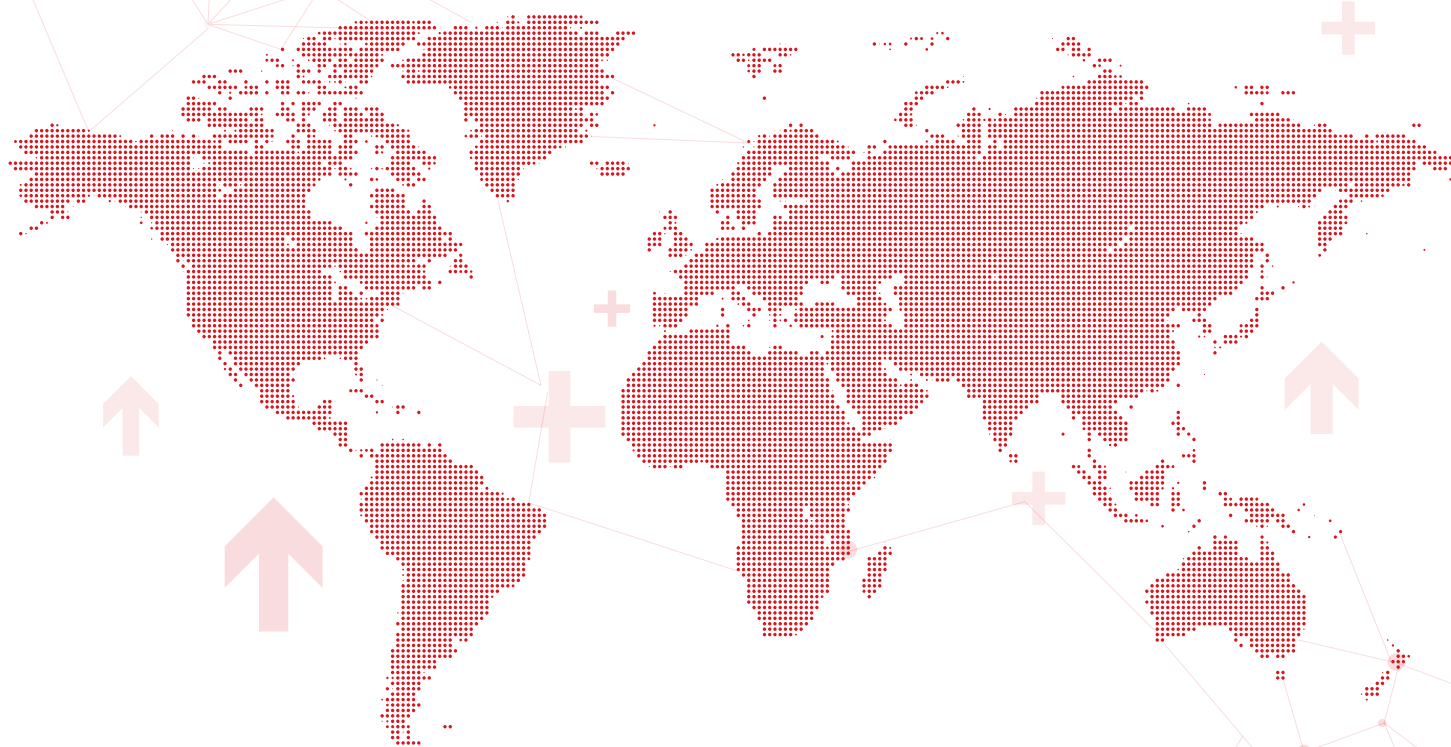




中信銀行  
CHINA CITIC BANK

# 2015 ANNUAL 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 ensure that the information contained herein does not include any 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 Bank's 2015 Annual Report on 23 March 2016. All of the 9 eligible directors attended the meeting, with Directors Li Zheping and Yuan Ming entrusting Directors Wong Luen Cheung Andrew and Wu Xiaoqing to attend and vote on proxy, respectively. The supervisors of the Bank were present at the meeting.

The Bank's 2015 Annual Report prepared in accordance with the PRC Accounting Standards and the International Financial Reporting Standards (IFRS) were audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers Hong Kong in accordance with the auditing standards of Mainland China and Hong Kong SAR respectively, with both firms producing an audit report with a standard unqualified audit opinion.

Mr. Chang Zhenming as Chairman of the Board of Directors, Ms. Li Qingping as President of the Bank, Mr. Fang Heying as Vice President of the Bank in charge of the financial function, and Mr. Lu Wei as General Manager of the Finance and Accounting Department, hereby guarantee the truthfulness, accuracy and completeness of the financial report contained in the 2015 Annual Report.

Profit Distribution Plan: "Profit and Dividends Distribution" in "Management Discussion and Analysis" of this report discloses the Bank's Profit Distribution Plan for 2015 as reviewed and adopted by the Board of Directors and to be submitted to the 2015 Annual General Meeting for deliberation, which proposes to pay a cash dividend of RMB2.12 per 10 shares (before tax). No scheme for transfer of capital reserve to share capital will be applied for the current year.

Risk reminder on forward looking statements: Forward looking statements such as future plans and development strategies contained in the report do not constitute substantive commitments of the Bank to investors. Investors and relevant persons shall maintain adequate risk awareness of such statements and understand the differences between plans, projections and commitments.

The terms the "Bank", the "Company", "CITIC Bank" and "CNCB" mentioned herein all refer to China CITIC Bank Corporation Limited while the term the "Group" mentioned herein refers to China CITIC Bank Corporation Limited and its subsidiaries.

Unless otherwise specially noted, the denomination currency used herein is Renminbi.

## Material Risk Reminder

During the reporting period, the Bank was not aware of any material risk that would adversely affect its future development strategy and business targets. The Bank has described in detail the major risks that it was and may be exposed to in operation and management and its countermeasures thereof in this report. Please refer to "Risk Management" and "Outlook" in "Management Discussion and Analysis" for details.

## Corporate Introduction

Founded in 1987, the Bank is among the earliest emerging commercial banks established during China's reform and opening up and China's first commercial bank participating in financing at both domestic and international financial markets. It is renowned at home and abroad for brushing numerous track records in the contemporary Chinese financial history. Over the years, it has made positive contributions to China's economic development.

The Bank simultaneously listed its A + H shares at the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited in April 2007, and acquired CITIC International Financial Holdings Corporation Limited ("CIFH") in 2009. With its London Representative Office opening for business and its Sydney Representative Office entering the preparation stage both in 2015, the Bank officially initiated a new round of its Going Global strategy. Moreover, with the CBRC approving its subscription for shares in CTBC Financial Holding Co., Ltd. ("CTBC") in Taiwan in December 2015, the Bank is expected to become the first Mainland China financial institution to make equity investment in Taiwan.

Currently, the Bank registered total consolidated assets of more than RMB5 trillion, ranking 94th among the "Top 2,000 Global Enterprises" published by the Forbes magazine in May 2015, and ranking 33rd in terms of tier-one capital and 46th in terms of total assets among the "Top 1,000 World Banks" published by The Banker magazine of the United Kingdom in July 2015. As such, the Bank has become an international financial institution with rich capital resources, strong comprehensive competitive edges and impressive brand influence.

Under the current domestic context of the economic "new normal" and financial sector liberalization, and with the vision of becoming "the bank offering the best comprehensive finance services", the Bank leverages to the maximum the unique competitive advantages of CITIC Group that attach equal attention to financial services and the real economy and upholds the core values of "integrity, innovation, coordination and excellence" and the business management philosophy of "compliance, smart, teamwork and efficiency". In doing so, the Bank provides corporate customers and institutional customers with integrated financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business, factoring business, and custody business; and offers individual customers diversified financial products and services covering general retail banking, credit card, consumer finance, wealth management, private banking, e-banking and going abroad finance, meeting the demands of corporate, institutional and individual customers for comprehensive financial services on all fronts.

As at the end of 2015, the Bank had 1,353 outlets in 128 large and medium-sized cities in China and employed over 50,000 employees nationwide. The Bank had four subsidiaries, namely, Lin'an CITIC Rural Bank Limited and CITIC Financial Leasing Co., Ltd. in mainland China, and CITIC International Financial Holdings Corporation Limited ("CIFH") and CNCB (Hong Kong) Investment Co., Ltd. (formerly China Investment and Finance Limited) in Hong Kong. CITIC Bank International Limited ("CNCBI"), a wholly-owned subsidiary of CIFH had more than 41 outlets in Hong Kong, Macao, New York, Los Angeles, Singapore and mainland China, and employed more than 1,900 employees.

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# Definition

Articles of Association Bank/Company/China CITIC Bank/CITIC Bank/CNCB	Articles of Association of China CITIC Bank Corporation Limited 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
Central Bank/PBOC	The People's Bank of China
China AMC	China Asset Management Co., Ltd.
China Securities	China Securities Co., Ltd.
China Tobacco	China Tobacco Corporation
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited prior to renaming in August 2014)
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CITIC Futures	CITIC Futures Co., Ltd.
CITIC Group	CITIC Group Corporation Limited (formerly known as CITIC Group Corporation prior to renaming in December 2011)
CITIC Industrial Investment	CITIC Industrial Investment Group Corp. Ltd.
CITIC Limited	CITIC Limited (formerly known as CITIC Pacific Limited prior to renaming in August 2014)
CITIC Loyalty	CITIC Loyalty Business Technology Co., Ltd.
CITIC Pacific	CITIC Pacific Limited (renamed CITIC Limited in August 2014)
CITIC PE	CITIC Private Equity Funds Management Co., Ltd
CITIC Press	CITIC Press Group Limited
CITIC Real Estate	CITIC Real Estate Co., Ltd.
CITIC Securities	CITIC Securities Co., Ltd.
CITIC Securities (Shandong)	CITIC Securities (Shandong) Co., Ltd.
CITIC Tourism	CITIC Tourism Co., Ltd.
CITIC Trust	CITIC Trust Co., Ltd.
CITIC-CP Asset Management	CITIC-CP Asset Management Company Limited
CITIC-Prudential Fund Management	CITIC-Prudential Fund Management Company Limited
CITIC-Prudential Life Insurance	CITIC-Prudential Life Insurance Company Ltd.
CNCB Investment	CNCB (Hong Kong) Investment Co., Ltd. (formerly China Investment and Finance Limited)
CNCBI	CITIC Bank International Limited
CNCBI (China)	CNCBI (China) Co., Ltd.
Commercial Banks Law	Law of the People's Republic of China on Commercial Banks
Company Law	Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
CTBC	Chinese Taiwan CTBC Financial Holding Co., Ltd.
IFRS	International Financial Reporting Standards
Group	China CITIC Bank Corporation Limited and its subsidiaries
HKSF/SFC	Hong Kong Securities and Futures Commission
Hong Kong Listing Rules	The Listing Rules of The Stock Exchange of Hong Kong Limited
Joint-stock Banks	Including China CITIC Bank, China Merchants Bank, China Minsheng Bank, Industrial Bank, Shanghai 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 Limited
MOF	Ministry of Finance of the People's Republic of China
NSSF	National Council for Social Security Fund
PricewaterhouseCoopers	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)
PRC GAAP	People's Republic of China Generally Accepted Accounting Principles
Reporting Period	for the period from 1 January 2015 to 31 December 2015
SEHK	The Stock Exchange of Hong Kong Limited

SSE	Shanghai Stock Exchange
Standing Committee of the NPC	Standing Committee of the National People's Congress
State Council	State Council of the People's Republic of China
Tianan Property Insurance	Tianan Property Insurance Company Limited of China
Yuan/RMB	RMB Yuan

In this report, geographical regions<sup>1</sup>, as defined for the Group and the Bank and in combination with disclosure of the financial report, are as follows:

“Yangtze River Delta” refers to the areas where 5 tier-1 branches of the Bank are located, namely, Shanghai, Nanjing, Suzhou, Hangzhou and Ningbo, plus the area where Lin'an CITIC Rural Bank, a subsidiary of the Bank is located.

