mortgage loans	996,957	45.88	917,020	44.45
Pledge loans	252,758	11.63	248,697	12.05
Subtotal	2,091,639	96.27	2,003,590	97.10
Discounted bills	81,117	3.73	59,888	2.90
Total loans	2,172,756	100.00	2,063,478	100.00

Unit: RMB million

Report of the Board of Directors

Concentration of Corporate Borrowers

The Group focused on concentration risk control over the corporate borrowers. During the reporting period, the Group complied with the applicable regulatory requirements on concentration of borrowers. Since a single borrower is defined by the Group as a specified legal entity, a borrower may be another's related party.

The Group

Major regulatory indicator	Regulatory standard	30 June 2015	31 December 2014	31 December 2013
Percentage of loans to the largest single customer (%)	≤10	2.64	2.75	3.41
Percentage of loans to the top 10 customers (%)	≤50	12.23	12.14	14.68

Notes: (1) Percentage of loans to the largest single customer = balance of loans to the largest single customer/net capital.

(2) Percentage of loans to the top 10 customers = balance of loans to the top 10 customers/net capital.

The Group

		Unit: RMB million		
		30 June 2015		
	Sector	Amount	Percentage in total loans (%)	Percentage in regulated capital (%)
Borrower A	Public management and social organizations	9,978	0.43	2.64
Borrower B	Manufacturing	5,936	0.26	1.57
Borrower C	Transportation, warehousing and postal service	4,415	0.19	1.17
Borrower D	Transportation, warehousing and postal service	4,055	0.18	1.07
Borrower E	Real estate	4,000	0.17	1.06
Borrower F	Manufacturing	3,809	0.17	1.01
Borrower G	Transportation, warehousing and postal service	3,795	0.16	1.00
Borrower H	Manufacturing	3,635	0.16	0.96
Borrower I	Transportation, warehousing and postal service	3,470	0.15	0.92
Borrower J	Transportation, warehousing and postal service	3,154	0.14	0.83
Total loans		46,247	2.00	12.23

As at the end of the reporting period, outstanding loans from the Group to the top 10 corporate borrowers totaled RMB46.247 billion, accounting for 2.00% of its aggregate loans and 12.23% of its net capital.

Loan Quality Analysis

Five-Class Loan Classification

The Group measures and manages the quality of its credit assets pursuant to the CBRC Guidelines on the Classification of Loan Risks. According to the Guidelines, Chinese commercial banks shall classify their credit assets into five classes, i.e., normal, special mention, sub-standard, doubtful and loss, of which the last three classes are treated as non-performing loans (NPLs).

During the reporting period, the Bank continued to reinforce centralized management of loan classification and enhance the system for classified management of credit asset risks. While adhering to the core criteria, i.e., “safety of loan recovery”, the Bank treated different classes of loans with different risk management measures after taking into full consideration various factors that may impact the quality of credit assets.

The Bank’s procedure for classified identification of loan risk includes the following steps: business departments conduct post-lending inspection first; afterward credit departments of branches propose preliminary opinions, followed by initial identification by credit management departments of branches; then chief risk officers at the branches review the results; and lastly the Head Office finalizes the identification. To those loans with material changes in risk profiles, the Bank conducts dynamic adjustment to loan classification.

During the reporting period, thanks to continuing collaboration with the external auditors, the Bank completed sample review of credit asset risk classification, and further enhanced truthfulness and accuracy of loan classification.

The Group

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Normal loans	2,187,129	94.76	2,091,293	95.58
Special mention loans	90,398	3.92	68,161	3.12
Sub-standard loans	16,983	0.74	14,618	0.67
Doubtful loans	9,712	0.42	11,773	0.54
Loss loans	3,781	0.16	2,063	0.09
Total loans	2,308,003	100.00	2,187,908	100.00
Performing loans	2,277,527	98.68	2,159,454	98.70
Non-performing loans	30,476	1.32	28,454	1.30

Unit: RMB million

Note: Performing loans include normal loans and special mention loans; and non-performing loans include sub-standard loans, doubtful loans and loss loans.

The Bank

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Normal loans	2,054,795	94.57	1,967,981	95.37
Special mention loans	88,108	4.06	67,612	3.28
Sub-standard loans	16,713	0.77	14,554	0.71
Doubtful loans	9,455	0.44	11,335	0.54
Loss loans	3,685	0.17	1,996	0.10
Total loans	2,172,756	100.00	2,063,478	100.00
Performing loans	2,142,903	98.63	2,035,593	98.65
Non-performing loans	29,853	1.37	27,885	1.35

Unit: RMB million

Note: Performing loans include normal loans and special mention loans; and non-performing loans include sub-standard loans, doubtful loans and loss loans.

Report of the Board of Directors

As at the end of the reporting period, the balance of the Group's normal loans increased by RMB95.836 billion over the end of the previous year, accounting for 94.76% of total loans, and representing a drop of 0.82 percentage point over the end of the previous year. The balance of special mention loans rose by RMB22.237 billion, accounting for 3.92% of the total, up 0.80 percentage point over the end of the previous year. The rise in both balance and proportion of special mention loans was mainly because: The Group used more stringent and prudent criteria to classify risks, whereby loans with factors adversely affecting recovery would be identified as special mention unless otherwise identified for special reasons; and economic downturn and difficult operation of the real economy led to tight fund chain and higher credit risk, which in turn resulted in the rise in special mention loans.

As at the end of the reporting period, the balance of the Group's NPLs, recognized in accordance with the regulatory risk classification standard, stood at RMB30.476 billion, up RMB2.022 billion over the end of the previous year; and its NPL ratio was 1.32%, up 0.02 percentage point over the end of the previous year. The Group's continuous rise in NPLs was mainly due to impacts of the economic landscape, business deterioration of pro-cyclic sectors and enterprises, increasing spread of risks from the mutual guarantee and joint guarantee community, and reluctance of banks to lend, which led to higher probability of default, worse credit risk and more NPLs.

During the reporting period, the Group strived to improve loan quality and further reinforced disposal of NPLs. During the reporting period, the Group digested RMB21.320 billion principal of NPLs by means of collection and write-off, etc., with the speed of disposal being faster than the previous years.

During the reporting period, the Group witnessed a "dual rise" trend of both NPL balance and NPL ratio, which was consistent with the current macro-economic situation. In early 2015, the Group already made sufficient forecast and response preparation regarding the changing trend of loan quality. Thanks to its pertinent measures for risk prevention and treatment, the Group was able to put the changes in NPLs under control.

Migration of Loans

The table below sets out the migration of the Bank's loans across the five classes during the indicated periods.

	30 June 2015	31 December 2014	31 December 2013
Migration ratio from normal loans(%)	3.62	3.21	1.51
Migration ratio from special mention loans(%)	20.48	30.16	27.20
Migration ratio from sub-standard loans(%)	37.30	58.23	45.98
Migration ratio from doubtful loans(%)	34.93	38.19	17.94
Migration ratio from performing to non-performing loans (%)	0.75	1.03	0.67

As at the end of the reporting period, the Bank's migration ratio from performing to non-performing loans was 0.75%, up 0.27 percentage point over the same period of the previous year. The main underlying reason was because of the higher probability of default on the part of the borrowers due to the overlapping impacts of multiple factors in a time of economic downturn, which led to more loans migrating from performing to non-performing. Moreover, there was also an outstanding increase in the ratios of migration from doubtful loans compared with the same period last year, mainly because the Group intensified its write-off efforts.

Breakdowns of Loans Overdue

The Group

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans repayable	2,225,217	96.41	2,111,964	96.53
Loans overdue:				
1-90 days	45,081	1.95	43,034	1.97
91-180 days	9,273	0.40	8,986	0.41
181 days or above	28,432	1.23	23,924	1.09
Subtotal	82,786	3.59	75,944	3.47
Total loans	2,308,003	100.00	2,187,908	100.00
Loans overdue for 91 days or above	37,705	1.63	32,910	1.50
Restructured loans	14,199	0.62	13,724	0.63

- Notes: (1) Loans overdue refer to loans with principals or interests overdue for one day or above.
(2) Restructured loans refer to loans overdue or downgraded but the conditions of which (e.g. amount and term) have been rearranged.

The Bank

	30 June 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans repayable	2,093,671	96.36	1,990,328	96.46
Loans overdue:				
1-90 days	41,955	1.93	40,913	1.98
91-180 days	9,126	0.42	8,705	0.42
181 days or above	28,004	1.29	23,532	1.14
Subtotal	79,085	3.64	73,150	3.54
Total loans	2,172,756	100.00	2,063,478	100.00
Loans overdue for 91 days or above	37,130	1.71	32,237	1.56
Restructured loans	13,808	0.64	13,204	0.64

- Notes: (1) Loans overdue refer to loans with principals or interests overdue for one day or above.
(2) Restructured loans refer to loans overdue or downgraded but the conditions of which (e.g. amount and term) have been rearranged.

Report of the Board of Directors

During the reporting period, the Group saw increasing amount of overdue loans due to impact of the economic downturn. As at the end of the reporting period, the Group's balance of overdue loans reached RMB82.786 billion, up RMB6.842 billion over the end of the previous year, with the proportion of overdue loans in total loans increasing by 0.12 percentage point over the end of the previous year, of which 54.45% were short-term and temporary loans with a maturity of less than 3 months. The increase in overdue loans was mainly because the borrowers suffered from tight fund chains or even break of fund chains as a result of longer cycles of cash recovery, reduction of bank loans, and greater difficulty in accessing finance, etc.

The Group managed and controlled loan restructuring in a stringent and prudent manner. As at the end of the reporting period, the Group's restructured loans were RMB14.199 billion, up RMB475 million over the end of the previous year, and the proportion of restructured loans decreased by 0.01 percentage point over the end of the previous year, mainly because the Group restructured some of the loans eligible for restructuring as one of its risk mitigation methods.

Breakdowns of NPLs by Product

The Group

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Corporate loans	22,991	75.44	1.42	22,823	80.21	1.46
Personal loans	7,463	24.49	1.23	5,614	19.73	1.01
Discounted bills	22	0.07	0.02	17	0.06	0.02
Total	30,476	100.00	1.32	28,454	100.00	1.30

Unit: RMB million

The Bank

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Corporate loans	22,388	74.99	1.49	22,268	79.86	1.52
Personal loans	7,443	24.93	1.27	5,600	20.08	1.04
Discounted bills	22	0.07	0.03	17	0.06	0.03
Total	29,853	100.00	1.37	27,885	100.00	1.35

Unit: RMB million

As at the end of the reporting period, the Group's balance of corporate NPLs increased by RMB168 million while the ratio of corporate NPLs decreased by 0.04 percentage point over the end of the previous year. The balance and ratio of personal NPLs increased by RMB1.849 billion and 0.22 percentage point over the end of the previous year respectively. The rise in NPLs and NPL ratios was mainly due to the significant increase in credit risk of private SMEs and sole proprietorships engaged in manufacturing and trade.

Breakdowns of NPLs by Geographic Location

The Group

Unit: RMB million

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Yangtze River Delta	8,251	27.07	1.59	9,240	32.47	1.80
Bohai Rim	8,396	27.55	1.33	7,151	25.13	1.24
Pearl River Delta and West Strait	5,704	18.72	1.67	5,140	18.07	1.61
Central region	3,620	11.88	1.12	3,453	12.14	1.13
Western region	2,305	7.56	0.75	1,276	4.48	0.44
Northeastern region	1,802	5.91	3.02	1,923	6.76	3.00
Overseas	398	1.31	0.32	271	0.95	0.23
Total	30,476	100.00	1.32	28,454	100.00	1.30

The Bank

Unit: RMB million

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Yangtze River Delta	8,234	27.58	1.60	9,231	33.10	1.81
Bohai Rim	8,396	28.12	1.34	7,108	25.49	1.24
Pearl River Delta and West Strait	5,496	18.41	1.61	4,894	17.55	1.54
Central region	3,620	12.13	1.12	3,453	12.38	1.13
Western region	2,305	7.72	0.75	1,276	4.58	0.44
Northeastern region	1,802	6.04	3.02	1,923	6.90	3.00
Total	29,853	100.00	1.37	27,885	100.00	1.35

As at the end of the reporting period, the Group's NPLs mainly concentrated in the Yangtze River Delta, the Bohai Rim and the Pearl River Delta, with the aggregate NPL balance reaching RMB22.351 billion, accounting for 73.34% of the Group's total NPLs. The Bohai Rim registered the largest NPL increase of RMB1.245 billion and a 0.09 percentage point rise in NPL ratio; followed by the western region which recorded an NPL increment of RMB1.029 billion and a 0.31 percentage point rise in NPL ratio; with the sum of the two regions exceeding the total NPL increment of the Group. The major underlying causes were: first, mainly dependent on private SMEs, mainland China was weak in risk resilience and prone to worse credit risk when the economy declined; second, due to concentration of overcapacity industries, structural adjustment of industries accelerated the exposure of the Bohai Rim to credit risk.

Report of the Board of Directors

Breakdowns of Corporate NPLs by Sector

The Group

Unit: RMB million

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Manufacturing	8,142	35.41	2.06	8,758	38.37	2.28
Transportation, warehousing and postal service	328	1.43	0.24	323	1.42	0.23
Production and supply of power, gas, water	102	0.44	0.20	83	0.36	0.16
Wholesale and retail	11,752	51.12	4.42	11,025	48.31	3.80
Real estate	45	0.20	0.02	96	0.42	0.05
Leasing and commercial services	53	0.23	0.05	82	0.36	0.07
Water conservancy, environment and public utilities management	156	0.68	0.13	—	—	—
Construction	739	3.21	0.76	548	2.40	0.54
Others	1,674	7.28	0.81	1,908	8.36	0.93
Total	22,991	100.00	1.42	22,823	100.00	1.46

The Bank

Unit: RMB million

	30 June 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Manufacturing	7,965	35.58	2.06	8,470	38.04	2.24
Transportation, warehousing and postal service	326	1.46	0.24	323	1.45	0.24
Production and supply of power, gas, water	101	0.45	0.20	82	0.37	0.16
Wholesale and retail	11,549	51.58	4.58	10,924	49.05	3.96
Real estate	9	0.04	0.00	87	0.39	0.05
Leasing and commercial services	53	0.24	0.05	82	0.37	0.07
Water conservancy, environment and public utilities management	156	0.70	0.13	—	—	—
Construction	739	3.30	0.77	548	2.46	0.55
Others	1,490	6.65	1.01	1,752	7.87	1.19
Total	22,388	100.00	1.49	22,268	100.00	1.52

As at the end of the reporting period, the Group's NPLs mainly concentrated in the 2 sectors of wholesale & retail and manufacturing, with their aggregate NPL balances amounting to 86.53% of the Group's total. The NPLs of the sectors increased by RMB727 million and decreased by RMB616 million respectively over the end of the previous year, and their corresponding NPL ratios increased by 0.62 and decreased by 0.22 percentage point over the end of the previous year respectively. Increase in NPLs was mainly due of the contemporaneous economic downturn, the real economy and its upper and lower-stream of the flow of production being vulnerable to risks, enterprises in these sectors facing difficulties in production and operation, hence the aggravation of credit risk, increasing NPLs higher NPL ratios in these sectors.

As at the end of the reporting period, the Group's NPL balances of the three sectors, namely, manufacturing, real estate, and leasing and commercial services, decreased by RMB616 million, RMB51 million and RMB29 million respectively over the end of the previous year, with the corresponding NPL ratios falling by 0.22, 0.03 and 0.02 percentage point respectively.

Analysis of Provision for Loan Impairment

Changes in Provision for Loan Impairment

The Group sets aside adequate provisions for loan impairment in a timely manner according to the principle of prudence and truthfulness. Provisions for loan impairment consist of two parts, i.e., provisions based on evaluation of single items and provisions based on evaluation of portfolios.

The Group

	30 June 2015	Unit: RMB million 31 December 2014
Beginning balance	51,576	41,254
Accruals during the period	15,391	22,074
Reversal of impairment allowances	(244)	(460)
Write-offs	(12,559)	(11,610)
Recoveries of loans and advances written off in previous years	246	318
Ending balance	54,410	51,576

- Notes: (1) Equivalent to the net loan impairment recognized in the consolidated income statement of the Group.
 (2) Equivalent to the increment of the present value of impaired loans after a period of time, which the Group recognized as interest income.
 (3) Including the provision for loan impairment released from loans converted to repossessed assets.

The Bank

	30 June 2015	Unit: RMB million 31 December 2014
Beginning balance	51,136	40,861
Accruals during the period	15,423	21,924
Reversal of impairment allowances	(242)	(457)
Write-offs	(12,452)	(11,489)
Recoveries of loans and advances written off in previous years	233	297
Ending balance	54,098	51,136

- Notes: (1) Equivalent to the net loan impairment recognized in the consolidated income statement of the Bank.
 (2) Equivalent to the increment of the present value of impaired loans after a period of time, which the Bank recognized as interest income.
 (3) Including the provision for loan impairment released from loans converted to repossessed assets.

As at the end of the reporting period, the Group's balance of provision for loan impairment registered RMB54.41 billion, representing an increase of RMB2.834 billion over the end of the previous year. The Group's ratio of balance of provision for loan impairment to NPL balance (i.e., provision coverage ratio) and ratio of balance of provision for loan impairment to total loans (i.e., provision to loan ratio) were 178.53% and 2.36% respectively. The provision coverage ratio decreased by 2.73 percentage points over the end of the previous year, while the provision to loan ratio remained unchanged from the end of the previous year.

During the reporting period, the Group accrued RMB15.391 billion for loan impairment, up RMB4.48 billion over the same period of the previous year. The reasons for the increase were: (1) the Group made a proactive response to the risk of economic downturn by means of enhancing its risk hedging capability; and (2) with more vigorous writing-off efforts, the Group needed to increase provisions as much as possible to get well prepared for write-offs.

Market Risk Management

The Bank's primary market risk exposures are interest rate risk and foreign exchange risk. In response, the Bank has established a market risk management system covering risk identification, measurement, monitoring and control, whereby market risk is managed through approved product list and risk limit management, so as to control potential losses arising from market risk within acceptable level and to increase risk-adjusted returns.

Interest Rate Risk Management

Interest rate risk is defined as the risk of loss in the Bank's overall gain and economic value due to adverse movements in interest rate and term structure, etc. The Bank's main sources of interest rate risk results from benchmark rate risk and re-pricing risk.

The Bank monitors the external macroeconomic situation and its internal business structure on a regular basis, timely adjusts its loan pricing cycle management policy, actively prevents excessive accumulation of interest rate risks through interest rate sensitivity gap technology. During the reporting period, the Bank optimized its deposit term structure and adjusted its loan pricing cycle through active management means such as price regulation, in order to maintain its interest rate risk at a reasonable level.

The Group

Item	Unit: RMB million					
	Non-interest bearing	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total assets	114,173	1,968,887	1,919,454	436,260	122,503	4,561,277
Total liabilities	93,033	2,605,155	1,101,844	397,534	72,629	4,270,195
Asset-liability gap	21,140	(636,268)	817,610	38,726	49,874	291,082

The Bank

Item	Unit: RMB million					
	Non-interest bearing	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total assets	123,204	1,810,770	1,896,593	423,315	120,742	4,374,624
Total liabilities	80,373	2,471,374	1,084,788	391,549	68,569	4,096,653
Asset-liability gap	42,831	(660,604)	811,805	31,766	52,173	277,971

Foreign Exchange Rate Risk Management

Foreign exchange risk refers to the risk of losses in on-and off-balance-sheet positions of a bank arising from unfavorable change of exchange rates. The Bank measures foreign exchange risk mainly through the analysis of foreign exchange exposure which mainly results from the position in foreign exchange trading, foreign currency capital and foreign currency profit. The Bank manages foreign exchange risk by matching assets and liabilities denominated in the same foreign currency as well as the appropriate use of derivative financial instruments. For businesses with potential foreign exchange risk such as foreign exchange trading, the Bank sets corresponding exposure limits to keep its foreign exchange risk within acceptable level.

In terms of foreign exchange risk, the Bank is mainly exposed to the fluctuations of Renminbi exchange rate against the US dollar. During the reporting period, after the continued depreciation in the first quarter and consolidation in the second quarter, the Renminbi exchange rate against US dollar edged up by 0.05%. Thanks to its strict control of foreign exchange exposures and intensive routine risk monitoring and early warning, the Bank was able to control its foreign exchange risk within the acceptable level among currency market fluctuations.

The Group

Unit: RMB million

Item	USD	HKD	Other currencies	Total
Net on-balance sheet position	24,385	(12,417)	(9,065)	2,903
Net off-balance sheet position	(27,689)	28,140	7,683	8,134
Total	(3,304)	15,723	(1,382)	11,037

The Bank

Unit: RMB million

Item	USD	HKD	Other currencies	Total
Net on-balance sheet position	(9,830)	9,277	(10,959)	(11,512)
Net off-balance sheet position	4,129	395	9,512	14,036
Total	(5,701)	9,672	(1,447)	2,524

Liquidity Risk Management

Liquidity risk is the risk that the Bank is unable to raise funds on a timely basis or at a reasonable cost to settle liabilities as they fall due, perform other payment obligations and satisfy other funding demands of normal business development. The Bank pursues a unified liquidity risk management model. Specifically, the Head Office is responsible for formulating liquidity risk management policies and strategies of the Group and its legal-person institutions, and managing liquidity risk at the legal-person institution level in a centralized manner. Domestic branches of the Bank, in accordance with requirements of the Head Office, are responsible for fund management within their respective jurisdictions pursuant to their authorized mandates. All domestic and overseas affiliates of the Bank are responsible for developing and implementing their own strategies and procedures for liquidity risk management according to the requirements of regulatory authorities and within the Group's master policy framework of liquidity risk management.

During the reporting period, the market experienced obvious fluctuations of capital. Around the Spring Festival, cash withdrawals, among others, caused liquidity squeeze. Since the rollout of several loose monetary policies by the central bank in March, the market recovered its liquidity and the market interest rate declined substantially. At the same time, new shares and convertible bonds were frequently issued, disturbing the capital landscape. To address the market changes, the Bank still made active efforts to promote and intensify liquidity risk management, kept improving its organizational structure of liquidity risk management, optimized its liquidity risk management system, and designed a reasonable asset-liability structure. The Bank also strengthened proactive liability management, made dynamic adjustments to liquidity management strategies, reinforced provisioning management and stress testing application, and enhanced liquidity emergency response capability. As a result, the liquidity of the Bank was stable and safe, effectively supporting the business growth.

The Group

Unit: RMB million

Payable on demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
(1,289,069)	(192,927)	330,165	523,635	421,213	498,065	291,082

The Bank

Unit: RMB million

Payable on demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
(1,256,754)	(158,975)	295,568	482,267	407,098	508,767	277,971

Internal Control and Operational Risk Management

Internal Control

Optimization of the internal control management mechanism: The Bank formulated the “Internal Control & Compliance Management Measures” for Tier-Two Branches and the “Provisional Measures for Supervision of Performance of Internal Control & Compliance Duties”, to safeguard steady operation and management. In addition, the “Regulation Governing Cash Management Business”, the “Measures for Management of Domestic Sub-branches”, the “Measures for Management of Renminbi Interest Rate Derivative Business”, the “Management Measures for Settlement of Funds under Asset Custody” and the “Measures for Financial Resources Efficiency Appraisal” were developed for various business lines, to further improve business mechanism and standardize process management.

Strengthening of case risk prevention and control: The Bank attached high importance to case risk screening. Under the principle of “business lines in charge, full coverage and risk control”, the Bank conducted risk screening across the Bank and rectified the problems found in six key areas including credits, bills and counter-based businesses one by one.

Improvement of internal control measures: The Bank took various measures specific to different types of risk features and business areas in terms of credit risk, market risk, liquidity risk, operational risk, information system safety production and consolidated management, thereby enhancing internal control of the Bank.

Expansion of information communication and exchange channels: The Bank gave full play to the intranet platform, compiled and issued the Work Dynamics, the Marketing Bulletin, the Comprehensive Management Newsletter and the Theoretical Research in order to build an exchange platform for business and theory. Additionally, “CITIC Good Practices” were shared via distributing documents and holding video trainings, in order to spread good business cases and advanced business experience.

Enhancement of supervision and inspection and correction mechanism: The Bank organized the special audit on financial market business and comprehensive audits on five branches, and conducted self-inspections on important information systems and websites as per the regulatory requirements to shore up the information protection.

Internal Audit

Oriented by “risk warning, supervision & assessment, and adding value to management”, the internal audit function of the Bank proactively consolidated internal management, laid emphasis on risk prompts and strengthened supervision to build an independent and professional audit system. The Bank made unified arrangement of audit assignments and enhanced total-process quality control, thereby continuously improving audit work quality.

During the reporting period, the Bank intensified audits in key areas and processes where incidents were prone to occur and employee performance audits. In particular, the Bank organized special audits on “two curbs” (curbing incompliant operation and illegal criminal activities), results authenticity, financial markets, retail credits, consumer protection and inspection into employee behaviors, and conducted comprehensive audits on some branches. Off-site audit approaches were improved further to reinforce pre-review data analysis and enhance audit efficiency & effectiveness. Meanwhile, the Bank moved the control gate of risk forward. Important Audit Information and Audit Prompts were prepared to reflect and reveal material risk hazards for branches and front-office departments. Therefore, the internal control environment was improved.

Operational Risk Management

During the reporting period, the Bank assigned the comprehensive risk management department with the primary responsibility for operational risk management according to the requirements on Comprehensive Risk Management Reform Plan, which enhanced the operational risk management capability and optimized the risk management organizational structure. To be aligned with organizational structure adjustment and external regulatory requirements, the Bank revised the operational risk management policy and rules related to three operational risk management tools, thus further improving the operational risk management system. The Bank kept carrying forward the phase II of the operational risk project, through which the approach and operation procedures of using the three tools were optimized, and the identification, assessment, monitoring, control, mitigation and reporting of operational risk were further improved. The Bank continued to optimize the operational risk management system by improving risk and control self-assessment procedures, monitoring key risk indicators and implementing loss data collection, thus providing information-based support to daily operational risk management.

During the reporting period, the Bank's overall operational risk was under control and no material operational risk events occurred.

Anti-Money Laundering

During the reporting period, the Bank diligently fulfilled its anti-money laundering functions and obligations through solid efforts in countering money laundering risk and managing internal control. The Bank strengthened the top-level design of internal control mechanism against money laundering, included the management and control of money laundering risk into the comprehensive risk management system, and improved the organizational framework for anti-money laundering compliance management. The Bank provided greater support to business innovation efforts, improved the measures for anti-money laundering compliance management, and embedded the anti-money laundering requirements into the establishment and operation of overseas representative offices and the free trade zone branches as well as the introduction and application of e-banking and internet finance. To reinforce the development of anti-money laundering system, the Bank optimized the existing system by adding the module of suspicious transaction reporting and receipt management and strengthening data reporting, monitoring and statistical analysis while further decreasing the suspicious transaction data copies. The anti-money laundering system and the new core banking system were successfully switched.

I Capital Management

Capital adequacy ratio ("CAR"), reflecting the capacity of the Bank for prudent operation and risk prevention, is one of the core areas for the Bank's capital management. From 2013 onward, the Bank calculates, manages and discloses its CAR according to the Interim Measures for Capital management of Commercial Banks promulgated by the CBRC in June 2012. As at the end of the reporting period, the Bank CAR complied with all statutory & regulatory requirements.

The Bank developed its medium and long-term capital plans by taking multiple factor into consideration including the external business environment, the regulatory policies, its own strategy development plan and risk preference. With the use of scenario simulation and stress testing in its capital planning, the Bank predicted future capital supply and demand in a forward-looking manner, and put forward external capital replenishment proposals vis-a-vis any potential capital gaps, to ensure that its capital level satisfy regulatory requirements. Continuous efforts were made by the Bank to reinforce publicity and communication of the "capital scarcity" concept, and practice the economic capital management system with "economic profit" and "return on capital" at the core. Thanks to the adoption of multiple measures including improvement of the internal weighting system and reinforcement of capital evaluation, the Bank guided its business units to implement the strategy on "arrangements and structures with low capital consumption" for reasonable devise of asset structure under capital constraints, optimal allocation of economic capital among various customers, institutions, products and sectors and higher capital use efficiency.

I Securities Investment

Shareholdings in Other Listed Companies and Financial Enterprises

As at the end of the reporting period, the Group's holdings of shares and securities in other listed companies are set out below:

Unit: RMB

No	Stock code	Stock name	Initial investment amount	Shareholding percentage	Book value at the end of the reporting period	Gain or loss during the reporting period	Book value at the beginning of the reporting period	Changes in shareholders' equity during the reporting period	Accounting item	Source of investment
1	00762	China Unicom (HK)	7,020,000.00	—	3,903,515.26	—	3,281,515.00	622,000.26	Available-for-sale financial assets	Cash purchase
2	V	Visa Inc.	7,509,605.39	—	84,343,574.23	169,993.72	81,808,091.52	2,535,482.71	Available-for-sale financial assets	Gift/Bonus share
3	MA	Mastercard International	201,629.69	—	4,393,854.40	10,326.72	3,994,613.45	399,240.95	Available-for-sale financial assets	Bonus-share
Total			14,731,235.08		92,640,943.89	180,320.44	89,084,219.97	3,556,723.92		

As at the end of the reporting period, the Group's shareholdings in non-listed financial enterprises are set out below:

Unit: RMB

Name of company	Initial investment amount	Number of shares held (share)	Shareholding percentage	Book value at the end of the reporting period	Gain or loss during the reporting period	Changes in shareholders' equity during the reporting period	Accounting item	Source of investment
China UnionPay	113,750,000.00	87,500,000	2.99%	113,750,000.00	—	—	Available-for-sale financial assets	Cash purchase
SWIFT	161,127.66	35	—	410,349.05	—	—	Available-for-sale financial assets	Bonus-share
JointElectronicTeller Services	4,535,347.33	16 (Class B)	—	4,120,288.37	—	—	Available-for-sale financial assets	Bonus-share
Electronic Payment Services Company (HK) Ltd.	14,263,759.80	2	—	12,958,390.90	—	—	Available-for-sale financial assets	Bonus-share
Total	132,710,234.79			131,239,028.32	—	—		

Note: Save and except the equity investments above, CIFL, a subsidiary of the Bank, also held private equity fund with a net value of RMB107 million as at the end of the reporting period.

I Management of Consolidated Administration

During the reporting period, the Bank carried forward consolidated management on all fronts and assisted domestic and overseas subsidiaries in performing corporate governance and daily operations. During the reporting period, the Bank improved rules and regulations regarding consolidated management. It revised the Administrative Measures of CITIC Bank on Consolidation of Financial Statements according to the latest guidelines of CBRC, clarifying requirements on corporate governance, comprehensive risk, capital management and internal transactions and deepening the connotation of financial statement consolidated management.

I Use of Funds Raised and Material Investments with Non-Raised Funds

All funds raised by the Bank were used in strict accordance with the purposes disclosed in the prospectuses for the IPO and the rights issue, which means that all the raised funds were used to replenish the capital of the Bank and to increase its capital adequacy ratios and risk resilience. During the reporting period, no material investment was made by the Bank with non-raised funds.

I Formulation and Implementation of Cash Dividend Distribution Policy

The dividend distribution policy valued the reasonable return of investors while taking the sustainable development and the interest of all shareholders of the Bank into account. Taking regulatory requirements on capital, as well as business development, operating challenges and major capital expenditures, etc. into overall consideration, the Bank needs to further raise the capital adequacy levels, thus the Bank has not distributed any cash dividend or convert any capital reserve into share capital for the profit of 2014. The retained profit will be still used for capital accumulation. The above mentioned plan has been reviewed and approved by the Board of Directors and the Shareholders' General Meeting of the Bank. Independent directors have issued their independent opinions on the reasonableness of no cash dividend distribution or cash dividend distribution at a small ratio, and the Bank has facilitated the participation of minority shareholders into decision-making.

The Bank did not conduct any profit distribution or conversion of capital reserve into share capital in the first half of 2015.

Besides, the Bank promises to hold a meeting of the Board of Directors and the Shareholders' General Meeting to deliberate on proposed amendments to the Articles of Association of the Bank. The amendments are about to further specifying the ratios of cash dividend distribution aimed at better protecting the interests of minority investors. The Board of Directors of the Bank met on 18 August 2015, reviewed and approved the Proposal on Amendments to the Articles of Association of the Bank, superseding "Except under special circumstances, the Bank shall distribute dividend in the form of cash every year with an aggregate amount not less than 10% of the after-tax profits of the parent company" with "Except under special circumstances, the Bank shall distribute dividend in the form of cash every year with an aggregate amount not less than 10% of the net profits attributable to the Bank's shareholders". Please refer to the Bank's announcement published on websites designated by the Stock Exchange of Hong Kong Limited on 18 August 2015 for details.

I Outlook

During the reporting period, the Bank realized steady growth of profits and business scale. The asset quality were controllable, the business and profitability structure kept improving. All plans were executed well.

In the second half of 2015, the Bank will concentrate on the following seven aspects of work. First, the Bank will deepen operation transformation and improve growth quality and benefits; second, the Bank will be innovation-driven to enhance market competitiveness; third, the Bank will strengthen coordination and promote comprehensive operation in an all-round manner; fourth, the Bank will speed up the internationalized development and push forward interaction between domestic and overseas institutions; fifth, the Bank will strengthen comprehensive risk management and control and safeguard the risk bottom line; sixth, the Bank will enhance its refined management and lay solid foundation for the strategy on developing the Bank with science and technology; and seventh, the Bank will accelerate the human resources reform and deepen Chinese Communist Party construction and corporate culture construction.

Significant Events

| Purchase, Sales or Redemption of the Bank's Shares

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any shares of the Bank.

| Material Acquisitions, Disposals and Restructurings of Assets

Save and except as disclosed herein, the Bank did not incur any material acquisitions, disposals or restructurings of assets, or mergers during the reporting period or that took place in previous periods but went on to the reporting period.

In August 2014, the Board of Directors of the Bank deliberated and adopted the Proposal on the Establishment of CITIC Financial Leasing, approving the Bank's independent promotion and incorporation of CITIC Financial Leasing with a registered capital of RMB4.0 billion. As at the end of the reporting period, CITIC Financial Leasing has been established and officially commenced business upon approval of competent regulatory authority.

On 23 December 2014, the Board of Directors of the Bank deliberated and adopted the Proposal on CITIC Bank's Acquisition of BBVA's Equity in CIFH, approving the Bank's acquisition of BBVA's 2,213,785,908 ordinary shares in CIFH. Upon completion of the acquisition, the Bank will hold 100% equity interest of CIFH, which helped the Bank's control and governance of CIFH and improved the Bank's overseas strategic layout. The aforementioned acquisition has been approved by the 2014 Annual Shareholders' General Meeting of the Bank and CBRC, and has been completed on 27 August 2015. Please refer to the related announcements published in December 2014, May 2015 and August 2015 on the website of SSE (<http://www.sse.com.cn>), the website of HKEx News (<http://www.hkexnews.hk>) as well as the website of the Bank (<http://bank.ecitic.com>) for details.