“Pearl River Delta and West Strait” refers to the areas where 6 tier-1 branches of the Bank are located, namely, Fuzhou, Xiamen, Guangzhou, Shenzhen, Dongguan, and Haikou.

“Bohai Rim” refers to the areas where 6 tier-1 branches of the Bank are located, namely, Beijing, Tianjin, Shijiazhuang, Jinan, Qingdao and Dalian, plus the area where CITIC Financial Leasing, a subsidiary of the Bank is located.

“Central region” refers to the areas where 6 tier-1 branches of the Bank are located, namely, Hefei, Zhengzhou, Wuhan, Changsha, Nanchang and Taiyuan.

“Western region” refers to the areas where 12 tier-1 branches of the Bank are located, namely, Chongqing, Nanning, Guiyang, Hohhot, Yinchuan, Xining, Xi'an, Chengdu, Urumqi, Kunming, Lanzhou, and Lhasa.

“Northeastern region” refers to the areas where 3 tier-1 branches of the Bank are located, namely, Harbin, Changchun and Shenyang;

In addition, the “Head Office” refers to the headquarters of the Bank and the Credit Card Center; and

“Hong Kong” includes CNCB Investment, CIFH and their respective subsidiaries.

This report is compiled both in Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

<sup>1</sup> During the reporting period, changes in the Bank's tier-one branches included new establishment of the Lhasa Branch and consolidation of Wuxi and Tangshan branches respectively into Nanjing Branch and Shijiazhuang Branch. For the purpose of financial report disclosure of the Bank, Dalian Branch was listed in “Bohai Rim”.

# Corporate Introduction

## Corporate Information

Registered Name in Chinese:	中信銀行股份有限公司（簡稱「中信銀行」）
Registered Name in English:	CHINA CITIC BANK CORPORATION LIMITED (abbreviated as “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 Mei Ha (FCS, FCIS)
Securities Representative of the Company:	Wang Junwei
Registered Address:	No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing
Postal code of the registered address:	100010
Office Address:	No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing
Office Postal Code:	100010
Official Website:	bank.ecitic.com
Telephone Number/Fax Number:	+86-10-85230010/+86-10-85230079
Email Address:	ir@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 Times
Websites for Information Disclosure:	Website designated by the CSRC to publish A-share annual report: <a href="http://www.sse.com.cn">www.sse.com.cn</a> Website designated by the SEHK to publish H-share annual report: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Place Where Annual Report is Kept:	Office of the Board of Directors and Board of Supervisors, CITIC Bank
Legal adviser as to PRC Laws:	East & Concord Partners
Legal adviser as to Hong Kong Laws:	Clifford Chance
Domestic Auditor:	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) 11/F, PricewaterhouseCoopers Center, 202 Hu Bin Road, Shanghai (Postal code: 200021)
Domestic signing CPAs:	Hu Yan & Wu Weijun
Overseas Auditor:	PricewaterhouseCoopers Limited 22/F, Prince’s Building, Central, Hong Kong
Overseas signing CPA:	Margarita Ho
A-share Registrar:	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 36th Floor, China Insurance Building, No. 166 East Lujiazui Road, Pudong New District, Shanghai

H-share Registrar:	Computershare Hong Kong Investor Services Limited Room 1712-1716 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Listing Venue, Stock Name and Stock Code:	A-share: Shanghai Stock Exchange CNCB 601998 H-share: The Stock Exchange of Hong Kong Limited CITIC BANK 0998

## | Contact Persons and Contact Details

	Secretary to the Board of Directors	Securities Representative of the Company
Name	Wang Kang	Wang Junwei
Address	No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing	No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing
Telephone Number	+86-10-85230010	+86-10-85230010
Fax Number	+86-10-85230079	+86-10-85230079
Email Address	ir@citicbank.com	ir@citicbank.com

## | Changes in Principal Business since Listing

Since its listing on both the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited in April 2007 till the end of reporting period, the Bank made two registrations for changes in business scope at the State Administration for Industry and Commerce on 23 November 2012 and 8 December 2014, respectively.

As at the end of the reporting period, the business scope of the Bank covered: (1) licensed business items, including: absorption of public deposits; granting of short, medium and long-term loans; domestic and overseas settlement; bill acceptance and discount; issuance of financial bonds; agency issuance business, agency payment, and underwriting of government bonds; trading in government bonds and financial bonds; placements with and from banks and other non-bank financial institutions; foreign exchange trading and agency foreign exchange trading; bank card business; L/C services and guarantee; agency receipt and payment; safe deposit box services; foreign exchange settlement and sales; open-ended funds agency business; gold business; custody services for securities investment funds, enterprise annuities, insurance funds and QFIIs; other businesses approved by the banking regulatory authority under the State Council; concurrent insurance agency business (expiring on 8 September 2017); and (2) general business items: none.

From the end of the reporting period till the disclosure date of the report, the Bank registered for a change in its scope of business with the Beijing Municipal Administration for Industry & Commerce on 27 January 2016, adding "gold import and export" as a new business item.

# Financial Highlights

## Operating Performance

*Unit: RMB million*

Item	2015	2014	Growth rate (%)	2013
Operating income	145,545	124,839	16.59	104,813
Total profit	54,986	54,574	0.75	52,549
Net profit attributable to shareholders of the Bank	41,158	40,692	1.15	39,175
Net operating cash flow	(20,835)	34,150	—	(136,228)
Per share				
Basic earnings per share (RMB)	0.88	0.87	1.15	0.84
Diluted earnings per share (RMB)	0.88	0.87	1.15	0.84
Net operating cash flow per share (RMB)	(0.43)	0.73	—	(2.91)

Item	For the year 2015			
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Operating income	33,026	36,931	37,667	37,921
Net profit attributable to shareholders of the Bank	10,928	11,658	10,340	8,232
Net operating cash flow	(31,117)	69,297	1,441	(60,456)

## Profitability Indicators

Item	2015	2014	Increase/ (decrease) in percentage point	2013
Return on average assets (ROAA)	0.90%	1.07%	(0.17)	1.20%
Return on average equity (ROAE, excluding minority interest)	14.26%	16.77%	(2.51)	18.48%
Cost-to-income ratio (excluding business tax and surcharges)	27.87%	30.41%	(2.54)	31.43%
Credit cost	1.51%	1.06%	0.45	0.62%
Net interest spread	2.13%	2.19%	(0.06)	2.40%
Net interest margin	2.31%	2.40%	(0.09)	2.60%



## | Scale Indicators

*Unit: RMB million*

Item	31 December 2015	31 December 2014	Growth rate (%)	31 December 2013
Total assets	5,122,292	4,138,815	23.76	3,641,193
Total loans and advances to customers	2,528,780	2,187,908	15.58	1,941,175
Total liabilities	4,802,606	3,871,469	24.05	3,410,468
Total deposits from customers	3,182,775	2,849,574	11.69	2,651,678
Placements from banks and non-bank financial institutions	49,248	19,648	150.65	41,952
Total equity attributable to the Bank's shareholders	317,740	259,677	22.36	225,601
Net asset per share attributable to the Bank's shareholders (RMB)	6.49	5.55	16.94	4.82

## | Asset Quality Indicators

*Unit: RMB million*

Item	31 December 2015	31 December 2014	Growth rate(%)/ increase (decrease)	31 December 2013
Performing loans	2,492,730	2,159,454	15.43	1,921,209
Non-performing loans (NPLs)	36,050	28,454	26.70	19,966
Allowance for impairment of loans	60,497	51,576	17.30	41,254
NPL ratio	1.43%	1.30%	0.13	1.03%
Provision coverage ratio	167.81%	181.26%	(13.45)	206.62%
The ratio of allowance for impairment of loans to total loans	2.39%	2.36%	0.03	2.13%

Note: Performing loans include pass and special mention loans. NPLs include substandard, doubtful and loss loans.

## Financial Highlights

### Capital Adequacy Indicators

Item	31 December 2015	31 December 2014	Increase/ (decrease) in percentage point	31 December 2013
Core tier-one capital adequacy ratio	9.12%	8.93%	0.19	8.78%
Tier-one capital adequacy ratio	9.17%	8.99%	0.18	8.78%
Capital adequacy ratio	11.87%	12.33%	(0.46)	11.24%
Leverage ratio	5.26%	5.19%	0.07	4.81%

### Supplementary Financial Indicators

Major Indicators <sup>(1)</sup>	Standard (%)	31 December 2015	31 December 2014	31 December 2013
Liquidity coverage ratio <sup>(2)</sup>	≥100	87.78	111.64	—
Liquidity ratio	≥25	44.97	51.82	46.40
Including: Renminbi	≥25	42.48	52.59	43.45
Foreign currencies	≥25	89.27	40.45	106.78
Loan-to-deposit ratio	≤75	75.63	73.08	72.79
Including: Renminbi	≤75	76.28	74.44	72.35
Foreign currencies	≤75	65.37	56.47	79.83

Notes: (1) The figures were calculated in accordance with the regulatory standards of the Chinese banking industry. Except for liquidity coverage ratio, all other indicators were from the Bank's data.

(2) As per the requirements of the Rules on Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks should reach 100% by the end of 2018 and shall, during the transition period, reach 60%, 70%, 80% and 90% at the end of 2014, 2015, 2016 and 2017, respectively.

### Differences between IFRS and PRC Accounting Standards

There is no difference between the 2015 year-end net assets and the net profit for the reporting period calculated by the Group according to the PRC accounting standards and those calculated by the Group as per the International Financial Reporting Standards.

## | Five-Year Financial Summary

Item	Unit: RMB million				
	2015	2014	2013	2012	2011
<b>Operating performance</b>					
Operating income	145,545	124,839	104,813	89,711	77,092
Total profit	54,986	54,574	52,549	41,609	41,590
Net profit attributable to the Bank's shareholders	41,158	40,692	39,175	31,032	30,819
Net operating cash flow	(20,835)	34,150	(136,228)	(55,426)	300,104
<b>Per share</b>					
Basic earnings per share (RMB)	0.88	0.87	0.84	0.66	0.71
Diluted earnings per share (RMB)	0.88	0.87	0.84	0.66	0.71
Net operating cash flow per share (RMB)	(0.43)	0.73	(2.91)	(1.18)	6.41
<b>Scale indicators</b>					
Total assets	5,122,292	4,138,815	3,641,193	2,959,939	2,765,881
Total loans and advances to customers	2,528,780	2,187,908	1,941,175	1,662,901	1,434,037
Total liabilities	4,802,606	3,871,469	3,410,468	2,756,853	2,587,100
Total deposits from customers	3,182,775	2,849,574	2,651,678	2,255,141	1,968,051
Total equity attributable to the Bank's shareholders	317,740	259,677	225,601	198,356	174,496
Net asset per share attributable to the Bank's shareholders (RMB)	6.49	5.55	4.82	4.24	3.73
<b>Profitability indicators</b>					
Return on average assets (ROAA)	0.90%	1.07%	1.20%	1.10%	1.27%
Return on average equity (ROAE)	14.26%	16.77%	18.48%	16.65%	20.92%
Cost-to-income ratio (excluding business tax and surcharges)	27.87%	30.41%	31.43%	31.58%	29.88%
Credit cost	1.51%	1.06%	0.62%	0.84%	0.43%
Net interest spread	2.13%	2.19%	2.40%	2.61%	2.85%
Net interest margin	2.31%	2.40%	2.60%	2.81%	3.00%
<b>Asset quality indicators</b>					
NPL ratio	1.43%	1.30%	1.03%	0.74%	0.60%
Allowance coverage ratio	167.81%	181.26%	206.62%	288.25%	272.31%
The ratio of allowance for impairment of loans to total loans	2.39%	2.36%	2.13%	2.12%	1.62%
<b>Capital adequacy ratio</b>					
Core tier-one capital adequacy ratio	9.12%	8.93%	8.78%	9.29%	—
Tier-one capital adequacy ratio	9.17%	8.99%	8.78%	9.29%	—
Capital adequacy ratio	11.87%	12.33%	11.24%	12.42%	—



**Chang Zhenming**  
*Chairman*

## *Chairman's* Statement

In 2015, in face with extremely complicated economic and financial situations, the Group made proactive efforts to adapt itself to the “new normal” of economic development, pushed forward its new strategy in an in-depth manner, kept boosting its capacity for risk control, promoted development with innovation, and made full use of the market opportunities available in the course of economic transformation. As a result, the Group satisfactorily fulfilled various tasks and maintained a momentum of healthy stable growth in the overall sense.

Hereby, I would like to report to all shareholders that, as at the end of the reporting period, the Group's total assets reached RMB5.12 trillion, a growth of 23.76% over the end of the previous year; total liabilities stood at RMB4.80 trillion, an increase of 24.05% over the end of the previous year; and customer deposits totaled RMB3.18 trillion, up 11.69% over the end of the previous year. For the whole year, the Group realized net profit attributable to shareholders of RMB41.158 billion, an increase of 1.15% over the previous year; a return on average assets (ROAA) of 0.90% and a return on weighted average equity of 14.55%, indicating stable operating profitability. With a non-performing loan (NPL) ratio of 1.43% and a provision coverage ratio of 167.81%, the Group kept its asset quality basically stable. The Group recorded an end-of-year capital adequacy ratio of 11.87%. In terms of total assets, the Bank ranked 46th in the “Top 1,000 World Banks” published by The Banker magazine of the United Kingdom, up 2 places over the previous year.

In 2015, the Bank quickened its strategic planning and continued to explore new development plans. During the reporting period, the Bank completed its private offering of additional shares to China Tobacco Corporation, further enriching its capital resources. The subscription for a stake in CTBC Financial Holding Co., Ltd. in Taiwan had been approved by the CBRC, and the Bank is expected to become the first Mainland China financial institution to invest in CTBC in Taiwan. Acquisition of BBVA's shareholding in CIFH enabled the Bank whole ownership of CIFH. In addition, the Bank established CITIC Financial Leasing Co., Ltd., and initiated restructuring of its credit card business and asset management business towards corporate models of operation. Through injection of additional capital into CNCB Investment, the Bank built up the capacity of its overseas platform for investment banking. The Bank made a breakthrough in the development of its overseas organizations with its London Representative Office successfully licensed for operation.

As always, the Bank attached paramount importance to risk control, continued to push for risk control system reform and strengthened total risk management and control. Throughout the year, the Board of Directors, with an understanding of external circumstantial changes, quickened the promotion of establishing total risk management system of the Bank, formulated earmarked policies on risk management, updated and refined relevant rules and regulations, and thereby made risk management of the Bank more comprehensive, forward looking and instructive. The Bank enjoyed relatively stable asset quality throughout the year, with its provision coverage ratio exceeding the corresponding regulatory requirement.

## Chairman's Statement

The national economy's new normality of accelerated adjustment, structural refinement and model changes will test the Bank's resistance to stress in capital management, liquidity management and disposals of non-performing assets. Supply-side structural reform along with its requirement on "cutting excess industrial capacity, de-stocking, de-leveraging, lowering corporate costs, and improving weak links" will be conducive to long-term development of the banking industry on the one hand, but will bring along short-term risks on the other. The Board of Directors will continue to pay attention to changes in market conditions and regulatory policies, perform its duties diligently and strengthen the establishment of risk culture and management system, with a view to further enhance the Bank's risk management and control capability and ensure the sustainable healthy development of the Bank's business.

During the reporting period, the Bank strove to seek breakthroughs in homogeneous competition with enthusiastic efforts to pioneer and innovate. In partnership with Baidu, the Bank jointly sponsored and applied to regulatory authorities for the establishment of Baixin Bank which is expected to become the first direct banking firm established in China as an independent legal entity, and as such jointly explored the innovative model of cross-sector cooperation between a traditional financial institution and an internet company. The concepts of "innovation, coordination, green, open and sharing" will expose the banking industry to historical opportunities for healthy development. We hope to tide through the labor pains in the shift of old and new driving forces, the transformation from old to new models, and the replacement of old with new paths, and achieve leapfrog development of the Bank within the shortest possible time limit. The Bank was awarded "the Most Innovative Bank in 2015", "Top 10 Internet Finance Innovative Organization", "the Annual Gold Bank for Innovation", "the Annual Gold Joint Stock Bank", etc. from medias both at home and abroad and banking associations.

The Board of Directors never stops its self-improvement. In 2015, the Board of Directors diligently implemented governmental policies and regulatory requirements, pushed forward development of the Bank's rules and regulations on corporate governance with greater vigor, made further amendments and improvements to the Articles of Association, and thereby upgraded the Bank's corporate governance in a continuous manner. Directors were dedicated to their duties and effectively performed their due diligence. Their in-depth research of and scientific decision making on critical issues of the Group guided the Group to sustain its healthy development. In accordance with relevant laws and regulations and its Articles of Association, the Bank successfully re-elected its fourth session of the Board of Directors.

In 2015, the Bank took the initiative to perform its social responsibility to all stakeholders, promoting sustainable harmonious development of the economy, the society and the environment. In parallel with its positive response to government strategies and compliance with government requirements. Meanwhile, the Bank made continuing efforts to build its customer service capacity and protect consumer rights and interests. Enthusiastic to pay back to the society, the Bank actively participated in charity events and public benefit activities. In 2015, the Bank continued its support to green credit, developed green intermediary loans, placed tougher control on credit grant to heavy-pollution high-energy-consumption and overcapacity industries, drove forward development of internet finance, and practiced energy conservation and emission reduction. Through refining its internal work procedures, the Bank created a work system that supports the development of a green bank.

Looking forward to 2016, we need to be aware not only of the important support that the implementation of the Five Major Policies (i.e., a stable macro-economic policy, a well-targeted industrial policy, a flexible micro-economic policy, a practical reform policy and a pro-vulnerable-group social policy) will bring to the actual development of the banking sector, but also of the impacts that such policy implementation will exert on business operation. The Bank will stick to its strategic transformation and, in the larger context of integrated CITIC Group business operation, keep boosting capacity building for provision of comprehensive finance services, intensify risk control, and make the best of its efforts to repay trust and support of all shareholders and social communities with outstanding performance!



Chang Zhenming  
*Chairman*  
23 March 2016





**Li Qingping**  
*President*



# President's Statement

In 2015, the Bank formulated its Three-Year Development Plan and set a development strategy more in line with its own characteristics. During the reporting period, the Bank, in the face of complicated and severe economic and financial situation, resolutely implemented all strategic deployment, deepened the structural reform, stimulated its energy in business operation so that the Bank promoted the transformation of business operation in an overall manner, withstood severe challenges and made satisfactory achievements on all tasks.

## **| Continuous acceleration of business transformation and ongoing optimization of business structure**

During the reporting period, the Group realized a RMB145.545 billion business operating income, a year-on-year growth of 16.59%; and recorded a profit before provision of RMB95.023 billion, a year-on-year growth of 21.44%. Despite the slight rise in the ratio of non-performing loans (“NPLs”), the Bank attained overall controllability of asset quality thanks to its over-fulfillment of the NPL disposal plan. As at the end of the reporting period, consolidated total assets of the Group exceeded RMB5 trillion, while customer deposits and loans in all definitions grew by 11.69% and 15.58% over the end of the previous year, respectively, maintaining the its leading status among all joint-stock banks.

During the reporting period, guided by its new development strategy, the Bank kept speeding up its business transformation, and optimized its business structure continuously. In 2015, the share of demand deposits in total deposits of the Bank went further up, and the balance of active liabilities increased by a large margin, further diversifying the sources of liabilities. In contrast, the balances of loans to the wholesale sector and overcapacity industries took up lower proportions in the Bank's total corporate loan balance, making the Bank more risk resilient. The share of fee-based income had further increased, and the proportion of net operating income from retail banking and financial market business rose further, reflecting a more balanced income structure and more robust driving forces for sustainable development.

## **| Development guided by strategic orientation and breakthroughs in product innovation**

During the reporting period, with the goal to become the “bank offering the best comprehensive finance services”, the Bank adopted business models of “commercial banking + investment banking”, “banking + non-banking”, “on- + off- balance sheet” and “domestic + overseas” and offered customers with comprehensive financing services. By integrating its unique products and services, the Bank launched its “Transaction +” brand to the market and became the first commercial bank in China to establish its own exclusive brand for transaction banking. In full upgrading of its “going abroad” products and services, the Bank enjoyed better brand reputation. In partnership with Baidu, the Bank jointly sponsored and applied to the regulatory authorities for the establishment of Baixin Bank which is expected to become the first direct banking firm established in China as an independent legal entity, and as such jointly explored the innovative model of cross-sector cooperation between a traditional financial institution and an internet company.

During the reporting period, the Bank was qualified for over 400 public finance agency businesses at all levels, achieving full coverage of qualifications for centralized receipt and payment of all provincial treasuries and all local treasury cash management pilot areas. In retail banking, its innovative product “loans secured by residential properties” gained rapid growth. Its credit card business registered a new historical record of profits. Moreover, the Bank secured its peer leadership in the scale of spot foreign exchange market making business at the financial market, cross-border Renminbi foreign exchange receipts and payments, the scale of unsecured bond issue at the inter-bank market, and the transaction volume in asset management of commercial drafts.