On 26 May 2015, the Board of Directors of the Bank deliberated and adopted the Proposal on the Purchase of Shares in CTBC and Sale Shares in CITIC Bank (China) International Limited by China CITIC Bank Corporation Limited, approving: 1. The Bank shall purchase 602,678,478 ordinary shares with voting rights to be privately offered by CTBC with capital increase ("this purchase"). Through mutual negotiation, the issuing price per share is NTD21.72 for now; 2. CNCBI, an overseas subsidiary of the Bank, proposes to sell its 100% equity interest in CITIC Bank (China) International Limited to CTBC's subsidiary, China Trust Commercial Bank Corporation Limited ("this equity transfer"). Through mutual negotiation, the transfer price is RMB2,353 million in HKD equivalent. This equity transfer and this purchase ("transactions") are mutually conditional. It is unnecessary to present these transactions to the Shareholders' General Meeting of the Bank for review and approval. However, the approval or filing with competent regulatory authorities at home and abroad is still required. Please refer to the related announcements published on the website of SSE (<http://www.sse.com.cn>), the official website of HKEx News (<http://www.hkexnews.hk>) as well as the website of the Bank (<http://bank.ecitic.com>) for details.

| Material Contracts and their Performance

During the reporting period, the Bank did not have any material custody, contracting or leasing of any assets of other companies that took place during the reporting period or that took place in previous periods but went on to the reporting period; nor did other companies custody, contract or lease any material assets of the Bank.

The guarantee business is one of the Bank's regular off-balance sheet businesses. During the reporting period, the Bank did not have any material guarantees that need to be disclosed except for the financial guarantee businesses that are within the approved business scope of the Bank.

The Bank did not entrust others to handle any material cash management matters.

Save and except as disclosed herein, the Bank did not have any other material contracts during the reporting period.

I Appropriation of Funds by the Controlling Shareholder

There was no appropriation of the Bank's funds by the controlling shareholder during the reporting period.

I Material Related Party Transactions

When entering into related party transactions with related parties during its ordinary and usual course of business, the Bank followed general commercial principles and executed the transactions with terms available to related parties being no more favorable than those available to or from independent third parties. Please refer to Note 58 of the Financial Statement for more details.

Related Party Transactions involving Disposal and Acquisition of Assets

Save as disclosed herein, the Bank was not engaged in any related party transactions involving disposal and acquisition of assets during the reporting period.

Credit Extension Related Party Transactions

The Bank attached great importance to the day-to-day monitoring and management of related party transactions involving credit extension, and ensured lawfulness and compliance of such transactions by stronger procedure management, stricter risk review and approval and better post-lending management. As at the end of the reporting period, the balance of credits extended to related parties by the Bank totaled RMB12.536 billion, of which the credit balance to CITIC Group and its subsidiaries totaled RMB9.952 billion and that to BBVA and its subsidiaries totaled RMB2.584 billion. With sound underlying quality, all of the above-mentioned credit granted to related shareholders together with the credit risk exposures thereof were normal bank loans and therefore would not have material impact on the normal operation of the Bank in terms of transaction volume, structure and quality.

When extending credit to related parties, the Bank entered into such transactions on normal commercial terms with prices available to related parties being no more favorable than those available to independent third parties of similar transactions. Meanwhile, the Bank stringently followed the SSE and CBRC's requirements on approval and disclosure of credit extension to related parties. As at the end of the reporting period, there was no fund exchange or appropriation in violation of the provisions of the Notice of CSRC on Issues Concerning the Standardization of Fund Exchange between Listed Companies and Their Related Parties and External Guarantee Provided by Listed Companies (Zheng Jian Fa [2003] No. 56) and the Notice of CSRC on Standardization of the External Guarantee Activities of Listed Companies (Zheng Jian Fa [2005] No. 120). The related party loans granted by the Bank to its de facto controller CITIC Group and its associates had no adverse effect on the operating results and financial position of the Bank.

Non-Credit Extension Continuing Connected Transactions

In 2014, the Bank entered into framework agreements on seven categories of continuing connected transactions respectively with CITIC Group and its associates, as well as BBVA and its associates. Besides, the annual transaction caps 2015-2017 for these transactions were successfully approved in early 2015. All relevant transactions were carried out within the above caps in an orderly way in the first half of 2015. According to the applicable provisions of Chapter 14A of the SEHK Listing Rules and Chapter 10 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, details on the above-mentioned continuing connected transactions are as follows:

Significant Events

Non-Credit Extension Continuing Connected Transactions with CITIC Group and its associates

Third-Party Escrow Services

According to the Third-Party Escrow Service Framework Agreement concluded between the Bank and CITIC Group in December 2014, the third-party escrow services between the Bank and CITIC Group and its associates shall be delivered on terms no more favorable than those available to or from independent third parties. The service fees payable to the Bank by CITIC Group and its associates shall be determined on the basis of relevant market rates and subject to periodic reviews. In 2015, the annual cap for the Bank's transactions under the Third-Party Escrow Service Framework Agreement was RMB60 million, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Asset Custody Services

According to the Asset Custody Service Framework Agreement concluded between the Bank and CITIC Group in December 2014, the asset custody services, account management services and third-party regulatory services provided between the Bank and CITIC Group and its associates shall be delivered on terms no more favorable than those available to or from independent third parties. The service fees payable to each other shall be determined on the basis of relevant market rates and subject to periodic reviews. In 2015, the annual cap for the Bank's transactions under the Asset Custody Service Framework Agreement was RMB800 million, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Financial Consulting and Asset Management Services

According to the Financial Consulting and Asset Management Service Framework Agreement entered into between the Bank and CITIC Group in December 2014, the financial consulting and asset management services provided between the Bank and CITIC Group and its associates have no fixed prices or rates. The prices and rates applicable to a particular type of service shall be determined through fair and reciprocal negotiations between the parties and on terms no more favorable than those available to or from independent third parties and may be calculated on the basis of the service scale, rate and duration. In 2015, the annual cap for the Bank's transactions under the Financial Consulting and Asset Management Service Framework Agreement was RMB400 million, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Capital Transactions

According to the Capital Transaction Framework Agreement entered into between the Bank and CITIC Group in December 2014, the Bank and CITIC Group and its associates shall conduct capital transactions in their ordinary and usual course of business according to applicable general market practices and on normal commercial terms. Such transactions shall be priced according to the following principle: the two parties shall use the prevailing market prices or the rates generally applicable to similar transactions with independent third parties. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions and bond transactions, the two parties shall determine the prices for their transactions in line with openly available market prices; for agency settlement of bonds, the two parties shall determine the prices and rates for their transactions pursuant to prevailing industry rules; and, for financial derivatives business, the two parties shall determine the prices for their transactions pursuant to activeness of the concerned derivatives market, openly available market price offers and the Bank's management requirements on various risks. In 2015, the annual cap for gains or losses of transactions, fair value of derivative financial instruments recorded as assets and that recorded as liabilities under the Treasury Transaction Framework Agreement was RMB3 billion, RMB2.8 billion and RMB4.3 billion respectively, and the actual amounts incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Comprehensive Services

According to the Comprehensive Services Framework Agreement entered into between the Bank and CITIC Group in December 2014, CITIC Group and its associates shall provide the Bank with comprehensive services including but not limited to medical insurance and enterprise annuity, procurement of goods and services, outsourcing service, value-added service, advertising service, technological service and property lease. The Bank and CITIC Group and its associates shall apply prevailing market prices or applicable rates of independent third-party transactions to the services provided under the Comprehensive Services Framework Agreement, and shall determine prices and rates of a particular type of services through fair and reciprocal negotiations and with reference to applicable market prices and rates. In 2015, the annual cap for the Bank's transactions under the Comprehensive Services Framework Agreement was RMB1.4 billion, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Asset Transfer

According to the Asset Transfer Framework Agreement entered into between the Bank and CITIC Group in December 2014 and approved by the Shareholders' General Meeting of the Bank in January 2015, the transactions of asset transfer between the Bank and CITIC Group and its associates shall be made on terms no more favorable than those available to independent third parties. The transfer prices payable by the transferee shall be determined according to the following principles: (1) For transfer of general assets, as per regulatory requirements, credit assets shall be transferred on the principle of totality. When transferring a credit asset, the transferor shall use the loan principal as the transaction price, and take post-transfer obligations to be performed by the Bank into priority consideration in addition to the consideration of market supply and demand. (2) For transfer of securitized assets, the Bank, when transferring a credit asset to a related party, shall use the loan principal as the transaction price, and determine the interest rate for transfer of the securitized credit asset with reference to the yields of similar Chinese interbank market products as disclosed by the China Bond Information website and the China Money website, in combination with price enquiries made with investors, with specific terms (such as price, volume, total price and payment) to be determined upon conclusion of agreements for individual transactions; and (3) At present, there are no statutory government-prescribed prices for asset transfer. If any in the future, asset transfer shall be priced with reference to such statutory government-prescribed prices. In 2015, the Bank's annual cap for the transactions under the Asset Transfer Framework Agreement was RMB62 billion, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Wealth Management and Investment Services

According to the Wealth Management and Investment Service Framework Agreement entered into between the Bank and CITIC Group in December 2014 and approved by the Shareholders' General Meeting of the Bank in January 2015, the Bank and CITIC Group and its associates shall apply general market practices and normal commercial terms in their ordinary and usual course of business. The Bank shall provide CITIC Group and its associates with wealth management and investment services including non-principal-guaranteed wealth management and agency services, principal-guaranteed wealth management, and proprietary fund investment, while CITIC Group and its associates shall provide the Bank with intermediary services of wealth management such as trust services and management services. The two parties shall price their services through fair and reciprocal negotiations, on normal commercial terms, in line with the categories and scopes of wealth management services, and with real-time adjustments made according to changes in market price. In 2015, under the Wealth Management and Investment Service Framework Agreement, the Bank's annual cap for the service fees of non-principal-guaranteed wealth management and agency services was RMB2.5 billion, the annual cap for period-end balance of principals of principal-guaranteed wealth management services was RMB30 billion, the annual cap for yields on customer wealth management was RMB1.2 billion, the annual cap for period-end balance of investment funds was RMB44 billion, and the annual cap for the Bank's investment returns and service fees payable to intermediaries was RMB4.4 billion. As at the end of the recording period, the actual amounts incurred under this framework agreement did not exceed the approved annual cap of the Bank.

Significant Events

Non-Credit Extension Continuing Connected Transactions with BBVA and its Associates

Capital Transactions

According to the Capital Transactions Framework Agreement entered into between the Bank and BBVA in December 2014, the Bank and BBVA and its associates shall conduct capital transactions during their ordinary and usual course of business according to applicable general market practices and on normal commercial terms. Such transactions shall be priced according to the following principle: the two parties shall use the prevailing market prices or the rates generally applicable to similar transactions with independent third parties. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions and bond transactions, both parties shall determine the prices for their transactions in line with openly available market prices; for agency settlement of bonds, both parties shall determine the prices and rates for their transactions pursuant to prevailing industry rules; and, for financial derivatives business, both parties shall determine the prices for their transactions pursuant to activeness of the concerned derivatives market, openly available market price offers and the Bank's management requirements on various risks. In 2015, the annual cap for gains or losses of transactions, that for the fair value of derivative financial instruments recorded as assets and that for the fair value of derivative financial instruments recorded as liabilities under the Capital Transactions Framework Agreement was RMB2 billion, RMB1.4 billion and RMB1.3 billion respectively. The actual amounts incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Asset Transfer

According to the Asset Transfer Framework Agreement entered into between the Bank and BBVA in December 2014, the transactions of asset transfer between the Bank and BBVA and its associates shall include but not limited to the transfer of interests in underlying assets to the latter during the Bank's ordinary and usual course of business in the form of factoring (including import/export two factors). The transactions of asset transfer between the Bank and BBVA and its associates shall be made on terms no more favorable than those available to independent third parties. The transfer prices payable by the transferee shall be determined according to the following principles: the asset transfer prices under the Asset Transfer Framework Agreement shall be based on prevailing market prices and determined through consultation in view of transaction particulars. In 2015, the Bank's annual cap for the transactions under the Asset Transfer Framework Agreement was RMB700 million, and the actual amount incurred under this framework agreement as at the end of the reporting period did not exceed the approved annual cap of the Bank.

Connected Transactions in Joint External Investment

During the reporting period, the Bank did not have any related party transactions arising from joint external investment with its related parties.

Connected Transactions in Rights and Obligations

Please refer to Note 58 of the Financial Statement for connected transactions in right and obligation.

Material Litigations, Arbitrations and Events Questioned by the Media

The Group has been involved in several litigation and arbitration cases in its ordinary and usual course of business. Most of these litigations and arbitrations were initiated by the Group for loan recovery, and there were also litigations and arbitrations resulting from disputes with customers. During the reporting period, there were 79 outstanding litigation and arbitration cases (regardless of the disputed amounts) involved in the Group's ordinary and usual course of business where the Group acted as defendant/respondent with an aggregate disputed principal amount of RMB565 million (including 4 cases of entrusted loans whose principal amounted to RMB208 million, under which the Group bears no liabilities as a third party without independent claim of rights).

During the reporting period, the Bank was not aware of any events that were widely questioned by public media.

I Investigation and Penalties against the Company and its Directors, its Supervisors, its Senior Management, its Shareholders and its De Facto Controller and the Company's Rectification thereof

During the reporting period, the Bank and its directors, its supervisors, its senior management, its shareholders holding 5% or more shares in the Bank or its de facto controller had no record of being subject to investigation by competent authorities or coercive measures by judicial bodies or disciplinary bodies, transfer to judicial bodies or pursuit of criminal liabilities, investigation or administrative penalties by the CSRC, ban of entry into securities markets, being identified as inappropriate candidate, punishment by other administrative authorities or public censure by any stock exchanges, or punishment by other regulators that may have any material impact on business operation of the Bank.

I Undertakings by the Company or its Shareholders Holding 5% or More Shares in the Company

No new undertakings were made by the shareholders holding 5% or more shares in the Bank during the reporting period. The ongoing undertakings remained the same as those disclosed in the 2014 Annual Report. The Bank is not aware of any violation of the original undertakings on the part of the shareholders that hold 5% or more shares in the Bank.

I Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Bank Held by Its Directors, Supervisors and Senior Management

As at the end of the reporting period, none of the directors, supervisors or senior management of the Bank held any interests and short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (same as the "associated corporations" defined in Part XV of the Hong Kong Securities and Futures Ordinance), or any interests and short positions which have to be recorded in the register under Section 352 of the Hong Kong Securities and Futures Ordinance, or any interests and short positions which have to be notified to the Bank and the SEHK pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the SEHK Listing Rules.

I Compliance with the Corporate Governance Code under the SEHK Listing Rules

The Bank was in compliance with all code provisions as well as most of the recommended best practices of the Corporate Governance Code (the "Code") set out in Appendix 14 to the SEHK Listing Rules throughout the six months ended 30 June 2015, except for the followings:

According to Code A.1.3, the board meeting notice shall be given at least 14 days preceding each regular board meeting, while a ten-day notice to all directors and supervisors shall be given for regular board meetings according to Article 167 of the Bank's Articles of Association. The Bank adopted the ten-day prior notice for regular board meetings in its Articles of Association because a ten-day prior notice is deemed as sufficient as per laws of the People's Republic of China.

Given the changes in the external business environment, regulatory requirements, and the business scope and scale of the Bank, all banks must make unremitting efforts to improve their internal control. As such, the Bank will follow the requirements of external regulators, the requirements for listed companies and the criteria of internationally leading banks to continuously optimize its internal control management.

I Securities Transactions by Directors, Supervisors and Senior Management

The Bank has adopted the Model Code in Appendix 10 to the SEHK Listing Rules to regulate the securities transactions conducted by directors, supervisors and senior management.

The Bank has made special inquiries with all directors, supervisors and senior management in this regard, while all directors, supervisors and senior management have confirmed that they have strictly complied with the Model Code provisions regarding securities transactions conducted by directors and supervisors throughout the first half of 2015.

Significant Events

| Notes to Amendments to Business Plan

The Bank did not amend its business plan during the reporting period.

| Warnings on the Forecast of Possible Losses or Substantial Year-on-Year Changes to Be Recorded in Cumulative Net Profit from the Beginning of the Year to the End of the Next Reporting Period and the Underlying Reasons

The Bank is not aware of any situation that would lead to the forecast of possible losses or substantial year-on-year changes to be recorded in cumulative net profit from the beginning of 2015 to the end of the next reporting period.

| Review of Interim Results

The Audit and Related Party Transactions Control Committee and the senior management of the Bank have jointly reviewed the accounting policies and practices adopted by the Bank, discussed matters related to internal control and financial reporting, and reviewed this report, and were of the opinion that, the preparation basis of this report were consistent with the accounting policies adopted for the preparation of the annual financial report of the Group as at 31 December 2014.

| Obtaining a Copy of the Interim Report

The Bank has prepared its A-share interim report and H-share interim report in accordance with regulatory requirements of A-share and H-share listed companies, with the H-share interim report available in both Chinese and English languages. A-share holders may write to the Bank's Board Office to obtain copies of the A-share interim financial report prepared in accordance with the PRC accounting standards. H-share holders may write to the Bank's H-share registrar, Computershare Hong Kong Investor Services Limited, to obtain copies of the H-share interim financial report prepared in accordance with IFRS. The A-share or H-share interim reports are also available on the following websites: bank.ecitic.com, www.sse.com.cn and www.hkexnews.hk. For any queries about how to obtain and read copies of the interim reports, please call the Bank's hotline at 86-10-89938900 or 852-28628555.

| Bankruptcy and Reconsolidation

During the reporting period, the Bank was not involved in any matters relating to bankruptcy and reconsolidation.

| Stock Incentive Plan

During the reporting period, the Bank did not implement any stock incentive plan.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Changes in share capital

Item	Before the change		Change (+, -)				After the change		<i>Unit: share</i>
	Number of shares	Percentage (%)	New issue	Bonus issue	Capital reserve converted to shares	Others	Subtotal	Number of shares	Percentage (%)
Shares subject to restrictions on sales	0	0				0	0	0	0
Shares not subject to restrictions on sales	46,787,327,034	100.00				0	0	46,787,327,034	100.00
1. Renminbi denominated ordinary shares	31,905,164,057	68.19				0	0	31,905,164,057	68.19
2. Overseas-listed foreign shares	14,882,162,977	31.81				0	0	14,882,162,977	31.81
Total shares	46,787,327,034	100.00				0	0	46,787,327,034	100.00

Equity Financing in Progress

To ensure sustainable and healthy development of the Bank's business operation, further improve integrated competitiveness, risk resilience and sustainable profitability of the Bank, and adapt the Bank to the increasingly stringent capital regulation requirements, the board of directors of the Bank adopted relevant proposals including the Proposal on Private Placement of A Shares, agreeing to the offering of 2,462,490,897 (inclusive) Renminbi denominated domestically listed ordinary shares (A shares) at RMB4.84 per share and at RMB1.00 par value per share to China National Tobacco Corporation. The aforementioned proposal on the private placement of A shares was approved at the Bank's second extraordinary general meeting in 2014, the A shareholders class meeting in 2014 and H shareholders class meeting in 2014. The aforementioned proposal has been approved by the CBRC in March 2015.

To fully protect the interest of the shareholders, including the minority shareholders of the Bank, to promote sustainable and healthy development of the Bank, after amicable negotiation, the Bank and China National Tobacco Corporation has entered into the "Supplemental Agreement to the Share Subscription Agreement" (the "Supplemental Agreement"), with the share subscription agreement as basis. Both parties confirmed and agreed that the subscription price would be adjusted from RMB4.84 per share to RMB5.55 per share and the number of shares to be issued would be adjusted from 2,462,490,897 shares to 2,147,469,539 shares. Other terms of the share subscription agreement remain unchanged. The private placement of A shares scheme as amended by the Supplemental Agreement was adopted by the Board of Directors of the Bank, and are subject to the approval by CSRC before implementation.

Please refer to the related announcements published on 29 October 2014, 16 December 2014, 16 March 2015 and 31 July 2015 on the official website of SSE (www.sse.com.cn), the official website of SEHK (<http://www.hkexnews.hk>) as well as the website of the Bank (<http://bank.ecitic.com>) for detailed information.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Particulars of Shareholders

Shareholdings of the Top 10 Shareholders and the Top 10 Non-Restricted Shareholders

As at the end of the reporting period, the Bank had a total of 329,664 shareholders, including 295,464 A-share holders and 34,200 H-share holders, all being non-restricted shareholders.

Unit: Share

No.	Name of shareholder	Nature of shareholder	Class of shares	Total number of shares held	Shareholding percentage (%)	Balance of shares subject to restrictions on sale	Increase/decrease of shareholding during the reporting period	Number of pledged or locked-up shares
1	CITIC Corporation Limited ⁽²⁾	State-owned	A-share, H-share	31,406,992,773	67.13	0	0	0
2	Hong Kong Securities Clearing Company Nominee Limited	Foreign	H-share	12,111,411,074	25.89	0	13,116,041	Unknown
3	China Construction Bank Corporation	State-owned	H-share	168,599,268	0.36	0	0	Unknown
4	Customer Credit Transaction Collateral Securities Account of Guangfa Securities Co., Ltd.	Other	A-share	48,900,290	0.10	0	23,762,284	0
5	Customer Credit Transaction Collateral Securities Account of Huatai Securities Co., Ltd.	Other	A-share	42,746,189	0.09	0	19,828,964	0
6	China Construction Bank Corporation-Penghua CSI Bank Classified Index Fund	Other	A-share	41,172,419	0.09	0	41,172,419	0
7	NSSF Portfolio 503	State-owned	A-share	39,993,632	0.09	0	39,993,632	0
8	Customer Credit Transaction Collateral Securities Account of Founder Securities Co., Ltd.	Other	A-share	35,833,155	0.08	0	28,557,558	0
9	Customer Credit Transaction Collateral Securities Account of China Merchants Securities Co., Ltd.	Other	A-share	32,563,389	0.07	0	8,561,605	0
10	Customer Credit Transaction Collateral Securities Account of China Galaxy Securities Co., Ltd.	Other	A-share	31,543,786	0.07	0	-6,644,214	0

- Notes:
- (1) The shareholdings of H-share holders are calculated based on the Bank's share register maintained with the H-share registrar of the Bank.
 - (2) CITIC Corporation Limited held both A and H shares in the Bank totaling 31,406,992,773 shares, including 28,938,928,294 A shares and 2,468,064,479 H shares.
 - (3) Note on connected relations or concerted actions of the above shareholders: as at the end of the reporting period, the Bank was not aware of any connected relation or concerted action between the above-mentioned shareholders.
 - (4) BBVA has confirmed that it holds 1,525,036,861 H shares in the Bank via Hong Kong Securities Clearing Company Nominee Limited, taking up 3.26% of the Bank's total shares.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Interests and Short Positions Held by Substantial Shareholders and Other Persons

As at the end of the reporting period, interests and short positions in the shares and underlying shares of the Bank held by substantial shareholders and other persons as recorded in the register that the Bank has maintained pursuant to Section 336 of the Securities and Futures Ordinance are as follows:

Name	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Class of shares
BBVA	5,470,998,787 ^(L)	36.76 ^(L)	H-share
	1,570,299,292 ^(S)	10.55 ^(S)	
BBVA	24,329,608,919 ^(L)	76.26 ^(L)	A-share
CITIC Group	5,470,998,787 ^(L)	36.76 ^(L)	H-share
	28,938,928,294 ^(L)	90.70 ^(L)	A-share
CITIC Corporation Limited	7,018,100,475 ^(L)	47.16 ^(L)	H-share
	710 ^(S)	0.00 ^(S)	H-share
	28,938,928,294 ^(L)	90.70 ^(L)	A-share
CITIC Limited	2,468,064,479 ^(L)	16.58 ^(L)	H-share
	28,938,928,294 ^(L)	90.70 ^(L)	A-share
CITIC Polaris Limited	7,018,099,055 ^(L)	47.16 ^(L)	H-share
	28,938,928,294 ^(L)	90.70 ^(L)	A-share
Summit Idea Limited	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Total Partner Global Limited	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
Li Ping	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Haixia Industrial Investment Fund (Fujian) Limited Partnership	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
Haixia Capital Management Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
Zhejiang Hengxingli Holding Group Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Zhejiang Xinhua Group Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
UBS SDIC Fund Management Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
SDIC Capital Holdings Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
State Development & Investment Corp.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
Huang Wei	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Gatherrise Limited	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
Xinhua Zhongbao Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Ningbo Jiayuan Industry Development Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
Fujian Investment & Development Group Co., Ltd.	2,292,579,000 ^(L)	15.40 ^(L)	H-share
	2,292,579,000 ^(S)	15.40 ^(S)	
JPMorgan Chase & Co.	1,512,264,336 ^(L)	0.16 ^(L)	H-share
	147,643,876 ^(S)	0.99 ^(S)	
	280,938,286 ^(P)	1.88 ^(P)	

Note: (L) — long position, (S) — short position, (P) — lending pool.

Save and except as disclosed above, as at the end of the reporting period, there were no other interests or short positions of any other person or company in the shares or underlying shares of the Bank recorded in the register that the Bank has maintained pursuant to Section 336 of the Securities and Futures Ordinance requiring disclosure pursuant to sections II and III in Part XV of the Securities and Futures Ordinance.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Controlling Shareholder and De Facto Controller of the Company

Changes in Controlling Shareholder and De Facto Controller

During the reporting period, controlling shareholder and de facto controller of the Bank remained unchanged. As at the end of the reporting period, CITIC Corporation Limited was the Bank's controlling shareholder while CITIC Group remained the Bank's de facto controller.

Information about the Controlling Shareholder and De Facto Controller

As at the end of the reporting period, CITIC Corporation Limited is the controlling shareholder of the Bank. CITIC Limited is the single direct controlling shareholder of CITIC Corporation Limited. CITIC Group is the controlling shareholder of CITIC Limited, and the de facto controller of the Bank. CITIC Corporation Limited directly owned 28,938,928,294 A shares and 2,468,064,479 H shares of the Bank, accounting for 61.85% and approximately 5.28% of the Bank's total issued share capital respectively. In total, CITIC Corporation Limited held 31,406,992,773 shares of the Bank, approximately 67.13% of the Bank's total share capital.

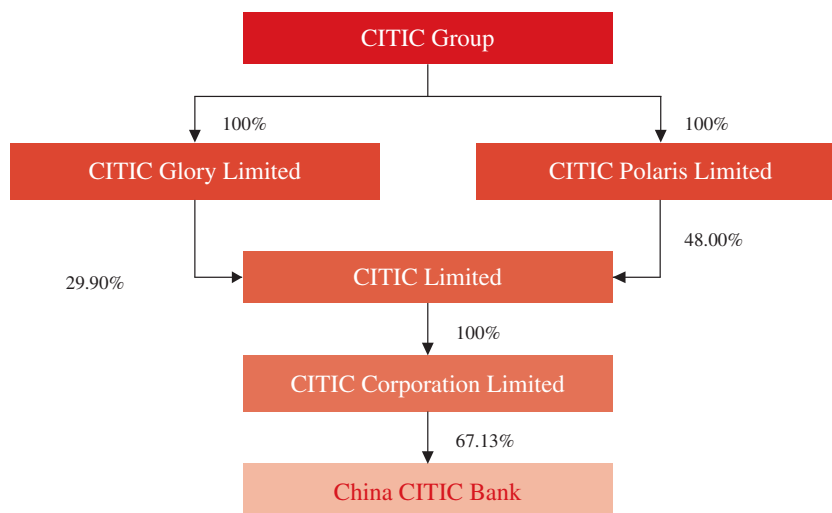
CITIC Group was established in 1979 by Comrade Rong Yiren with the initiation and support by Comrade Deng Xiaoping. Since its inception, CITIC Group has given full play to the role of a pilot of national economic reform and an important window on China's opening to the outside world and made explorations and innovation in many business fields, thus building up good reputation and image both home and abroad with a remarkable performance. Up to now, CITIC Group has developed into a large state-owned multinational conglomerate with a balanced development of both financial and non-financial businesses. Its financial business covers a full range of services including commercial banking, investment banking, trust, insurance, fund management and asset management and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and IT industry with clear overall strength and great momentum of development.

In December 2011, approved by the State Council, CITIC Group contributed, in combination with its wholly-owned subsidiary Beijing CITIC Enterprise Management Co., Ltd., the majority of its existing operating net assets to establish CITIC Limited, with CITIC Group and Beijing CITIC Enterprise Management Co., Ltd. holding 99.9% and 0.1% of CITIC Limited's equity interest respectively. At the same time, CITIC Group as a whole was restructured into a wholly state-owned company. To complete the above-mentioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Limited as capital contribution. As a result, CITIC Limited held 28,938,929,004 shares in the Bank both directly and indirectly, accounting for 61.85% of the Bank's total share capital. In February 2013, the relevant transfer formalities for the above-mentioned shares were officially completed.

In August 2014, CITIC Group injected its main business assets entirely into its Hong Kong listed subsidiary CITIC Pacific, and renamed it CITIC Limited. The former CITIC Limited was renamed CITIC Corporation Limited. CITIC Limited wholly owns CITIC Corporation Limited. In September 2014, CITIC Corporation Limited bought 81,910,800 H shares to increase investment in the Bank with the conclusion of a transfer agreement, after which CITIC Corporation Limited held a sum of 31,406,992,773 A shares and H shares in the Bank, about 67.13% of the Bank's total share capital.

Changes in Share Capital and Shareholdings of Substantial Shareholders

As at the end of the reporting period, the ownership structure and controlling relationship between the Bank and its de facto controller is as follows:



Note: CITIC Glory Limited and CITIC Polaris Limited are both wholly-owned affiliated subsidiaries of CITIC Group incorporated on the British Virgin Islands.

Directors, Supervisors, Senior Management and Staff

Basic Information on Directors, Supervisors and Senior Management (as at the disclosure date of the report)

Board of Directors

Name	Title	Name	Title
Chang Zhenming	Chairman, Non-executive Director	Zhu Xiaohuang	Non-executive Director
Li Qingping	Executive Director, President	Sun Deshun	Executive Director, First Vice President
Zhang Xiaowei	Non-executive Director	Li Zheping	Independent Non-executive Director
Wu Xiaoqing	Independent Non-executive Director	Wong Luen Cheung Andrew	Independent Non-executive Director
Yuan Ming	Independent Non-executive Director		

Board of Supervisors

Name	Title	Name	Title
Ou-Yang Qian	Chairman of the Board of Supervisors	Wang Xiuhong	External Supervisor
Jia Xiangsen	External Supervisor	Zheng Wei	External Supervisor
Wen Shuping	Employee Representative Supervisor	Cheng Pusheng	Employee Representative Supervisor
Ma Haiqing	Employee Representative Supervisor		

Senior Management

Name	Title	Name	Title
Li Qingping	Executive Director, President	Sun Deshun	Executive Director, First Vice President
Cao Guoqiang	Vice President	Zhang Qiang	Vice President
Zhu Jialin	Vice President & General Manager of the Business Department of the Head Office	Fang Heying	Vice President in charge of finance
Guo Danghuai	Vice President	Yang Yu	Vice President
Qiao Wei	Secretary of the Committee for Disciplinary Inspection	Wang Kang	Secretary to the Board of Directors

Note: The qualification of Mr. Yang Yu to be Vice President is still subject to approval from the CBRC.

Changes in Shares Held by Directors, Supervisors and Senior Management

As at the end of the reporting period, none of the directors, supervisors and senior management of the Bank, either incumbent or non-incumbent during the reporting period, held any shares, share options or restricted shares in the Bank, except Mr. Wang Kang, Secretary to the Board of Directors, who held 16,800 A shares of the Bank.

I Appointment and Dismissal of Directors, Supervisors and Senior Management

1. In May 2015, the Fourth Board of Directors was elected at 2014 Annual Shareholder's General Meeting. Mr. Chang Zhenming, Mr. Zhu Xiaohuang, Ms. Li Qingping, Mr. Sun Deshun, Mr. Zhang Xiaowei, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew, Mr. Yuan Ming and Mr. Qian Jun, were elected as directors of the Fourth Board of Directors of the Bank. All the directors but Mr. Qian Jun took office as members of the Fourth Board of Directors of the Bank upon adoption of relevant resolution at the General Meeting. Mr. Li Zheping will continue to perform his duties as a director until Mr. Qian Jun takes office upon approval of his qualifications as an independent director by the CBRC. Since establishment of the new Board of Directors, Mr. Dou Jianzhong and Mr. Gonzalo José Toráno Vallina have ceased to serve as directors of the Bank.
2. In May 2015, the Fourth Board of Supervisors was elected at the 2014 Annual Shareholders' General Meeting. Mr. Ou-Yang Qian, Mr. Zheng Xuexue, Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei were elected as non-employee representative supervisors of the Fourth Board of Supervisors of the Bank. Ms. Wen Shuping, Mr. Cheng Pusheng and Mr. Ma Haiqing were elected as employee representative supervisors of the Fourth Board of Supervisors of the Bank through democratic process of Workers' Conference of the Bank. Since establishment of the new Board of Supervisors, Mr. Li Gang and Mr. Deng Yuewen have ceased to serve as employee representative supervisors of the Bank.
3. In May 2015, the Board of Directors adopted a resolution, deciding to re-engage Ms. Li Qingping as President, Mr. Sun Deshun as First Vice President, Mr. Su Guoxin, Mr. Cao Guoqiang, Mr. Zhang Qiang, Mr. Zhu Jialin, Mr. Fang Heying and Mr. Guo Danghuai as Vice President and Mr. Wang Kang as Secretary to the Board of Directors.
4. In July 2015, Mr. Qiao Wei replaced Mr. Wang Lianfu who retired as the Bank's Secretary of the Committee for Disciplinary Inspection.
5. In August 2015, Mr. Zheng Xuexue resigned from the Bank's Non-employee Representative Supervisor, Chairman and Member of the Supervision Committee and Member of the Nomination Committee of the Board of Supervisors as he retired from CITIC Group. The resignation took effect immediately.
6. In August 2015, the Board of Directors of the Bank adopted a resolution that Mr. Su Guoxin vacated the post of Vice President of the Bank due to job transfer who would be succeeded by Mr. Yang Yu. Mr. Yang will formally serve as the Bank's Vice President after the CBRC approves his qualification.
7. In August 2015, the Board of Supervisors of the Bank adopted a resolution, agreeing to nominate Mr. Shu Yang as Non-employee Representative Supervisor of the Board of Supervisors to the Shareholders' General Meeting.