### **| Rapid development in key regions and steady progress in platform construction**

During the reporting period, in partnership with affiliates and subsidiaries of CITIC Group, the Bank supported the “One Belt One Road” government strategy with RMB700 billion investments and finance, establishing strategic partnership with multiple local governments. At the same time, the Bank continued to increase its support to the integration of Beijing, Tianjin and Hebei Province so as to cover critical areas such as infrastructure, urban construction and industry relocation. In addition, the Bank dispatched expert teams to participate in the development of its branch in the Shanghai Free Trade Zone, facilitating the formulation of such supporting policies as differentiated authorization, synergized marketing and interest interaction. All these contributed to rapid growth of key businesses in key regions.

During the reporting period, the Bank sped up development of outlets in key regions within the territory of China, achieving full coverage of all provinces, autonomous regions and centrally administered municipalities in China. In addition, the Bank implemented its strategy on developing “small, smart and multi-business-model” outlets, pushing forward the transformation of outlets. In addition, the construction of e-channels went faster, which, among others, resulted in the brand new mobile bank, personal online bank and WeChat bank. These further boosted customer experience and market competitiveness of the Bank. Successful online operation of the new core system with smooth switch and commissioning in one go across the bank and covering all business lines doubled the efficiency of business processing. Moreover, the Bank made breakthroughs in the development of its overseas organizations with its London Representative Office successfully licensed for operation.

### **| Achievements in institutional reform and marked capacity improvement in risk management and control**

In 2015, the Bank expedited the construction of a total risk management system. Specifically, it built the “three defense lines” for risk management, enhancing the Bank’s risk management and control capability. More intensive efforts were exerted to improve rules/regulations and authorization management, and upgrade compliance review, rectification and accountability. Meanwhile, the Bank put into effective play the role of audit by formulating its program for reform of the audit system, moving audit portals ahead, and producing risk reminders in a timely manner.

The Bank sped up reform of its innovation system, established the Product Innovation Committee and never ceased the efforts to innovate products, obtaining a reassuring results. Throughout the year, the Bank vigorously promoted the human resources reform, continued to refine the duties and performance management system, which offered more vitality to the organization and incentives to employees.

### **| A new momentum in Party construction and a new stage of corporate culture development**

During the reporting period, the Bank convened work for “tougher Party governance and tougher Bank governance” in all aspects. The Bank organized specialized education events for the “Three Strict and Three Steady” theme in an in-depth manner. In 2015, an official corporate culture system came into being at the Bank, under which the Bank released the Handbook of CITIC Bank on Corporate Culture, and developed its Three-Year Plan on Development of Corporate Culture, ushering in a new stage of corporate culture construction. Various competitions were organized, encouraging employees to become role models and make greater contributions. A series of cultural and sports activities plus initiatives for building better homes and providing greater care for employees were put in place, further enriching the cultural life of employees and nurturing greater coherence among staff. To further perform its social responsibility, the Bank donated RMB15.5911 million to poverty-stricken areas and extremely poor vulnerable groups, decided to donate RMB6 million to Tibet and Gansu Province on an annual basis, and assigned cadres to concerned localities for more pertinent and accurate poverty reduction.

2016 marks the beginning year of China’s 13th Five-Year Plan and a critical year for the Bank to deepen the execution of its new strategy. Specifically, the Bank will prioritize its efforts in the following eight aspects: (1) maintain strategic focus, and implement the strategy with greater vigor; (2) emancipate mindsets to speed up development via innovation; (3) deepen transformation and respond to market changes more proactively; (4) increase synergy to build the CITIC Combined Fleet; (5) strictly control risk and construct a scientific risk management system; (6) refine management and optimize performance evaluation and resource allocation; (7) enhance self-improvement for higher professional competency; and (8) reinforce Party construction and further develop corporate culture.

Availing myself of this opportunity and on behalf of the senior management of the Bank, I would like to extend our sincere gratitude to all investors and friends of all communities for your care and support, to the Board of Directors and Board of Supervisors for your guidance and help, and to all managers and staff of the Bank for your input and contribution! A great cause goes with a great spirit. Focusing on its strategic development goals, the Bank will exert the best of its efforts to develop itself into the “bank offering the best comprehensive finance services” with greater enthusiasm, higher morale and a more down-to-earth work style!



**Li Qingping**  
*Executive Director and President*  
23 March 2016

# Honors

## January

- In the “6th 360° Consumer Assessment of Banks” sponsored by Yinhang.com, the Bank won the “Award for Consumer Satisfaction with Bank Products”.

## February

- The brand of the Bank was valued at USD4.897 billion and ranked 52nd among the “Top 500 Global Bank Brands” published by *The Banker* magazine of the United Kingdom.

## April

- The Bank was named “2014 Outstanding Settlement Member of the Year” and granted the “2014 Award for Outstanding Performance in Foreign Exchange Clearing” and “2014 Award for Outstanding Performance in Clearing of OTC Interest Rate Financial Derivatives” by the Shanghai Clearing House.

## May

- The Bank was listed among the “2015 Top 100 Capital Brands of Listed Companies in China” by the China Research Center for Management of Market Capitalization of Listed Companies.
- *The Banker* magazine of China granted the Bank the “Award for Innovation of Top 10 Financial Products” in its assessment of candidates for the “2015 Financial Innovation Award in China”.
- When assessing operational quality of financial institutions, the Deutsche Bank granted the Bank the “2014 Award for Excellence in USD and EUR Clearing Efficiency”.
- The Bank ranked 94th among the “Top 2,000 Global Enterprises” published by the *Forbes* magazine.
- The China Banking Association (CBA) granted the Bank the “2014 Award for the Most Socially Responsible Financial Institution in the Banking Sector” and the “2014 Social Responsibility Award for Excellence in Green Finance in the Banking Sector”.

## June

- the Federal Bank of Australia granted the Bank the “2014 Award for Excellence in Australian Dollar Clearing Efficiency”.
- In its assessment of candidates for the “Golden Ox Top 100 Listed Companies in China in 2014”, *China Securities Daily* rated the Bank one of the “Golden Ox Top 100 Listed Companies in China in 2014” and the “2014 Golden Ox Company of the Year for Highest Profitability”.

## July

- ChinaHR.com named the Bank “The Best Employer of the Banking Sector” in the 13th competition for the “Best Employers in the Eyes of University Students”.
- The Bank ranked 33rd in terms of tier-one capital and 46th in terms of total assets out of the “Top 1,000 World Banks” published by *The Banker* magazine of the United Kingdom.
- JPMorgan Chase issued the Bank “2014 USD Clearing Quality Accreditation” in its assessment of operational quality of financial institutions worldwide.
- The Credit Card Customer Service Center of the Bank was rated “The Best Call Center in China” by the Customer Management Committee of CCCS.



## September

- *The Daily Economic News* granted the “Private Banking Brand Award” to private banking business of the Bank in its assessment of candidates for “Top Brands of High-end Wealth Management in China”.
- The Bank was named “The Best Commercial Bank for Wealth Management” in the competition for “2015 Single-Item Awards for National Commercial Banks” sponsored by *The Banker* magazine of China.

## November

- *China Business* granted the Bank the honor of “The Most Competitive Bank in Corporate Banking in 2015”.
- *The 21st Century Business Herald* named the Bank “Bank of the Year 2015 for Excellence in Corporate Auto Finance” in its assessment of “Auto Finance Service in China”.
- The Bank won the title “Outstanding Brand for Providing Financial Services with Universal Benefits”.
- HKICPA granted the Bank “Gold Medal for Best Disclosure of Corporate Governance Information in 2015”.

## December

- The Bank’s mobile banking was awarded “The Best Mobile Banking in China in 2015” by “China Interne Economic Forum Gold i Award”.
- In the competition for the “2015 Gold-Medal List of Financial Institutions in China” jointly sponsored by *The Financial Times* and the Financial Research Institute of the Chinese Academy of Social Sciences, the Bank was named “The Most Innovative Bank in 2015” and placed on the list of the “Top Ten Innovative Internet Banks in 2015”.
- The Bank won the “Award for Excellence in Asset Custody Services” in the competition for the title “2015 Industry Leaders in China” sponsored by JRJ.com.
- *The Economic Observer* granted the Bank the honor “Bank of the Year for Excellent Foreign Exchange Financial Services” in its “2014-2015 Competition for Excellence in Financial Services in China”.
- In its assessment of candidates for the “Dongfang Wealth Ranking Billboard”, Eastmoney.com named the Bank the “Most Innovative Bank” and the “Best Internet Finance Bank” in 2015.
- The Bank won the “2015 Award for Best Customer Experience of Online Banking in China” from China Financial Certification Authority (“CFCA”) during the latter’s assessment of candidates for the “The Best E-Banks in China”.
- In the competition for the “6th Golden Pixiu Award” for excellence in financial wealth management, an initiative jointly sponsored by the *Financial Management* magazine and Beijing Gold-Medal Wealth Research Institute, the Bank was named “Gold Medal Bank of the Year for Innovation” and “Gold Medal Joint-Stock Commercial Bank of the Year”.
- The *Trade Finance* magazine named the Bank “The Best Foreign Exchange Finance Bank in 2015”.
- In the competition for the “2015 Innovated in China Special Award” sponsored by *China Business Times*, the Bank won the honor “The Best Bank for Cross-Sector Cooperation”.





# Business Summary

## | Note on Main Business of the Company during the Reporting Period

Under the current domestic context of the economic “new normal” and financial sector liberalization, and with the vision of becoming “the bank offering the best comprehensive finance services”, the Bank leveraged to the maximum the unique competitive advantages of CITIC Group that attached equal attention to financial services and the real economy, and exerted the best of its efforts to create an integrated service platform. Upholding its “customer focus” business philosophy, the Bank provided corporate and institutional customers with integrated financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business, factoring business, and custody business; and offered individual customers diversified financial products and services covering retail banking, credit card, consumer finance, wealth management, private banking, e-banking and going abroad finance, meeting the demands of corporate, institutional and individual customers for comprehensive financial services on all fronts. Please refer to “Management Discussion and Analysis” of this report for details.

## | Note on Material Changes in the Company’s Main Assets during the Reporting Period

Please refer to “Analysis of the Financial Statements” in “Management Discussion and Analysis” of this report for details.

## | Core Competitiveness Analysis

In March 2015, the Bank formulated its 2015-2017 Strategic Plan, setting up a clearer development strategy more in line with its own characteristics. During the reporting period, the Bank implemented various strategic deployments with a resolute stance, deepened its institutional reform, stimulated business dynamics, and promoted business transformation on all fronts. As a result, its core competitiveness enjoyed a further boost, which is mainly reflected in the following aspects:

- The new strategy guided the development of a new pattern. With the vision of becoming the “bank offering the best comprehensive finance services”, the Bank reinforced total-asset operation and transformed from credit grant orientation to provision of comprehensive finance services to customers, forming a new pattern of comprehensive services. The Bank obtained CBRC approval for its equity investment in CTBC Financial Holding Co., Ltd. in Taiwan, and is expected to become the first Mainland China financial institution to invest in CTBC in Taiwan. Establishment of CITIC Financial Leasing expanded the Bank’s business scope even further. In addition, the Bank developed CNCB Investment into its overseas full-license platform for investment banking. As such, a new pattern of platform-based development was in place. The Bank also made breakthroughs in the development of its overseas organizations and overseas business, and greatly enhanced cross-border business interaction between itself and CNCBI, giving rise to a new pattern of international development.
- The Bank created a new market image for itself through innovative development. In partnership with Baidu, the Bank jointly sponsored the establishment of Baixin Bank. Through enhanced cross-sector cooperation with internet companies, the Bank developed innovative products, continuously enhancing its influence in internet finance. Centering on enterprise transaction behavior and transaction chains, the Bank launched its “Transaction +” brand, and fully upgraded its “going abroad” products and services, harvesting further enhancement of its brand reputation. The Bank further boosted its new image of “Big Individual Products” with its distinctive competitive edges in “comprehensive financial services for government” and “asset custody”. The Bank stabilized its No.1 ranking among peers in the scale of spot foreign exchange market making business at the financial market, topped all joint-stock banks in terms of cross-border Renminbi foreign exchange receipts and payments, and won the first place in terms of the transaction volume in asset management of commercial drafts.
- The Bank made proactive efforts to create new engines for business growth. (1) New engines for asset business: In partnership with affiliates and subsidiaries of CITIC Group, the Bank supported the “One Belt One Road” government strategy with nearly RMB700 billion investments and finance, establishing strategic partnership with multiple local governments, and continuously increased support to the integration of Beijing, Tianjin and Hebei Province. (2) New engines for cross-border business: The Bank recorded rapid business growth in cross-border mergers and acquisitions and equity investment and finance. (3) Channel creation for deployment of new engines: Outlets were developed in key regions at a faster pace. In addition, the Bank accelerated the implementation of its strategy on developing “small, smart and multi-business-model” outlets and construction of e-channels. All these further boosted customer experience and market competitiveness of the Bank.

- Structural reform triggered new dynamics. The Bank quickened the construction of a total-risk management system, and built the “three defense lines” for risk management, thus further improving its capability for risk management and control. Further optimization of the credit review and approval process resulted in better quality and higher efficiency of the process. More intensive efforts were made to construct the internal control system and authorization management, and enhance independence of audit. The establishment of the Product Innovation Management Committee released product innovation dynamics. Reform of the performance evaluation system strengthened the driving force for business growth, and effectively motivated all units and employees. In its adaptation to the new situations of interest rate liberalization, the Bank pushed forward transformation of deposit and loan management towards on- and off- balance sheet total assets and liabilities management. In addition, the Bank actively promoted reform of its human resources. A more standard job system with more effective performance evaluation was put in place. More efforts were made to apply competitive processes in talent selection and cultivate internationalized talents.
- The Bank created a new growth momentum in business synergy. Greater efforts on the part of the Bank to lead coordination at the CITIC Group level for better synergy included the set-up of six synergy working groups for coordination between banking and securities, banking and trust, and banking and insurance, etc., and implementation of a group of key “One Belt One Road” projects and PPP projects. Subsidiaries and affiliates of CITIC Group registered rapid growth in terms of their deposit balances with the Bank, their number of employees on the payrolls agency paid by the Bank, and the scale of cross-selling products of financial subsidiaries of CITIC Group together with the Bank. In partnership with subsidiaries of CITIC Group, the Bank provided diversified finance to customers, and boosted internal interaction between retail and corporate banking, and carried out joint marketing within the group. As a result, the Bank harvested a marked increase in new customers and growth in business performance. A new pattern of synergy for reciprocity and win-win was in place.
- A new stage of development in information technology. Successful online operation of the new generation core business system with smooth switch and commissioning in one go across the bank and covering all business lines doubled the efficiency of business processing, and sped up development of deposit/loan products by more than 50%. The remote centralized authorization project separated front-desk operation and back-office authorization, which, while preventing and controlling risks, further reduced the number of authorized managers and saved the cost of human resources.



**Development guided by strategic orientation  
and breakthroughs in product innovation**



The image shows a woman in a black blazer pointing at a display screen in a 'User Experience Area'. The background is a large, abstract, red and orange graphic. The text 'User Experience Area' is visible on the wall behind her. To the right, a man in a brown jacket is looking at a screen displaying '互联网社区'.

## 用卡体验区 User Experience Area

With the goal to become the “bank offering the best comprehensive finance services”, the Bank provided comprehensive financing services by adopting business models such as “commercial banking + investment banking”, “banking + non-banking”, “on- + off- balance sheet businesses” and “domestic + overseas”.



# Management Discussion and Analysis

## Economic, Financial and Regulatory Environments

The 2015 world economy lingered on in post-crisis adjustment, with recovery of major economies remaining uneven and their monetary policies continuing to divide. The US entered the cycle of interest rate hike. The EU maintained its monetary easing policy. The emerging economies saw slowdown of their economic growth. Global economic development was trapped in multiple uncertainties, including, among others, intensifying geopolitical conflicts and financial market fluctuations.

In 2015, the Chinese economy assumed the “new normal”, maintaining a reasonable range of growth in the overall sense but facing a critical period of structural adjustment and growth pattern transformation. Gross domestic product (GDP) grew 6.9% year-on-year. Consumer price index (CPI) rose by 1.4% over the previous year and producer’s price index (PPI) dropped by 5.2%. As at the end of 2015, the balance of M2 registered a growth of 13.3% over the end of the previous year. Total incremental social financing for the full year amounted to RMB15.4 trillion, a year-on-year decrease of RMB467.5 billion. End-of-year combined balance of Renminbi deposits with all financial institutions reached RMB135.7 trillion, an increase of RMB15.0 trillion. End-of-year combined balance of Renminbi loans of all financial institutions recorded RMB94.0 trillion, up RMB11.7 trillion. The average exchange rate of the Renminbi against the US dollar for the whole year stood at 6.2284, depreciating 1.4% over the previous year.

In 2015, the Chinese government regulatory authorities rendered active support to help the real economy attain better quality and higher efficiency, defended the bottom line of preventing systemic regional financial risks, and increased market vitality by deepening reform and opening up. The efforts on the part of the Central Bank included five cuts of bank reserve requirement ratio and interest rate, full lift of the ceilings for deposit interest rates, launch of the deposit insurance system, and initiation of the issuance of large-sum deposit certificates. These combined to signal the preliminary achievement of interest rate liberalization. Meanwhile, the Central Bank made comprehensive use of innovative monetary tools such as Standing Lending Facility (SLF) and Medium-term Lending Facility (MLF) to maintain reasonably sufficient liquidity of the banking system. On the other hand, the Standing Committee of the NPC adopted the Amendment to the Law of People’s Republic of China on Commercial Banks; regulatory requirements on loan to deposit ratio were abolished; the CBRC, while paying growing attention to indicators such as liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), also amended the Rules on Liquidity Risk Management of Commercial Banks (Provisional) to build a more robust system for liquidity risk management of banks.

## Analysis of the Financial Statements

### Overview

During the reporting period, in face with complex economic and financial environments, the Group focused on implementation of its strategy, deepened business transformation, sped up reform and innovation, and guarded its risk bottom line with a resolute stance, harvesting sound and steady development in the overall sense.

Growth of profitability maintained: For the reporting period, the Group realized net profit attributable to the Bank’s shareholders of RMB41.158 billion, profit before asset impairment loss of RMB95.023 billion, net interest income of RMB104.433 billion, and net non-interest income of RMB41.112 billion, representing an increase of 1.15%, 21.44%, 10.23% and 36.59% over the previous year, respectively.

Relatively fast growth of business scale: As at the end of the reporting period, the Group’s total assets reached RMB5.122292 trillion, an increase of 23.76% over the end of the previous year; its total loans to customers and total deposits from customers stood at RMB2.528780 trillion and RMB3.182775 trillion respectively, indicating respective increases of 15.58% and 11.69% over the end of the previous year.

Overall controllability of asset quality: As at the end of the reporting period, the Group recorded an RMB36.050 billion balance of non-performing loans (NPLs), up RMB7.596 billion or 26.70% over the end of the previous year, which corresponded to an NPL ratio of 1.43%, up 0.13 percentage point over the end of the previous year, an allowance coverage ratio of 167.81%, down 13.45 percentage points over the end of the previous year, and a ratio of allowance for impairment of loans to total loans of 2.39%, up 0.03 percentage point over the end of the previous year.

## Income Statement Analysis

Unit: RMB million

Item	2015	2014	Increase/(decrease)	Growth rate (%)
Net interest income	104,433	94,741	9,692	10.23
Net non-interest income	41,112	30,098	11,014	36.59
Operating income	145,545	124,839	20,706	16.59
Operating expenses	(50,602)	(46,796)	3,806	8.13
Asset impairment loss	(40,037)	(23,673)	16,364	69.13
Profit before taxation	54,986	54,574	412	0.75
Income tax	(13,246)	(13,120)	126	0.96
Net profit	41,740	41,454	286	0.69
Including: Net profit attributable to the Bank’s shareholders	41,158	40,692	466	1.15

### Operating Income

During the reporting period, the Group realized an operating income of RMB145.545 billion, up 16.59% over the previous year, in which net interest income accounted for 71.8%, down 4.1 percentage points over the previous year; and net non-interest income accounted for 28.2%, up 4.1 percentage points over the previous year.

Item	2015 (%)	2014 (%)	2013 (%)
Net interest income	71.8	75.9	81.8
Net non-interest income	28.2	24.1	18.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Net Interest Income

During the reporting period, the Group realized a net interest income of RMB104.433 billion, up RMB9.692 billion or 10.23% over the previous year, which was mainly attributable to the continuous increase in interest-earning assets.

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 refer to corresponding daily balances.

*Unit: RMB million*

Item	2015			2014		
	Average balance	Interest	Average yield/ cost rate (%)	Average balance	Interest	Average yield/ cost rate (%)
<b>Interest-earning assets</b>						
Loans and advances to customers	2,327,333	136,077	5.85	2,074,393	130,975	6.31
Investment in debt securities	471,232	18,190	3.86	347,377	13,992	4.03
Deposits and placements with central banks	510,289	7,502	1.47	506,580	7,554	1.49
Deposits and placements with banks and non-bank financial institutions	221,356	4,250	1.92	276,146	9,834	3.56
Financial assets held under resale agreements	102,603	3,998	3.90	231,483	12,194	5.27
Investment classified as receivables	878,034	45,638	5.20	503,898	31,087	6.17
Others	8,284	6	0.07	3,916	3	0.08
<b>Subtotal</b>	<b>4,519,131</b>	<b>215,661</b>	<b>4.77</b>	<b>3,943,793</b>	<b>205,639</b>	<b>5.21</b>
<b>Interest-bearing liabilities</b>						
Deposits from customers	3,003,860	64,749	2.16	2,766,590	67,268	2.43
Deposits and placements from banks and non-bank financial institutions	981,227	36,534	3.72	764,241	37,818	4.95
Financial assets sold under repurchase agreements	23,057	561	2.43	23,280	839	3.60
Interbank certificates of deposit	71,480	2,957	4.14	13,693	654	4.78
Deposit certificates issued	7,365	121	1.64	12,497	236	1.89
Debt securities payable	101,304	5,304	5.24	75,244	3,726	4.95
Borrowings from central banks and others	28,549	1,002	3.51	9,618	357	3.71
<b>Subtotal</b>	<b>4,216,842</b>	<b>111,228</b>	<b>2.64</b>	<b>3,665,163</b>	<b>110,898</b>	<b>3.02</b>
Net interest income		104,433			94,741	
Net interest spread <sup>(1)</sup>			2.13			2.19
Net interest margin <sup>(2)</sup>			2.31			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.