I Staff

During the reporting period, the Bank kept reforming and improving its human resources management on the principle of coordinating effective incentives and strict constraints. It promoted management team building of institutions at all levels and profoundly improved the post system. Based on job assessment, it established a remuneration system with post value at the core. Meanwhile, the Bank strengthened IT application in management and provided effective human resources support to operation and management of the whole bank. Guided by the strategy of "prospering through talents", the Bank organized various pertinent trainings for all kinds of professionals, with the focus on cultivation of medium and senior managerial, reserved, international and key position talents. Consequently, stratified teams of talents were initially formed.

As at the end of the reporting period, the Bank (including its subsidiaries) had 53,943 employees, including 46,192 under labor contracts with the Bank, 7,751 dispatched to the Bank or hired with letters of engagement by the Bank, and 677 retirees.

Corporate Governance

The Bank has ascertained its framework of corporate governance consisting of the general meeting, the Board of Directors, the Board of Supervisors and the senior management and defined the responsibilities of the directors, the supervisors and the senior management by rules and regulations including the Articles of Association, Rules of Procedure of the General Meeting, Rules of Procedure of the Board of Directors, and Rules of Procedure of the Board of Supervisors, thereby effectively integrating duties, rights, and interests, establishing scientific and efficient mechanisms for decision making, execution, and supervision, and ensuring clear division of duties, mutual cooperation and effective check and balance between decision-making, executing and supervisory bodies.

During the reporting period, the Bank assessed duty performance of the directors in 2014 and developed relevant duty performance assessment reports in accordance with the CBRC regulatory requirements and its own internal regulations. All the directors of the Bank were rated “qualified” in 2014. For the purpose of escalating operational quality, realizing strategic objectives, maintaining competitive advantages and achieving sustainable development, the Bank promoted its board diversity pursuant to Provision A.5.6 of the Corporate Governance Code under Appendix 14 to the SEHK Listing Rules. The Bank considered board diversity from a number of factors, including but not limited to competence, skills, knowledge, industry and professional experience, cultural and educational background, gender, age and race. The board members shall be appointed after comprehensive consideration of the competence, skills, knowledge, and experience needed for overall operation of the Board of Directors. During the reporting period, the Bank completed the election of the Fourth Board of Directors. In addition to re-appointed directors, Professor Qian Jun was nominated by the Board of Directors to be independent directors of the Bank, further diversifying the board members.

General Meeting, Board of Directors and Board of Supervisors

During the reporting period, the Bank convened two general meetings, four meetings of the Board of Directors and four meetings of the Board of Supervisors, all of which were held in compliance with relevant laws and regulations and procedures specified in the Bank’s Articles of Association.

General Meeting

During the reporting period, the Bank convened two general meetings, i.e., the 2014 Annual General Meeting and the First Extraordinary General Meeting in 2015, in strict compliance with the listing rules of the two listing venues. The General Meeting of the Bank made decisions on significant events of the Bank according to law. The above-mentioned two general meetings deliberated and adopted the proposals on the 2014 Work Report of the Board of Directors, the 2014 Work Report of the Board of Supervisors, the 2014 Annual Report, the 2014 Annual Financial Report, the Financial Budget Plan for 2015, the 2014 Profit Distribution Plan, the 2015 Plan for Engagement of Auditors and Their Remunerations, the Plan for Preference Shares Issuance, and the Election of Directors for the New Board of Directors and Non-employee Representative Supervisors for the New Board of Supervisors. The general meetings thereby safeguarded legitimate rights and interests of all shareholders, ensured lawful exercise of rights by shareholders, and promoted long-term, sound and sustainable development of the Bank.

Board of Directors

As at the disclosure date of this report, the Board of Directors consisted of nine members, including two executive directors, three non-executive directors and four independent non-executive directors.

During the reporting period, the Board of Directors convened four meetings, at which the Board adopted the proposals on the Work Report of the Board of Directors, the 2014 Annual Report, the Social Responsibility Report, the Internal Control Assessment Report, the Financial Budget Plan, the 2014 Profit Distribution Plan, the Plan for Engagement of Auditors and Their Remunerations, Preference Shares Issuance, Amendments to the Articles of Association, Nomination of the Candidates for the New Board of Directors, Engagement of the New Senior Management and the First Quarterly Report of 2015 and presented these proposals to the general meeting for voting. In this way, the Board of Directors effectively performed its due diligence. The Board of Directors listened to and discussed the Annual Business Report, Report on Capital Adequacy Management, Report on Liquidity Risk Management, Report on Comprehensive Risk Management, Report of CITIC Bank on Internal Rating System for Credit Risk, Report of CITIC Bank on Implementation Progress of the New Capital Regulation, Switch and Launch Plan for Upgrading and Transformation Project of the Core Banking System, Report on Consolidated Management and other reports on major business operations.

During the reporting period, independent directors of the Bank actively performed their due diligence. They joined the Board of Directors and its special committees in deliberation of proposals and hearing of reports, conducted surveys at branches, and expressed independent opinions on significant events in a timely manner.

During the reporting period, independent directors' attendance of meetings is set out below:

Name	Board of Directors	Audit and Related Party Transactions Control Committee	Risk Management Committee	Nomination and Remuneration Committee
Li Zheping	4/4	3/3	2/2	–
Wu Xiaoqing	4/4	4/4	2/2	3/3
Wong Luen Cheung Andrew	4/4	4/4	–	3/3
Yuan Ming	4/4	4/4	–	3/3

Note: Attendance times/number of meetings to be attended during the reporting period.

Surveys carried out by independent directors are detailed below:

During the reporting period, the Bank's independent directors Wu Xiaoqing and Wong Luen Cheung Andrew conducted surveys at branches of Nanchang, Hangzhou, Hefei, Xiamen, Nanjing and Shenzhen Credit Card Center, learning about the business operations and risk management of those institutions on site.

Independent directors expressed the following independent opinions:

During the reporting period, independent directors of the Bank expressed independent opinions on significant events such as related party transactions, profit distribution plan, plan for preference shares issuance and engagement of senior management in a timely manner, and signed letters of endorsement on such independent opinions.

Board of Supervisors

As at the disclosure date of the report, the Board of Supervisors of the Bank consisted of seven members, including three external supervisors, one shareholder representative supervisor and three employee representative supervisors.

During the reporting period, the Board of Supervisors of the Bank held four meetings, at which the supervisors deliberated and adopted the proposals on the 2014 Work Report of the Board of Supervisors, the 2014 Annual Report, the 2014 Social Responsibility Report, the 2014 Report on Internal Control Assessment, the 2014 Profit Distribution Plan, Report of the Board of Supervisors on Duty Performance Assessment of the Board of Directors, Board of Supervisors, Senior Management and Members Thereof, and the First Quarterly Report of 2015.

During the reporting period, external supervisors of the Bank actively performed their due diligence. They joined the Board of Supervisors and its special committees in deliberation of proposals and hearing of reports. Attendance of meetings by external supervisors during the reporting period is as follows:

Name	Board of Supervisors	Supervision Committee	Nomination Committee
Wang Xiuhong	4/4	–	1/1
Jia Xiangsen	1/1	1/1	–
Zheng Wei	1/1	1/1	–

Note: Attendance times/number of meetings to be attended during the reporting period.

Senior Management

The Bank's senior management consists of ten members, including one president, one first vice president, seven vice presidents (including those at the vice-president level) and one secretary to the Board of Directors. There is a strict division of duties and separation of power between the Bank's senior management and the Board of Directors. As authorized by the Board of Directors, the senior management manages and makes decisions on business operation within its mandate.

Information Disclosure

The Bank always attaches great importance to information disclosure and discloses miscellaneous information in strict compliance with the regulatory requirements of the listing venues and according to the principles of accuracy, truthfulness and completeness to ensure fair treatment of all investors from home and abroad and safeguard legitimate rights and interests of all shareholders.

The Bank published over 30 announcements at home and abroad during the reporting period.

Management of Related Party Transactions

The Board of Directors of the Bank and its Audit and Related Party Transactions Control Committee attached great importance to the management of related party transactions and diligently performed their duties of review, approval and supervision in relation to the management of related parties and related party transactions to ensure lawfulness and compliance of bank-wide related party transactions.

During the reporting period, the Bank strictly adhered to the regulatory requirements in Shanghai and Hong Kong and further promoted refined management of related party transactions. It reinforced dynamic management and updating of related parties and produced the list of related parties containing 2,511 legal persons and 1,771 natural persons. The 2015-2017 annual caps for continuing related party transactions were approved by the Shareholders' General Meeting, covering over 60 varieties of related party transactions in eight categories, which significantly improved business approval efficiency. Besides, it formulated the Manual on Related Party Transactions, which analyzed each link of related party transactions involved by nearly 100 banking products, playing a positive guiding role in practical application of related party transaction management across the Bank. What's more, the Bank ensured compliant conduct of related party transactions bank-wide by strictly performing review, approval, disclosure and routine monitoring of related party transactions. In addition, it cooperated with its controlling shareholder – CITIC Limited, to carry out related party transaction management in line with relevant laws and regulations, so as to raise full-compliance awareness in respect of related party transactions.

I Management of Investor Relations

Following the principle of compliance, fairness and efficiency in investor relations management, the Bank keeps enhancing its management system, standardizing its procedures and upgrading its work standards in daily operation to make its management of investor relations more proactive and interactive and provides more convenient and higher-quality services to investors.

During the reporting period, the Bank participated in nearly 40 external large-scale investors' forums and routine meetings with investors, organized two annual results releases, and performed road shows in Europe, the Middle East, USA, Canada, Hong Kong SAR and many places in mainland China in conjunction with the release of the annual results. Senior management of the Bank participated in important investor activities such as results releases and road shows at home and abroad in person for in-depth communications with institutional investors and proactive delivery of positive information to the capital markets. The Bank also kept in touch with investors from all over the world in a timely and express manner via e-platforms such as telephone, e-mail, investor-relations website, and investor-relations mail box. By means of interaction between its internal departments, the Bank provided timely feedbacks to valuable suggestions made by shareholders and thus won high recognition from them.

Preference Shares

On 20 March 2015, the Board of Directors of the Bank deliberated and adopted the Proposal on the Plan for Non-public Offering of Preference Shares, giving the consent to the issuance at par of 350 million or less preference shares, with the par value thereof set at RMB100 per share. On 26 May 2015, the 2014 Annual Shareholders' General Meeting, the 2015 First General Meeting of A Shareholders and the 2015 First General Meeting of H Shareholders of the Bank deliberated and adopted the Proposal on the Plan for Non-public Offering of Preference Shares. The abovementioned plan for non-public offering of preference shares is subject to the approval by the CBRC and the CSRC prior to subsequent implementation.

Please refer to the related announcements published on the official website of SSE (<http://www.sse.com.cn>), the official website of HKEx News (<http://www.hkexnews.hk>) as well as the website of the Bank (<http://bank.ecitic.com>) for detailed information.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF CHINA CITIC BANK CORPORATION LIMITED

(Incorporated in the People's Republic of China with Limited Liability)

Introduction

We have reviewed the interim financial information of China CITIC Bank Corporation Limited (the “Bank”) and its subsidiaries (together, the “Group”) set out on pages 78 to 184, which comprises the interim statements of financial position of the Group and the Bank as at 30 June 2015 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Bank are responsible for the preparation and presentation of these Interim Financial Information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2015

Consolidated Interim Statement of Income

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 Unaudited	2014 Unaudited
Interest income		107,685	102,280
Interest expense		(57,941)	(56,666)
Net interest income	3	49,744	45,614
Fee and commission income		18,367	13,497
Fee and commission expense		(887)	(690)
Net fee and commission income	4	17,480	12,807
Net trading gain	5	1,426	2,712
Net gain on investment securities	6	1,183	800
Net hedging gain		1	—
Other operating income		123	168
Operating income		69,957	62,101
Operating expenses	7	(23,290)	(21,086)
Operating Profit before impairment		46,667	41,015
Impairment losses on			
– loans and advances to customers		(15,391)	(10,914)
– others		(1,300)	(703)
Total impairment losses	8	(16,691)	(11,617)
Revaluation gain/(loss) on investment properties		3	(1)
Share of gain of associates		141	106
Profit before tax		30,120	29,503
Income tax expense	9	(7,151)	(7,078)
Profit for the period		22,969	22,425

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 Unaudited	2014 Unaudited
Profit for the period		22,969	22,425
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met (net of tax)			
Available-for-sale financial assets: net movement in fair value reserve		517	3,399
Exchange difference on translating foreign operations		309	148
Other comprehensive income/(expense) of associates		3	(45)
Items that will not be reclassified to profit or loss (net of tax)			
Net changes on the measurement of defined benefit plan		5	(7)
Other comprehensive income, net of tax	10	834	3,495
Total comprehensive income for the period		23,803	25,920
Net profit attributable to:			
Equity holders of the Bank		22,586	22,034
Non-controlling interests		383	391
		22,969	22,425
Total comprehensive income attribute to:			
Equity holders of the Bank		23,324	25,476
Non-controlling interests		479	444
		23,803	25,920
Basic and diluted earnings per share (RMB)	11	0.48	0.47

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
Assets			
Cash and balances with central banks	12	532,917	538,486
Deposits with banks and non-bank financial institutions	13	63,561	93,991
Precious metals		1,105	411
Placements with banks and non-bank financial institutions	14	85,878	68,180
Financial assets at fair value through profit or loss	15	33,707	27,509
Derivative financial assets	16	7,138	8,226
Financial assets held under resale agreements	17	78,489	135,765
Interest receivable	18	27,542	26,125
Loans and advances to customers	19	2,253,593	2,136,332
Available-for-sale financial assets	20	309,951	209,404
Held-to-maturity investments	21	184,448	177,957
Investment classified as receivables	22	901,425	653,256
Investments in associates	23	1,026	870
Property, plant and equipment	25	14,748	14,738
Intangible assets	26	366	407
Investment properties	27	287	280
Goodwill	28	816	795
Deferred tax assets	29	9,018	9,317
Other assets	30	55,262	36,766
Total assets		4,561,277	4,138,815
Liabilities			
Borrowing from central banks		10,050	50,050
Deposits from banks and non-bank financial institutions	32	903,792	688,292
Placements from banks and non-bank financial institutions	33	20,601	19,648
Financial liabilities at fair value through profit or loss	34	—	573
Derivative financial liabilities	16	5,864	7,347
Financial assets sold under repurchase agreements	35	6,873	41,609
Deposits from customers	36	3,081,463	2,849,574
Accrued staff costs	37	9,455	11,521
Taxes payable	38	5,163	5,985
Interest payable	39	36,523	37,311
Provisions	40	2	5
Debt certificates issued	41	167,558	133,488
Deferred tax liabilities	29	22	—
Other liabilities	42	22,829	26,066
Total liabilities		4,270,195	3,871,469

Consolidated Statement of Financial Position (Continued)

As at 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
Equity			
Share capital	43	46,787	46,787
Capital reserve	44	49,296	49,296
Other comprehensive income	45	(1,095)	(1,833)
Surplus reserve	46	19,394	19,394
General reserve	47	50,447	50,447
Retained earnings	49	118,172	95,586
Total equity attributable to equity holders of the Bank		283,001	259,677
Non-controlling interests	48	8,081	7,669
Total equity		291,082	267,346
Total liabilities and equity		4,561,277	4,138,815

Approved and authorised for issue by the board of directors on 18 August 2015.

Chang Zhenming
Chairman

Li Qingping
President

Fang Heying
*Vice President in charge
of finance*

Lu Wei
*General Manager of
Finance and
Accounting
function Department*

Company stamp

The accompanying notes form an integral part of these consolidated interim financial statements.

Statement of Financial Position

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
Assets			
Cash and balances with central banks	12	531,496	536,811
Deposits with banks and non-bank financial institutions	13	57,241	81,689
Precious metals		1,105	411
Placements with banks and non-bank financial institutions	14	68,930	47,810
Financial assets at fair value through profit or loss	15	33,625	27,501
Derivative financial assets	16	5,378	5,638
Financial assets held under resale agreements	17	78,732	135,765
Interest receivable	18	27,015	25,546
Loans and advances to customers	19	2,118,658	2,012,342
Available-for-sale financial assets	20	273,438	188,537
Held-to-maturity investments	21	184,448	177,957
Investment classified as receivables	22	901,085	652,916
Investment in subsidiaries	24	15,476	9,986
Property, plant and equipment	25	14,229	14,223
Intangible assets	26	366	407
Deferred tax assets	29	9,001	9,296
Other assets	30	54,401	35,801
Total assets		4,374,624	3,962,636
Liabilities			
Borrowing from central banks		10,000	50,000
Deposits from banks and non-bank financial institutions	32	907,394	698,362
Placements from banks and non-bank financial institutions	33	18,386	18,703
Financial liabilities at fair value through profit or loss	34	—	573
Derivative financial liabilities	16	4,449	5,000
Financial assets sold under repurchase agreements	35	6,697	41,381
Deposits from customers	36	2,924,240	2,699,597
Accrued staff costs	37	8,968	10,871
Taxes payable	38	4,847	5,837
Interest payable	39	35,899	36,559
Provisions	40	2	2
Debt certificates issued	41	154,693	115,592
Other liabilities	42	21,078	24,436
Total liabilities		4,096,653	3,706,913

Statement of Financial Position (Continued)

As at 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
Equity			
Share capital	43	46,787	46,787
Capital reserve	44	51,619	51,619
Other comprehensive income	45	947	435
Surplus reserve	46	19,394	19,394
General reserve	47	50,350	50,350
Retained earnings	49	108,874	87,138
Total equity		277,971	255,723
Total liabilities and equity		4,374,624	3,962,636

Approved and authorised for issue by the board of directors on 18 August 2015.

Chang Zhenming
Chairman

Li Qingping
President

Fang Heying
*Vice President in charge
of finance*

Lu Wei
*General Manager of
Finance and
Accounting
function Department*

Company stamp

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Note	Equity attributable to equity holders of the Bank					Non-controlling interests			Total equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Common equity holders	Other equity instrument holders	
As at 1 January 2015		46,787	49,296	(1,833)	19,394	50,447	95,586	5,844	1,825	267,346
(i) Net profit		—	—	—	—	—	22,586	316	67	22,969
(ii) Other comprehensive income	10	—	—	738	—	—	—	96	—	834
Total comprehensive income		—	—	738	—	—	22,586	412	67	23,803
(iii) Profit appropriation		—	—	—	—	—	—	—	(67)	(67)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(67)	(67)
As at 30 June 2015		46,787	49,296	(1,095)	19,394	50,447	118,172	6,256	1,825	291,082

	Note	Equity attributable to equity holders of the Bank					Non-controlling interests			Total equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Common equity holders	Other equity instrument holders	
As at 1 January 2014		46,787	49,296	(7,007)	15,495	44,340	76,690	5,124	—	230,725
(i) Net profit		—	—	—	—	—	22,034	391	—	22,425
(ii) Other comprehensive income	10	—	—	3,442	—	—	—	53	—	3,495
Total comprehensive income		—	—	3,442	—	—	22,034	444	—	25,920
(iii) Capital contribution by owners		—	—	—	—	—	—	—	1,825	1,825
Capital contributed by holders of other equity instruments		—	—	—	—	—	—	—	1,825	1,825
Non-controlling interests of a new tier 2 subsidiary		—	—	—	—	—	—	18	—	18
(iv) Profit appropriation		—	—	—	—	—	(11,790)	—	—	(11,790)
Appropriation to equity holders of the Bank		—	—	—	—	—	(11,790)	—	—	(11,790)
As at 30 June 2014		46,787	49,296	(3,565)	15,495	44,340	86,934	5,586	1,825	246,698

	Note	Equity attributable to equity holders of the Bank					Non-controlling interests			Total equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Common equity holders	Other equity instrument holders	
As at 1 January 2014		46,787	49,296	(7,007)	15,495	44,340	76,690	5,124	—	230,725
(i) Net profit		—	—	—	—	—	40,692	696	66	41,454
(ii) Other comprehensive income	10	—	—	5,174	—	—	—	6	—	5,180
Total comprehensive income		—	—	5,174	—	—	40,692	702	66	46,634
(iii) Capital contribution by owners		—	—	—	—	—	—	—	1,825	1,825
Capital contributed by holders of other equity instruments		—	—	—	—	—	—	—	1,825	1,825
Non-controlling interests of a new tier 2 subsidiary		—	—	—	—	—	—	18	—	18
(iv) Profit appropriations		—	—	—	3,899	—	(3,899)	—	—	—
Appropriation to surplus reserve		—	—	—	3,899	—	(3,899)	—	—	—
Appropriation to general reserve		—	—	—	—	6,107	(6,107)	—	—	—
Appropriation to equity holders of the Bank	49	—	—	—	—	—	(11,790)	—	—	(11,790)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(66)	(66)
As at 31 December 2014		46,787	49,296	(1,833)	19,394	50,447	95,586	5,844	1,825	267,346

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Cash Flow Statement

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2015 Unaudited	2014 Unaudited
Operating activities			
Profit before tax		30,120	29,503
Adjustments for:			
– revaluation loss/(gain) on investments, derivatives and investment properties		443	(631)
– investment gain		(268)	(275)
– unrealised foreign exchange gain		(229)	(329)
– impairment losses		16,691	11,617
– depreciation and amortisation		1,174	1,055
– interest expense on debt certificates issued		3,810	1,752
– dividend income from equity investment		(27)	(63)
– income tax paid		(8,131)	(7,916)
		43,583	34,713
Changes in operating assets and liabilities:			
Decrease/(Increase) in balances with central banks		23,952	(31,979)
Increase in deposits with banks and non-bank financial institutions		(3,455)	(8,425)
(Increase)/Decrease in placements with banks and non-bank financial institutions		(24,519)	35,168
Increase in financial assets at fair value through profit or loss		(6,410)	(14,057)
Decrease/(Increase) in financial assets held under resale agreements		57,275	(97,642)
Increase in loans and advances to customers		(130,709)	(165,984)
Increase in investment classified as receivables		(248,164)	(263,639)
Decrease in borrowing from central banks		(40,000)	—
Increase in deposits from banks and non-bank financial institutions		215,928	230,258
Increase/(Decrease) in placements from banks and non-bank financial institutions		811	(2,746)
(Decrease)/Increase in financial liabilities at fair value through profit or loss		(573)	613
(Decrease)/Increase in financial assets sold under repurchase agreements		(34,741)	1,034
Increase in deposits from customers		229,750	398,829
Increase in other operating assets		(30,648)	(20,209)
Decrease in other operating liabilities		(13,900)	(5,862)
		38,180	90,072
Investing activities			
Proceeds from disposal and redemption of investments		336,670	289,349
Proceeds from disposal of fixed assets, land use rights, and other assets		1	4
Cash received from equity investment income		27	63
Payments on acquisition of investments		(427,037)	(289,320)
Payments on acquisition of property and equipment and other assets		(2,246)	(1,102)
Cash paid for acquisition of a subsidiary		(10)	—
		(92,595)	(1,006)
Financing activities			
Cash received from debt certificates issued		92,625	14,182
Cash received from other equity instruments issued		—	1,825
Cash received from non-controlling interests of a subsidiary		—	18
Cash paid for redemption of debt certificates issued		(53,525)	(3,000)
Interest paid on debt certificates issued		(3,258)	(2,182)
		35,842	10,843
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents as at 1 January		228,375	199,643
Effect of exchange rate changes on cash and cash equivalents		1,473	3,128
Cash and cash equivalents as at 30 June	50	211,275	302,680
Cash flows from operating activities include:			
Interest received		105,646	96,513
Interest paid, excluding interest expense on debt certificates issued		(55,572)	(47,456)

The accompanying notes form an integral part of these consolidated interim financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

1 Corporate information

China CITIC Bank Corporation Limited (the “Bank” or “CNCB”) is a joint stock company incorporated in the People’s Republic of China (the “PRC” or “Mainland China”) on 31 December 2006. Headquartered in Beijing, the Bank’s registered office is located at Block C Fuhua Mansion, No.8 Chaoyangmen Beidajie, Dongcheng District, Beijing, China.

The Bank listed its A shares and H shares both on Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited on 27 April 2007.

As at 30 June 2015, the Bank mainly operates in Mainland China with branches covering 30 provinces, autonomous regions and municipalities. In addition, the Bank’s subsidiaries have operations in Mainland China, Hong Kong and other overseas countries and regions.

For the purpose of this interim financial report, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan. Overseas refers to countries and regions other than Mainland China.

The principal activities of the Bank and its subsidiaries (collectively the “Group”) are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, finance leasing and other non-banking financial services.

The interim financial report was approved by the Board of Directors of the Bank on 18 August 2015.

2 Basis of preparation

(a) Compliance with International Financial Reporting Standards (“IFRSs”)

The unaudited consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim financial reporting, as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim financial report contains selected explanatory notes, which provide explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since its financial statements for the year ended 31 December 2014. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

(b) Use of estimates and assumptions

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2014.

Notes to the Unaudited Consolidated Interim Financial Statements

*For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)*

2 Basis of preparation (Continued)

(c) Standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group

The Group has not adopted the following new and revised IFRSs that have been issued but are not yet effective.

		Effective for annual periods beginning on or after	
(i)	IFRS 14	Regulatory deferral account	1 January 2016
(ii)	Amendments to IFRS 11	Acquisition of interests in joint operations	1 January 2016
(iii)	Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
(iv)	Amendments to IAS 27	Equity method in separate financial Statements	1 January 2016
(v)	Amendments to IFRS 10 and IAS 28	On the sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
(vi)	Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	1 January 2016
(vii)	Amendments to IFRSs	Annual improvements to IFRSs (2012 – 2014 cycle)	1 January 2016
(viii)	IFRS 15	Revenue from contracts with customers	1 January 2017
(ix)	IFRS 9	Financial instruments	1 January 2018
(x)	Amendments to IFRS 10 and IAS 28	Investment entities: applying the consolidation exception	1 January 2016
(xi)	Amendments to IAS 1	Disclosure initiative	1 January 2016

- (i) The IASB has issued IFRS 14 *Regulatory deferral accounts*, an interim standard on the accounting for certain balances that arise from rate-regulated activities (“regulatory deferral accounts”). IFRS 14 is only applicable to entities that apply IFRS 1 *First-time adoption of international financial reporting standards* as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral accounts. The Group anticipates that the adoption of this new standard will not have a significant impact on the Group’s consolidated financial statements.
- (ii) The amendments to IFRS 11 *Joint arrangements* provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group’s consolidated financial statements.
- (iii) The amendments to IAS 16 *Property, plant and equipment*, clarify that the depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendments to IAS 38 *Intangible assets*, establish a rebuttable presumption that the amortisation of an intangible asset based on the revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

2 Basis of preparation (Continued)

(c) Standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group (Continued)

- (iv) The IASB has amended IAS 27 *Separate financial statements*. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group anticipates that the adoption of this new amendment will not have a significant impact on the Group's consolidated financial statements.
- (v) Amendments to IFRS10 *Consolidated financial statements* and IAS28 *Investment in associates and joint ventures* address a problem of inconsistency between the requirements in IFRS 10 and those in IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.
- (vi) The amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Therefore, the amendments incorporate them in IAS 16 rather than in IAS 41. The produce on bearer plants will remain in the scope of IAS 41. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.
- (vii) The Annual Improvements to IFRSs (2012 – 2014 cycle) includes a number of amendments to various IFRSs, including the amendments IFRS 5 *Non-current assets held for sale and discontinued operations* regarding methods of disposal, the amendments to IFRS 7 *Financial instruments: disclosures* regarding servicing contracts, the amendments to IAS 19 *Employee benefits* regarding discount rates, the amendments to IAS 34 *Interim financial reporting* regarding disclosure of information. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.
- (viii) IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. In addition, IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group is in the process of assessing the impact on the Group's consolidated financial statements from this new standard.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

2 Basis of preparation (Continued)

(c) Standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group (Continued)

(ix) The complete version of IFRS 9 *Financial instruments* was issued in July 2014. It replaces the guidance in IAS 39 *Financial instruments: recognition and measurement* that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in which case the accumulated fair value changes in OCI will not be recycled to the profit or loss in the future. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. The Group is in the process of assessing the impact on the Group’s consolidated financial statements from this new standard.

(x) The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10. The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity’s investment activities, such that it acts as an extension of the investment entity.

The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

(xi) The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group’s consolidated financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

3 Net interest income

	Six months ended 30 June	
	2015	2014
Interest income arising from (note (i)):		
Deposits with central banks	3,760	3,686
Deposits with banks and non-bank financial institutions	648	3,651
Placements with banks and non-bank financial institutions	1,397	3,047
Financial assets held under resale agreements	2,404	7,230
Investment classified as receivables	23,018	14,865
Loans and advances to customers		
– corporate loans	49,748	46,979
– personal loans	17,146	14,421
– discounted bills	1,504	1,962
Investments in debt securities	8,058	6,438
Others	2	1
Subtotal	107,685	102,280
Interest expense arising from:		
Deposits from central banks	(624)	—
Deposits from banks and non-bank financial institutions	(20,246)	(20,159)
Placements from banks and non-bank financial institutions	(260)	(904)
Financial assets sold under repurchase agreements	(339)	(482)
Deposits from customers	(32,659)	(33,367)
Debt certificates issued	(3,810)	(1,752)
Others	(3)	(2)
Subtotal	(57,941)	(56,666)
Net interest income	49,744	45,614

Note:

- (i) Interest income includes interest income accrued on individually assessed impaired financial assets of RMB 281 million for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB 235 million).

4 Net fee and commission income

	Six months ended 30 June	
	2015	2014
Fee and commission income		
Bank card fees	5,851	3,679
Consultancy and advisory fees	3,791	3,336
Commission from wealth management services	2,568	1,720
Agency fees and commission (note(i))	2,042	863
Guarantee fees	1,614	1,805
Commission for custodian business and other fiduciary	1,121	783
Settlement and clearing fees	1,043	1,219
Others	337	92
Total	18,367	13,497
Fee and commission expense	(887)	(690)
Net fee and commission income	17,480	12,807

Note:

- (i) Agency fees and commission represent fees earned for underwriting bonds and investment funds, sale of insurance products and provision of entrusted lending activities.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

5 Net trading gain

	Six months ended 30 June	
	2015	2014
Debt securities	951	663
Foreign currencies	1,156	696
Derivatives	(753)	1,313
Financial instrument designated at fair value through profit or loss	72	14
Others	—	26
Total	1,426	2,712

6 Net gain from investment securities

	Six months ended 30 June	
	2015	2014
Net (loss)/gain from sale of available-for-sale securities	(362)	656
Net revaluation gain/(loss) reclassified from other comprehensive income on disposal	486	(496)
Net gain from negotiation of bills	731	568
Others	328	72
Total	1,183	800

7 Operating expenses

	Six months ended 30 June	
	2015	2014
Staff costs		
– salaries and bonuses	7,745	7,215
– social insurance	1,097	971
– welfare expenses	470	473
– housing fund	547	463
– labour union expenses and employee education expenses	323	298
– housing allowance	198	167
– defined contribution retirement schemes	197	166
– supplementary retirement benefits	5	1
– others	74	90
Subtotal	10,656	9,844
Property and equipment expenses		
– rent and property management expenses	2,116	1,799
– depreciation	745	672
– amortisation expenses	429	383
– electronic equipment operating expenses	292	262
– maintenance	130	149
– others	143	129
Subtotal	3,855	3,394
Business tax and surcharges	5,065	4,350
Other general and administrative expenses	3,714	3,498
Total	23,290	21,086

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For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

8 Impairment losses on assets

	Six months ended 30 June	
	2015	2014
Loans and advances to customers	15,391	10,914
Available-for-sale financial assets	(3)	5
Held-to-maturity investments	(2)	(4)
Off-balance sheet items	(66)	58
Interest receivables	1,105	440
Investment classified as receivables	(5)	100
Placements with banks and non-bank financial institutions	—	(7)
Others	271	111
Subtotal	1,300	703
Total	16,691	11,617

9 Income tax

(a) Recognised in the consolidated statement of income and comprehensive income

	Six months ended 30 June	
	2015	2014
Current tax		
– Mainland China	6,830	8,074
– Hong Kong	159	223
– Overseas	18	12
Deferred tax	144	(1,231)
Income tax	7,151	7,078

Mainland China and Hong Kong income tax have been provided at the rate of 25% and 16.5% respectively. Overseas tax has been provided at the rates of taxation prevailing in the countries in which the group operates respectively.

(b) Reconciliation between income tax expense and accounting profit

	Six months ended 30 June	
	2015	2014
Profit before tax	30,120	29,503
Income tax calculated at statutory tax rate	7,530	7,376
Effect of different tax rates in other regions	(120)	(143)
Tax effect of non-deductible expenses	148	291
Tax effect of non-taxable income		
– interest income arising from PRC government bonds	(328)	(343)
– others	(79)	(103)
Income tax	7,151	7,078

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

10 Other comprehensive gain, net of tax

	Six months ended 30 June	
	2015	2014
Items that may be reclassified subsequently to profit or loss when specific conditions are met:		
Other comprehensive income of available-for-sale financial assets		
– net changes in fair value recognised during the period	1,175	4,045
– net amount transferred to profit or loss	(486)	496
Income tax relating to other comprehensive income of available-for-sale financial assets	(172)	(1,142)
Other comprehensive income for available-for-sale financial assets, net of tax	517	3,399
Share of other comprehensive income/(loss) of associates	3	(45)
Exchange differences on translation	309	148
Items that will not be reclassified to profit or loss:		
Changes on the measurement of defined benefit plan (net of tax)	5	(7)
Other comprehensive income, net of tax	834	3,495

11 Earnings per share

Earnings per share information for the six months ended 30 June 2015 and 2014 is computed by dividing the consolidated net profit attributable to equity holders of the Bank by the weighted average number of shares in issue during the period. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	2015	2014
Net profit attributable to equity holders of the Bank	22,586	22,034
Weighted average number of shares (in million shares)	46,787	46,787
Basic and diluted earnings per share (in RMB)	0.48	0.47

12 Cash and balances with central banks

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Cash	7,154	7,232	6,967	7,022
Balances with central banks				
– statutory deposit reserve funds (note (i))	433,346	457,233	432,324	456,219
– surplus deposit reserve funds (note (ii))	88,615	70,166	88,403	69,715
– fiscal deposits (note (iii))	3,802	3,855	3,802	3,855
Total	532,917	538,486	531,496	536,811

Notes:

- (i) The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business.

As at 30 June 2015, the statutory deposit reserve placed with the PBOC was calculated at 16.5% (31 December 2014: 18%) of eligible Renminbi deposits for domestic branches of the Bank. The Bank was also required to deposit an amount equivalent to 5% (31 December 2014: 5%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve. The statutory RMB deposit reserve rate applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited, a subsidiary of the Group, was at 11.5% (31 December 2014: 14%). The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

- (ii) The surplus deposit reserve is maintained with the PBOC for the purposes of clearing.