## Management Discussion and Analysis

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	2015 compared with 2014		
	Scale factor	Interest rate factor	Total
<b>Assets</b>			
Loans and advances to customers	15,961	(10,859)	5,102
Investment in debt securities	4,991	(793)	4,198
Deposits and placements with central banks	55	(107)	(52)
Deposits and placements with banks and non-bank financial institutions	(1,951)	(3,633)	(5,584)
Financial assets held under resale agreements	(6,792)	(1,404)	(8,196)
Investments classified as receivables	23,084	(8,533)	14,551
Others	3	—	3
<b>Changes in interest income</b>	<b>35,351</b>	<b>(25,329)</b>	<b>10,022</b>
<b>Liabilities</b>			
Deposits from customers	5,766	(8,285)	(2,519)
Deposits and placement from banks and non-bank financial institutions	10,741	(12,025)	(1,284)
Financial assets sold under repurchase agreements	(8)	(270)	(278)
Interbank certificates of deposit	2,762	(459)	2,303
Deposit certificates issued	(97)	(18)	(115)
Debt securities payable	1,290	288	1,578
Borrowings from central banks and others	702	(57)	645
<b>Changes in interest expense</b>	<b>21,156</b>	<b>(20,826)</b>	<b>330</b>
<b>Changes in net interest income</b>	<b>14,195</b>	<b>(4,503)</b>	<b>9,692</b>

### Net Interest Margin and Net Interest Spread

During the reporting period, the Group's net interest margin stood at 2.31%, down 0.09 percentage point over the previous year, and net interest spread registered 2.13%, down 0.06 percentage point over the previous year.

### Interest Income

During the reporting period, the Group realized an interest income of RMB215.661 billion, up RMB10.022 billion or 4.87% over the previous year. The increase in interest income was primarily due to the increase in the scale of interest-earning assets. The Group's average balance of interest-earning assets increased from RMB3,943.793 billion in 2014 to RMB4,519.131 billion in 2015, up RMB575.338 billion or 14.59%.

### Interest Income from Loans and Advances to Customers

During the reporting period, the Group achieved RMB136.077 billion interest income from loans and advances to customers, up RMB5.102 billion or 3.90% over the previous year, of which the interest income from loans and advances to customers of the Bank reached RMB131.448 billion, up RMB4.328 billion or 3.40%.

### Classification by Maturity Structure

#### The Group

*Unit: RMB million*

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	1,178,627	65,540	5.56	1,158,337	73,784	6.37
Medium to long-term loans	1,148,706	70,537	6.14	916,056	57,191	6.24
<b>Total</b>	<b>2,327,333</b>	<b>136,077</b>	<b>5.85</b>	<b>2,074,393</b>	<b>130,975</b>	<b>6.31</b>

The Bank

Unit: RMB million

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	1,154,142	64,712	5.61	1,135,848	72,830	6.41
Medium to long-term loans	1,039,810	66,736	6.42	828,859	54,290	6.55
<b>Total</b>	<b>2,193,952</b>	<b>131,448</b>	<b>5.99</b>	<b>1,964,707</b>	<b>127,120</b>	<b>6.47</b>

Classification by Business

The Group

Unit: RMB million

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	1,630,940	97,956	6.01	1,508,473	96,338	6.39
Discounted loans	89,753	3,214	3.58	74,347	3,782	5.09
Personal loans	606,640	34,907	5.75	491,573	30,855	6.28
<b>Total</b>	<b>2,327,333</b>	<b>136,077</b>	<b>5.85</b>	<b>2,074,393</b>	<b>130,975</b>	<b>6.31</b>

The Bank

Unit: RMB million

Item	2015			2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	1,521,013	94,192	6.19	1,421,570	93,169	6.55
Discounted loans	82,866	2,842	3.43	66,107	3,516	5.32
Personal loans	590,073	34,414	5.83	477,030	30,435	6.38
<b>Total</b>	<b>2,193,952</b>	<b>131,448</b>	<b>5.99</b>	<b>1,964,707</b>	<b>127,120</b>	<b>6.47</b>

Interest Income from Investment in Debt Securities

During the reporting period, the Group's interest income from investment in debt securities stood at RMB18.190 billion, up RMB4.198 billion or 30.00% over the previous year, primarily because average balance of investment in debt securities grew from RMB347.377 billion in 2014 to RMB471.232 billion in 2015, an increase of 35.65%.

Interest Income from Deposits and Placements with Central Banks

During the reporting period, the Group's interest income from deposits and placements with central banks amounted to RMB7.502 billion, representing a decrease of RMB52 million or 0.69% over the previous year.

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 RMB4.250 billion, down RMB5.584 billion or 56.78% over the previous year, mainly because the average balance of deposits and placements with banks and non-bank financial institutions decreased by RMB54.790 billion and the average yield of such deposits and placements dropped 1.64 percentage points.

Interest Income from Amounts under Resale Agreements

For the reporting period, the Group's interest income from amounts under resale agreements stood at RMB3.998 billion, down RMB8.196 billion or 67.21% over the previous year, mainly due to the RMB128.880 billion decrease in the average balance of amounts under resale agreements and a drop of 1.37 percentage points in the average yield thereof.

## Management Discussion and Analysis

### Interest Income from Receivables Investments

During the reporting period, the Group's interest income from receivables investments stood at RMB45.638 billion, up RMB14.551 billion over the previous year, mainly due to the continuous expansion of investment in directional asset management schemes of securities brokerages and in wealth management products of financial institutions.

### Interest Expense

During the reporting period, the Group's interest expense was RMB111.228 billion, up RMB330 million or 0.30% over the previous year. The increase in interest expense was primarily due to the expansion of interest-bearing liabilities which offset the cumulative impacts of the five rounds of interest rate cuts. The Group's average balance of interest-bearing liabilities increased from RMB3,665.163 billion in 2014 to RMB4,216.842 billion in 2015, up RMB551.679 billion or 15.05%; while the average cost rate of its interest-bearing liabilities decreased by 0.38 percentage point.

### Interest Expense on Deposits from Customers

During the reporting period, the interest expense on deposits from customers of the Group was RMB64.749 billion, a drop of RMB2.519 billion or 3.74% over the previous year, of which the interest expense on deposits from customers of the Bank was RMB62.700 billion, a decrease of RMB2.579 billion or 3.95% over the previous year, primarily because the five rounds of interest rate cuts reduced the average cost rate of customer deposits by 0.27 percentage point.

### The Group

*Unit: RMB million*

Item	2015			2014		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
<b>Corporate deposits</b>						
Time deposits	1,499,194	46,324	3.09	1,350,745	46,486	3.44
Demand deposits	999,091	7,454	0.75	896,846	6,550	0.73
<b>Subtotal</b>	<b>2,498,285</b>	<b>53,778</b>	<b>2.15</b>	<b>2,247,591</b>	<b>53,036</b>	<b>2.36</b>
<b>Personal deposits</b>						
Time deposits	352,878	10,453	2.96	395,557	13,788	3.49
Demand deposits	152,697	518	0.34	123,442	444	0.36
<b>Subtotal</b>	<b>505,575</b>	<b>10,971</b>	<b>2.17</b>	<b>518,999</b>	<b>14,232</b>	<b>2.74</b>
<b>Total</b>	<b>3,003,860</b>	<b>64,749</b>	<b>2.16</b>	<b>2,766,590</b>	<b>67,268</b>	<b>2.43</b>

### The Bank

*Unit: RMB million*

Item	2015			2014		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
<b>Corporate deposits</b>						
Time deposits	1,427,532	45,206	3.17	1,291,735	45,223	3.50
Demand deposits	973,182	7,429	0.76	874,670	6,525	0.75
<b>Subtotal</b>	<b>2,400,714</b>	<b>52,635</b>	<b>2.19</b>	<b>2,166,405</b>	<b>51,748</b>	<b>2.39</b>
<b>Personal deposits</b>						
Time deposits	302,079	9,576	3.17	354,200	13,111	3.70
Demand deposits	136,070	489	0.36	110,370	420	0.38
<b>Subtotal</b>	<b>438,149</b>	<b>10,065</b>	<b>2.30</b>	<b>464,570</b>	<b>13,531</b>	<b>2.91</b>
<b>Total</b>	<b>2,838,863</b>	<b>62,700</b>	<b>2.21</b>	<b>2,630,975</b>	<b>65,279</b>	<b>2.48</b>



### 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 RMB36.534 billion, down RMB1.284 billion or 3.40% over the previous year, primarily due to the drop of the average cost rate of such deposits and placements by 1.23 percentage points, which offset the impacts of the increase of RMB216.986 billion in the average balance of such deposits and placements.

### Interest Expense on Amounts under Repurchase Agreements

During the reporting period, the Group's interest expense on amounts under repurchase agreements was RMB561 million, down RMB278 million or 33.13% over the previous year, which was primarily due to the drop in the average cost rate of the amounts under repurchase agreements by 1.17 percentage points.

### Interest Expense on Interbank Certificates of Deposit

During the reporting period, the Group's interest expense on interbank certificates of deposit amounted to RMB2.957 billion, up RMB2.303 billion or 352.14% over the previous year, mainly because of the Group's new issuance of inter-bank certificates of deposit during the current period.

### Interest Expense on Issued Deposit Certificates

During the reporting period, the Group's interest expense on issued deposit certificates stood at RMB121 million, a decrease of RMB115 million or 48.73% over the previous year, which was primarily due to the RMB5.132 billion decrease in the average balance of deposit certificates.

### Interest Expense on Debt Securities Payable

During the reporting period, the Group's interest expense on debt securities payable recorded RMB5.304 billion, up RMB1.578 billion or 42.35% over the previous year, mainly because of the Group's new issue of Renminbi denominated debt securities during the current period.

### Interest Expense on Borrowings from Central Banks and other liabilities

During the reporting period, the Group's interest expense on borrowings from central banks and other liabilities stood at RMB1.002 billion, an increase of RMB645 million or 180.67% over the previous year, mainly because the average balance of borrowings from central banks was increased.

### Net Non-Interest Income

During the reporting period, the Group realized a net non-interest income of RMB41.112 billion, an increase of RMB11.014 billion or 36.59% over the previous year.