- (iii) Other deposits with central banks primarily represent fiscal deposits placed with the PBOC that are not available for use in the Group's daily operations, of which fiscal deposits are non-interest bearing.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

13 Deposits with banks and non-bank financial institutions

(a) Analysed by type and location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– banks	31,470	37,348	31,197	36,731
– non-bank financial institutions	1,932	3,834	1,932	3,834
Subtotal	33,402	41,182	33,129	40,565
Outside Mainland China				
– banks	27,344	43,767	24,112	41,124
– non-bank financial institutions	2,815	9,042	—	—
Subtotal	30,159	52,809	24,112	41,124
Gross Balance	63,561	93,991	57,241	81,689
Less: Allowance for impairment losses	—	—	—	—
Net balance	63,561	93,991	57,241	81,689

(b) Analysed by remaining maturity

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Demand deposits	49,587	70,434	43,064	56,859
Time deposits with remaining maturity				
– within one month	3,734	4,552	3,839	4,387
– between one month and one year	10,240	17,495	10,338	18,933
– over one year	—	1,510	—	1,510
Subtotal	13,974	23,557	14,177	24,830
Gross balance	63,561	93,991	57,241	81,689
Less: Allowance for impairment losses	—	—	—	—
Net balance	63,561	93,991	57,241	81,689

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

14 Placements with banks and non-bank financial institutions

(a) Analysed by type and location of counterparties

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China					
– banks		16,507	21,071	4,558	4,243
– non-bank financial institutions		57,892	32,601	57,892	32,601
Subtotal		74,399	53,672	62,450	36,844
Outside Mainland China					
– banks		11,487	14,516	4,341	9,729
– non-bank financial institutions		—	—	2,147	1,245
Subtotal		11,487	14,516	6,488	10,974
Gross balance		85,886	68,188	68,938	47,818
Less: Allowance for impairment losses	31	(8)	(8)	(8)	(8)
Net balance		85,878	68,180	68,930	47,810

(b) Analysed by remaining maturity

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within one month		38,527	39,466	30,806	31,399
Between one month and one year		47,330	28,693	38,103	16,390
Over one year		29	29	29	29
Gross balance		85,886	68,188	68,938	47,818
Less: Allowance for impairment losses	31	(8)	(8)	(8)	(8)
Net balance		85,878	68,180	68,930	47,810

15 Financial assets at fair value through profit or loss

	Notes	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Held for trading purpose:					
– debt trading financial assets	(a)	16,464	12,746	16,384	12,740
– certificates of interbank deposit	(b)	14,530	13,923	14,530	13,923
– investment funds		2	2	—	—
Financial assets designated at fair value through profit or loss	(c)	2,711	838	2,711	838
Total		33,707	27,509	33,625	27,501

There was no significant limitation on the ability of the Group and the Bank to dispose of financial assets at fair value through profit or loss.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

15 Financial assets at fair value through profit or loss (Continued)

(a) Debt trading financial assets

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Issued by:				
In Mainland China				
– governments	91	1,012	91	1,012
– policy banks	1,536	1,365	1,536	1,365
– banks and non-bank financial institutions	8,576	3,503	8,576	3,503
– corporates	6,117	6,823	6,117	6,823
Subtotal	16,320	12,703	16,320	12,703
Outside Mainland China				
– banks and non-bank financial institutions	64	43	64	37
– corporates	80	—	—	—
Subtotal	144	43	64	37
Total	16,464	12,746	16,384	12,740
Listed in Hong Kong	962	832	928	832
Listed outside Hong Kong	310	172	295	166
Unlisted	15,192	11,742	15,161	11,742
Total	16,464	12,746	16,384	12,740

(b) Certificates of interbank deposit held for trading measured at fair value

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Issued by:				
In Mainland China				
– banks and non-bank financial institutions	14,530	13,923	14,530	13,923
Unlisted	14,530	13,923	14,530	13,923

(c) Financial assets designated at fair value through profit or loss

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Issued by:				
In Mainland China				
– banks and non-bank financial institutions	1,728	268	1,728	268
– corporates	983	570	983	570
Total	2,711	838	2,711	838
Unlisted	2,711	838	2,711	838

Debt securities traded on the China Domestic Inter-bank Bond Market are included in “unlisted”.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
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16 Derivatives

Derivative financial instruments include forward, swap and option transactions undertaken by the Group in foreign exchange, precious metals and interest rate markets related to trading, asset and liability management and customer initiated transactions. The Group, through the operations of its branch network, acts as an intermediary for a wide range of customers for structuring deals to offer risk management solutions to match individual customer needs. These positions are actively managed through hedging transactions with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses these instruments for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivative financial instruments, except for those which are designated as hedging instruments (Note 16(c)), are held for trading. Derivative financial instruments classified as held for trading are for trading and customer initiated transactions purpose, and those for risk management purposes but do not meet the criteria for hedge accounting.

The contractual/notional amounts and fair values of the derivative financial instruments entered into by the Group are set out in the following tables. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with fair values of instruments recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks.

	The Group					
	30 June 2015			31 December 2014		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Hedging instruments (note (c))						
– interest rate derivatives	10,274	246	17	8,128	238	30
Non-Hedging instruments						
– interest rate derivatives	460,563	1,174	948	290,833	739	724
– currency derivatives	832,880	4,687	4,419	978,918	6,406	6,208
– precious metal derivatives	31,027	1,031	480	29,762	843	385
– other derivatives	12,440	—	—	21,007	—	—
Total	1,347,184	7,138	5,864	1,328,648	8,226	7,347

	The Bank					
	30 June 2015			31 December 2014		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Non-Hedging instruments						
– interest rate derivatives	437,479	1,161	939	257,469	723	713
– currency derivatives	583,164	3,186	3,030	671,630	4,072	3,902
– precious metal derivatives	31,027	1,031	480	29,762	843	385
– other derivatives	12,440	—	—	21,007	—	—
Total	1,064,110	5,378	4,449	979,868	5,638	5,000

Notes to the Unaudited Consolidated Interim Financial Statements

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(Amounts in millions of Renminbi, unless otherwise stated)

16 Derivatives (Continued)

(a) Notional amount analysed by remaining maturity

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within three months	568,707	536,387	440,746	392,527
Between three months and one year	639,228	590,341	536,096	481,812
Between one year and five years	137,872	198,783	86,912	105,450
Over five years	1,377	3,137	356	79
Total	1,347,184	1,328,648	1,064,110	979,868

(b) Credit risk weighted amounts

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Default risk of counter party				
– interest rate derivatives	769	732	577	490
– currency derivatives	6,592	11,252	3,573	6,006
– precious metal derivatives	892	601	892	601
– other derivatives	7,006	9,200	7,006	9,200
Credit valuation adjustment	4,540	11,064	3,785	9,827
Total	19,799	32,849	15,833	26,124

The credit risk weighted amount has been computed in accordance with “Regulation Governing Capital of Commercial Banks (provisional)” promulgated by the China Banking Regulatory Commission (“CBRC”) in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. The credit risk weighted amounts stated above have taken into account the effects of bilateral netting arrangements.

(c) Fair value hedge

The subsidiaries of the Group utilise fair value hedge to eliminate the effect of fair value changes of financial assets and financial liabilities caused by market interest rate fluctuation. Interest rate swap contracts are used for hedging interest risks arising from available-for-sale debt securities, certificates of deposit and subordinated bonds issued.

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17 Financial assets held under resale agreements

(a) Analysed by type and location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– banks	78,114	131,083	78,357	131,083
– non-bank financial institutions	375	4,111	375	4,111
Subtotal	78,489	135,194	78,732	135,194
Outside Mainland China				
– banks	—	571	—	571
– non-bank financial institutions	—	—	—	—
Subtotal	—	571	—	571
Gross balance	78,489	135,765	78,732	135,765
Less: Allowance for impairment losses	—	—	—	—
Net balance	78,489	135,765	78,732	135,765

(b) Analysed by type of collateral

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Discounted bills	38,855	84,350	38,855	84,350
Securities	38,995	48,481	39,238	48,481
Others	639	2,934	639	2,934
Gross balance	78,489	135,765	78,732	135,765
Less: Allowance for impairment losses	—	—	—	—
Net balance	78,489	135,765	78,732	135,765

(c) Analysed by remaining maturity

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within one month	75,599	124,067	75,842	124,067
Between one month and one year	2,698	10,710	2,698	10,710
More than one year	192	988	192	988
Gross balance	78,489	135,765	78,732	135,765
Less: Allowance for impairment losses	—	—	—	—
Net balance	78,489	135,765	78,732	135,765

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18 Interest receivable

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Investment classified as receivables		12,550	11,190	12,550	11,190
Loans and advances to customers		9,085	8,667	8,862	8,431
Debt securities		6,373	6,485	6,223	6,352
Others		1,272	1,173	1,117	962
Gross balance		29,280	27,515	28,752	26,935
Less: Allowance for impairment losses	31	(1,738)	(1,390)	(1,737)	(1,389)
Net balance		27,542	26,125	27,015	25,546

19 Loans and advances to customers

(a) Analysed by nature

	Notes	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Corporate loans					
– loans		1,612,421	1,564,766	1,504,648	1,465,078
– discounted bills		88,648	68,043	81,117	59,888
– finance lease receivables		2,555	552	—	—
Subtotal		1,703,624	1,633,361	1,585,765	1,524,966
Personal loans					
– residential mortgages		239,281	232,117	229,460	222,621
– business loans		108,112	108,927	107,886	108,726
– credit cards		153,764	126,133	153,471	125,851
– others		103,222	87,370	96,174	81,314
Subtotal		604,379	554,547	586,991	538,512
Gross balance		2,308,003	2,187,908	2,172,756	2,063,478
Less: Allowance for impairment losses					
– individually assessed	31	(12,459)	(11,153)	(12,388)	(11,024)
– collectively assessed	31	(41,951)	(40,423)	(41,710)	(40,112)
Subtotal		(54,410)	(51,576)	(54,098)	(51,136)
Net balance		2,253,593	2,136,332	2,118,658	2,012,342

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19 Loans and advances to customers (Continued)

(b) Analysed by assessment method of allowance for impairment losses

	The Group 30 June 2015			Total	Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed	Identified impaired loans and advances (note (i)) for which the allowance is collectively assessed	for which the allowance is individually assessed(note(ii))		
Gross loans and advances	2,277,527	7,453	23,023	2,308,003	1.32%
Less: Allowance for impairment losses	(36,534)	(5,417)	(12,459)	(54,410)	
Net balance	2,240,993	2,036	10,564	2,253,593	

	The Group 31 December 2014			Total	Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed	Identified impaired loans and advances (note (i)) for which the allowance is collectively assessed	for which the allowance is individually assessed(note(ii))		
Gross loans and advances	2,159,454	5,608	22,846	2,187,908	1.30%
Less: Allowance for impairment losses	(36,469)	(3,954)	(11,153)	(51,576)	
Net balance	2,122,985	1,654	11,693	2,136,332	

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19 Loans and advances to customers (Continued)

(b) Analysed by assessment method of allowance for impairment losses (Continued)

	The Bank 30 June 2015			Total	Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed	Identified impaired loans and advances (note (i)) for which the allowance is collectively assessed	Impaired loans and advances (note (i)) for which the allowance is individually assessed (note(ii))		
Gross loans and advances	2,142,903	7,443	22,410	2,172,756	1.37%
Less: Allowance for impairment losses	(36,301)	(5,409)	(12,388)	(54,098)	
Net balance	2,106,602	2,034	10,022	2,118,658	

	The Bank 31 December 2014			Total	Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed	Identified Impaired loans and advances (note (i)) for which the allowance is collectively assessed	Impaired loans and advances (note (i)) for which the allowance is individually assessed (note(ii))		
Gross loans and advances	2,035,593	5,600	22,285	2,063,478	1.35%
Less: Allowance for impairment losses	(36,164)	(3,948)	(11,024)	(51,136)	
Net balance	1,999,429	1,652	11,261	2,012,342	

- (i) Identified impaired loans and advances to customers include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses which are assessed individually or collectively (portfolios of homogeneous loans and advances).
- (ii) As at 30 June 2015, the loans and advances of the Group for which the impairment allowance was individually assessed amounted to RMB 23,023 million (31 December 2014: RMB 22,846 million). The secured and unsecured portion of these loans and advances were RMB 5,978 million (31 December 2014: RMB 5,923 million) and RMB 17,045 million (31 December 2014: RMB 16,923 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 11,247 million (31 December 2014: RMB 11,050 million). The individual impairment allowance made against these loans and advances was RMB 12,459 million (31 December 2014: RMB 11,153 million).

As at 30 June 2015, the loans and advances of the Bank for which the impairment allowance was individually assessed amounted to RMB 22,410 million (31 December 2014: RMB 22,285 million). The secured portion and unsecured portion of these loans and advance was RMB 5,600 million (31 December 2014: RMB 5,547 million) and RMB 16,810 million (31 December 2014: RMB 16,738 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 10,725 million (31 December 2014: RMB 10,558 million). The individual impairment allowance made against these loans and advances was RMB 12,388 million (31 December 2014: RMB 11,024 million).

Fair value of collateral was estimated by management based on the latest external valuations, if available, adjusted by taking into account the current realisation experience as well as market condition.

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For the six months ended 30 June 2015
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19 Loans and advances to customers (Continued)

(c) Movements of allowance for impairment losses

	The Group			Total
	Six months ended 30 June 2015			
	Loans and advances for which the allowance is collectively assessed	Impaired loans for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is individually assessed	
As at 1 January 2015	36,469	3,954	11,153	51,576
Impairment allowance on loans charged	65	3,217	13,798	17,080
Reversal of impairment for the period	—	(160)	(1,529)	(1,689)
Unwinding of discount on allowance	—	—	(244)	(244)
Write-offs	—	(1,753)	(10,806)	(12,559)
Recovery of loans and advances written off in previous year	—	159	87	246
As at 30 June 2015	36,534	5,417	12,459	54,410

	The Group			Total
	Year ended 31 December 2014			
	Loans and advances for which the allowance is collectively assessed	Impaired loans for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is individually assessed	
As at 1 January 2014	29,632	2,656	8,966	41,254
Impairment allowance on loans charged	6,837	2,764	15,819	25,420
Reversal of impairment for the period	—	(10)	(3,336)	(3,346)
Unwinding of discount on allowance	—	—	(460)	(460)
Write-offs	—	(1,466)	(10,144)	(11,610)
Recovery of loans and advances written off in previous year	—	10	308	318
As at 31 December 2014	36,469	3,954	11,153	51,576

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19 Loans and advances to customers (Continued)

(c) Movements of allowance for impairment losses (Continued)

	The Bank			Total
	Six months ended 30 June 2015			
	Loans and advances for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is individually assessed	
As at 1 January 2015	36,164	3,948	11,024	51,136
Impairment allowance on loans charged	137	3,201	13,685	17,023
Reversal of impairment for the period	—	(156)	(1,444)	(1,600)
Unwinding of discount on allowance	—	—	(242)	(242)
Write-offs	—	(1,740)	(10,712)	(12,452)
Recovery of loans and advances written off in previous year	—	156	77	233
As at 30 June 2015	36,301	5,409	12,388	54,098

	The Bank			Total
	Year ended 31 December 2014			
	Loans and advances for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is collectively assessed	Impaired loans and advances for which the allowance is individually assessed	
As at 1 January 2014	29,373	2,653	8,835	40,861
Impairment allowance on loans charged	6,791	2,746	15,690	25,227
Reversal of impairment for the period	—	(7)	(3,296)	(3,303)
Unwinding of discount on allowance	—	—	(457)	(457)
Write-offs	—	(1,451)	(10,038)	(11,489)
Recovery of loans and advances written off in previous year	—	7	290	297
As at 31 December 2014	36,164	3,948	11,024	51,136

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19 Loans and advances to customers (Continued)

(d) Overdue loans analysed by overdue period

	The Group 30 June 2015				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	4,253	3,880	1,460	231	9,824
Guaranteed loans	13,105	7,905	3,960	250	25,220
Loans with pledged assets	27,723	13,459	6,181	379	47,742
– loans secured by collateral	23,768	11,904	5,350	295	41,317
– pledged loans	3,955	1,555	831	84	6,425
Total	45,081	25,244	11,601	860	82,786

	The Group 31 December 2014				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	3,459	3,405	1,437	384	8,685
Guaranteed loans	12,756	7,129	3,193	326	23,404
Loans with pledged assets	26,819	11,619	5,137	280	43,855
– loans secured by collateral	21,837	10,342	4,292	243	36,714
– pledged loans	4,982	1,277	845	37	7,141
Total	43,034	22,153	9,767	990	75,944

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19 Loans and advances to customers (Continued)

(d) Overdue loans analysed by overdue period (Continued)

	The Bank 30 June 2015				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	3,607	3,865	1,460	231	9,163
Guaranteed loans	11,709	7,764	3,945	250	23,668
Loans with pledged assets	26,639	13,256	6,018	341	46,254
– loans secured by collateral	22,831	11,704	5,187	257	39,979
– pledged loans	3,808	1,552	831	84	6,275
Total	41,955	24,885	11,423	822	79,085

	The Bank 31 December 2014				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	3,172	3,401	1,437	384	8,394
Guaranteed loans	12,335	6,936	3,109	326	22,706
Loans with pledged assets	25,406	11,310	5,136	198	42,050
– loans secured by collateral	20,922	10,033	4,291	161	35,407
– pledged loans	4,484	1,277	845	37	6,643
Total	40,913	21,647	9,682	908	73,150

Overdue loans represent loans of which the principal or interest are overdue one day or more.

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19 Loans and advances to customers (Continued)

(e) Finance lease receivables

Finance lease receivables transactions are made by the Group's subsidiary, CITIC Financial Leasing Limited ("CFLL") and CITIC International Finance Holdings limited ("CIFH"), include net investment in machines and equipment leased to customers under finance lease and purchase contracts which having the characteristics of finance lease. These contracts usually run for an initial period of 5 to 20 years, with an option for acquiring the leased asset at a contractual price value. The total minimum finance lease receivables under finance lease and purchase contracts and their present values are as follows:

	The Group			
	30 June 2015		31 December 2014	
	Present value of minimum finance lease receivables	Minimum finance lease receivables	Present value of minimum finance lease receivables	Minimum finance lease receivables
Within one year (including one year)	555	673	117	133
One year to two years (including two years)	529	616	70	80
Two years to three years (including three years)	514	574	42	49
Over three years	957	812	323	368
Gross balance	2,555	2,675	552	630
Less: Allowance for impairment losses				
– individually assessed	(9)		(6)	
– collectively assessed	(22)		(1)	
Net balance	2,524		545	

20 Available-for-sale financial assets

	Notes	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Debt securities	(a)	245,828	183,300	219,275	165,867
Certificates of deposit	(b)	55,849	23,888	47,529	20,650
Investment funds	(c)	6,589	447	6,481	320
Wealth management products		1,460	—	—	—
Equity investments	(d)	225	1,769	153	1,700
– measured at fair value		111	1,637	39	1,586
– measured at cost		114	132	114	114
Total		309,951	209,404	273,438	188,537

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20 Available-for-sale financial assets (Continued)

(a) Debt securities analysed by location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– governments	54,329	32,786	54,180	32,687
– policy banks	34,827	25,762	34,827	25,762
– banks and non-bank financial institutions	71,629	56,203	68,436	54,384
– public entities	5,084	—	—	—
– corporates	58,077	56,556	58,077	52,399
Subtotal	223,946	171,307	215,520	165,232
Outside Mainland China				
– governments	14,476	6,401	3,099	—
– banks and non-bank financial institutions	4,090	2,888	537	537
– public entities	3,197	49	—	—
– corporates	119	2,655	119	98
Subtotal	21,882	11,993	3,755	635
Total	245,828	183,300	219,275	165,867
Listed in Hong Kong	12,198	5,792	9,054	3,910
Listed outside Hong Kong	10,930	3,340	7,655	2,430
Unlisted	222,700	174,168	202,566	159,527
Total	245,828	183,300	219,275	165,867

(b) Certificates of deposit analysed by location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– banks and non-bank financial institutions	53,384	22,772	47,529	20,650
Outside Mainland China				
– banks and non-bank financial institutions	2,465	1,116	—	—
Total	55,849	23,888	47,529	20,650
Unlisted	55,849	23,888	47,529	20,650

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20 Available-for-sale financial assets (Continued)

(c) Investment funds analysed by location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Outside Mainland China				
– banks and non-bank financial institutions	6,589	447	6,481	320
Total	6,589	447	6,481	320
Unlisted	6,589	447	6,481	320

(d) Equity investments analysed by location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– corporates	115	1,666	114	1,662
Outside Mainland China				
– banks and non-bank financial institutions	106	38	39	38
– corporates	4	65	—	—
Total	225	1,769	153	1,700
Listed in Hong Kong	4	3	—	—
Listed outside Hong Kong	89	86	39	38
Unlisted	132	1,680	114	1,662
Total	225	1,769	153	1,700

Debt securities traded on the China Domestic Inter-bank Bond Market are included in “unlisted”.

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21 Held-to-maturity investment

Debt securities analysed by location of counterparties:

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China					
– governments		46,505	45,031	46,505	45,031
– policy banks		17,248	17,179	17,248	17,179
– banks and non-bank financial institutions		89,259	84,501	89,259	84,501
– corporates		31,419	31,199	31,419	31,199
Subtotal		184,431	177,910	184,431	177,910
Outside Mainland China					
– governments		—	28	—	28
– banks and non-bank financial institutions		39	41	39	41
– public entities		17	19	17	19
– corporates		—	—	—	—
Subtotal		56	88	56	88
Gross balance		184,487	177,998	184,487	177,998
Less: Allowance for impairment losses	31	(39)	(41)	(39)	(41)
Total		184,448	177,957	184,448	177,957
Listed in Hong Kong		378	208	378	208
Listed outside Hong Kong		812	1,139	812	1,139
Unlisted		183,258	176,610	183,258	176,610
Total		184,448	177,957	184,448	177,957
Fair value		185,284	177,856	185,284	177,856
Of which: listed securities		1,204	1,350	1,204	1,350

Debt securities traded on the China Domestic Inter-bank Bond Market are included in “unlisted”.

22 Investment classified as receivables

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Trust investment plans		161,464	108,535	161,464	108,535
Investment management products managed by securities companies		618,104	452,319	617,764	451,979
Wealth management products issued by financial institutions		113,741	78,859	113,741	78,859
Corporate bonds		7,767	13,199	7,767	13,199
Others		500	500	500	500
Gross balance		901,576	653,412	901,236	653,072
Less: Allowance for impairment losses	31	(151)	(156)	(151)	(156)
Net balance		901,425	653,256	901,085	652,916

Investment classified as receivables of RMB 47,451 million (as at 31 December 2014: RMB 39,286 million) was managed by a subsidiary and an associated company of CITIC Group Corporation (“CITIC Group”), the Banks’s immediate parent company. As at 30 June 2015, the underlying assets of investment classified as receivables mainly represented rediscounted bills, deposits with interbanks, beneficiary rights over receivables of project financing, a portion which was collateralised by certificates of deposit.

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23 Investments in associates

	Notes	The Group	
		30 June 2015	31 December 2014
Interest in associate	(a)-(c)	1,026	870
Total		1,026	870

(a) The Group holds its investment in an associate through CIFH and details of the associate as at 30 June 2015 were as follows:

Name of company	Forms of business structure	Place of incorporation	Effective percentage of shares and voting right held by the Group	Principal activities	Nominal value of issued shares
CITIC International Assets Management Limited ("CIAM")	Corporation	Hong Kong	40%	Investment holding and assets management	HKD 2,218 million

(b) Financial information of the associate is as follows:

Name of Enterprise	As at or for the six months ended 30 June 2015				
	Total assets	Total liabilities	Total net assets	Operating income	Net profit
CIAM	2,870	325	2,545	592	335

(c) Movements of the Group's investment in associates:

	CIAM		
Initial investment cost			893
As at 1 January 2015			870
Share of gain of associate for the period			141
Exchange difference			15
As at 30 June 2015			1,026

	CCHL	CIAM	Total
Initial investment cost	1,038	893	1,931
As at 1 January 2014	1,338	838	2,176
Share of gain of associates for the period	133	37	170
Dividend received	(35)	(8)	(43)
Disposal	(1,438)	—	(1,438)
Exchange difference	2	3	5
As at 31 December 2014	—	870	870

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24 Investment in subsidiaries

	Notes	The Bank	
		30 June 2015	31 December 2014
Investment in subsidiaries			
– CITIC International Finance Holdings limiteds (“CIFH”)	(a)	9,797	9,797
– China Investment and Finance Limited (“CIFL”)	(b)	1,577	87
– Zhejiang Lin’an CITIC Rural Bank Corporation Limited (“Lin’an Rural Bank”)	(c)	102	102
– CITIC Financial Leasing Limited (“CFL”)”)	(d)	4,000	—
Total		15,476	9,986

(a) Major subsidiaries of the Group as at 30 June 2015 are as follows:

Name of company	Place of incorporation	Particulars of the issued and paid up capital	Principal activities	% of ownership directly held by the Bank	% of ownership held by subsidiaries of the Bank	The Group’s effective interest
CIFH (note (a))	Hong Kong	HKD 7,459 million	Commercial banking and other financial services	70.32%	—	70.32%
CIFL (note (b))	Hong Kong	HKD 1,889 million	Lending services	99.05%	0.95%	99.72%
Lin’an Rural Bank (note(c))	Mainland China	RMB 200 million	Commercial banking	51%	—	51%
CFL (note (d))	Mainland China	RMB 4,000 million	Finance lease operations	100%	—	100%

Note:

- (i) CIFH is an investment holding company registered and headquartered in Hong Kong. Its business scope through its subsidiaries covers commercial banking and non-banking financial services. The Bank acquired 70.32% of CIFH’s shares and voting right through business combination under common control on 23 October 2009. CITIC Bank International Limited (“CBI”) is wholly owned by CIFH.

As at 30 June 2015, the Bank has entered into an agreement to increase its shareholding in CIFH. The details are disclosed in Note 51 (c).

- (ii) CIFL was founded in Hong Kong in 1984 with registered capital of HKD 25 million. Holding a money lending licence issued by the Hong Kong Company Registrar, CIFL’s business scope includes capital market investment, lending and other related services. As at 2 April 2015, the Bank, as approved by China Banking Regulatory Commission, increased its capital investment in CIFL by HKD 1,864 million. After the capital injection, the Bank holds 99.05% of CIFL’s shares with the remaining 0.95% held indirectly through CIFH.

As at 15 June 2015, CIFL acquired 100% interest in a new subsidiary, Asia Rock Capital Group Limited (“Asia Rock”), for a cash consideration of USD 1.57 million. At the date of acquisition, the carrying amount of Asia Rock’s net equity was USD 0.03 million, resulting in a goodwill of USD 1.54 million (Note 28).

- (iii) Lin’an Rural Bank was founded in Zhejiang Province of Mainland China in 2011 with a registered capital of RMB 200 million. Its principal activities are commercial banking. The Bank holds 51% of Lin’an Rural Bank’s shares and voting rights.

- (iv) The Bank established its wholly subsidiary CFL in 2015 with registered capital of RMB 4 billion. Its principal business activities are financial leasing.

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25 Property, plant and equipment

	The Group			Total
	Buildings (Note (ii))	Construction in progress	Computer equipment and others	
Cost or deemed cost				
As at 1 January 2015	12,264	1,683	8,369	22,316
Additions	109	222	421	752
Disposals	(1)	—	(60)	(61)
Exchange difference	6	—	12	18
As at 30 June 2015	12,378	1,905	8,742	23,025
Accumulated depreciation				
As at 1 January 2015	(2,992)	—	(4,586)	(7,578)
Depreciation charges	(218)	—	(527)	(745)
Disposals	1	—	57	58
Exchange difference	(3)	—	(9)	(12)
As at 30 June 2015	(3,212)	—	(5,065)	(8,277)
Net carrying value				
As at 1 January 2015	9,272	1,683	3,783	14,738
As at 30 June 2015 (Note (i))	9,166	1,905	3,677	14,748

	The Group			Total
	Buildings (Note (ii))	Construction in progress	Computer equipment and others	
Cost or deemed cost				
As at 1 January 2014	11,409	1,548	7,145	20,102
Additions	863	135	1,421	2,419
Disposals	(10)	—	(197)	(207)
Exchange difference	2	—	—	2
As at 31 December 2014	12,264	1,683	8,369	22,316
Accumulated depreciation				
As at 1 January 2014	(2,557)	—	(3,811)	(6,368)
Depreciation charges	(438)	—	(944)	(1,382)
Disposals	4	—	169	173
Exchange difference	(1)	—	—	(1)
As at 31 December 2014	(2,992)	—	(4,586)	(7,578)
Net carrying value				
As at 1 January 2014	8,852	1,548	3,334	13,734
As at 31 December 2014 (Note (i))	9,272	1,683	3,783	14,738

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25 Property, plant and equipment (Continued)

	The Bank			Total
	Buildings (Note ii)	Construction in progress	Computer equipment and others	
Cost or deemed cost				
As at 1 January 2015	11,803	1,683	7,382	20,868
Additions	109	222	370	701
Disposals	—	—	(54)	(54)
As at 30 June 2015	11,912	1,905	7,698	21,515
Accumulated depreciation				
As at 1 January 2015	(2,776)	—	(3,869)	(6,645)
Depreciation charges	(213)	—	(478)	(691)
Disposals	—	—	50	50
As at 30 June 2015	(2,989)	—	(4,297)	(7,286)
Net carrying value				
As at 1 January 2015	9,027	1,683	3,513	14,223
As at 30 June 2015	8,923	1,905	3,401	14,229

	The Bank			Total
	Buildings (Note (ii))	Construction in progress	Computer equipment and others	
Cost or deemed cost				
As at 1 January 2014	10,950	1,547	6,216	18,713
Additions	863	136	1,346	2,345
Disposals	(10)	—	(180)	(190)
As at 31 December 2014	11,803	1,683	7,382	20,868
Accumulated depreciation				
As at 1 January 2014	(2,351)	—	(3,174)	(5,525)
Depreciation charges	(429)	—	(848)	(1,277)
Disposals	4	—	153	157
As at 31 December 2014	(2,776)	—	(3,869)	(6,645)
Net carrying value				
As at 1 January 2014	8,599	1,547	3,042	13,188
As at 31 December 2014	9,027	1,683	3,513	14,223

Note:

- (i) As a result of the joint stock transformation of the Bank, the legal title of certain properties has yet to be transferred to the Bank. As at 30 June 2015, the net book value of the related properties was approximately RMB 1,890 million (31 December 2014: RMB 1,921 million). The Group believes the incomplete registration procedure does not affect the rights of the Group as the legal successor to these properties.

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25 Property, plant and equipment (Continued)

Note:(Continued)

(ii) Analysed by remaining term of leases

The net carrying value of premises at the reporting date is analysed by the remaining terms of the leases as follows:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Long term leases (over 50 years), held in Hong Kong	15	60	—	—
Medium term leases (10-50 years), held in Hong Kong	—	162	—	—
Medium term leases (less than 10 years) held in Hong Kong	50	—	—	—
Perpetual leases held in Hong Kong	155	—	—	—
Medium term leases (10-50 years), held in Mainland China	8,923	9,027	8,923	9,027
Permanent term lease, held in overseas	23	23	—	—
Total	9,166	9,272	8,923	9,027

26 Intangible assets

	The Group and The Bank		Total
	Software	Others	
Cost or deemed cost			
As at 1 January 2015	938	42	980
Additions	24	—	24
As at 30 June 2015	962	42	1,004
Amortisation			
As at 1 January 2015	(560)	(13)	(573)
Charge for the period	(64)	(1)	(65)
As at 30 June 2015	(624)	(14)	(638)
Net carrying value			
As at 1 January 2015	378	29	407
As at 30 June 2015	338	28	366
Cost or deemed cost			
As at 1 January 2014	771	42	813
Additions	167	—	167
As at 31 December 2014	938	42	980
Amortisation			
As at 1 January 2014	(439)	(11)	(450)
Charge for the year	(121)	(2)	(123)
As at 31 December 2014	(560)	(13)	(573)
Net carrying value			
As at 1 January 2014	332	31	363
As at 31 December 2014	378	29	407

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27 Investment properties

	The Group		The Bank	
	Six months ended 30 June 2015	Year ended 31 December 2014	Six months ended 30 June 2015	Year ended 31 December 2014
Fair value as at 1 January	280	277	—	—
Change in fair value	3	2	—	—
Exchange difference	4	1	—	—
Fair value as at 30 June/31 December	287	280	—	—

Investment properties of the Group are buildings held by subsidiaries and mainly located in Hong Kong and leased to third parties through operating leases. There are active real estate markets where the investment properties are located and the Group is able to obtain market price and related information of similar properties, and therefore makes estimation about the fair value of the investment properties as at 30 June 2015.

All investment properties of the Group were revalued at 30 June 2015 by an independent firm of surveyors, Prudential Surveyors (Hong Kong) Limited, on an open market value basis. The fair value is in line with the definition of “IFRS13 – Fair value measurement”. The revaluation surplus or deficit has been credited to the profit or charged to the loss respectively. Prudential Surveyors (Hong Kong) Limited has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued.

(a) Analysed by remaining term of leases

The net carrying value of investment properties at the reporting date is analysed by the remaining terms of the leases as follows:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Long term leases (over 50 years), held in Hong Kong	15	14	—	—
Medium term leases (10-50 years), held in Hong Kong	240	237	—	—
Medium term leases (10-50 years), held in Mainland China	32	29	—	—
Total	287	280	—	—

28 Goodwill

The goodwill carried forward from 31 December 2014 arose from CIFH’s previous business combination of its subsidiaries not under common control. The addition during the six months ended 30 June 2015 was mainly attributable to CIFL’s acquisition of a new subsidiary Rock Asia Capital Group Limited.

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29 Deferred tax

(a) Analysed by nature

	The Group			
	30 June 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– allowance for impairment losses	33,026	8,252	31,422	7,830
– fair value adjustments	(2,021)	(507)	(1,031)	(250)
– employee retirement benefits and salaries payable	5,701	1,424	7,595	1,899
– others	(602)	(151)	(684)	(162)
Total	36,104	9,018	37,302	9,317

	The Group			
	30 June 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities				
– allowance for impairment losses	157	26	—	—
– fair value adjustments	(141)	(24)	—	—
– others	(147)	(24)	—	—
Total	(131)	(22)	—	—

	The Bank			
	30 June 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– allowance for impairment losses	32,977	8,244	31,110	7,778
– fair value adjustments	(2,053)	(513)	(941)	(235)
– employee retirement benefits and salaries payable	5,693	1,423	7,590	1,897
– others	(613)	(153)	(575)	(144)
Total	36,004	9,001	37,184	9,296

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29 Deferred tax (Continued)

(b) Movement of deferred tax

	Allowance for impairment losses	Fair value adjustments	The Group Employee retirement benefits and accrued staff costs	Others	Total deferred tax assets
As at 1 January 2015	7,830	(250)	1,899	(162)	9,317
Recognised in profit or loss	448	(109)	(470)	(13)	(144)
Recognised in other comprehensive income	—	(172)	(5)	—	(177)
As at 30 June 2015	8,278	(531)	1,424	(175)	8,996
As at 1 January 2014	5,459	1,518	1,637	(180)	8,434
Recognised in profit or loss	2,371	(26)	265	18	2,628
Recognised in other comprehensive income	—	(1,742)	(3)	—	(1,745)
As at 31 December 2014	7,830	(250)	1,899	(162)	9,317

	Allowance for impairment losses	Fair value adjustments	The Bank Employee retirement benefits and accrued staff costs	Others	Total deferred tax assets
As at 1 January 2015	7,778	(235)	1,897	(144)	9,296
Recognised in profit or loss	466	(109)	(469)	(9)	(121)
Recognised in other comprehensive income	—	(169)	(5)	—	(174)
As at 30 June 2015	8,244	(513)	1,423	(153)	9,001
As at 1 January 2014	5,420	1,517	1,636	(163)	8,410
Recognised in profit or loss	2,358	(26)	264	19	2,615
Recognised in other comprehensive income	—	(1,726)	(3)	—	(1,729)
As at 31 December 2014	7,778	(235)	1,897	(144)	9,296

Note: There is no material unrecognised deferred tax assets or liabilities as at 30 June 2015 (31 December 2014: Nil).

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30 Other assets

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Precious metal lease contracts		16,720	15,061	16,720	15,061
Prepayment for properties and equipment		11,859	11,447	11,811	11,406
Advanced payments and settlement accounts		4,976	2,299	4,875	2,299
Fee and commission receivables		2,829	2,222	2,829	2,222
Leasehold improvements		1,479	1,595	1,479	1,591
Prepaid rent		955	898	946	891
Repossessed assets	(a)	921	739	921	739
Land use rights		864	876	864	876
Others		14,659	1,629	13,956	716
Total		55,262	36,766	54,401	35,801

(a) Repossessed assets

	Note	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Premises		592	446	592	446
Others		485	458	485	458
Gross balance		1,077	904	1,077	904
Less: Allowance for impairment losses	31	(156)	(165)	(156)	(165)
Net balance		921	739	921	739

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31 Movements of allowance for impairment losses

	Notes	The Group Six months ended 30 June 2015					As at 30 June
		As at 1 January	Charge for the period	Reversal for the period	Transfer in/ (out)	Write-offs	
Placements with banks and non-bank financial institutions	14	8	—	—	—	—	8
Interest receivable	18	1,390	1,195	(90)	—	(757)	1,738
Loans and advances to customers	19	51,576	17,080	(1,689)	2	(12,559)	54,410
Available-for-sale financial assets	20	97	—	(3)	1	—	95
Held-to-maturity investments	21	41	—	(2)	—	—	39
Investment classified as receivables	22	156	—	(5)	—	—	151
Other assets	30	882	444	(173)	(86)	(255)	812
Total		54,150	18,719	(1,962)	(83)	(13,571)	57,253

	Notes	The Group Year ended 31 December 2014					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/ (out)	Write-offs	
Deposit with banks and non-bank financial institutions	13	—	—	(8)	8	—	—
Placements with banks and non-bank financial institutions	14	15	—	(27)	20	—	8
Interest receivable	18	688	1,460	(174)	(16)	(568)	1,390
Loans and advances to customers	19	41,254	25,420	(3,346)	(142)	(11,610)	51,576
Available-for-sale financial assets	20	157	10	(10)	(60)	—	97
Held-to-maturity investments	21	48	—	(7)	—	—	41
Investment classified as receivables	22	—	156	—	—	—	156
Other assets	30	750	265	(70)	(10)	(53)	882
Total		42,912	27,311	(3,642)	(200)	(12,231)	54,150

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31 Movements of allowance for impairment losses (Continued)

	Notes	The Bank Six months ended 30 June 2015					As at 30 June
		As at 1 January	Charge for the period	Reversal for the period	Transfer in/(out)	Write-offs	
Placements with banks and non-bank financial institutions	14	8	—	—	—	—	8
Interest receivable	18	1,389	1,195	(90)	—	(757)	1,737
Loans and advances to customers	19	51,136	17,023	(1,600)	(9)	(12,452)	54,098
Available-for-sale financial assets	20	69	—	(3)	1	—	67
Held-to-maturity investments	21	41	—	(2)	—	—	39
Investment classified as receivables	22	156	—	(5)	—	—	151
Other assets	30	882	430	(173)	(86)	(255)	798
Total		53,681	18,648	(1,873)	(94)	(13,464)	56,898

	Notes	The Bank Year ended 31 December 2014					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/(out)	Write-offs	
Deposit with banks and non-bank financial institutions	13	—	—	(8)	8	—	—
Placements with banks and non-bank financial institutions	14	15	—	(27)	20	—	8
Interest receivable	18	688	1,459	(174)	(16)	(568)	1,389
Loans and advances to customers	19	40,861	25,227	(3,303)	(160)	(11,489)	51,136
Available-for-sale financial assets	20	124	—	(10)	(45)	—	69
Held-to-maturity investments	21	48	—	(7)	—	—	41
Investment classified as receivables	22	—	156	—	—	—	156
Other assets	30	749	265	(69)	(10)	(53)	882
Total		42,485	27,107	(3,598)	(203)	(12,110)	53,681

Note:

Transfer in/(out) includes the effect of exchange rate and disposals during the period/year. Besides allowance for impairment losses above, the Group also charged impairment losses for off-balance sheet items. Details are disclosed in Note 8.

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32 Deposits from banks and non-bank financial institutions

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– banks	389,356	299,416	389,442	299,436
– non-bank financial institutions	476,146	341,785	476,750	341,785
Subtotal	865,502	641,201	866,192	641,221
Outside Mainland China				
– banks	38,226	47,026	41,199	57,137
– non-bank financial institutions	64	65	3	4
Subtotal	38,290	47,091	41,202	57,141
Total	903,792	688,292	907,394	698,362

33 Placements from banks and non-bank financial institutions

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– banks	12,001	9,834	12,078	9,858
– non-bank financial institutions	1,156	512	804	512
Subtotal	13,157	10,346	12,882	10,370
Outside Mainland China				
– banks	7,444	9,302	5,504	8,333
Subtotal	7,444	9,302	5,504	8,333
Total	20,601	19,648	18,386	18,703

34 Financial liabilities at fair value through profit or loss

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Short position in debt securities	—	573	—	573
Total	—	573	—	573

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35 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparties

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
In Mainland China				
– PBOC	6,697	6,460	6,697	6,460
– banks	—	34,218	—	34,218
– non-bank financial institutions	—	703	—	703
Subtotal	6,697	41,381	6,697	41,381
Outside Mainland China				
– banks	176	228	—	—
Subtotal	176	228	—	—
Total	6,873	41,609	6,697	41,381

(b) Analysed by type of collateral

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Discounted bills	6,697	6,460	6,697	6,460
Debt securities	176	35,149	—	34,921
Total	6,873	41,609	6,697	41,381

36 Deposits from customers

(a) Analysed by nature

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Demand deposits				
– corporate customers	1,025,170	963,292	999,765	938,909
– personal customers	175,791	147,658	157,716	133,223
Subtotal	1,200,961	1,110,950	1,157,481	1,072,132
Time and call deposits				
– corporate customers	1,513,991	1,365,914	1,448,118	1,300,408
– personal customers	354,987	366,491	307,117	320,838
Subtotal	1,868,978	1,732,405	1,755,235	1,621,246
Outward remittance and remittance payables	11,524	6,219	11,524	6,219
Total	3,081,463	2,849,574	2,924,240	2,699,597

(b) Analysed by type of collateral

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Bank acceptance	285,647	268,607	285,571	268,544
Letters of credit	9,954	23,634	9,954	23,626
Guarantees	13,264	15,283	11,844	13,364
Others	146,716	149,327	140,600	141,640
Total	455,581	456,851	447,969	447,174

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37 Accrued staff costs

	Notes	The Group Six months ended 30 June 2015			
		As at 1 January	Additions during the period	Reductions during the period	As at 30 June
Short-term employee benefits	(a)	11,387	9,822	(11,912)	9,297
Post-employment benefits					
– defined contribution plans	(b)	16	825	(785)	56
Post-employment benefits					
– defined benefit plan	(c)	40	5	(12)	33
Other long-term benefits settled		78	4	(13)	69
Total		11,521	10,656	(12,722)	9,455

	Notes	The Group Year ended 31 December 2014			
		As at 1 January	Additions during the year	Reductions during the year	As at 31 December
Short-term employee benefits	(a)	10,369	19,506	(18,488)	11,387
Post-employment benefits					
– defined contribution plans	(b)	16	1,622	(1,622)	16
Post-employment benefits					
– defined benefit plans	(c)	34	9	(3)	40
Other long-term benefits settled		81	20	(23)	78
Total		10,500	21,157	(20,136)	11,521

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37 Accrued staff costs (Continued)

	Notes	The Bank Six months ended 30 June 2015			As at 30 June
		As at 1 January	Additions during the year	Reductions during the year	
Short-term employee benefits	(a)	10,737	9,165	(11,091)	8,811
Post-employment benefits					
– defined contribution plans	(b)	16	819	(780)	55
Post-employment benefits					
– defined benefit plan	(c)	40	5	(12)	33
Other long-term benefits settled		78	4	(13)	69
Total		10,871	9,993	(11,896)	8,968

	Notes	The Bank Year ended 31 December 2014			As at 31 December
		As at 1 January	Additions during the year	Reductions during the year	
Short-term employee benefits	(a)	9,912	18,251	(17,426)	10,737
Post-employment benefits					
– defined contribution plans	(b)	16	1,555	(1,555)	16
Post-employment benefits					
– defined benefit plan	(c)	34	9	(3)	40
Other long-term benefits settled		81	20	(23)	78
Total		10,043	19,835	(19,007)	10,871

(a) Short-term employee benefits

	The Group Six months ended 30 June 2015			
	As at 1 January	Additions during the period	Reductions during the period	As at 30 June
Salaries and bonuses	10,589	7,745	(10,013)	8,321
Social insurance	19	469	(450)	38
Welfare expenses	—	470	(470)	—
Housing fund	25	547	(553)	19
Labour union expenses and employee education expenses	711	323	(157)	877
Housing allowance	28	198	(194)	32
Others	15	70	(75)	10
Total	11,387	9,822	(11,912)	9,297

	The Group Year ended 31 December 2014			
	As at 1 January	Additions during the year	Reductions during the year	As at 31 December
Salaries and bonuses	9,742	15,149	(14,302)	10,589
Social insurance	24	933	(938)	19
Welfare expenses	—	1,259	(1,259)	—
Housing fund	16	1,023	(1,014)	25
Labour union expenses and employee education expenses	538	631	(458)	711
Housing allowance	36	377	(385)	28
Others	13	134	(132)	15
Total	10,369	19,506	(18,488)	11,387

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37 Accrued staff costs (Continued)

(a) Short-term employee benefits (Continued)

	The Bank			
	Six months ended 30 June 2015			
	As at 1 January	Additions during the period	Reductions during the period	As at 30 June
Salaries and bonuses	9,946	7,148	(9,255)	7,839
Social insurance	19	463	(444)	38
Welfare expenses	—	466	(466)	—
Housing fund	25	544	(551)	18
Labour union expenses and employee education expenses	709	322	(155)	876
Housing allowance	28	197	(193)	32
Others	10	25	(27)	8
Total	10,737	9,165	(11,091)	8,811

	The Bank			
	Year ended 31 December 2014			
	As at 1 January	Additions during the year	Reductions during the year	As at 31 December
Salaries and bonuses	9,290	13,957	(13,301)	9,946
Social insurance	23	915	(919)	19
Welfare expenses	—	1,251	(1,251)	—
Housing fund	16	1,017	(1,008)	25
Labour union expenses and employee education expenses	536	628	(455)	709
Housing allowance	36	375	(383)	28
Others	11	108	(109)	10
Total	9,912	18,251	(17,426)	10,737

(b) Post-employment benefits – defined contribution plans

Post-employment benefits – defined contribution plans includes costs of statutory retirement plan. Pursuant to the relevant laws and regulations in the PRC governing labor and social security, the Group joins statutory retirement plan for the employees as set out by city and provincial governments. The Group is required to make contributions based on defined ratios of the salaries, bonuses and certain allowance of the employees to the statutory retirement plan under the administration of the government.

In addition to the above statutory retirement plan, the Bank's qualified employees participate in a defined contribution retirement scheme (the "Scheme") which was established by the Group and managed by the CITIC Group. The Bank makes annual contribution at 4% of its employees' gross salaries. For the six months ended 30 June 2015, the Bank made contribution amounting to RMB 194 million (for the six months ended 30 June 2014: RMB 349 million).

The Group's employees based in Hong Kong join the Mandatory Provident Fund Scheme with certain contribution ratios pursuant to the relevant laws and regulations.

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37 Accrued staff costs (Continued)

(c) Post-employment benefits – defined benefit plan

The Group offers supplementary retirement benefits for certain of its qualified employees in Mainland China. Both current and retired staff can elect to join this supplementary retirement benefit plan.

The Group's obligations in respect of this supplementary retirement benefit plan as at the reporting date are based on the projected unit credit actuarial cost method were determined by a qualified professional actuary firm (a member of Society of Actuaries in the United States of America).

Save for the above, the Group has no other material obligation for payment of retirement benefits.

38 Taxes payable

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Income tax	2,535	3,662	2,236	3,529
Business tax and surcharges	2,612	2,308	2,607	2,301
Others	16	15	4	7
Total	5,163	5,985	4,847	5,837

39 Interest payable

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Deposits from customers	27,856	28,876	27,381	28,352
Debt certificates issued	2,598	2,052	2,528	1,918
Others	6,069	6,383	5,990	6,289
Total	36,523	37,311	35,899	36,559

40 Provisions

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Litigation provisions	2	5	2	2
Total	2	5	2	2

(a) Movements of provisions

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
As at 1 January	5	71	2	71
Accruals	1	8	1	4
Reversals	—	(36)	—	(36)
Payments	(4)	(38)	(1)	(37)
As at 30 June/31 December	2	5	2	2

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41 Debt securities issued

	Notes	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Debt securities issued	(a)	23,285	16,302	23,463	16,479
Subordinated bonds issued:					
– by the Bank	(b)	70,431	75,427	70,431	75,427
– by CIFH	(c)	7,022	6,906	—	—
Certificates of deposit issued	(d)	6,021	11,167	—	—
Certificates of interbank deposit issued	(e)	60,799	23,686	60,799	23,686
Total		167,558	133,488	154,693	115,592

- (a) Bonds with an interest rate of 5.2% per annum and with nominal value of RMB 15,000 million were issued on 8 November 2013. The bonds will mature on 12 November 2018. In addition, bonds with an interest rate of 4.125% per annum and with nominal value of RMB 1,500 million were issued on 20 February 2014, which will mature on 27 February 2017. In addition, the Bank issued bonds on 21 May 2015 with an interest rate of 3.98% per annum and with nominal value of RMB 7,000 million, which will mature on 25 May 2020.
- (b) The carrying value of the Bank's subordinated bonds issued as at 30 June 2014 represents:

	Notes	30 June 2015	31 December 2014
Subordinated fixed rate bonds maturing:			
– in May 2020	(i)	—	5,000
– in June 2021	(ii)	2,000	2,000
– in May 2025	(iii)	11,500	11,500
– in June 2027	(iv)	19,976	19,974
– in August 2024	(v)	36,955	36,953
Total		70,431	75,427

- (i) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.00%. The Bank redeemed the bonds on 28 May 2015.
- (ii) The interest rate per annum on the subordinated fixed rate bonds issued on 22 June 2006 is 4.12%. The Bank has an option to redeem the bonds on 22 June 2016. If they are not redeemed, the interest rate of the bonds will increase to 7.12% per annum for the next five years.
- (iii) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.30%. The Bank has an option to redeem the bonds on 28 May 2020. If they are not redeemed, the interest rate of the bonds will remain at 4.30% per annum for the next five years.
- (iv) The interest rate per annum on the subordinated fixed rate bonds issued on 21 June 2012 is 5.15%. The Bank has an option to redeem the bonds on 21 June 2022. If they are not redeemed, the interest rate of the bonds will remain at 5.15% per annum for the next five years.
- (v) The interest rate per annum on the subordinated fixed rate bonds issued on 26 August 2014 is 6.13%. The Bank has an option to redeem the bonds on 26 August 2019. If they are not redeemed, the interest rate of the bonds will remain 6.13% per annum for the next five years.

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41 Debt securities issued (Continued)

(c) The carrying value of CITIC Bank International Limited's subordinated issued as at 30 June 2015 represents:

	Notes	30 June 2015	31 December 2014
Subordinated fixed rate bonds maturing in June 2020	(i)	3,315	3,274
Subordinated fixed rate bonds maturing in September 2022	(ii)	1,846	1,808
Subordinated fixed rate bonds maturing in May 2024	(iii)	1,861	1,824
Total		7,022	6,906

(i) Subordinated bonds with nominal value of USD 500 million at interest rate of 6.875% per annum were issued on 24 June 2010 by CITIC Bank International Limited. The bonds are listed on SGX-ST and mature on 24 June 2020.

(ii) Subordinated bonds with nominal value of USD 300 million at interest rate of 3.875% per annum were issued on 27 September 2012 by CITIC Bank International Limited. The bonds will be mature on 28 September 2022.

(iii) Subordinated bonds with nominal value of USD 300 million at interest rate of 6.00% per annum were issued on 7 November 2013 by CITIC Bank International Limited. The bonds will be mature on 07 May 2024.

(d) These certificates of deposit were issued by CITIC Bank International Limited.

(e) As at 30 June 2015, the Bank issued certain certificates of interbank deposits, the book value of which undue is 60,800 million. The yield ranges from 2.88% to 5.795%. The original expire terms between 3 months to 2 years.

42 Other liabilities

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Precious metal lease contracts	7,380	7,747	7,380	7,747
Payment and collection clearance accounts	6,298	10,848	6,096	10,422
Advances and deferred expenses	2,078	2,717	2,078	1,740
Dormant accounts	309	248	309	248
Accrued expenses	293	170	293	170
Payment and collection clearance accounts	265	262	265	262
Others	6,206	4,074	4,657	3,847
Total	22,829	26,066	21,078	24,436

43 Share capital

	The Group and The Bank	
	30 June 2015	31 December 2014
A-Share	31,905	31,905
H-Share	14,882	14,882
Total	46,787	46,787

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44 Capital reserves

	Notes	The Group		The Bank	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
Share premium	(a)	49,214	49,214	51,619	51,619
Other reserves		82	82	—	—
Total		49,296	49,296	51,619	51,619

(a) Share premium arises from the issuance of share prices in excess of their par value.

45 Other comprehensive income

Other comprehensive income comprises items that may be reclassified subsequently to profit or loss when specific conditions are met, mainly include fair value changes of available-for-sale financial assets, exchange difference on translating foreign operations etc; and items that will not be reclassified to profit or loss, such as net changes on the measurement of defined benefit plan (note 10).

46 Surplus reserve

	The Group and the Bank	
	Six months ended 30 June 2015	Year ended 31 December 2014
As at 1 January	19,394	15,495
Appropriations	—	3,899
As at 30 June/31 December	19,394	19,394

Under the relevant PRC Laws, the Bank and the Group's subsidiaries in Mainland China are required to appropriate 10% of its annual net profit, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its net profit to the discretionary surplus reserve upon approval by equity holders at the Annual General Meeting. The Bank makes its appropriation on an annual basis.

Subject to the approval of equity holders, statutory surplus reserves may be used for replenishing accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before the process.

47 General reserve

	The Group		The Bank	
	Six months ended 30 June 2015	Year ended 31 December 2014	Six months ended 30 June 2015	Year ended 31 December 2014
As at 1 January	50,447	44,340	50,350	44,250
Appropriations	—	6,107	—	6,100
As at 30 June/31 December	50,447	50,447	50,350	50,350

Pursuant to the relevant Ministry of Finance ("MOF") regulations, the Bank's and the Group's banking subsidiaries in Mainland China are required to set aside a general reserve to cover potential losses against their assets. With the regulations enforced from 1 July 2012, the minimum general reserve balance should increase to 1.5% of the ending balance of gross risk-bearing assets with a transition period of five years. The Bank makes its appropriation on an annual basis.

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48 Non-controlling interests

As at 30 June 2015, non-controlling interests included an amount of RMB 1.83 billion representing other equity instruments issued by CBI, an entity ultimately controlled by the Group. Such instruments are perpetual non-cumulative subordinated additional tier 1 capital securities (the “Capital Securities”) with nominal value totalling USD 300 million carrying a coupon rate of 7.25% per annum, payable semi-annually, until the first call date on 22 April 2019. The coupon rate will be reset every five years to a rate equivalent to the then prevailing five year US Treasury rate plus 5.627% per annum. CBI may, at its sole discretion, elect to cancel any payment of coupon, in whole or in part, or redeemed Capital Securities in whole on the first call date and any subsequent coupon distribution date. The Group classified the Capital Securities as equity instruments.

49 Profit appropriations and retained earnings

(a) Profit appropriations during the period

In consideration of the upcoming private placement of the Bank’s A share to China National Tobacco Corporation (“CNTC”). It was resolved that the Bank did not distribute any cash dividends in its Annual General Meeting on 26 May 2015.

(b) Retained earnings

As at 30 June 2015, the retained earnings included statutory surplus reserve from subsidiaries that is attributable to the Bank which amounted to RMB 34 million (31 December 2014: RMB 34 million). These statutory surplus reserve cannot be distributed in the future.

50 Notes to consolidated cash flow statement

Cash and cash equivalents

	The Group	
	30 June 2015	30 June 2014
Cash	7,154	6,542
Cash equivalents		
Surplus deposit reserve funds	88,615	135,607
Deposits with banks and non-bank financial institutions due within three months when acquired	52,841	85,501
Placements with banks and non-bank financial institutions due within three months when acquired	41,790	58,927
Investment securities due within three months when acquired	20,875	16,103
Total of cash equivalents	204,121	296,138
Total	211,275	302,680

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

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51 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and acceptance.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Acceptance comprises undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority acceptance to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised at the reporting date if counterparties failed to perform as contracted.

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Contractual amount				
Loan commitments				
– with an original maturity of within one year	127,056	141,614	68,456	80,787
– with an original maturity of one year or above	40,277	46,724	39,442	45,557
Subtotal	167,333	188,338	107,898	126,344
Guarantees	124,838	124,008	123,413	123,004
Letters of credit	111,740	134,766	107,134	130,002
Acceptance	660,703	712,985	659,112	711,552
Credit card commitments	132,455	124,106	125,600	117,409
Total	1,197,069	1,284,203	1,123,157	1,208,311

(b) Credit commitments analysed by credit risk weighted amount

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Credit risk weighted amount of contingent liabilities and commitments	455,070	455,254	451,298	451,089

The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of counterparties and the maturity characteristics. The risk weighting used range from 0% to 150%.

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51 Commitments and contingent liabilities (Continued)

(c) Capital commitments

The Group had the following authorised capital commitments in respect of property and equipment at reporting date:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Contracted for	7,658	8,369	7,518	8,329
Authorised but not contracted for	187	44	187	44

In addition, as at 30 June 2015 and 31 December 2014, the Group has equity investment commitments for its investee companies as follows:

On 23 December 2014, the Bank and Banco Bilbao Vizcaya Argentaria (“BBVA”) entered into an agreement to acquire CIFH’s 2,213,785,908 ordinary shares from BBVA for a cash consideration of HKD 8,162 million. The Bank will hold CIFH’s 100% shares. Upon completion of this transaction, this agreement is subject to the approval of related regulators as at the date of this report. As at 30 June 2015, BBVA held 3.26% interests in the Bank (note 58 (a) (ii)).

On 26 May 2015, the Bank and CTBC Financial Holding Co., Ltd (hereinafter referred to as “CTBC”) entered into a private placement agreement. The Bank agreed to acquire 602,678,478 ordinary shares representing 3.8% of CTBC’s total share capital after this placement, for a cash consideration of NTD 13,090 million. On the same day, CBI entered into an agreement to dispose its 100% shares in CITIC Bank International (China) Limited to CTBC Bank Co., Ltd., a wholly-owned subsidiary of CTBC, for a cash consideration of Hong Kong Dollars equivalent to RMB 2,353 million. These two agreements are subject to the approval of regulators in the relevant jurisdictions and are conditional simultaneous completion.

(d) Operating lease commitments

The Group leases certain properties and equipment under operating leases, which typically run for an initial period of one to five years and may include an option to renew the leases when all terms are renegotiated. At 30 June 2015 and at 31 December 2014, the Group’s future minimum lease payments under non-cancellable operating leases were as follows:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Within one year	2,483	2,583	2,293	2,392
After one year but within two years	2,553	2,396	2,384	2,233
After two years but within three years	2,208	2,143	2,061	2,005
After three years but within five years	3,405	3,417	3,200	3,204
After five years	3,767	3,545	3,637	3,375
Total	14,416	14,084	13,575	13,209

(e) Outstanding litigations and disputes

As at 30 June 2015, the Group was involved in certain pending litigations with gross claims of RMB 626 million (as at 31 December 2014: RMB 339 million). Based on the opinion of internal and external legal counsels of the Group, the Group had made a provision of RMB 1 million (as at 31 December 2014: RMB 5 million). The Group believes that these provisions are reasonable and adequate.

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For the six months ended 30 June 2015

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51 Commitments and contingent liabilities (Continued)

(f) Bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds distributed by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the reporting date:

	The Group and the Bank	
	30 June 2015	31 December 2014
Bonds redemption obligations	12,496	12,107

Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material.

(g) Provision against commitments and contingent liabilities

The Group has assessed and has made provision for any probable outflow of economic benefits in relation to the above commitments and contingent liabilities at the reporting date in accordance with its accounting policies.

52 Pledged assets

(a) Financial assets pledged as collateral

The carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities at the reporting date are disclosed as below.

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Debt securities	41,244	64,738	41,244	64,491
Discounted bills	6,697	6,414	6,697	6,414
Others	508	67	—	—
Total	48,449	71,219	47,941	70,905

(b) Collateral accepted as securities for assets

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. As at 30 June 2015, the Group did not hold any collateral under resale agreements for which the Group was permitted to sell or re-pledge in the absence of default for the transactions (as at 31 December 2014: RMB 573 million).

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53 Transactions on behalf of customers

(a) Entrusted lending business

The Group provides entrusted lending business services to corporations and individuals, as well as entrusted provident housing fund mortgage business services. All entrusted loans are made under the instruction or at the direction of these entities, individuals or provident housing fund centre and are funded by entrusted funds from them.

For entrusted assets and liabilities and entrusted provident housing fund mortgage business, the Group generally does not take on credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the instruction of the entrusting parties and receives fee income for the services provided.

Trust assets are not assets of the Group and are not recognised on the statement of financial position of the Group. Surplus funding is accounted for as deposits from customers. Income received and receivable for providing these services is included in the statement of profit or loss and other comprehensive income as fee income.

At the reporting date, the entrusted assets and liabilities were as follows:

	The Group and the Bank	
	30 June 2015	31 December 2014
Entrusted loans	589,561	524,538
Entrusted funds	589,561	524,538

(b) Wealth management services

The Group's wealth management services to customers mainly represent sale of wealth management products, which are not subject to any guarantee by the Group of the principle invested or interest to be paid, to corporate and personal banking customers. The funds raised by wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, liquidity risk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. The income is recognised in the statement of income as commission income.

The assets and liabilities of these wealth management products are not assets and liabilities of the Group and are not recognised on the statement of financial position.

As at the reporting date, the assets and liabilities under these wealth management products were as follows:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Underlying investments of wealth management products	405,411	376,613	405,411	376,613
Funds raised from investors of wealth management products	405,411	376,613	405,411	376,613

As at 30 June 2015, the amount of these wealth management products managed by a subsidiary of CITIC Group as the trustee is RMB 71,020 million (as at 31 December 2014: RMB 58,225 million).

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54 Segment reporting

Measurement of segment assets and liabilities, and segment income and expenses is based on the Group's accounting policies.

Internal charges and transfer pricing of transactions between segments are determined for management purpose and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expense". Interest income and expense earned from third parties are referred to as "External net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include deferred tax assets and liabilities. Segment income, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total costs incurred during the reporting period to acquire assets (including both tangibles assets and intangible assets) whose estimated useful lives are over one year.

(a) Business segments

The Group comprises the following main business segments for management purpose:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and non-financial institutions. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services, guarantee services and international trade financing services.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers and small enterprises. The products and services comprise loans, deposit services, securities agency services, remittance and settlement services and guarantee services.

Treasury business

This segment covers the Group's treasury, interbank operations and investment banking business. The treasury enters into inter-bank money market transactions and repurchase transactions, and invests in debt instruments. It also trades in debt instruments, derivatives and foreign currencies for its own account, international trade financing and structured finance. The treasury division carries out customer driven transactions on derivatives and foreign currency trading. Its function also includes the management of the Group's overall liquidity position.

Others and unallocated

These represent non-banking businesses provided by the Group's subsidiaries (CIFH and CIFL), head office assets, liabilities, income and expenses that are not directly attributable to a segment and reconciling items between management accounting and financial accounting due to differences in accounting treatments.

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54 Segment reporting (Continued)

(a) Business segments (Continued)

	Six months ended 30 June 2015				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income	23,416	13,290	14,931	(1,893)	49,744
Internal net interest income/(expense)	8,661	(5,059)	(2,626)	(976)	—
Net interest income	32,077	8,231	12,305	(2,869)	49,744
Net fee and commission income	2,870	7,674	7,032	(96)	17,480
Other net income (note (i))	53	329	2,318	33	2,733
Operating income	35,000	16,234	21,655	(2,932)	69,957
Operating expenses					
– depreciation and amortisation	(729)	(202)	(92)	(151)	(1,174)
– others	(9,777)	(9,474)	(2,291)	(574)	(22,116)
Impairment losses	(11,263)	(3,361)	(690)	(1,377)	(16,691)
Revaluation gain on investment properties	—	—	—	3	3
Share of gain of associate	—	—	—	141	141
Profit/(loss) before tax	13,231	3,197	18,582	(4,890)	30,120
Capital expenditure	308	100	311	57	776

	30 June 2015				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
Segment assets	1,881,291	593,699	1,975,366	100,877	4,551,233
Interest in associate	—	—	—	1,026	1,026
Deferred tax assets	—	—	—	—	9,018
Total asset					4,561,277
Segment liabilities	2,403,488	557,744	1,278,506	30,435	4,270,173
Deferred tax liabilities	—	—	—	—	22
Total liabilities					4,270,195
Off-balance sheet credit commitments	949,250	140,522	107,134	163	1,197,069

	Six months ended 30 June 2014				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income	23,896	9,315	11,800	603	45,614
Internal net interest income/(expense)	4,822	(2,408)	(1,524)	(890)	—
Net interest income	28,718	6,907	10,276	(287)	45,614
Net fee and commission income	2,868	4,505	5,358	76	12,807
Other net income (note (i))	137	42	2,738	763	3,680
Operating income	31,723	11,454	18,372	552	62,101
Operating expenses					
– depreciation and amortisation	(619)	(191)	(204)	(41)	(1,055)
– others	(9,852)	(8,150)	(1,544)	(485)	(20,031)
Impairment losses	(7,861)	(2,762)	(554)	(440)	(11,617)
Revaluation loss on investment properties	—	—	—	(1)	(1)
Share of gain of associates	—	—	—	106	106
Profit before tax	13,391	351	16,070	(309)	29,503
Capital expenditure	173	266	14	118	571

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54 Segment reporting (Continued)

(a) Business segments (Continued)

	31 December 2014				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
Segment assets	1,953,573	673,290	1,458,938	42,827	4,128,628
Interest in associate	—	—	—	870	870
Deferred tax assets					9,317
Total asset					4,138,815
Segment liabilities	2,357,012	545,031	847,627	121,799	3,871,469
Total liabilities					3,871,469
Off-balance sheet credit commitments	1,025,331	124,106	134,766	—	1,284,203

Note (i): Other net income consists of net trading gain, net gain from investment securities and other operating income.

(b) Geographical segments

The Group operates principally in Mainland China with branches and sub-branches located in 30 provinces, autonomous regions and municipalities directly under the central government. The Bank's principal subsidiaries, CIFL and CIFH, are registered and operating in Hong Kong. Lin'an Rural Bank and CFLL are registered in Mainland China.

In presenting information by geographical segment, operating income is allocated based on the location of the branches that generated the revenue. Segment assets and capital expenditure are allocated based on the geographical location of the underlying assets.

Geographical segments, as defined for management reporting purposes, are as follows:

- “Yangtze River Delta” refers to the following areas where tier-1 branches of the Group are located: Shanghai, Nanjing, Suzhou, Hangzhou and Ningbo, as well as Lin'an Rural Bank;
- “Pearl River Delta and West Strait” refers to the following areas where tier-1 branches of the Group are located: Guangzhou, Shenzhen, Dongguan, Fuzhou, Xiamen and Haikou;
- “Bohai Rim” refers to the following areas where tier-1 branches of the Group are located: Beijing, Tianjin, Dalian, Qingdao, Shijiazhuang and Jinan, as well as CFLL;
- “Central” region refers to the following areas where tier-1 branches of the Group are located: Hefei, Zhengzhou, Wuhan, Changsha, Taiyuan and Nanchang;
- “Western” region refers to the following areas where tier-1 branches of the Group are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining and Yinchuan;
- “Northeastern” region refers to the following areas where tier-1 branch of the Group is located: Shenyang, Changchun and Harbin;
- “Head Office” refers to the headquarter of the Bank and the Credit Card Center; and
- “Hong Kong” includes all the operations of CIFL, CIFH and its subsidiaries.