*Unit: RMB million*

Item	2015	2014	Increase/(decrease)	Growth rate (%)
Net fee and commission income	35,674	25,313	10,361	40.93
Net gain from trading	3,635	3,437	198	5.76
Net gain from investment securities	1,192	834	358	42.93
Net gain/(loss) from arbitrage	1	(2)	3	—
Other net operating gain	610	516	94	18.22
<b>Total net non-interest income</b>	<b>41,112</b>	<b>30,098</b>	<b>11,014</b>	<b>36.59</b>

### Net Fee and Commission Income

During the reporting period, the Group realized a net fee and commission income of RMB35.674 billion, an increase of RMB10.361 billion or 40.93% over the previous year, of which fee and commission income amounted to RMB37.639 billion, up 39.55% over the previous year. This increase was primarily due to the relatively rapid growth in items including bank card fees, agency fees and wealth management service fees.

## Management Discussion and Analysis

Unit: RMB million

Item	2015	2014	Increase/(decrease)	Growth rate (%)
Bank card fees	13,419	8,358	5,061	60.55
Consulting and advisory fees	6,972	5,638	1,334	23.66
Settlement fees	1,747	2,213	(466)	(21.06)
Wealth management service fees	5,808	3,958	1,850	46.74
Agency fees	3,711	1,795	1,916	106.74
Commissions for custody and other trusted services	2,228	1,522	706	46.39
Guarantee fees	3,131	3,178	(47)	(1.48)
Others	623	310	313	100.97
<b>Subtotal</b>	<b>37,639</b>	<b>26,972</b>	<b>10,667</b>	<b>39.55</b>
<b>Fee and commission expense</b>	<b>(1,965)</b>	<b>(1,659)</b>	<b>(306)</b>	<b>18.44</b>
<b>Net fee and commission income</b>	<b>35,674</b>	<b>25,313</b>	<b>10,361</b>	<b>40.93</b>

### Net gain from trading

During the reporting period, the Group registered RMB3,635 million net gain from trading, up RMB198 million or 5.76% over the previous year.

Unit: RMB million

Item	2015	2014	Increase/(decrease)	Growth rate (%)
Net gain from foreign exchange trading	1,288	827	461	55.74
Derivatives	576	1,658	(1,082)	(65.26)
Debt securities	1,531	913	618	67.69
Financial instruments designated at fair value through profit or loss	240	39	201	515.38
<b>Net gain from trading</b>	<b>3,635</b>	<b>3,437</b>	<b>198</b>	<b>5.76</b>

### Loss on Asset Impairment

During the reporting period, the Group's asset impairment loss was RMB40.037 billion, increasing by RMB16.364 billion or 69.13% over the previous year, of which impairment loss on loans and advances to customers stood at RMB35.120 billion, up RMB13.046 billion or 59.10% over the previous year.

Unit: RMB million

Item	2015	2014	Increase/(decrease)	Growth rate (%)
Loans and advances to customers	35,120	22,074	13,046	59.10
Off-balance sheet assets	(95)	4	(99)	—
Securities investment	53	(7)	60	—
Others <sup>(Note)</sup>	4,959	1,602	3,357	209.55
<b>Total loss on asset impairment</b>	<b>40,037</b>	<b>23,673</b>	<b>16,364</b>	<b>69.13</b>

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

### Operating Expenses

During the reporting period, the Group incurred RMB50.602 billion operating expense, representing an increase of RMB3.806 billion or 8.13% over the previous year, of which staff cost and property and equipment expenses increased by 5.82% and 12.61% respectively over the previous year.

During the reporting period, the Group recorded a cost-to-income ratio of 34.77%, down 2.72 percentage points over the previous year.



Item	Unit: RMB million			
	2015	2014	Increase/(decrease)	Growth (%)
Staff cost	22,387	21,156	1,231	5.82
Property and equipment expenses and amortization	8,763	7,782	981	12.61
Other general administrative expenses	9,419	9,031	388	4.30
<b>Subtotal</b>	<b>40,569</b>	<b>37,969</b>	<b>2,600</b>	<b>6.85</b>
Business tax and surcharges	10,033	8,827	1,206	13.66
<b>Total operating expenses</b>	<b>50,602</b>	<b>46,796</b>	<b>3,806</b>	<b>8.13</b>
Cost-to-income ratio	34.77%	37.49%	down 2.72 percentage points	
Cost-to-income ratio (deducting business tax and surcharges)	27.87%	30.41%	down 2.54 percentage points	

### Income Tax Analysis

During the reporting period, the Group's income tax expense was RMB13.246 billion, up RMB126 million or 0.96% over the previous year. The Group's effective tax rate stood at 24.09%, up 0.05 percentage point over the previous year.

### Balance Sheet Analysis

As at the end of the reporting period, total assets of the Group reached RMB5,122.292 billion, up 23.76% over the end of the previous year, mainly due to increase in the Group's loans and advances to customers and receivables investment; and total liabilities of the Group reached RMB4,802.606 billion, up 24.05% over the end of the previous year, mainly the result of increase in deposits from customers, deposits and placements from banks and non-bank financial institutions and issued debt certificates.

Item	Unit: RMB million			
	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	2,468,283	48.2	2,136,332	51.7
Receivables investment	1,112,207	21.7	653,256	15.8
Investment in debt securities and equity instruments <sup>(1)</sup>	580,896	11.3	415,740	10.0
Cash and deposits with central banks	511,189	10.0	538,486	13.0
Net amount of deposits and placements with banks and loans to banks and non-bank financial institutions	199,579	3.9	162,171	3.9
Amounts under resale agreements	138,561	2.7	135,765	3.3
Others <sup>(2)</sup>	111,577	2.2	97,065	2.3
<b>Total assets</b>	<b>5,122,292</b>	<b>100.0</b>	<b>4,138,815</b>	<b>100.0</b>
Deposits from customers	3,182,775	66.3	2,849,574	73.6
Deposits and placements from banks and non-bank financial institutions	1,117,792	23.3	707,940	18.3
Amounts under repurchase agreements	71,168	1.5	41,609	1.1
Debt certificates issued	289,135	6.0	133,488	3.4
Others <sup>(3)</sup>	141,736	2.9	138,858	3.6
<b>Total liabilities</b>	<b>4,802,606</b>	<b>100.0</b>	<b>3,871,469</b>	<b>100.0</b>

- 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 investments in associates.
  - (2) Including precious metal, derivative financial assets, interest receivables, fixed assets, intangible assets, investment properties, goodwill, deferred income tax assets and other assets.
  - (3) Including borrowings from central banks, financial liabilities measured at fair value through profit or loss for the current period, derivative financial liabilities, staff remunerations payable, tax and fee payables, interest payables, estimated liabilities, deferred income tax liabilities, other liabilities and so on.

## Management Discussion and Analysis

### Loan Business

As at the end of the reporting period, total loans and advances of the Group reached RMB2,528.780 billion, up 15.58% over the end of the previous year; and net loans and advances accounted for 48.2% of total assets, down 3.5 percentage points over the end of the previous year.

#### The Group

*Unit: RMB million*

Item	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,767,422	69.9	1,565,318	71.6
Discounted loans	92,745	3.7	68,043	3.1
Personal loans	668,613	26.4	554,547	25.3
<b>Total loans and advances to customers</b>	<b>2,528,780</b>	<b>100.0</b>	<b>2,187,908</b>	<b>100.0</b>
Impairment allowance for loans and advances to customers	(60,497)		(51,576)	
<b>Net loans and advances to customers</b>	<b>2,468,283</b>		<b>2,136,332</b>	

As at the end of the reporting period, loans and advances of the Bank totaled RMB2,364.556 billion, up 14.59% over the end of the previous year.

#### The Bank

*Unit: RMB million*

Item	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,627,573	68.8	1,465,078	71.0
Discounted loans	87,219	3.7	59,888	2.9
Personal loans	649,764	27.5	538,512	26.1
<b>Total loans and advances to customers</b>	<b>2,364,556</b>	<b>100.0</b>	<b>2,063,478</b>	<b>100.0</b>
Impairment allowance for loans and advances to customers	(59,682)		(51,136)	
<b>Net loans and advances to customers</b>	<b>2,304,874</b>		<b>2,012,342</b>	

Please refer to “Management Discussion and Analysis – Risk Management” of this report for risk analysis of loan business.

### Receivables Investment

As at the end of the reporting period, the Group’s receivables investment totaled RMB1,113.092 billion, an increase of RMB459.680 billion or 70.35% over the previous year, mainly due to the increase in investment in directional asset management schemes of securities brokerages and wealth management products of financial institutions.

Item	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Fund trust schemes	139,971	12.6	108,535	16.6
Directional asset management schemes of securities brokerages	825,016	74.1	452,319	69.2
Wealth management products of financial institutions	147,605	13.3	78,859	12.1
Corporate bonds	—	—	13,199	2.0
Others	500	—	500	0.1
<b>Total receivables investment</b>	<b>1,113,092</b>	<b>100.0</b>	<b>653,412</b>	<b>100.0</b>
Allowance for impairment in receivables investment	(885)		(156)	
<b>Net receivables investment</b>	<b>1,112,207</b>		<b>653,256</b>	

Note: Underlying assets of investment classified as receivables mainly refer to notes, loans and interbank business assets. Among the total, loans took up 26.4%.

## Investment in Debt Securities and Equity Instruments

As at the end of the reporting period, total investment in debt securities and equity instruments was RMB581.097 billion, up RMB165.219 billion or 39.73% over the previous year.

## Portfolio Analysis of Investment in Debt Securities and Equity Instruments

*Unit: RMB million*

Item	31 December 2015		31 December 2014	
	Value	Proportion (%)	Value	Proportion (%)
<b>Debt securities investment</b>				
Held-to-maturity debt securities	179,971	31.0	177,998	42.8
Available-for-sale debt securities	297,580	51.2	183,382	44.1
Trading financial assets	8,536	1.5	12,746	3.1
Financial assets measured at fair value through profit or loss for the current period	2,457	0.4	838	0.2
<b>Total debt securities</b>	<b>488,544</b>	<b>84.1</b>	<b>374,964</b>	<b>90.2</b>
<b>Investment funds</b>				
Available-for-sale investment funds	446	0.1	462	0.1
Trading financial assets	1	—	2	—
<b>Total investment funds</b>	<b>447</b>	<b>0.1</b>	<b>464</b>	<b>0.1</b>
<b>Equity investments</b>				
Available-for-sale equity investments	580	0.1	1,769	0.4
Investments in associates	976	0.2	870	0.2
<b>Total equity investments</b>	<b>1,556</b>	<b>0.3</b>	<b>2,639</b>	<b>0.6</b>
<b>Certificates of deposit and inter-bank certificates of deposit</b>				
Trading financial assets	15,226	2.6	13,923	3.3
Available-for-sale financial assets	75,314	12.9	23,888	5.8
<b>Total certificates of deposit and inter-bank certificates of deposit</b>	<b>90,540</b>	<b>15.5</b>	<b>37,811</b>	<b>9.1</b>
<b>Investments in wealth management products</b>				
Available-for-sale financial assets	10	—	—	—
<b>Total investment in wealth management products</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total investment in debt securities and equity instruments</b>	<b>581,097</b>	<b>100.0</b>	<b>415,878</b>	<b>100.0</b>
Impairment provision for investment in debt securities and equity instruments	(201)		(138)	
<b>Net investment in debt securities and equity instruments</b>	<b>580,896</b>		<b>415,740</b>	
Market value of listed securities in held-to-maturity debt securities	180,341		169,845	

As at the end of the reporting period, the Group's investment in debt securities reached RMB488.544 billion, an increase of RMB113.580 billion or 30.29% over the end of the previous year, primarily because the Group made proactive adjustments to the investment structure and allocation scale of debt securities based on market interest rates and liquidity management requirements.