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54 Segment reporting (Continued)

(b) Geographical segments (Continued)

	Six months ended 30 June 2015									Total
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	
External net interest income	9,357	5,327	6,811	6,939	7,171	1,025	11,836	1,278	—	49,744
Internal net interest income/(expense)	600	1,698	3,472	488	(711)	37	(5,710)	126	—	—
Net interest income	9,957	7,025	10,283	7,427	6,460	1,062	6,126	1,404	—	49,744
Net fee and commission income	2,690	1,457	2,618	1,693	1,572	291	6,706	453	—	17,480
Other net income (note (i))	886	342	495	187	242	63	77	441	—	2,733
Operating income	13,533	8,824	13,396	9,307	8,274	1,416	12,909	2,298	—	69,957
Operating expenses										
– depreciation and amortisation	(189)	(127)	(208)	(136)	(142)	(46)	(222)	(104)	—	(1,174)
– others	(4,296)	(2,659)	(3,988)	(3,082)	(2,837)	(581)	(3,663)	(1,010)	—	(22,116)
Impairment losses	(5,255)	(4,862)	(3,100)	(923)	(1,595)	(123)	(876)	43	—	(16,691)
Revaluation gain on investment properties	—	—	—	—	—	—	—	3	—	3
Share of gain of associates	—	—	—	—	—	—	—	141	—	141
Profit before tax	3,793	1,176	6,100	5,166	3,700	666	8,148	1,371	—	30,120
Capital expenditure	168	41	44	68	160	9	237	49	—	776

	30 June 2015									Total
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	
Segment assets	1,043,029	701,327	998,015	561,693	522,362	97,356	2,328,739	204,615	(1,905,903)	4,551,233
Interests in associates	—	—	—	—	—	—	—	1,026	—	1,026
Deferred tax assets										9,018
Total assets										4,561,277
Segment liabilities	1,038,182	698,868	986,179	556,710	517,603	96,207	2,085,378	181,301	(1,890,255)	(4,270,173)
Deferred tax liabilities										(22)
Total liabilities										(4,270,195)
Off-balance sheet credit commitments	263,182	167,815	221,342	183,784	132,052	30,032	125,600	73,262	—	1,197,069

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54 Segment reporting (Continued)

(b) Geographical segments (Continued)

	Six months ended 30 June 2014									Total
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	
External net interest income	7,443	6,355	5,127	5,477	5,203	1,108	13,788	1,113	—	45,614
Internal net interest income/(expense)	1,333	(436)	3,324	866	566	143	(6,387)	591	—	—
Net interest income	8,776	5,919	8,451	6,343	5,769	1,251	7,401	1,704	—	45,614
Net fee and commission income	2,057	1,392	2,149	1,297	1,414	300	3,798	400	—	12,807
Other net income (note (i))	572	237	515	99	134	25	1,642	456	—	3,680
Operating income	11,405	7,548	11,115	7,739	7,317	1,576	12,841	2,560	—	62,101
Operating expenses										
– depreciation and amortisation	(170)	(112)	(201)	(116)	(121)	(33)	(210)	(92)	—	(1,055)
– others	(3,961)	(2,538)	(3,977)	(2,614)	(2,474)	(554)	(2,952)	(961)	—	(20,031)
Impairment losses	(5,343)	(2,223)	(2,396)	(656)	(493)	(361)	(132)	(13)	—	(11,617)
Revaluation loss on investment properties	—	—	—	—	—	—	—	(1)	—	(1)
Share of gain of associates	—	—	—	—	—	—	—	106	—	106
Profit before tax	1,931	2,675	4,541	4,353	4,229	628	9,547	1,599	—	29,503
Capital expenditure	61	69	62	73	29	13	218	46	—	571

	31 December 2014									Total
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	
Segment assets	832,355	567,700	916,047	510,466	468,004	89,173	1,946,061	198,628	(1,399,806)	4,128,628
Interests in associates	—	—	—	—	—	—	—	870	—	870
Deferred tax assets	—	—	—	—	—	—	—	—	—	9,317
Total assets										4,138,815
Segment liabilities	828,692	564,494	906,031	503,804	460,468	88,544	1,742,187	178,132	(1,400,883)	3,871,469
Total liabilities										3,871,469
Off-balance sheet credit commitments	274,533	192,548	252,594	201,186	141,853	28,261	117,409	75,819	—	1,284,203

Note (i): Other net income consists of net trading gain, net gain from investment securities and other operating income.

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55 Financial risk management

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments:

- Credit risk: Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligations or commitments to the Group.
- Market risk: Market risk arises from unfavourable changes in market prices (interest rate, exchange rate, stock price or commodity price) that lead to a loss of on-balance-sheet or off-balance-sheet business in the Group.
- Liquidity risk: Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds.
- Operational risk: Operational risk arises from inappropriate or problematic internal procedures, personnel, IT systems, or external events, such risk includes legal risk, but excluding strategy risk and reputational risk.

The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with relevant policies and procedures.

(a) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. The Group identifies and manages this risk through its target market definitions, credit approval process, post-disbursement monitoring and remedial management procedures. Credit risk arises primarily from loans and advances. In treasury business, credit risk represents impairment losses of asset value attributable to the Group resulting from lowering of ratings for issuers of debt securities.

Credit business

In addition to underwriting standards, the principal means of managing credit risk are credit limit management, the credit approval process, post-disbursement monitoring procedures such as early warning and examination etc. The Group has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction.

The Group undertakes ongoing credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Risk and Internal Control Committee monitors overall portfolio risk as well as individual problem loans, both actual and potential, on a regular basis.

The Group adopts a loan risk classification approach to manage the loan portfolio risk. Loans and advances are classified as non-impaired and impaired based on the different risk level. When one or more event demonstrates there is objective evidence of impairment and losses, corresponding loans and advances classified as impaired. The allowance for impairment loss on impaired loans and advances is collectively or individually assessed as appropriate.

The Group applies a series of criteria in determining the classification of loans. The loan classification criteria focuses on a number of factors, including (i) the borrower's ability to repay the loan; (ii) the borrower's repayment history; (iii) the borrower's willingness to repay; (iv) the net realizable value of collateral if any; and (v) the prospect for the support from any financially responsible guarantor. The Group also takes into account the length of time for which payments of principal and/or interests on a loan are overdue.

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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

The Group's retail credit policies and approval processes are designed with reference to the fact that there are high volumes of relatively homogeneous, small value transaction in each retail loan category. Because of the nature of retail banking, the credit policies are based primarily on the Group's strategy and statistical analyses of risks with respect to different products and types of customers. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers' application for loans.

Concentration of credit risk exists when changes in geographic, economic or industrial factors similarly affect the Group's counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's portfolio of financial instruments is diversified in industry, geographic and product sectors.

Treasury business

The Group sets credit limits for treasury operations based on the credit risk inherent in the products, counterparties and geographical area. The Group's system closely monitors the credit exposure on a real-time basis, regularly reviews its credit limit policies and adjusts the credit limits, taken into account various factors including market condition at the time.

(i) Maximum credit risk exposure

The maximum exposure to credit risk at the reporting date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Balances with central banks	525,763	531,254	524,529	529,789
Deposits with bank and non-bank financial institutions	63,561	93,991	57,241	81,689
Placements with banks and non-bank financial institutions	85,878	68,180	68,930	47,810
Financial assets at fair value through profit or loss	33,705	27,507	33,625	27,501
Derivative financial assets	7,138	8,226	5,378	5,638
Financial assets held under resale agreements	78,489	135,765	78,732	135,765
Interest receivable	27,542	26,125	27,015	25,546
Loans and advances to customers	2,253,593	2,136,332	2,118,658	2,012,342
Available-for-sale financial assets	301,677	207,188	266,804	186,517
Held-to-maturity investments	184,448	177,957	184,448	177,957
Investment classified as receivables	901,425	653,256	901,085	652,916
Other financial assets	24,897	21,615	24,225	20,815
Subtotal	4,488,116	4,087,396	4,290,670	3,904,285
Credit commitments	1,197,069	1,284,203	1,123,157	1,208,311
Maximum credit risk exposure	5,685,185	5,371,599	5,413,827	5,112,596

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For the six months ended 30 June 2015
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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(ii) Distribution by credit exposure of loans and advances to customers, due from central bank and other banks and non-bank financial institutions, financial assets held under resale agreements and investment securities and investments classified as receivable are as follows:

		The Group 30 June 2015				
	Notes	Loans and advances to customers	Due from central bank and other banks and non-bank financial institutions	Financial assets held under resale agreements	Investment securities	Investments classified as receivables
Impaired						
Individually assessed						
Gross balance		23,023	29	—	216	—
Allowance for impairment losses		(12,459)	(8)	—	(119)	—
Net balance		10,564	21	—	97	—
Collectively assessed						
Gross balance		7,453	—	—	—	—
Allowance for impairment losses		(5,417)	—	—	—	—
Net balance		2,036	—	—	—	—
Overdue but not impaired (1)						
Gross balance		52,691	—	—	—	—
Within which						
– less than three months		44,481	—	—	—	—
– three months to one year		8,210	—	—	—	—
– over one year		—	—	—	—	—
Allowance for impairment losses		(6,017)	—	—	—	—
Net balance		46,674	—	—	—	—
Neither overdue nor impaired						
Gross balance		2,224,836	675,181	78,489	519,733	901,576
Allowance for impairment losses	(2)	(30,517)	—	—	—	(151)
Net balance		2,194,319	675,181	78,489	519,733	901,425
Net balance of total assets		2,253,593	675,202	78,489	519,830	901,425

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For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(ii) Distribution by credit exposure of loans and advances to customers, due from central bank and other banks and non-bank financial institutions, financial assets held under resale agreements and investment securities and investments classified as receivable are as follows: (Continued)

		The Group 31 December 2014				
	Notes	Loans and advances to customers	Due from central bank and other banks and non-bank financial institutions	Financial assets held under resale agreements	Investment securities	Investments classified as receivables
Impaired						
Individually assessed						
Gross balance		22,846	29	—	207	—
Allowance for impairment losses		(11,153)	(8)	—	(123)	—
Net balance		11,693	21	—	84	—
Collectively assessed						
Gross balance		5,608	—	—	—	—
Allowance for impairment losses		(3,954)	—	—	—	—
Net balance		1,654	—	—	—	—
Overdue but not impaired						
Gross balance	(1)	47,598	—	—	—	—
Within which						
– less than three months		42,313	—	—	—	—
– three months to one year		5,285	—	—	—	—
– over one year		—	—	—	—	—
Allowance for impairment losses		(5,538)	—	—	—	—
Net balance		42,060	—	—	—	—
Neither overdue nor impaired						
Gross balance		2,111,856	693,404	135,765	412,568	653,412
Allowance for impairment losses	(2)	(30,931)	—	—	—	(156)
Net balance		2,080,925	693,404	135,765	412,568	653,256
Net balance of total assets		2,136,332	693,425	135,765	412,652	653,256

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For the six months ended 30 June 2015
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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(ii) Distribution by credit exposure of loans and advances to customers, due from central bank and other banks and non-bank financial institutions, financial assets held under resale agreements and investment securities and investments classified as receivable are as follows: (Continued)

		The Bank 30 June 2015				
	Notes	Loans and advances to customers	Due from central bank and other banks and non-bank financial institutions	Financial assets held under resale agreements	Investment securities	Investments classified as receivables
Impaired						
Individually assessed						
Gross balance		22,410	29	—	115	—
Allowance for impairment losses		(12,388)	(8)	—	(106)	—
Net balance		10,022	21	—	9	—
Collectively assessed						
Gross balance		7,443	—	—	—	—
Allowance for impairment losses		(5,409)	—	—	—	—
Net balance		2,034	—	—	—	—
Overdue but not impaired (1)						
Gross balance		49,596	—	—	—	—
Within which						
– less than three months		41,482	—	—	—	—
– three months to one year		8,114	—	—	—	—
– over one year		—	—	—	—	—
Allowance for impairment losses		(6,009)	—	—	—	—
Net balance		43,587	—	—	—	—
Neither overdue nor impaired						
Gross balance		2,093,307	650,679	78,732	484,868	901,236
Allowance for impairment losses	(2)	(30,292)	—	—	—	(151)
Net balance		2,063,015	650,679	78,732	484,868	901,085
Net balance of total assets		2,118,658	650,700	78,732	484,877	901,085

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For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(ii) Distribution by credit exposure of loans and advances to customers, due from central bank and other banks and non-bank financial institutions, financial assets held under resale agreements and investment securities and investments classified as receivable are as follows: (Continued)

		The Bank 31 December 2014				
	Notes	Loans and advances to customers	Due from central bank and other banks and non-bank financial institutions	Financial assets held under resale agreements	Investment securities	Investments classified as receivables
Impaired						
Individually assessed						
Gross balance		22,285	29	—	118	—
Allowance for impairment losses		(11,024)	(8)	—	(110)	—
Net balance		11,261	21	—	8	—
Collectively assessed						
Gross balance		5,600	—	—	—	—
Allowance for impairment losses		(3,948)	—	—	—	—
Net balance		1,652	—	—	—	—
Overdue but not impaired						
Gross balance	(1)	45,360	—	—	—	—
Within which						
– less than three months		40,208	—	—	—	—
– three months to one year		5,152	—	—	—	—
– over one year		—	—	—	—	—
Allowance for impairment losses		(5,524)	—	—	—	—
Net balance		39,836	—	—	—	—
Neither overdue nor impaired						
Gross balance		1,990,233	659,267	135,765	391,967	653,072
Allowance for impairment losses	(2)	(30,640)	—	—	—	(156)
Net balance		1,959,593	659,267	135,765	391,967	652,916
Net balance of total assets		2,012,342	659,288	135,765	391,975	652,916

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For the six months ended 30 June 2015
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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(ii) (Continued)

Note:

- (1) Collateral and other credit enhancements for overdue but not impaired loans and advances

As at 30 June 2015, the above loans and advances of the Group which were overdue but not impaired and which were subject to individual assessment were RMB 42,274 million (as at 31 December 2014: RMB 39,141 million). The secured and unsecured portion of these loans and advances were RMB 22,025 million (as at 31 December 2014: RMB 21,634 million) and RMB 20,249 million (as at 31 December 2014: RMB 17,507 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 27,366 million (as at 31 December 2014: RMB 30,187 million).

As at 30 June 2015, the above loans and advances of the Bank which were overdue but not impaired and which were subject to individual assessment were RMB 39,170 million (as at 31 December 2014: RMB 36,906 million). The secured portion and unsecured portion of these loans and advances were RMB 20,894 million (as at 31 December 2014: RMB 20,237 million) and RMB 18,276 million (as at 31 December 2014: RMB 16,669 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 23,493 million (as at 31 December 2014: RMB 25,143 million).

The fair value of collateral was estimated by management based on the latest available external valuations, if any, adjusted by taking into account the current realisation experience as well as market situation.

- (2) The balance represents collectively assessed allowance of impairment losses.

(iii) Loans and advances to customers analysed by industry sector:

	The Group					
	30 June 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
– manufacturing	395,705	17.1	187,445	384,521	17.6	171,481
– wholesale and retail	265,778	11.5	158,505	290,107	13.3	168,279
– real estate	215,838	9.4	181,834	179,677	8.2	152,514
– transportation, storage and postal services	138,817	6.0	70,129	138,230	6.3	67,508
– water, environment and public utility management	119,108	5.2	59,038	111,524	5.1	53,463
– rental and business services	105,496	4.6	45,868	83,809	3.8	47,054
– construction	97,304	4.2	62,914	101,834	4.7	46,484
– production and supply of electric power, gas and water	50,588	2.2	16,049	51,828	2.4	16,480
– public management and social organisations	19,197	0.8	4,782	19,304	0.9	4,624
– others	207,145	9.0	79,296	204,484	9.3	78,505
Subtotal	1,614,976	70.0	865,860	1,565,318	71.6	806,392
Personal loans	604,379	26.2	432,995	554,547	25.3	406,778
Discounted bills	88,648	3.8	—	68,043	3.1	—
Gross loans and advances to customers	2,308,003	100.0	1,298,855	2,187,908	100.0	1,213,170

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For the six months ended 30 June 2015

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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(iii) Loans and advances to customers analysed by industry sector: (Continued)

	The Bank					
	30 June 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
– manufacturing	387,430	17.8	185,485	377,992	18.3	169,657
– wholesale and retail	252,181	11.6	154,982	275,963	13.4	164,742
– real estate	191,884	8.8	169,450	160,821	7.8	140,107
– transportation, storage and postal services	137,008	6.3	69,505	136,345	6.6	66,841
– water, environment and public utility management	118,026	5.4	59,038	111,466	5.4	53,454
– rental and business services	105,147	4.8	45,850	83,514	4.0	47,026
– construction	96,133	4.4	62,535	100,456	4.9	46,053
– production and supply of electric power, gas and water	50,015	2.4	15,945	51,468	2.5	16,390
– public management and social organisations	19,197	0.9	4,782	19,304	0.9	4,624
– others	147,627	6.9	65,215	147,749	7.2	64,852
Subtotal	1,504,648	69.3	832,787	1,465,078	71.0	773,746
Personal loans	586,991	27.0	416,928	538,512	26.1	391,971
Discounted bills	81,117	3.7	—	59,888	2.9	—
Gross loans and advances to customers	2,172,756	100.0	1,249,715	2,063,478	100.0	1,165,717

As at 30 June 2015, impaired loans and individual and collective impairment allowance in respect of economic sectors which constitute 10% or more of total loans and advances to customers are as follows:

	The Group				
	30 June 2015				
Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance	Impairment charged during the period	Impaired loan written off during the period	
Manufacturing	8,161	4,929	7,474	4,172	(3,395)
Wholesale and retail	11,752	5,886	6,384	6,489	(6,274)

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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(iii) Loans and advances to customers analysed by industry sector: (Continued)

	The Group 31 December 2014				
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance	Impairment charged during the year	Impaired loan written off during the year
Manufacturing	8,758	4,465	7,435	6,547	(3,456)
Wholesale and retail	11,025	5,424	6,985	9,522	(6,110)

	The Bank 30 June 2015				
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance	Impairment charged during the period	Impaired loan written off during the period
Manufacturing	7,987	4,917	7,453	4,229	(3,351)
Wholesale and retail	11,549	5,857	6,337	6,438	(6,218)

	The Bank 31 December 2014				
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance	Impairment charged during the year	Impaired loan written off during the year
Manufacturing	8,470	4,385	7,412	6,518	(3,416)
Wholesale and retail	10,924	5,423	6,938	9,477	(6,064)

(iv) Loans and advances to customers analysed by geographical sector:

	The Group					
	30 June 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Bohai Rim (including Head Office)	633,289	27.4	277,044	576,598	26.4	258,442
Yangtze River Delta	518,090	22.5	308,305	512,214	23.4	288,924
Pearl River Delta and West Strait	342,473	14.8	256,807	319,360	14.6	230,554
Central	323,011	14.0	192,448	306,274	14.0	176,516
Western	306,265	13.3	178,289	292,793	13.4	172,627
Northeastern	59,672	2.6	39,920	64,071	2.9	41,980
Outside Mainland China	125,203	5.4	46,042	116,598	5.3	44,127
Total	2,308,003	100.0	1,298,855	2,187,908	100.0	1,213,170

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(Amounts in millions of Renminbi, unless otherwise stated)

55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(iv) Loans and advances to customers analysed by geographical sector: (Continued)

	The Bank					
	30 June 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Bohai Rim (including Head Office)	628,416	28.9	276,561	573,158	27.8	257,823
Yangtze River Delta	514,567	23.7	306,516	509,464	24.7	287,069
Pearl River Delta and West Strait	341,125	15.7	255,981	317,718	15.4	229,702
Central	322,711	14.9	192,448	306,274	14.8	176,516
Western	306,265	14.1	178,289	292,793	14.2	172,627
Northeastern	59,672	2.7	39,920	64,071	3.1	41,980
Total	2,172,756	100.0	1,249,715	2,063,478	100.0	1,165,717

As at 30 June 2015, impaired loans and individual and collective impairment allowance in respect of geographic sectors which constitute 10% or more of total advances to customers are as follows:

	The Group 30 June 2015		
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	8,396	2,418	11,180
Yangtze River Delta	8,245	4,403	9,563
Pearl River Delta and West Strait	5,704	2,643	7,854
Central	3,620	1,369	6,518
Western	2,305	423	5,731

	The Group 31 December 2014		
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	7,151	1,962	10,766
Yangtze River Delta	9,240	3,766	9,959
Pearl River Delta and West Strait	5,140	2,685	7,318
Central	3,453	1,042	6,255
Western	1,276	458	4,923

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For the six months ended 30 June 2015
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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(iv) Loans and advances to customers analysed by geographical sector: (Continued)

	The Bank 30 June 2015		
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	8,396	2,418	11,180
Yangtze River Delta	8,235	4,400	9,563
Pearl River Delta and West Strait	5,496	2,639	7,848
Central	3,620	1,369	6,518
Western	2,305	423	5,731

	The Bank 31 December 2014		
	Impaired loans and advances	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	7,108	1,919	10,763
Yangtze River Delta	9,231	3,765	9,940
Pearl River Delta and West Strait	4,894	2,655	7,309
Central	3,453	1,042	6,255
Western	1,276	458	4,923

(v) Loans and advances to customers analysed by type of collateral

	The Group		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Unsecured loans	437,231	392,960	407,310	368,639
Guaranteed loans	483,269	513,735	434,614	469,234
Secured loans				
– loans secured by collateral	1,032,768	953,053	996,957	917,020
– pledged loans	266,087	260,117	252,758	248,697
Subtotal	2,219,355	2,119,865	2,091,639	2,003,590
Discounted bills	88,648	68,043	81,117	59,888
Gross loans and advances to customers	2,308,003	2,187,908	2,172,756	2,063,478

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55 Financial risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

(vi) Rescheduled loans and advances to customers

	The Group			
	30 June 2015		31 December 2014	
	Gross balance	% of total loans and advances	Gross balance	% of total loans and advances
Rescheduled loans and advances	14,199	0.62%	13,724	0.63%
Less:				
– rescheduled loans and advances overdue more than 3 months	7,110	0.31%	6,901	0.32%
– rescheduled loans and advances overdue less than 3 months	7,089	0.31%	6,823	0.31%

	The Bank			
	30 June 2015		31 December 2014	
	Gross balance	% of total loans and advances	Gross balance	% of total loans and advances
Rescheduled loans and advances	13,808	0.64%	13,204	0.64%
Less:				
– rescheduled loans and advances overdue more than 3 months	7,110	0.33%	6,901	0.33%
– rescheduled loans and advances overdue less than 3 months	6,698	0.31%	6,303	0.31%

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrowers, or of the inability of the borrowers to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider.

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For the six months ended 30 June 2015
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55 Financial risk management (Continued)

(b) Market risk

Market risk refers to risks that may cause a loss of on-balance-sheet and off-balance-sheet business for the Group due to the adverse movement of market prices, including interest rates, foreign exchange rates, stock prices and commodity prices. The Group has established a market risk management system that formulates procedures to identify, measure, supervise and control market risks. This system aims to limit market risk to an acceptable level through examining and approving new products and limit management.

Risk and Internal control Committee of the Group is responsible for approving market risk management policies, establishing appropriate organisational structure and information systems to effectively identify, measure, monitor and control market risks, and ensure adequate resources to reinforce the market risk management. The Risk Management Department is responsible for independently managing and controlling market risks of the Group, including developing market risk management policies and authorisation limits, providing independent report of market risk, to identify, measure and monitor the Group's market risk. Business departments are responsible for the day-to-day management of market risks, including effectively identifying, measuring, controlling market risk factors associated with the relevant operation, so as to ensure the dynamic balance between business development and risk undertaking.

The Group uses its sensitivity analysis, foreign exchange exposure and interest rate re-pricing gap analysis as the primary instruments to monitor market risk.

Interest rate risk and currency risk are major market risks that expose the Group.

Interest rate risk

The Group's interest rate exposures mainly arise from the mismatching of assets and liabilities' re-pricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its re-pricing risk and adjust the ratio of floating and fixed rate exposures, the loan re-pricing cycle, as well as optimise the term structure of its deposits accordingly.

The Group implements various methods, such as duration analysis, sensitivity analysis, stress testing and scenario simulation, to measure and monitor interest risk exposure; risk exposure limits, such as interest rate sensitivity, duration and risk exposure are set regularly, and the relevant implementation of these limits are also supervised, managed and reported on a regular basis.

The following tables indicate the effective interest rates for the respective period, and the expected next re-pricing dates (or maturity dates whichever are earlier) for the assets and liabilities as at the end of the reporting period.

The Group

	Effective interest rate (note (i))	30 June 2015					
		Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.48%	532,917	7,154	525,763	—	—	—
Deposits with banks and non-bank financial institutions	0.98%	63,561	—	56,246	7,315	—	—
Placements with banks and non-bank financial institutions	3.28%	85,878	21	60,258	24,369	—	1,230
Financial assets held under resale agreements	4.89%	78,489	—	77,851	446	192	—
Investment classified as receivable	5.47%	901,425	352	235,492	495,201	165,292	5,088
Loans and advances to customers (note (ii))	6.16%	2,253,593	253	918,687	1,251,095	80,914	2,644
Investments (note (iii))	3.93%	529,132	7,851	87,606	130,272	189,862	113,541
Others		116,282	98,542	6,984	10,756	—	—
Total assets		4,561,277	114,173	1,968,887	1,919,454	436,260	122,503

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

The Group (Continued)

	Effective interest rate (note (i))	30 June 2015					
		Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Liabilities							
Cash and balances with central bank	3.59%	10,050	—	5,050	5,000	—	—
Deposits from banks and non-bank financial institutions	4.44%	903,792	1,958	626,045	271,581	4,208	—
Placements from banks and non-bank financial institutions	1.94%	20,601	—	14,855	4,833	561	352
Financial assets sold under repurchase agreements	3.20%	6,873	—	5,014	1,859	—	—
Deposits from customers	2.28%	3,081,463	18,910	1,922,056	779,187	351,671	9,639
Debt certificates issued	4.91%	167,558	—	27,403	36,423	41,094	62,638
Others		79,858	72,165	4,732	2,961	—	—
Total liabilities		4,270,195	93,033	2,605,155	1,101,844	397,534	72,629
Asset-liability gap		291,082	21,140	(636,268)	817,610	38,726	49,874
31 December 2014							
	Effective interest rate (note (i))	Effective interest rate (note (i))	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.49%	538,486	7,232	531,254	—	—	—
Deposits with banks and non-bank financial institutions	3.24%	93,991	—	89,799	2,682	1,510	—
Placements with banks and non-bank financial institutions	3.96%	68,180	21	52,611	15,095	—	453
Financial assets held under resale agreements	5.27%	135,765	—	131,871	3,068	826	—
Investment classified as receivable	6.17%	653,256	424	165,430	370,124	117,278	—
Loans and advances to customers (note (ii))	6.31%	2,136,332	238	984,930	974,735	154,359	22,070
Investments (note (iii))	4.03%	415,740	1,539	79,066	89,141	162,620	83,374
Others		97,065	81,277	5,831	9,957	—	—
Total assets		4,138,815	90,731	2,040,792	1,464,802	436,593	105,897
Liabilities							
Borrowing from central banks	3.50%	50,050	—	50,000	50	—	—
Deposits from banks and non-bank financial institutions	5.08%	688,292	1,369	571,472	104,872	10,579	—
Placements from banks and non-bank financial institutions	1.15%	19,648	—	14,179	4,406	1,063	—
Financial assets sold under repurchase agreements	3.60%	41,609	—	39,440	2,169	—	—
Deposits from customers	2.43%	2,849,574	13,355	1,883,466	685,792	263,226	3,735
Debt certificates issued	4.55%	133,488	—	21,008	13,519	20,260	78,701
Others		88,808	80,147	3,513	4,575	573	—
Total liabilities		3,871,469	94,871	2,583,078	815,383	295,701	82,436
Asset-liability gap		267,346	(4,140)	(542,286)	649,419	140,892	23,461

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

The Bank

	Effective interest rate (note (i))	30 June 2015					
		Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.48%	531,496	6,967	524,529	—	—	—
Deposits with banks and non-bank financial institutions	1.61%	57,241	—	49,926	7,315	—	—
Placements with banks and non-bank financial institutions	3.38%	68,930	21	46,785	20,894	—	1,230
Financial assets held under resale agreements	4.89%	78,732	—	78,094	446	192	—
Investment classified as receivables	5.47%	901,085	352	235,492	495,001	165,152	5,088
Loans and advances to customers (note (ii))	6.31%	2,118,658	—	792,390	1,243,241	80,397	2,630
Investments (note (iii))	4.01%	506,987	22,109	76,570	118,940	177,574	111,794
Others		111,495	93,755	6,984	10,756	—	—
Total assets		4,374,624	123,204	1,810,770	1,896,593	423,315	120,742
Liabilities							
Borrowing from central banks	3.59%	10,000	—	5,000	5,000	—	—
Deposits from banks and non-bank financial institutions	4.49%	907,394	1,298	630,180	271,708	4,208	—
Placements from banks and non-bank financial institutions	1.80%	18,386	—	12,884	4,994	508	—
Financial assets sold under repurchase agreements	3.22%	6,697	—	4,897	1,800	—	—
Deposits from customers	2.34%	2,924,240	11,524	1,788,818	763,389	350,870	9,639
Debt certificates issued	5.14%	154,693	—	24,864	34,936	35,963	58,930
Others		75,243	67,551	4,731	2,961	—	—
Total liabilities		4,096,653	80,373	2,471,374	1,084,788	391,549	68,569
Asset-liability gap		277,971	42,831	(660,604)	811,805	31,766	52,173

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

The Bank (Continued)

	Effective interest rate (note (i))	Effective interest rate (note (i))	Non-interest bearing	31 December 2014			
				Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.50%	536,811	7,022	529,789	—	—	—
Deposits with banks and non-bank financial institutions	3.43%	81,689	—	77,550	2,629	1,510	—
Placements with banks and non-bank financial institutions	4.70%	47,810	21	32,158	15,178	—	453
Financial assets held under resale agreements	5.27%	135,765	—	131,871	3,068	826	—
Investment classified as receivables	6.17%	652,916	424	165,430	369,924	117,138	—
Loans and advances to customers (note (ii))	6.47%	2,012,342	—	873,780	964,493	152,101	21,968
Investments (note (iii))	4.08%	403,981	10,456	70,858	85,660	154,209	82,798
Others		91,322	75,534	5,831	9,957	—	—
Total assets		3,962,636	93,457	1,887,267	1,450,909	425,784	105,219
Liabilities							
Borrowing from central banks	3.50%	50,000	—	50,000	—	—	—
Deposits from banks and non-bank financial institutions	5.17%	698,362	226	581,485	106,072	10,579	—
Placements from banks and non-bank financial institutions	2.98%	18,703	—	13,785	4,406	512	—
Financial assets sold under repurchase agreements	3.79%	41,381	—	39,212	2,169	—	—
Deposits from customers	2.48%	2,699,597	6,219	1,776,811	651,413	261,419	3,735
Debt certificates issued	5.03%	115,592	—	14,433	9,253	16,479	75,427
Others		83,278	74,617	3,513	4,575	573	—
Total liabilities		3,706,913	81,062	2,479,239	777,888	289,562	79,162
Asset-liability gap		255,723	12,395	(591,972)	673,021	136,222	26,057

Note:

- (i) Effective interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities.
- (ii) For loans and advances to customers at Group level, the “Less than three months” category includes overdue amounts (net of allowance for impairment losses) of RMB 55,813 million as at 30 June 2015 (as at 31 December 2014: RMB 43,496 million).
- For loans and advances to customers at Bank level, the “Less than three months” category includes overdue amounts (net of allowance for impairment losses) of RMB 53,336 million as at 30 June 2015 (as at 31 December 2014: RMB 43,486 million).
- (iii) Investments include the financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and investments in associates. At the bank level, it also includes the investments in subsidiaries.

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income. The following table sets forth the results of the Group's interest rate sensitivity analysis at 30 June 2015 and 31 December 2014.

	30 June 2015		31 December 2014	
	Change in interest rates (in basis point)		Change in interest rates (in basis point)	
	(100)	100	(100)	100
Increase/(Decrease) in annualised net interest income (in millions of RMB)	233	(233)	552	(552)

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain simplified assumptions. The analysis measures only the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods (i.e., all the assets and liabilities that reprice or mature within three months reprice or mature immediately, and all the assets and liabilities that reprice or mature after three months but within one year reprice or mature immediately after three months), (ii) there is a parallel shift in the yield curve and in interest rates, and (iii) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's net interest income resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

Currency risk

Currency risk arises from the potential change of exchange rates that cause a loss to the on-balance-sheet and off-balance sheet business of the bank. The Group measures its currency risk with foreign currency exposures, and manages its currency risk by spot and forward foreign exchange transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currency, as well as using derivative financial tools, mainly foreign exchange swaps, to manage its exposure.

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Currency risk (Continued)

The exposures at the reporting date were as follows:

	The Group 30 June 2015				
	RMB	USD	HKD	Others	Total
Assets					
Cash and balances with central bank	521,740	10,492	503	182	532,917
Deposits with banks and non-bank financial institutions	21,488	33,587	4,004	4,482	63,561
Placements with banks and non-bank financial institutions	61,729	23,078	594	477	85,878
Financial assets held under resale agreements	78,489	—	—	—	78,489
Investment classified as receivables	900,805	620	—	—	901,425
Loans and advances to customers	2,013,606	168,392	63,628	7,967	2,253,593
Investments	466,147	41,194	12,471	9,320	529,132
Others	111,582	523	2,943	1,234	116,282
Total assets	4,175,586	277,886	84,143	23,662	4,561,277
Liabilities					
Borrowing from central banks	10,050	—	—	—	10,050
Deposits from banks and non-bank financial institutions	879,929	19,754	1,306	2,803	903,792
Placements from banks and non-bank financial institutions	1,629	18,221	—	751	20,601
Financial assets sold under repurchase agreements	6,873	—	—	—	6,873
Deposits from customers	2,762,367	201,120	91,555	26,421	3,081,463
Debt certificates issued	154,515	10,474	1,531	1,038	167,558
Others	72,044	3,932	2,168	1,714	79,858
Total liabilities	3,887,407	253,501	96,560	32,727	4,270,195
Net on-balance sheet position	288,179	24,385	(12,417)	(9,065)	291,082
Credit commitments	1,061,999	55,824	73,472	5,774	1,197,069
Derivatives (note (i))	(844)	(27,689)	28,140	7,683	7,290

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Currency risk (Continued)

	The Group 31 December 2014				Total
	RMB	USD	HKD	Others	
Assets					
Cash and balances with central bank	526,072	10,145	2,078	191	538,486
Deposits with banks and non-bank financial institutions	17,389	67,694	5,908	3,000	93,991
Placements with banks and non-bank financial institutions	45,714	21,359	315	792	68,180
Financial assets held under resale agreements	135,194	571	—	—	135,765
Investment classified as receivables	652,033	1,223	—	—	653,256
Loans and advances to customers	1,918,137	154,673	54,167	9,355	2,136,332
Investments	388,142	15,468	8,403	3,727	415,740
Others	90,525	2,797	3,309	434	97,065
Total assets	3,773,206	273,930	74,180	17,499	4,138,815
Liabilities					
Borrowing from central banks	50,050	—	—	—	50,050
Deposits from banks and non-bank financial institutions	661,496	21,950	392	4,454	688,292
Placements from banks and non-bank financial institutions	5,423	13,218	—	1,007	19,648
Financial assets sold under repurchase agreements	41,381	228	—	—	41,609
Deposits from customers	2,528,282	225,951	78,818	16,523	2,849,574
Debt certificates issued	117,576	10,824	2,488	2,600	133,488
Others	80,839	2,379	3,181	2,409	88,808
Total liabilities	3,485,047	274,550	84,879	26,993	3,871,469
Net on-balance sheet position	288,159	(620)	(10,699)	(9,494)	267,346
Credit commitments	1,137,105	113,081	27,163	6,854	1,284,203
Derivatives (note (i))	(19,902)	(14,798)	25,585	17,848	8,733

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Currency risk (Continued)

	The Bank 30 June 2015				
	RMB	USD	HKD	Others	Total
Assets					
Cash and balances with central bank	520,738	10,297	301	160	531,496
Deposits with banks and non-bank financial institutions	21,396	30,756	1,075	4,014	57,241
Placements with banks and non-bank financial institutions	57,150	10,465	1,315	—	68,930
Financial assets held under resale agreements	78,732	—	—	—	78,732
Investment classified as receivable	900,465	620	—	—	901,085
Loans and advances to customers	1,994,933	115,782	984	6,959	2,118,658
Investments	466,545	30,345	9,797	300	506,987
Others	107,116	3,322	20	1,037	111,495
Total assets	4,147,075	201,587	13,492	12,470	4,374,624
Liabilities					
Borrowing from central banks	10,000	—	—	—	10,000
Deposits from banks and non-bank financial institutions	883,623	19,718	1,250	2,803	907,394
Placements from banks and non-bank financial institutions	1,131	16,504	—	751	18,386
Financial assets sold under repurchase agreements	6,697	—	—	—	6,697
Deposits from customers	2,731,552	171,116	2,927	18,645	2,924,240
Debt certificates issued	154,693	—	—	—	154,693
Others	69,896	4,079	38	1,230	75,243
Total liabilities	3,857,592	211,417	4,215	23,429	4,096,653
Net on-balance sheet position	289,483	(9,830)	9,277	(10,959)	277,971
Credit commitments	1,061,349	55,824	210	5,774	1,123,157
Derivatives (note (i))	(5,025)	4,129	395	9,512	9,011

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Currency risk (Continued)

	The Bank 31 December 2014				Total
	RMB	USD	HKD	Others	
Assets					
Cash and balances with central bank	524,992	9,775	1,879	165	536,811
Deposits with banks and non-bank financial institutions	17,292	61,336	967	2,094	81,689
Placements with banks and non-bank financial institutions	32,103	15,510	197	—	47,810
Financial assets held under resale agreements	135,194	571	—	—	135,765
Investment classified as receivable	651,693	1,223	—	—	652,916
Loans and advances to customers	1,899,740	103,054	1,203	8,345	2,012,342
Investments	395,798	7,693	—	490	403,981
Others	85,641	5,124	18	539	91,322
Total assets	3,742,453	204,286	4,264	11,633	3,962,636
Liabilities					
Borrowing from central banks	50,000	—	—	—	50,000
Deposits from banks and non-bank financial institutions	671,786	21,836	286	4,454	698,362
Placements from banks and non-bank financial institutions	5,063	12,633	—	1,007	18,703
Financial assets sold under repurchase agreements	41,381	—	—	—	41,381
Deposits from customers	2,496,448	188,554	6,989	7,606	2,699,597
Debt certificates issued	115,592	—	—	—	115,592
Others	76,598	4,463	191	2,026	83,278
Total liabilities	3,456,868	227,486	7,466	15,093	3,706,913
Net on-balance sheet position	285,585	(23,200)	(3,202)	(3,460)	255,723
Credit commitments	1,131,175	71,045	188	5,903	1,208,311
Derivatives (note (i))	(8,388)	4,322	1,840	11,790	9,564

Note:

- (i) The derivatives represent the net notional amount of currency derivatives, including undelivered foreign exchange spot, foreign exchange forward, foreign exchange swap and currency option.

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55 Financial risk management (Continued)

(b) Market risk (Continued)

Currency risk (Continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's profit. The following table sets forth, as at 30 June 2015 and 31 December 2014, the results of the Group's foreign exchange rate sensitivity analysis on the assets and liabilities at the same date.

	30 June 2015 Change in foreign currency exchange rate (in basis point)		31 December 2014 Change in foreign currency exchange rate (in basis point)	
(Decrease)/Increase in profit before tax (in millions of RMB)	(100)	100	(100)	100
	(110.37)	110.37	(78.20)	78.20

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (i) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB, (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously, and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

(c) Liquidity risk

Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds. The Group's liquidity risk arises mainly from the mismatch of assets to liabilities; customers may concentrate their withdrawals.

The Group has implemented overall liquidity risk management on the entity level. The headquarters has the responsibility for developing the entire Group's liquidity risk policies, strategies, and implements centralised management of liquidity risk on the entity level. The domestic and foreign affiliates develop their own liquidity policies and procedures within the Group's liquidity strategy management framework, based on the requirements of relevant regulatory bodies.

The Group manages liquidity risk by setting various indicators and operational limits according to the overall position of the Group's assets and liabilities, with referencing to market condition. The Group holds some assets with high liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The tools that the Group uses to measure and monitor liquidity risk mainly include liquidity gap analysis, liquidity indicator (including but not limited to regulated and internal managed indicators, such as loan-to-deposit ratio, liquidity ratio, liquidity gap rate, excess reserves rate) monitoring, scenario analysis and stress testing. On this basis, the Group establishes regular reporting mechanisms for liquidity risk to report the latest situation of liquidity risk to the senior management on a timely basis.

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55 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The following tables indicate the analysis by remaining maturity for the assets and liabilities as at the end of the reporting period.

	Repayable on demand	Within 3 months	Between three months and one year	The Group 30 June 2015 Between one and five years	More than five years	Indefinite (note (i))	Total
Assets							
Cash and balances with central banks	95,769	—	—	—	—	437,148	532,917
Deposits with banks and non-bank financial institutions	49,586	6,810	7,165	—	—	—	63,561
Placements with banks and non-bank financial institutions	—	60,421	25,436	—	—	21	85,878
Financial assets held under resale agreements	—	77,851	446	192	—	—	78,489
Investment classified as receivables	—	235,492	495,201	165,292	5,088	352	901,425
Loans and advances to customers (note (ii))	21,306	516,340	786,624	528,398	366,812	34,113	2,253,593
Investments (note (iii))	8,613	47,224	118,583	232,296	121,008	1,408	529,132
Others	50,630	14,776	17,461	2,255	715	30,445	116,282
Total assets	225,904	958,914	1,450,916	928,433	493,623	503,487	4,561,277
Liabilities							
Borrowing from central banks	—	5,050	5,000	—	—	—	10,050
Deposits from banks and non-bank financial institutions	230,597	391,769	276,918	4,508	—	—	903,792
Placements from banks and non-bank financial institutions	—	14,747	4,994	860	—	—	20,601
Financial assets sold under repurchase agreements	—	5,014	1,859	—	—	—	6,873
Deposits from customers	1,246,952	693,447	779,754	351,671	9,639	—	3,081,463
Debt certificates issued	—	27,403	36,423	41,094	62,638	—	167,558
Others	37,424	14,411	15,803	6,665	133	5,422	79,858
Total liabilities	1,514,973	1,151,841	1,120,751	404,798	72,410	5,422	4,270,195
(Short)/Long position	(1,289,069)	(192,927)	330,165	523,635	421,213	498,065	291,082

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For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

55 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	The Group 31 December 2014						Total
	Repayable on demand	Within 3 months	Between three months and one year	Between one and five years	More than five years	Indefinite (note(i))	
Assets							
Cash and balances with central banks	77,398	—	—	—	—	461,088	538,486
Deposits with banks and non-bank financial institutions	70,434	19,365	2,682	1,510	—	—	93,991
Placements with banks and non-bank financial institutions	—	50,799	17,360	—	—	21	68,180
Financial assets held under resale agreements	—	131,709	3,068	988	—	—	135,765
Investment classified as receivables	—	165,430	370,124	117,278	—	424	653,256
Loans and advances to customers (note (ii))	20,578	469,777	790,021	485,009	336,118	34,829	2,136,332
Investments (note (iii))	4,190	33,044	75,585	203,675	96,437	2,809	415,740
Others	17,193	31,338	17,563	1,733	956	28,282	97,065
Total assets	189,793	901,462	1,276,403	810,193	433,511	527,453	4,138,815
Liabilities							
Borrowing from central banks	—	50,000	50	—	—	—	50,050
Deposits from banks and non-bank financial institutions	124,269	448,572	104,872	10,579	—	—	688,292
Placements from banks and non-bank financial institutions	—	14,179	4,406	1,063	—	—	19,648
Financial assets sold under repurchase agreements	—	39,440	2,169	—	—	—	41,609
Deposits from customers	1,290,019	591,897	682,497	265,392	19,769	—	2,849,574
Debt certificates issued	—	17,897	14,665	18,593	82,333	—	133,488
Others	42,583	12,738	9,491	18,090	2,380	3,526	88,808
Total liabilities	1,456,871	1,174,723	818,150	313,717	104,482	3,526	3,871,469
(Short)/Long position	(1,267,078)	(273,261)	458,253	496,476	329,029	523,927	267,346

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55 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	Repayable on demand	Within 3 months	The Bank 30 June 2015			Indefinite (note(i))	Total
			Between three months and one year	Between one and five years	More than five years		
Assets							
Cash and balances with central banks	95,370	—	—	—	—	436,126	531,496
Deposits with banks and non-bank financial institutions	43,064	6,862	7,315	—	—	—	57,241
Placements with banks and non-bank financial institutions	—	48,015	20,894	—	—	21	68,930
Financial assets held under resale agreements	—	78,094	446	192	—	—	78,732
Investment classified as receivables	—	235,492	495,001	165,152	5,088	352	901,085
Loans and advances to customers (note (ii))	20,138	473,140	749,813	493,196	350,735	31,636	2,118,658
Investments (note (iii))	8,613	36,188	107,300	219,958	119,262	15,666	506,987
Others	48,859	14,666	17,461	2,255	715	27,539	111,495
Total assets	216,044	892,457	1,398,230	880,753	475,800	511,340	4,374,624
Liabilities							
Borrowing from central banks	—	5,000	5,000	—	—	—	10,000
Deposits from banks and non-bank financial institutions	231,302	394,539	277,045	4,508	—	—	907,394
Placements from banks and non-bank financial institutions	—	12,884	4,994	508	—	—	18,386
Financial assets sold under repurchase agreements	—	4,897	1,800	—	—	—	6,697
Deposits from customers	1,204,975	595,367	763,389	350,870	9,639	—	2,924,240
Debt certificates issued	—	24,864	34,936	35,963	58,930	—	154,693
Others	36,521	13,881	15,498	6,637	133	2,573	75,243
Total liabilities	1,472,798	1,051,432	1,102,662	398,486	68,702	2,573	4,096,653
(Short)/Long position	(1,256,754)	(158,975)	295,568	482,267	407,098	508,767	277,971

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For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

55 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	The Bank 31 December 2014						Total
	Repayable on demand	Within 3 months	Between three months and one year	Between one and five years	More than five years	Indefinite (note(i))	
Assets							
Cash and balances with central banks	76,737	—	—	—	—	460,074	536,811
Deposits with banks and non-bank financial institutions	56,859	20,691	2,629	1,510	—	—	81,689
Placements with banks and non-bank financial institutions	—	32,611	15,178	—	—	21	47,810
Financial assets held under resale agreements	—	131,709	3,068	988	—	—	135,765
Investment classified as receivables	—	165,430	369,924	117,138	—	424	652,916
Loans and advances to customers (note (ii))	18,946	437,732	751,392	450,073	320,396	33,803	2,012,342
Investments (note (iii))	4,190	26,082	72,563	193,990	95,429	11,727	403,981
Others	14,605	30,730	17,558	1,731	956	25,742	91,322
Total assets	171,337	844,985	1,232,312	765,430	416,781	531,791	3,962,636
Liabilities							
Borrowing from central banks	—	50,000	—	—	—	—	50,000
Deposits from banks and non-bank financial institutions	124,494	457,217	106,072	10,579	—	—	698,362
Placements from banks and non-bank financial institutions	—	13,785	4,406	512	—	—	18,703
Financial assets sold under repurchase agreements	—	39,212	2,169	—	—	—	41,381
Deposits from customers	1,251,178	500,985	664,246	263,419	19,769	—	2,699,597
Debt certificates issued	—	14,433	9,253	16,479	75,427	—	115,592
Others	40,224	12,336	9,341	18,092	2,380	905	83,278
Total liabilities	1,415,896	1,087,968	795,487	309,081	97,576	905	3,706,913
(Short)/Long position	(1,244,559)	(242,983)	436,825	456,349	319,205	530,886	255,723

Notes:

- (i) For cash and balances with central banks, the indefinite period amount represents statutory deposit reserve funds and fiscal deposits maintained with the PBOC. For placements with banks and non-bank financial institutions, loans and advances to customers and investments, the indefinite period amount represent the balances being impaired or overdue for more than one month. Equity investments are also reported under indefinite period.
- (ii) For loans and advances to customers, the indefinite period amount represents the balance being impaired or overdue for more than one month. The balances which are overdue within one month but not impaired are included in repayable on demand.
- (iii) For financial assets at fair value through profit or loss, derivatives and available-for-sale financial assets, the remaining term to maturity does not represent the Group's intended holding period.

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55 Financial risk management (Continued)

(d) Operational risk

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, personnel, IT systems, or external events, including legal risk, but excluding strategy risk and reputational risk.

The Group manages operational risk through a control-based environment by establishing a sound mechanism of operational risk management in order to identify, assess, monitor, control, mitigate and report operational risks. The framework covers all business functions ranging from finance, credit, accounting, settlement, savings, treasury, intermediary business, computer applications and management, special assets resolution and legal affairs. Key controls include:

- establishment of matrix authorisation management mechanism, carrying out annual uniform authorisation, prohibition of developing businesses beyond the scope of the permissions granted;
- use of the single legal responsibility framework and strict disciplinary measures in order to ensure accountability;
- promotion of an operational risk management culture throughout the organisation by building a team of operational risk management professionals, providing formal training and having an appraisal system in place, to raise awareness of risk management among the Group's employees;
- cash management and account management are in compliance with the relevant regulations, intensified monitoring of suspicious transactions, improved training on anti-money laundering to ensure our staff are well-equipped with the necessary knowledge and basic skills;
- maintenance of contingent facilities (including backup systems and disaster recovery schemes) to support all major operations, especially back office operations, in the event of an unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain operational events.

In addition to the above, the Group improves its operational risk management information systems on an ongoing basis to efficiently identify, evaluate, monitor, control and report its level of operation risk. The Group's management information system has the functionalities of recording and capturing lost data and events of operational risk to further support operational risk control and self-assessment, as well as monitoring of key risk indicators.

56 Capital Adequacy Ratio

Capital adequacy ratio reflects the Group's operational and risk management capability and it is the core of capital management. The Group's capital management objectives are to meet the legal and regulatory requirements, and to prudently determine the capital adequacy ratio under realistic exposures with reference to the capital adequacy ratio levels of leading global banks and the Group's operating situations.

The Group considers its strategic development plans, business expansion plans and risk variables in conducting its scenario analysis, stress testings and other measures to forecast, plan and manage capital adequacy ratio.

The Group's management monitors the Group's and the Bank's capital adequacy regularly based on regulations issued by the CBRC. The required information is filed with the CBRC by the Group and the Bank semi-annually and quarterly, respectively.

From 1 January 2013, the Group commenced the computation of its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" and other relevant regulations promulgated by the CBRC in the year of 2012. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions.

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For the six months ended 30 June 2015

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56 Capital Adequacy Ratio (Continued)

Under the “Regulation Governing Capital of Commercial Banks (provisional)”, the Bank is required to meet the minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively, by the end of 2018. In addition, overseas subsidiaries and branches are directly regulated by the respective local banking regulators and the requirements of capital adequacy ratios differ by country. During the period, the Group has complied in full with all its externally imposed capital requirements.

The capital adequacy ratios calculated in accordance with “Regulation Governing Capital of Commercial Banks (provisional)” and relevant requirements promulgated by the CBRC are listed as below.

	30 June 2015 (unaudited)	31 December 2014 (audited)
Core tier-one capital adequacy ratio	8.98%	8.93%
Tier-one capital adequacy ratio	9.03%	8.99%
Capital adequacy ratio	11.88%	12.33%
Components of capital base		
Core tier-one capital:		
Paid-in capital		
Share capital	46,787	46,787
Qualified portion of capital reserve	49,296	49,296
Other comprehensive income	(1,095)	(1,833)
Surplus reserve	19,394	19,394
General reserve	50,447	50,447
Retained profits	118,172	95,586
Qualified portion of non-controlling interests	3,955	4,311
Total core tier-one capital	286,956	263,988
Core tier-one capital deductions:		
Goodwill (net of related deferred tax liability)	(816)	(795)
Other intangible assets other than land use right (net of related deferred tax liability)	(366)	(407)
Core tier-one capital	285,774	262,786
Other tier-one capital ⁽ⁱ⁾	1,756	1,796
Tier-one capital	287,530	264,582
Tier-two capital:		
Qualified portion of tier-two capital instruments issued and share premium	65,488	73,618
Surplus allowance for loan impairment	23,934	23,123
Qualified portion of non-controlling interests	1,341	1,525
Net capital base	378,293	362,848
Total risk-weighted assets	3,183,322	2,941,627

(i) As at 30 June 2015, the Group's other tier-one capital is the qualified portion of non-controlling interests, mainly represents the Capital Securities (note 48).

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57 Fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices (unadjusted) in active markets for equivalent assets or liabilities that the Group can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges and exchange-traded derivatives.

Level 2: inputs other than quoted prices included within Level 1 are observable for assets or liabilities, either directly or indirectly. A majority of the debt securities classified as level 2 are Renminbi bonds. The fair values of these bonds are determined based on the evaluation results provided by China Central Depository & Clearing Corporate Limited, this level includes a majority of OTC derivative contracts. The evaluation method includes Forward Pricing Model, Swap Modal and Option Pricing Model. Input parameters are sourced from the Open market such as Bloomberg and Reuters.

Level 3: inputs for assets or liabilities are based on unobservable parameters. This level includes equity investments and debt instruments with one or more than one significant unobservable parameters. Management determine the fair value through inquiring from counterparties or using the valuation technique. The model incorporate unobservable parameters such as discount rate and market price volatilities.

(a) Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not carried at fair value of the Group include Cash and balances with central banks, Deposits with banks and non-bank financial Institutions, Placements with banks and non-bank financial Institutions, Financial assets held under resale agreements, Loans and advances to customers, Held-to-maturity investments, Investment classified as receivables, Borrowing from central banks, Deposits from banks and non-bank financial Institutions, Placements from banks and non-bank financial Institutions, Financial assets sold under repurchase Agreements, Deposits from customers and Debt certificates issued.

Except for the items shown in the tables below, the maturity dates of above financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

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For the six months ended 30 June 2015

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57 Fair value (Continued)

(a) Fair value of financial assets and financial liabilities not measured at fair value (Continued)

	The Group			
	Carrying value		Fair value	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Held-to-maturity investments	184,448	177,957	185,284	177,856
Investment classified as receivables	901,425	653,256	909,557	656,435
Debt certificates issued				
– certificates of deposit (not for trading purpose) issued	6,021	11,167	6,051	11,193
– debt securities issued	23,285	16,302	23,956	16,656
– subordinated bonds issued	77,453	82,333	80,018	83,715
– certificates of interbank deposit issued	60,799	23,686	61,059	24,978
Total	1,253,431	964,701	1,265,925	970,833

	The Bank			
	Carrying value		Fair value	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Held-to-maturity investments	184,448	177,957	185,284	177,856
Investment classified as receivables	901,085	652,916	909,210	656,088
Debt certificates issued				
– debt securities issued	23,463	16,479	23,956	16,834
– subordinated bonds issued	70,431	75,427	72,665	76,566
– certificates of interbank deposit issued	60,799	23,686	61,059	24,978
Total	1,240,226	946,465	1,252,174	952,322

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For the six months ended 30 June 2015
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57 Fair value (Continued)

(a) Fair value of financial assets and financial liabilities not measured at fair value (Continued)

Fair value of financial assets and liabilities above at fair value hierarchy is as follows:

	The Group 30 June 2015			Total
	Level 1	Level 2	Level 3	
Held-to-maturity investments	1,217	184,067	—	185,284
Investment classified as receivables	—	909,557	—	909,557
Debt certificates issued				
– certificates of deposit (not for trading purpose) issued	—	6,051	—	6,051
– debt securities issued	—	23,956	—	23,956
– subordinated bonds issued	7,353	72,665	—	80,018
– certificates of interbank deposit issued	—	61,059	—	61,059
Total	8,570	1,257,355	—	1,265,925

	The Group 31 December 2014			Total
	Level 1	Level 2	Level 3	
Held-to-maturity investments	1,365	176,491	—	177,856
Investment classified as receivables	—	656,435	—	656,435
Debt certificates issued				
– certificates of deposit (not for trading purpose) issued	—	11,193	—	11,193
– debt securities issued	—	16,656	—	16,656
– subordinated bonds issued	7,149	76,566	—	83,715
– certificates of interbank deposit issued	—	24,978	—	24,978
Total	8,514	962,319	—	970,833

	The Bank 30 June 2015			Total
	Level 1	Level 2	Level 3	
Held to maturity investments	1,217	184,067	—	185,284
Investment classified as receivables	—	909,210	—	909,210
Debt certificates issued				
– debt securities issued	—	23,956	—	23,956
– subordinated bonds issued	—	72,665	—	72,665
– certificates of interbank deposit issued	—	61,059	—	61,059
Total	1,217	1,250,957	—	1,252,174

	The Bank 31 December 2014			Total
	Level 1	Level 2	Level 3	
Held to maturity investments	1,365	176,491	—	177,856
Investment classified as receivables	—	656,088	—	656,088
Debt certificates issued				
– debt securities issued	—	16,834	—	16,834
– subordinated bonds issued	—	76,566	—	76,566
– certificates of interbank deposit issued	—	24,978	—	24,978
Total	1,365	950,957	—	952,322

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57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value

	The Group			Total
	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	
As at 30 June 2015				
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Trading financial assets				
– debt securities	1,954	14,510	—	16,464
– investment funds	—	—	2	2
– certificates of interbank deposit	—	14,530	—	14,530
Financial assets designated at fair value through profit or loss				
– debt securities	—	2,711	—	2,711
Derivative financial assets				
– interest rate derivatives	—	1,416	4	1,420
– currency derivatives	17	4,670	—	4,687
– precious metals derivatives	—	1,031	—	1,031
Available-for-sale financial assets				
– debt securities	34,720	211,096	12	245,828
– investment funds	—	6,481	108	6,589
– certificates of deposit and certificates of interbank deposit	487	55,362	—	55,849
– financing product	—	1,460	—	1,460
– equity instruments	92	—	19	111
Total financial assets measured at fair value	37,270	313,267	145	350,682
Liabilities				
Financial liabilities at fair value through profit or loss				
– short position in debt securities	—	—	—	—
Derivative financial liabilities				
– interest rate derivatives	—	(958)	(7)	(965)
– currency derivatives	(1)	(4,418)	—	(4,419)
– precious metal derivatives	—	(480)	—	(480)
Total financial liabilities measured at fair value	(1)	(5,856)	(7)	(5,864)

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57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value (Continued)

	The Group			Total
	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	
As at 31 December 2014				
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Trading financial assets				
– debt securities	1,616	11,130	—	12,746
– investment funds	—	—	2	2
– certificates of interbank deposit	—	13,923	—	13,923
Financial assets designated at fair value through profit or loss				
– debt securities	—	838	—	838
Derivative financial assets				
– interest rate derivatives	—	972	5	977
– currency derivatives	10	6,396	—	6,406
– precious metals derivatives	—	843	—	843
Available-for-sale financial assets				
– debt securities	23,055	160,233	12	183,300
– investment funds	—	320	127	447
– certificates of deposit and certificates of interbank deposit	228	23,660	—	23,888
– equity instruments	89	1,548	—	1,637
Total financial assets measured at fair value	24,998	219,863	146	245,007
Liabilities				
Financial liabilities at fair value through profit or loss				
– short position in debt securities	(573)	—	—	(573)
Derivative financial liabilities				
– interest rate derivatives	—	(744)	(10)	(754)
– currency derivatives	(1)	(6,207)	—	(6,208)
– precious metal derivatives	—	(385)	—	(385)
Total financial liabilities measured at fair value	(574)	(7,336)	(10)	(7,920)

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57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value (Continued)

	The Bank			Total
	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	
As at 30 June 2015				
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Trading financial assets				
– debt securities	1,874	14,510	—	16,384
– certificates of deposit	—	14,530	—	14,530
Financial assets designated at fair value through profit or loss				
– debt securities	—	2,711	—	2,711
Derivative financial assets				
– interest rate derivatives	—	1,157	4	1,161
– currency derivatives	—	3,186	—	3,186
– precious metals derivatives	—	1,031	—	1,031
Available-for-sale financial assets				
– debt securities	8,884	210,382	9	219,275
– investment funds	—	6,481	—	6,481
– certificates of deposit and certificates of interbank deposit	—	47,529	—	47,529
– equity instruments	39	—	—	39
Total financial assets measured at fair value	10,797	301,517	13	312,327
Liabilities				
Financial liabilities at fair value through profit or loss				
– short position in debt securities	—	—	—	—
Derivative financial liabilities				
– interest rate derivatives	—	(932)	(7)	(939)
– currency derivatives	—	(3,030)	—	(3,030)
– precious metal derivatives	—	(480)	—	(480)
Total financial liabilities measured at fair value	—	(4,442)	(7)	(4,449)

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57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value (Continued)

	The Bank			Total
	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	
As at 31 December 2014				
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Trading financial assets				
– debt securities	1,609	11,131	—	12,740
– certificates of interbank deposit	—	13,923	—	13,923
Financial assets designated at fair value through profit or loss				
– debt securities	—	838	—	838
Derivative financial assets				
– interest rate derivatives	—	718	5	723
– currency derivatives	—	4,072	—	4,072
– precious metals derivatives	—	843	—	843
Available-for-sale financial assets				
– debt securities	6,832	159,026	9	165,867
– investment funds	—	320	—	320
– certificates of deposit and certificates of interbank deposit	—	20,650	—	20,650
– equity instruments	38	1,548	—	1,586
Total financial assets measured at fair value	8,479	213,069	14	221,562
Liabilities				
Financial liabilities at fair value through profit or loss				
– short position in debt securities	(573)	—	—	(573)
Derivative financial liabilities				
– interest rate derivatives	—	(703)	(10)	(713)
– currency derivatives	—	(3,902)	—	(3,902)
– precious metal derivatives	—	(385)	—	(385)
Total financial liabilities measured at fair value	(573)	(4,990)	(10)	(5,573)

- (i) During the current year, there were no significant transfer between Level 1 and Level 2 of the fair value hierarchy.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value (Continued)

- (ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy

	The Group								Total
	Assets						Liabilities		
	Trading financial assets	Financial assets designated at fair value through profit or loss	Derivative financial assets	Available-for-sale financial assets			Total	Derivative financial liabilities	
				Interest rate derivatives	Debt securities	Investment funds			
As at 1 January 2015	2	—	5	12	127	—	146	(10)	(10)
Total gains or losses	—	—	(1)	—	—	19	18	3	3
– in profit or loss	—	—	—	—	—	19	18	3	3
– in other comprehensive income	—	—	—	—	(5)	—	(5)	—	—
Purchase	—	—	—	—	(14)	—	(14)	—	—
Settlements	—	—	—	—	—	—	—	—	—
Exchange effect	—	—	—	—	—	—	—	—	—
As at 30 June 2015	2	—	4	12	108	19	145	(7)	(7)
Total gain or loss for the period included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	(1)	—	—	19	18	3	3

	The Group								Total
	Assets						Liabilities		
	Trading financial assets	Financial assets designated at fair value through profit or loss	Derivative financial assets	Available-for-sale financial assets			Total	Derivative financial liabilities	
				Interest rate derivatives	Debt securities	Investment funds			
As at 1 January 2014	2	40	12	13	290	357	(17)	(17)	
Total gains or losses	—	—	(8)	—	—	(8)	12	12	
– in profit or loss	—	—	—	—	(1)	(26)	—	—	
– in other comprehensive income	—	—	—	—	15	15	—	—	
Purchase	—	(40)	1	—	(153)	(192)	(5)	(5)	
Settlement	—	—	—	—	—	—	—	—	
Exchange effect	—	—	—	—	—	—	—	—	
As at 31 December 2014	2	—	5	12	127	146	(10)	(10)	
Total gain or loss for the period included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	—	—	—	—	4	4	

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

57 Fair value (Continued)

(b) Period-end fair value of financial assets and financial liabilities measured at fair value (Continued)

- (ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy: (continued)

	The Bank				
	Derivative financial assets Interest rate derivatives	Assets Available-for-sale financial assets Debt securities	Total	Liabilities Derivative financial liabilities Interest rate derivatives	Total
As at 1 January 2015	5	9	14	(10)	(10)
Total gains or losses					
– in profit or loss	(1)	—	(1)	3	3
– in other comprehensive income	—	—	—	—	—
Settlement	—	—	—	—	—
As at 30 June 2015	4	9	13	(7)	(7)
Total gain or loss for the period included in profit or loss for assets and liabilities held at the end of the reporting period	(1)	—	(1)	3	3

	The Bank				
	Derivative financial assets Interest rate derivatives	Assets Available-for-sale financial assets Debt securities	Total	Liabilities Derivative financial liabilities Interest rate derivatives	Total
As at 1 January 2014	12	9	21	(17)	(17)
Total gains or losses					
– in profit or loss	(8)	1	(7)	12	12
– in other comprehensive income	—	(1)	(1)	—	—
Settlement	1	—	1	(5)	(5)
As at 31 December 2014	5	9	14	(10)	(10)
Total gain or loss for the period included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	—	4	4

58 Related parties

(a) Relationship of related parties

- (i) The immediate parent of the Bank is CITIC Corporation Limited, and the ultimate parent of the Bank is CITIC Group.
- (ii) Related parties of the Group include subsidiaries, joint ventures and associates of CITIC Corporation Limited and CITIC Group as well as BBVA, which held 3.26% and 9.60% interests in the Bank as at 30 June 2015 and 31 December 2014 respectively.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

58 Related parties (Continued)

(b) Related party transactions

During the relevant periods, the Group entered into transactions with related parties in the ordinary course of its banking business including lending, investment, deposit and off-balance sheet transactions. The banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction. Transactions during the relevant period/year and the corresponding balances outstanding at the reporting dates are as follows:

	Six months ended 30 June 2015		
	Ultimate holding company and fellow entities	BBVA	Associates
Profit and loss	88	38	—
Interest income	40	—	8
Fee and commission income and other operating income	(479)	—	—
Interest expense	(9)	(22)	—
Net trading loss	(351)	—	—

	Six months ended 30 June 2014		
	Ultimate holding company and fellow entities	BBVA	Associates
Profit and loss	168	33	1
Interest income	185	—	15
Fee and commission income and other operating income	(624)	(17)	—
Interest expense	10	35	—
Net trading gain	(366)	—	—

	30 June 2015		
	Ultimate holding company and fellow entities	BBVA	Associates
Assets			
Placements with banks and non-bank financial institutions	109	1,050	—
Less: Allowance for impairment loss	(7)	—	—
Net placements with banks and non-bank financial institutions	102	1,050	—
Derivative financial assets	15	241	—
Interest receivable	9	16	—
Loans and advances to customers	8,359	1,049	—
Less: Collectively assessed allowance for impairment loss	(65)	—	—
Net loans and advances to customers	8,294	1,049	—
Investments Securities	436	—	—
Investments in associates	—	—	1,026
Other assets	10,049	1	8
Liabilities			
Deposits from banks and non-bank financial institutions	27,187	—	—
Derivative financial liabilities	2	44	—
Deposits from customers	32,625	—	54
Interest payable	127	1	—
Other liabilities	409	—	—
Off-balance sheet items			
Guarantees and letters of credit	886	225	—
Acceptance	724	—	—
Guarantees received	55	5	—
Notional amount of derivatives	1,651	36,545	—

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

58 Related parties (Continued)

(b) Related party transactions (Continued)

	31 December 2014		
	Ultimate holding company and fellow entities	BBVA	Associates
Assets			
Deposits with banks and non-bank financial institutions	183	673	—
Placements with banks and non-bank financial institutions	28	—	—
Less: Allowance for impairment loss	(7)	—	—
Net placements with banks and non-bank financial institutions	21	—	—
Derivative financial assets	17	152	—
Interest receivable	8	—	—
Loans and advances to customers	6,588	—	—
Less: Collectively assessed allowance for impairment loss	(51)	—	—
Net loans and advances to customers	6,537	—	—
Investments Securities	252	—	—
Investments in associates	—	—	870
Other assets	7,734	—	—
Liabilities			
Deposits from banks and non-bank financial institutions	35,233	470	—
Placements from banks and non-bank financial institutions	512	437	—
Derivative financial liabilities	8	103	—
Deposits from customers	26,359	—	30
Interest payable	194	—	—
Other liabilities	26	—	—
Off-balance sheet items			
Guarantees and letters of credit	204	307	—
Acceptance	258	—	—
Guarantees received	10	33	—
Notional amount of derivatives	3,001	19,789	—

The Bank entered into banking transactions with its subsidiaries at arm's length in the ordinary course of business. These transactions are eliminated on consolidation.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

58 Related parties (Continued)

(c) Key management personnel and their close family members and related companies

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

The Group enters into banking transactions with key management personnel and their close family members and those companies controlled or joint controlled by them in the normal course of business. Other than those disclosed as below, there are no material transactions and balances between the Group and these individuals their close family members or those companies controlled or joint controlled by them.

The aggregate amount of relevant loans outstanding as at 30 June 2015 to Directors, Supervisors and Executive officers amounted to RMB 19.45 million (as at 31 December 2014: RMB 12.74 million).

The aggregate of the compensations in respect of Directors, Supervisors and Executive officers during the six month ended 30 June 2015 amounted to RMB 11.59 million (six months ended 30 June 2014: 12.39 million).

(d) Contributions to defined contribution retirement plan

The Group has established a supplementary defined contribution plan for its qualified employees which is administered by CITIC Group (Note37(b)).

(e) Transactions with other state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations (“state-owned entities”).

Transactions with other state-owned entities include but are not limited to the following:

- lending and deposit taking;
- taking and placing of inter-bank balances;
- entrusted lending and other custodian services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities;
- purchase, sale and leases of property and other assets; and
- rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group’s banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for major products and services, such as loans, deposits and commission income. The pricing strategy and approval processes do not depend on whether the customers are state-owned entities or not. Having due consideration of the substance of the relationships, the Directors are of opinion that none of these transactions are material related party transactions that require separate disclosure.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

59 Involvement with unconsolidated structured entities

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group invests in a number of unconsolidated structured entities which are sponsored and managed by other entities for investment return and interest income therefrom. Such structured entities include wealth management products, investment management products managed by securities companies, trust investment plans, asset-backed financings and investment funds and the Group does not consolidate these structured entities.

The following tables sets out an analysis of the carrying amounts of interests held by the Group as at 30 June 2015 and 31 December 2014 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	The Group 30 June 2015						Maximum loss exposure
	Held-to- maturity investments	Available for sale financial assets	Investment classified as receivables	Financial assets held under resale agreements	Interest Receivable	Total	
Wealth management products	—	1,460	113,741	—	2,273	117,474	117,474
Investment management products managed by securities companies	—	—	618,104	290	7,939	626,333	626,333
Trust investment plans	—	—	161,464	—	2,274	163,738	163,738
Asset-backed securities	9,030	9	—	—	42	9,081	9,081
Investment funds	—	6,247	—	—	—	6,247	6,247
Total	9,030	7,716	893,309	290	12,528	922,873	922,873

	The Group 31 December 2014						Maximum loss exposure
	Held-to- maturity investments	Available for sale financial assets	Investment classified as receivables	Financial assets held under resale agreements	Interest Receivable	Total	
Wealth management products	—	—	78,859	—	1,598	80,457	80,457
Investment management products managed by securities companies	—	—	452,319	2,107	7,905	462,331	462,331
Trust investment plans	—	—	108,535	15	1,549	110,099	110,099
Asset-backed securities	7,110	9	—	—	—	7,119	7,119
Investment funds	—	127	—	—	—	127	127
Total	7,110	136	639,713	2,122	11,052	660,133	660,133

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

59 Involvement with unconsolidated structured entities (Continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate

The investments issued by unconsolidated structured entities sponsored by the Group are primarily wealth management products without principal and/or return guarantee. The nature and purpose of these structured entities are for the Group to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of products to investors.

As at 30 June 2015, interest held by the Group providing management services represents fee and commission income of RMB 2,568 million (as at 30 June 2014: RMB 1,720 million). As at 30 June 2015, the carrying amounts of management fee receivables being recognised in the statement of financial position is RMB 698 million (as at 31 December 2014: RMB 855 million).

As at 30 June 2015, the amount of assets held by these unconsolidated WMPs was RMB 405,411 million (as at 31 December 2014: RMB 376,613 million).

As at 30 June 2015, the Group entered into placement arrangements with these WMPs amounted to RMB 19,161 million (as at 31 December 2014: RMB 16,800 million). During the six months ended 30 June 2015, the maximum exposure of these placements was RMB 30,234 million (as at 31 December 2014: RMB 39,420 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

The aggregated amount of these WMPs sponsored and issued by the Group after 1 January 2015 but matured before 30 June 2015 amounted to RMB 183,673 million (after 1 January 2014 but matured before 30 June 2014: RMB 63,957 million).

60 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may retain interests in the form of subordinated tranches which would give rise to the Group's retention of risk and rewards on the transferred assets. The Group will assess whether to derecognise the assets or not to the extent of risks and rewards retained. In addition, the Group also disposed of its loans and advances to customers during the six months period ended 30 June 2015. As at 30 June 2015, the financial assets transferred to the unconsolidated securitisation vehicles and disposed of were derecognised in their entirety by the Group.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

61 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously (“the offset criteria”).

The Group enters into enforceable master netting arrangements with counterparties. In the event of default, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position. Financial assets and liabilities subject to enforceable master netting arrangements are analysed as below:

	Gross amounts of recognised financial instruments	Gross amounts offset in the statement of financial position	The Group 30 June 2015			
			Amount presented in the statement of financial position	Amount subject to offsetting in the statement of financial position in the event of default		Net amount
			Financial instruments	Cash collateral received		
Financial assets						
Derivatives	7,138	—	7,138	(3,156)	(75)	3,907
Financial liabilities						
Derivatives	5,864	—	5,864	(3,156)	—	2,708

	Gross amounts of recognised financial instruments	Gross amounts offset in the statement of financial position	The Group 31 December 2014			
			Amount presented in the statement of financial position	Amount subject to offsetting in the statement of financial position in the event of default		Net amount
			Financial instruments	Cash collateral received		
Financial assets						
Derivatives	8,226	—	8,226	(3,383)	(34)	4,809
Financial liabilities						
Derivatives	7,347	—	7,347	(3,383)	—	3,964

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

61 Offsetting financial assets and financial liabilities (Continued)

	The Bank 30 June 2015					
	Gross amounts of recognised financial instruments	Gross amounts offset in the statement of financial position	Amount presented in the statement of financial position	Amount subject to offsetting in the statement of financial position in the event of default	Cash collateral received	Net amount
Financial assets						
Derivatives	5,378	—	5,378	(2,439)	—	2,939
Financial liabilities						
Derivatives	4,449	—	4,449	(2,439)	—	2,010

	The Bank 31 December 2014					
	Gross amounts of recognised financial instruments	Gross amounts offset in the statement of financial position	Amount presented in the statement of financial position	Amount subject to offsetting in the statement of financial position in the event of default	Cash collateral received	Net amount
Financial assets						
Derivatives	5,638	—	5,638	(2,392)	—	3,246
Financial liabilities						
Derivatives	5,000	—	5,000	(2,392)	—	2,608

62 Ultimate parent

As at 30 June 2015, the immediate parent of the Bank is CITIC Corporation Limited and the ultimate parent of the Bank is CITIC Group.

63 Subsequent Events

In December 2014, the Bank entered into a private placement agreement with CNTC to place its A-share at a subscription price of RMB 4.84 per share for a total amount of RMB11.92 billion. Such agreement has been approved by the Annual Shareholders' meeting on 17 Mar. 2015. As at 30 July 2015, the Bank and CNTC entered into a supplemental agreement whereby the subscription price was increased to RMB 5.55 per share and the number of share was reduced to 2,147,469,539 shares with the total amount remained at RMB 11.92 billion. As at the date of this report, the private placement agreement together with the supplemental agreement have been approved by the MOF and are subject to the China Security Commission ("CSRC") approval.

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited interim financial report, and is included herein for information purposes only.

1 Difference between the financial report prepared under IFRS and that prepared in accordance with PRC GAAP

China CITIC Bank Corporation limited (the “Bank”) prepares consolidated financial report for the six months ended 30 June 2015, which includes the financial report of the Bank and its subsidiaries (collectively the “Group”), in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) promulgated by the International Accounting Standards Board.

As a financial institution incorporated in the People’s Republic of China (the “PRC”), the Group also prepares its consolidated financial report for the six months ended 30 June 2015 in accordance with the Accounting Standards for Business Enterprises 32, Interim financial reporting (“CAS 32”) issued by the Ministry of Finance of the PRC.

There is no difference in the net profit for the six months ended 30 June 2015 or total equity as at 30 June 2015 between the Group’s consolidated financial report prepared under IAS 34 and that prepared under CAS 32 respectively.

2 Liquidity coverage ratio

	30 June 2015	31 December 2014
Liquidity coverage ratio	88.70%	111.64%

The liquidity coverage ratios were calculated in accordance with the Rules on Liquidity Risk management of Commercial Banks (Provisional) issued by the China Banking Regulatory Commission (the “CBRC”) and applicable calculation requirements, and based on the data determined under the PRC GAAP.

3 Currency concentrations

	30 June 2015			
	US Dollars	HK Dollars	Others	Total
Spot assets	277,886	84,143	23,662	385,691
Spot liabilities	(253,501)	(96,560)	(32,727)	(382,788)
Forward purchases	349,400	42,563	64,238	456,201
Forward sales	(387,126)	(13,430)	(57,345)	(457,901)
Options	10,037	(993)	790	9,834
Net (short)/long position	(3,304)	15,723	(1,382)	11,037

	31 December 2014			
	US Dollars	HK Dollars	Others	Total
Spot assets	273,930	74,180	17,499	365,609
Spot liabilities	(274,550)	(84,879)	(26,993)	(386,422)
Forward purchases	439,345	36,632	55,218	531,195
Forward sales	(469,947)	(10,956)	(35,412)	(516,315)
Options	15,804	(91)	(1,958)	13,755
Net (short)/long position	(15,418)	14,886	8,354	7,822

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

4 International claims

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Mainland China, and regards all the claims on third parties outside Mainland China as cross border claims.

International claims include Balances with Central Banks, Deposits with Banks and other Financial Institutions, Placements with and Loans to Banks and Other Financial Institutions, Financial Assets Held for Trading, Financial Assets Designated at Fair Value through Profit or Loss, Loans and Advances to Customers, Financial Assets Held under Resale Agreements, Available-for-Sale Financial Assets, Held-to-Maturity Investments and Investments Classified as Receivables.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2015			
	Banks	Official sector	Non-bank private sector	Total
Asia Pacific excluding Mainland China	11,325	6,589	35,180	53,094
– of which attributed to Hong Kong	3,912	592	25,339	29,843
Europe	5,041	12	7,090	12,143
North and South America	60,502	44,690	133,459	238,651
Africa	1	—	178	179
Total	76,869	51,291	175,907	304,067

	31 December 2014			
	Banks	Official sector	Non-bank private sector	Total
Asia Pacific excluding Mainland China	10,827	5,975	39,897	56,699
– of which attributed to Hong Kong	5,946	5,964	24,181	36,091
Europe	3,121	17	4,362	7,500
North and South America	73,888	40,730	127,459	242,077
Africa	1	—	193	194
Total	87,837	46,722	171,911	306,470

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

5 Overdue loans and advances to customers by geographical sector

	30 June 2015		
	Gross loans and advances	Loans and Advances overdue over 3 months	Impaired loans
Bohai Rim (including Head Office)	633,289	10,002	8,396
Yangtze River Delta	518,090	9,226	8,245
Pearl River Delta and West Strait	342,473	7,950	5,704
Central	323,011	4,568	3,620
Western	306,265	3,549	2,305
North eastern	59,672	1,841	1,802
Outside Mainland China	125,203	569	399
Total	2,308,003	37,705	30,471

	31 December 2014		
	Gross loans and advances	Loans and Advances overdue over 3 months	Impaired loans
Bohai Rim (include Head Office)	576,598	8,557	7,151
Yangtze River Delta	512,214	10,064	9,240
Pearl River Delta and West Strait	319,360	6,055	5,140
Central	306,274	4,239	3,453
Western	292,793	1,624	1,276
Northeastern	64,071	1,996	1,923
Outside Mainland China	116,598	375	271
Total	2,187,908	32,910	28,454

Identified impaired loans and advances to customers include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses which are assessed individually or collectively (portfolios of homogeneous loans and advances).

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers

(a) Gross overdue amounts due from banks and other financial institutions

	30 June 2015	31 December 2014
Gross amounts due from banks and other financial institutions which have been overdue	29	29
As a percentage of total gross amounts due from banks and other financial institutions	0.02%	0.02%

(b) Gross amounts of overdue loans and advances to customers

	30 June 2015	31 December 2014
2014 Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
– between three and six months	9,273	8,986
– between six and twelve months	15,972	13,167
– over twelve months	12,460	10,757
Total	37,705	32,910
As a percentage of total gross loans and advances to customers:		
– between three and six months	0.40%	0.41%
– between six and twelve months	0.69%	0.60%
– over twelve months	0.54%	0.49%
Total	1.63%	1.50%

- The above analysis represents loans and advances overdue for more than 3 months as required by the Hong Kong Monetary Authority.
- Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.
- Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.
- As at 30 June 2015, the loans and advances overdue for more than 3 months to customers of RMB 21,757 million (as at 31 December 2014: RMB 26,681 million) and RMB 15,948 million (as at 31 December 2014: RMB 6,229 million) of the above overdue loans and advances were subject to individual assessment and collective assessment for impairment respectively. The secured portion and unsecured portion of these listed individually assessed loans and the impairment allowance were as follows:

Individual Assessment	The Group	
	30 June 2015	31 December 2014
Unsecured	16,401	18,013
Secured	5,356	8,668
Fair value of collateral	10,319	14,099
Allowance for impairment losses	12,134	11,442

7 Non-bank Mainland China activities

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in Mainland China. As of 30 June 2015, over 90% of the Bank's non-bank activities arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparties have been disclosed in the notes to the interim financial report.

List of Affiliates

As at the end of the reporting period, the Bank had 1,254 institutions in 125 medium and large-sized cities in mainland China, consisting of 37 tier-one branches (directly managed by the Head Office), 84 tier-two branches and 1,133 sub-branches. CITIC Bank International (CNCBI), an affiliate of the Bank, maintained 34 outlets in Hong Kong and four branches in Macao, New York, Los Angeles and Singapore.

Head Office		Address: Cultural Plaza, No. 9, Chaoyangmen Beidajie, Dongcheng District, Beijing 100010 Website: http://bank.ecitic.com			Tel: 4006800000 Fax: 010-85230002/3 Hotline: 95558					
		Tier-one branches			Tier-two branches					
Region	Province	Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax			
Bohai Rim	Beijing	Beijing Branch	Tower A, Investment Plaza, No. 27, Financial Street, Xicheng District, Beijing 100033	010-66211769 010-66211770		—				
	Tianjin	Tianjin Branch	F/3-8 Tianjin Global Financial Center, No. 2, North Dagu Road, Heping District, Tianjin 300020	022-23028888 022-23028800	Binhai New Area Branch	No.16, Third Avenue, Tianjin Economic Development Zone 300457	022-25206823 022-25206631			
					Tianjin FTZ Branch	102-202, No. 2 Building, Financial Center, 158 West Third Road, Tianjin Airport Logistics Processing Zone 300308	022-24895003 022-84908313			
Hebei	Shijiazhuang Branch	CITIC Tower, No. 10, Ziqiang Road, Shijiazhuang, Hebei Province 050000	0311-87033788 0311-87884483	Tangshan Branch	No. 46, Xinhua West Road, Tangshan, Hebei Province 063000	0315-3738508 0315-3738522				
				Baoding Branch	No.178, Middle Swan Road, Baoding, Hebei Province 071000	0312-2081598 0312-2081510				
				Handan Branch	Jinlin Building, No. 408, Renmin Road, Congtai District, Handan, Hebei Province 056002	0310-7059688 0310-2076050				
				Cangzhou Branch	Yihe Mansion, intersection of West Jiefang Road and Jing'er Avenue, Canal District, Cangzhou, Hebei Province 061001	0317-5588001 0317-5588018				
				Chengde Branch	Point 107, Fuhua New Field, Xinhua Road, Shuangqiao District, Chengde, Hebei Province 067000	0314-2268838 0314-2268839				
				Shandong	Jinan Branch	CITIC Plaza, No. 150, Leyuan Street, Jinan, Shandong Province 250011	0531-86911315 0531-86929194	Zibo Branch	CITIC Mansion, No. 230, Liuquan Road, Zhangdian District, Zibo, Shandong Province 255000	0533-3169875 0533-2210138
								Jining Branch	No. 28, Gongxiao Road, Jining, Shandong Province 272000	0537-2338888 0537-2338888
Dongying Branch	No. 128, Fuqian Avenue, Dongcheng, Dongying, Shandong Province 257091	0546-7922255 0546-8198666								
				Linyi Branch	No.138, Linyi Road, Linyi Economic Development Zone, Shandong Province 276034	0539-8722768 0539-8722768				

List of Affiliates

Region	Province	Tier-one branches			Tier-two branches		
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
		Qingdao Branch	No. 22, Mid Hong Kong Road, Qingdao, Shandong Province 266071	0532-85022889 0532-85022888	Weihai Branch	No. 2, North Qingdao Road, Weihai, Shandong Province 264200	0631-5336802 0631-5314076
					Yantai Branch	No. 77, Linyi Road, Yantai Economic & Technological Development Zone, Shandong Province 264006	0535-6611030 0535-6611032
					Weifang Branch	No. 246, East Shengli Street, Kuiwen District, Weifang, Shandong Province 261041	0536-8056002 0536-8056002
					Rizhao Branch	No. 66, Qinhuangdao Road, Rizhao Economic Development Zone, Shandong Province 276800	0633-7895558 0633-8519177
Yangtze River Delta	Shanghai	Shanghai Branch	Aurora Plaza, No. 99, Fucheng Road, Pudong New District, Shanghai 200120	021-58771111 021-58776606	Shanghai FTZ Branch	CNCB, No.1 Jilong Road, Waigaoqiao Bonded Area, Shanghai 200131	021-58693053 021-58691213
	Jiangsu	Nanjing Branch	No. 348, Zhongshan Road, Nanjing, Jiangsu Province 210008	025-83799181 025-83799000	Wuxi Branch	No. 187, Zhongshan Road, Wuxi, Jiangsu Province 214001	0510-82707177 0510-82709166
					Changzhou Branch	Boai Plaza, No.72, Boai Road, Changzhou, Jiangsu Province 213003	0519-88108833 0519-88107020
					Yangzhou Branch	No. 171, Weiyang Road, Yangzhou, Jiangsu Province 225300	0514-87890717 0514-87890563
					Taizhou Branch	No. 15, Gulou Road, Taizhou, Jiangsu Province 225300	0523-86399158 0523-86243344
					Nantong Branch	Nantong Tower, No. 20, Central Renmin Road, Nantong, Jiangsu Province 226001	0513-81120901 0513-81120900
					Zhenjiang Branch	Building No. 66, Shenhua Guancheng International, No. 8, Tanshan Road, Zhenjiang, Jiangsu Province 212004	0511-89886271 0511-89886200
					Yancheng Branch	No.188, South Yingbin Road, Yancheng, Jiangsu Province 224000	0515-89089958 0515-89089900
		Suzhou Branch	No. 258, Zhuhui Road, Suzhou, Jiangsu Province 215006	0512-65190307 0512-65198570		—	
	Zhejiang	Hangzhou Branch	No. 88, Yan'an Road, Hangzhou, Zhejiang Province 310002	0571-87032888 0571-87089180	Jiaxing Branch	No. 639, East Zhongshan Road, Jiaxing, Zhejiang Province 314000	0573-82097693 0573-82093454
					Shaoxing Branch	No. 289, West Renmin Road, Shaoxing, Zhejiang Province 312000	0575-85227222 0575-85110428

Region	Province	Tier-one branches			Tier-two branches		
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
					Wenzhou Branch	No. 2 Building, North Quarter of Nature City Garden Phase II, Shifu Road, Wenzhou, Zhejiang Province 325000	0577-88858466 0577-88858575
					Yiwu Branch	No. 100, Huangyuan Road, Yiwu, Zhejiang Province 322000	0579-85378838 0579-85378817
					Huzhou Branch	No. 318, Huancheng West Road, Huzhou, Zhejiang Province 313000	0572-2226055 0572-2226055
					Taizhou Branch	No. 489, Shifu Avenue, Taizhou, Zhejiang Province 318000	0576-81889666 0576-88819916
					Lishui Branch	No.1, Zijin Road, Lishui, Zhejiang Province 323000	0578-2082977 0578-2082985
					Zhoushan Branch	F/1-5, East Side Building of Zhongchang International Mansion, No. 31 Hexing Road, Lincheng, Dinghai District, Zhoushan, Zhejiang Province 316021	0580-8258288 0580-8258655
		Ningbo Branch	CITIC Tower, No. 36, Zhenming Road, Haishu District, Ningbo, Zhejiang Province 315010	0574-87733065 0574-87973742		—	
Pearl River Delta and West Straits	Fujian	Fujian Fuzhou Branch	Hengli Financial Center, No. 6, Guanfengting Street, Gulou District, Fuzhou, Fujian Province 350001	0591-87613100 0591-87537066	Quanzhou Branch	F/1-3, Kaixiang Building, No. 336, Fengze Street, Quanzhou, Fujian Province 362000	0595-22148687 0595-22148222
					Putian Branch	1/F & 2/F, Phoenix Building, No. 81, Licheng Avenue, Chengxiang District, Putian, Fujian Province 351100	0594-2853280 0594-2853260
					Zhangzhou Branch	1/F -4/F, Yiqun Building, West Shengli Road, Zhangzhou 363000	0596-2995568 0596-2995207
					Ningde Branch	No. 70, South Jiaocheng Road, Ningde, Fujian Province 352100	0593-8991918 0593-8991901
		Xiamen Branch	CITIC Bank Building (Huijing City), No. 81, West Hubin Road, Xiamen, Fujian Province 361001	0592-2385088 0592-2389000	Longyan Branch	F/1-3, No. 153, East Fushan International Center, Denggao West Road, Xinluo District, Longyan, Fujian Province 364000	0597-2956510 0597-2956500
	Guangdong	Guangzhou Branch	CITIC Plaza, No. 233, North Tianhe Road, Guangzhou, Guangdong Province 510613	020-87521188 020-87520668	Foshan Branch	A Tower, Caifu Plaza, No. 37, Fenjiang South Road, Chancheng District, Foshan, Guangdong Province 528000	0757-83994912 0757-83998273
					Zhongshan Branch	No. 82, Dixing Plaza 2, Zhongshansi Road, Zhongshan, Guangdong Province 528400	0760-88668311 0760-88668383

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Region	Province	Tier-one branches			Tier-two branches		
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
					Jiangmen Branch	CNCB Tower, No. 131, Yingbin Avenue, Jiangmen, Guangdong Province 529000	0750-3939098 0750-3939029
					Huizhou Branch	1/F & 5/F, Dalong Building (Phase II), No. 2, Wenhua 1st Road, Jiangbei, Huizhou, Guangdong Province 516000	0752-2898862 0752-2898851
					Zhuhai Branch	No. 1, Guanhaijingju Floor 1 & 2, Jidajingshan Road, Xiangzhou District, Zhuhai, Guangdong Province 519015	0756-3292968 0756-3292956
					Zhaoqing Branch	No.06, 07 & 08, F/1, No. 2, F/3 and F/3 of C1, C2 and C3 Buildings, Integrated Building for Self Use, No. 9 Hengyuhai Bay, Xinghu Avenue, Zhaoqing City, Guangdong Province 526040	0758-2312888 0758-2109113
		Shenzhen Branch	Phase II Time Square, No. 8, Third Central Road, Shenzhen, Guangdong Province 518048	0755-25941266 0755-25942028	Qianhai Branch	No.103-104, F/1, Unit 01, F/02, Building No.2, Zhaoshang Plaza, No. 1168, Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong Province 518067	0755-26869310 0755-26867195
		Dongguan Branch	Nanfeng Center, No. 106, Hongfu Road, Nancheng District, Dongguan, Guangdong Province 523070	0769-22667888 0769-22667999		—	
	Hainan	Haikou Branch	F/1-3, Banshan Hua Yuan, No.1 Middle Jinmao Road, Longhua District, Haikou, Hainan Province 570125	0898-68578310 0898-68578364	Sanya Branch	Building G, Juxinyuan, No. 180, Phoenix Road, Jiyang District, Sanya, Hainan Province 572000	0898-88895558 0898-88861755
Central region	Anhui	Hefei Branch	No. 396, Huizhou Avenue, Baohe District, Hefei, Anhui Province 230001	0551-62898328 0551-62896226	Wuhu Branch	X1-X4, West Jing Street, No. 8, Jinghu Road, Wuhu, Anhui Province 241000	0553-3888685 0553-3888685
					Anqing Branch	No. 1, Zhongxing Road, Anqing, Anhui Province 246005	0556-5280606 0556-5280605
					Bengbu Branch	No. 1859, Caifu Plaza, Tushan East Road, Bengbu, Anhui Province 233000	0552-2087001 0552-2087001
					Chuzhou Branch	No. 79, West Langya Road, Chuzhou, Anhui Province 239000	0550-3529558 0550-3529559
					Maanshan Branch	No. 1177, Central Huxi Road, Maanshan, Anhui Province 243000	0555-2773228 0555-2773225
					Lu'an Branch	F/1-4, Highway Wealth Square, South Meishan Road, Lu'an, Anhui Province 237000	0564-3836207 0564-3836205

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Region	Province	Tier-one branches			Tier-two branches					
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax			
Henan	Zhengzhou Branch	CITIC Mansion, No. 1 Business Inner Ring Road, Zhengdong New District, Zhengzhou, Henan Province 450018	0371-55588888 0371-55588555	Luoyang Branch	No. 2, Nanchang Road, Jianxi District, Luoyang, Henan Province 471000	0379-64682858 0379-64682802				
				Jiaozuo Branch	No. 1736, Tanan Road, Jiaozuo, Henan Province 454000	0391-8768282 0391-8789969				
				Nanyang Branch	Intersection of Meixi Road & Zhongzhou Road, Nanyang, Henan Province 473000	0377-61626896 0377-61628299				
				Anyang Branch	F/1, Anyang Workers' Cultural Palace, No. 30, Jiefang Avenue, Anyang, Henan Province 455000	0372-5998026 0372-5998086				
				Pingdingshan Branch	F/1-2, Phase II of Pingan Yi Yuan, Middle Miners' Road, Pingdingshan City, Henan Province 467000	0375-2195563 0375-2195519				
				Xingxiang Branch	F/1-2, Xinghairuyi Building, intersection of Xinzhong Avenue & East Renmin Road, Xingxiang, Henan Province 453000	0373-5891022 0373-5891055				
				Hubei	Wuhan Branch	No. 747, Hankou Construction Avenue, Wuhan, Hubei Province 430015	027-85355111 027-85355222	Huangshi Branch	F/1-3, No. 71, West Hangzhou Road, Tuanchengshan, Huangshi, Hubei Province 435000	0714-6226555 0714-6226555
								Xiangyang Branch	F/1, Te No. 1, Paopu Street, Fancheng District, Xiangyang, Hubei Province 441000	0710-3454199 0710-3454166
								Ezhou Branch	1/F, Hongchen Mansion, No. 91 Gucheng Road, Ezhou District, Ezhou, Hubei Province 436000	0711-3835776 0711-3835789
								Yichang Branch	No. 2, Meianchangdi Office Wing, Floor 1 & 2, Xilingyi Road, Xiling District, Yichang, Hubei Province 443000	0717-6495558 0717-6433698
Hunan	Changsha Branch	Beichen Times Square, No. 1500, North Xiangjiang Road, Kaifu District, Changsha, Hunan Province 410000	0731-84582008 0731-84582008	Shiyan Branch	F/1-2, Hua Fu Ming Di Project, No. 3 Middle Beijing Road, Maojian District, Shiyan, Hubei Province 442000	0719-8106678 0719-8106606				
				Zhuzhou Branch	No. 111, North Binjiang Road, Tianyuan District, Zhuzhou, Hunan Province 412000	0731-22822800 0731-22822829				
				Xiangtan Branch	No. 19, Middle Furong Road, Yuetang District, Xiangtan, Hunan Province 411100	0731-52350999 0731-55571058				
				Hengyang Branch	No. 38, Jiefangdadao, Huaxin Development Zone, Hengyang, Hunan Province 421001	0734-8669859 0734-8669899				

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Region	Province	Tier-one branches			Tier-two branches					
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax			
Jiangxi	Nanchang Branch	Tower A, No. 16, Hengmao Guoji Huacheng, No. 333, South Square Road, Nanchang Jiangxi Province 330003	0791-6660107 0791-6660107	Yueyang Branch	No. 366, Jianxiang Road, Yueyanglou District, Yueyang, Hunan Province 414000	0730-8923077 0730-8923078				
				Pingxiang Branch	Yun Yuan Building, No.16, East Jianshe Road, Pingxiang, Jiangxi Province 337000	0799-6890078 0799-6890005				
				Jiujiang Branch	Tower B, Jinxuanyijun Hotel, No. 276, Changhong Avenue, Lushan District, Jiujiang, Jiangxi Province 332000	0792-8193535 0792-8193596				
				Ganzhou Branch	B Tower, Caifu Plaza, No. 16, Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province 341000	0797-2136888 0797-2136863				
				Shanxi	Taiyuan Branch	Princes' Palace Commercial Building, No. 9, Fuxi Street, Taiyuan, Shanxi Province 030002	0351-3377040 0351-3377000	Lvliang Branch	No.1, Lijing Road, Lishi District, Lvliang, Shanxi Province 033000	0358-8212615 0358-8212630
								Datong Branch	F/1-3, 19-21 Podium Building, Yu Hua Di Jing, Yuhe West Road, Datong, Shanxi Province 037008	0352-2513779 0352-2513800
								Changzhi Branch	Office Building, Upper City No. 2, Binhe City, No. 288 Chengdong Road, Changzhi, Shanxi Province 046000	0355-8590000 0355-8590956
								West region	Chongqing	Chongqing Branch
				Guangxi	Nanning Branch	No. 36-1, Shuangyong Road, Nanning, Guangxi Zhuang Autonomous Region 530021	0771-5569881 0771-5569889	Liuzhou Branch	No. 7, South Side of Guizhong Avenue, Liuzhou, Guangxi Zhuang Autonomous Region 545026	0772-2083609 0772-2083622
								Qinzhou Branch	No. 10, Yongfu West Road, Qinzhou, Guangxi Zhuang Autonomous Region 535000	0777-2366139 0777-3253388
Guilin Branch	China Software Modern City F/1,3,4, No. 28 Lijiang Road, Qixing District, Guilin, Guangxi Zhuang Autonomous Region 541000	0773-3679878 0773-3679819								
Guizhou	Guiyang Branch	Fuzhong International Plaza, No. 126, Xinhua Road, Guiyang, Guizhou Province 550002	0851-5587009 0851-5587377					Zunyi Branch	Tian'an Hotel, Xiamen Road, Huichuan District, Zunyi, Guizhou Province 563000	0852-8322999 0852-8627318
Inner Mongolia	Hohhot Branch	No. 68, Xinhua Avenue, Hohhot, Inner Mongolia Autonomous Region 010020	0471-6664933 0471-6664933	Baotou Branch	No. 64, Youyi Avenue, Rare-Earth Hi-Tech Industrial Development Zone, Baotou, Inner Mongolia Autonomous Region 014010	0472-5338930 0472-5338909				

Region	Province	Tier-one branches			Tier-two branches		
		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
					Erdos Branch	Anxijayuan, Tianjiao Road, Dongsheng District, Erdos, Inner Mongolia Autonomous Region 017000	0477-8188031 0477-8187016
					Chifeng	No. 128, West Hada Street, Hongshan District, Chifeng, Inner Mongolia Autonomous Region 024000	0476-8867021 0476-8867022
	Ningxia	Yinchuan Branch	No. 160, Middle Beijing Road, Yinchuan, Ningxia Hui Autonomous Region 750002	0951-7653000 0951-7653000		—	
	Qinghai	Xining Branch	No. 1, Jiaotong Lane, Xining, Qinghai Province 810008	0971-8812658 0971-8812616		—	
	Shaanxi	Xi'an Branch	No. 1, Middle Zhuque Road, Xi'an, Shaanxi Province 710061	029-89320050 029-89320054	Xianyang Branch	F/1-2, Lvyan Building, No. 33, Middle Renmin Road, Xianyang, Shaanxi Province 712000	029-33192666 029-33192691
					Baoji Branch	No. 50, Caifu Plaza B, Gaoxindadao, Baoji, Shaanxi Province 721013	0917-3158830 0917-3158818
					Weinan Branch	Xinda Plaza, Shijimingzhu Plaza, Chaoyangdajie, Weinan, Shaanxi Province 714000	0913-2089622 0913-2089606
					Yulin Branch	CITIC Bank, Changxing Road, Yulin Economic Development Zone, Shaanxi Province 719000	0912-6662063 0912-8160016
	Sichuan	Chengdu Branch	La Defense Plaza, No. 1480, North Tianfu Avenue, Hi-tech District, Chengdu, Sichuan Province 610041	028-85258881 028-85258898	Yibin Branch	No. 4, West Guangchang Road, Yibin, Sichuan Province 644001	0831-2106910 0831-2106915
					Dazhou Branch	F/1-5, No. 8 Building, Tongjin International New Town, Middle Jinlong Avenue, Tongchuan District, Dazhou, Sichuan Province 635000	0818-3395590 0818-3395559
	Xinjiang	Urumqi Branch	CITIC Bank Tower, No.165, North Xinhua Road, Urumqi, Xinjiang 830002	0991-2365936 0991-2365888		—	
	Yunnan	Kunming Branch	Fulin Square, No. 81, Baoshan Street, Kunming, Yunnan Province 650021	0871-63648555 0871-63648667	Qujing Branch	F/1-2, Building B, Jinsui Phase III, No. 310, West Nanning Road, Qilin District, Qujing, Yunnan Province 655000	0874-3119086 0874-3118526
					Dali Branch	Mansion of the Disaster Relief Materials Center of the Bureau of Civil Affairs, Wanhua Road, Xiaguan District, Dali, Yunan Province 671000	0872-3035229 0872-3035228
	Gansu	Lanzhou Branch	No. 638, West Donggang Road, Lanzhou, Gansu Province 730000	0931-8890699 0931-8890699		—	

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		Name of branch	Address/Postcode	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
Northeast region	Heilongjiang	Harbin Branch	No. 233, Hongqi Avenue, Xiangfang District, Harbin, Heilongjiang Province	0451-55558112 0451-53995558	Mudanjiang Branch	No. 80, Xisantiao Road, Xi'an District, Mudanjiang, Heilongjiang Province	0453-6313011 0453-6313016
			150090	157099			
	Jilin	Changchun Branch	No. 1177, Changchun Avenue, Changchun, Jilin Province	0431-81910011 0431-81910123	Jilin Branch	No. 818, East Jiefang Road, Changyi District, Jilin, Jilin Province	0432-65156111 0432-65156100
			130041	132000			
	Liaoning	Shenyang Branch	No. 336, Daxi Road, Shenhe District, Shenyang, Liaoning Province	024-31510456 024-31510234	Fushun Branch	No. 10, Xinhua Avenue, Shuncheng District, Fushun, Liaoning Province	024-53886701 024-53886711
			110014	113006	Huludao Branch	No. 50, Xinhua Avenue, Lianshan District, Huludao, Liaoning Province	0429-2808185 0429-2800885
		Dalian Branch	No. 29, Renmin Road, Zhongshan District, Dalian, Liaoning Province	0411-82821868 0411-82815834	Anshan Branch	No. 35, Wuyi Road, Tiedong District, Anshan, Liaoning Province	0412-2230815 0412-2230815
					116001	114000	Yingkou Branch
					115007		



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