## Management Discussion and Analysis

### Classification of Debt Securities Investment

*Unit: RMB million*

Item	31 December 2015		31 December 2014	
	Value	Proportion (%)	Value	Proportion (%)
Banks and non-bank financial institutions	162,834	33.3	147,570	39.4
Government	165,203	33.8	85,258	22.7
Policy banks	50,994	10.4	44,306	11.8
Public entities	4	—	68	—
Others <sup>(Note)</sup>	109,509	22.5	97,762	26.1
<b>Total debt securities</b>	<b>488,544</b>	<b>100.0</b>	<b>374,964</b>	<b>100.0</b>

Note: Primarily corporate bonds.

### Domestic and Overseas Debt Securities Investment

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Value	Proportion (%)	Value	Proportion (%)
Domestic	460,526	94.3	362,717	96.7
Overseas	28,018	5.7	12,247	3.3
<b>Total debt securities</b>	<b>488,544</b>	<b>100.0</b>	<b>374,964</b>	<b>100.0</b>

### Foreign Currency Denominated Debt Securities Held

As at the end of the reporting period, the Group held a total of USD6.274 billion worth of foreign currency denominated debt securities (equivalent to RMB40.741 billion), of which the Bank held USD1.393 billion, accounting for 22.20% of the total. The Group's impairment allowance for foreign currency denominated debt securities investment was USD25 million (equivalent to RMB164 million), all being impairment allowance accrued for debt securities held by the Bank.

### Breakdown of Significant Investments in Financial Debt Securities

The table below sets out the breakdown of significant investments in financial debt securities held by the Group as at 31 December 2015.

*Unit: RMB million*

Name of Debt Securities	Book value	Maturity Date	Annual interest rate (%)	Allowance accrued for impairment
Debt Securities 1	4,000	28/02/2017	4.20%	—
Debt Securities 2	4,000	18/08/2029	5.98%	—
Debt Securities 3	3,186	23/04/2017	4.11%	—
Debt Securities 4	2,682	23/04/2019	4.32%	—
Debt Securities 5	2,210	06/05/2017	1.83%	—
Debt Securities 6	2,047	17/01/2018	3.12%	—
Debt Securities 7	2,000	14/03/2017	3.45%	—
Debt Securities 8	1,931	17/07/2018	3.59%	—
Debt Securities 9	1,795	20/03/2024	6.60%	—
Debt Securities 10	1,794	04/06/2017	2.71%	—
<b>Total debt securities</b>	<b>25,645</b>			

## Changes in Allowance for Investment Impairment

Item	Unit: RMB million	
	As at 31 December 2015	As at 31 December 2014
<b>Beginning balance</b>	138	205
Accruals during the year <sup>(1)</sup>	53	(7)
Write-offs	—	—
Transfer in/(out) <sup>(2)</sup>	10	(60)
<b>Ending balance</b>	<b>201</b>	<b>138</b>

Notes: (1) Equal to the net allowance for impairment losses recognized in the consolidated income statement of the Group.

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

## Classification of Derivatives and Fair Value Analysis

Item	31 December 2015			31 December 2014		
	Nominal principal	Fair value		Nominal principal	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives	604,523	1,291	995	298,961	977	754
Currency derivatives	1,600,764	11,489	10,119	978,918	6,406	6,208
Other derivatives	23,985	1,008	304	50,769	843	385
<b>Total</b>	<b>2,229,272</b>	<b>13,788</b>	<b>11,418</b>	<b>1,328,648</b>	<b>8,226</b>	<b>7,347</b>

## On-Balance Sheet Interest Receivables

Item	Unit: RMB million			
	31 December 2014	Increase during the current period	Collected during the current period	31 December 2015
Loan interest receivable	8,667	136,077	(134,401)	10,343
Interest receivable for debt securities	6,485	18,190	(16,793)	7,882
Interest on receivables investment	11,190	45,638	(43,865)	12,963
Other interest receivables	1,173	15,756	(15,471)	1,458
<b>Total</b>	<b>27,515</b>	<b>215,661</b>	<b>(210,530)</b>	<b>32,646</b>
Allowances for impairment losses on interest receivables	(1,390)	(2,941)	2,197	(2,134)
<b>Net interest receivable</b>	<b>26,125</b>	<b>212,720</b>	<b>(208,333)</b>	<b>30,512</b>

## Repossessed Assets

Item	Unit: RMB million	
	31 December 2015	31 December 2014
Original value of repossessed assets		
— Land, premises and buildings	1,045	446
— Others	85	458
Provisions for impairment of repossessed assets		
— Land, premises and buildings	(137)	(156)
— Others	(33)	(9)
<b>Total book value of repossessed assets</b>	<b>960</b>	<b>739</b>

## Deposits from Customers

## The Group

As at the end of the reporting period, deposits from customers of the Group totaled RMB3,182.775 billion, an increase of RMB333.201 billion or 11.69% over the end of the previous year; and deposits from customers accounted for 66.3% of total liabilities, down 7.3 percentage points over the end of the previous year.

## Management Discussion and Analysis

Unit: RMB million

Item	31 December 2015		31 December 2014		31 December 2013	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
<b>Corporate deposits</b>						
Demand deposits	1,194,486	37.5	969,511	34.0	938,894	35.4
Time deposits	1,446,939	45.5	1,365,914	48.0	1,198,043	45.2
Including: negotiated deposits	101,333	3.2	102,886	3.6	99,205	3.7
<b>Subtotal</b>	<b>2,641,425</b>	<b>83.0</b>	<b>2,335,425</b>	<b>82.0</b>	<b>2,136,937</b>	<b>80.6</b>
<b>Personal deposits</b>						
Demand deposits	178,917	5.6	147,658	5.2	127,430	4.8
Time deposits	362,433	11.4	366,491	12.8	387,311	14.6
<b>Subtotal</b>	<b>541,350</b>	<b>17.0</b>	<b>514,149</b>	<b>18.0</b>	<b>514,741</b>	<b>19.4</b>
<b>Total deposits from customers</b>	<b>3,182,775</b>	<b>100.0</b>	<b>2,849,574</b>	<b>100.0</b>	<b>2,651,678</b>	<b>100.0</b>

### The Bank

As at the end of the reporting period, the Bank's deposits from customers totaled RMB2,994.826 billion, an increase of RMB295.229 billion or 10.94% over the end of the previous year.

Unit: RMB million

Item	31 December 2015		31 December 2014		31 December 2013	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
<b>Corporate deposits</b>						
Demand deposits	1,163,000	38.9	945,128	35.0	919,663	36.4
Time deposits	1,366,291	45.6	1,300,408	48.2	1,143,519	45.2
Including: negotiated deposits	100,512	3.4	102,040	3.8	98,340	3.9
<b>Subtotal</b>	<b>2,529,291</b>	<b>84.5</b>	<b>2,245,536</b>	<b>83.2</b>	<b>2,063,182</b>	<b>81.6</b>
<b>Personal deposits</b>						
Demand deposits	160,207	5.3	133,223	4.9	113,377	4.4
Time deposits	305,328	10.2	320,838	11.9	352,929	14.0
<b>Subtotal</b>	<b>465,535</b>	<b>15.5</b>	<b>454,061</b>	<b>16.8</b>	<b>466,306</b>	<b>18.4</b>
<b>Total deposits from customers</b>	<b>2,994,826</b>	<b>100.0</b>	<b>2,699,597</b>	<b>100.0</b>	<b>2,529,488</b>	<b>100.0</b>

### Breakdown of Deposits from Customers by Currency

Unit: RMB million

Item	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Renminbi	2,854,718	89.7	2,528,282	88.7
Foreign currencies	328,057	10.3	321,292	11.3
<b>Total</b>	<b>3,182,775</b>	<b>100.0</b>	<b>2,849,574</b>	<b>100.0</b>

### Breakdown of Deposits by Geographical Location

Unit: RMB million

Item	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Bohai Rim <sup>(Note)</sup>	809,760	25.4	733,731	25.7
Yangtze River Delta	730,304	22.9	662,812	23.3
Pearl River Delta and West Strait	498,538	15.7	423,903	14.9
Central region	472,675	14.9	429,345	15.1
Western region	408,822	12.9	373,237	13.1
Northeastern region	77,792	2.4	77,525	2.7
Overseas	184,884	5.8	149,021	5.2
<b>Total deposits from customers</b>	<b>3,182,775</b>	<b>100.0</b>	<b>2,849,574</b>	<b>100.0</b>

Note: Including the Head Office.

## Breakdown of Deposits by Remaining Maturity

### The Group

Unit: RMB million

Item	Repayable-on-demand		Within 3 months		Within 3-12 months		Within 1-5 years		After 5 years		Total	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Corporate deposits	1,154,801	36.3	574,729	18.1	593,216	18.6	317,785	10.0	894	—	2,641,425	83.0
Personal deposits	179,314	5.6	244,703	7.7	72,135	2.3	45,106	1.4	92	—	541,350	17.0
<b>Total</b>	<b>1,334,115</b>	<b>41.9</b>	<b>819,432</b>	<b>25.8</b>	<b>665,351</b>	<b>20.9</b>	<b>362,891</b>	<b>11.4</b>	<b>986</b>	<b>—</b>	<b>3,182,775</b>	<b>100.0</b>

### The Bank

Unit: RMB million

Item	Repayable-on-demand		Within 3 months		Within 3-12 months		Within 1-5 years		After 5 years		Total	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Corporate deposits	1,123,318	37.5	514,617	17.2	573,061	19.2	317,401	10.6	894	—	2,529,291	84.5
Personal deposits	160,604	5.4	191,723	6.4	68,045	2.2	45,071	1.5	92	—	465,535	15.5
<b>Total</b>	<b>1,283,922</b>	<b>42.9</b>	<b>706,340</b>	<b>23.6</b>	<b>641,106</b>	<b>21.4</b>	<b>362,472</b>	<b>12.1</b>	<b>986</b>	<b>—</b>	<b>2,994,826</b>	<b>100.0</b>

## Shareholders' Equity

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

Unit: RMB million

Item	2015							Total Shareholders' Equity
	Share Capital	Capital Reserve	Other comprehensive income	Surplus Reserve and General Risk Provision	Undistributed Profit	Minority Interest		
1 January 2015	46,787	49,296	(1,833)	69,841	95,586	7,669	267,346	
1. Net profit	—	—	—	—	41,158	582	41,740	
2. Other comprehensive income	—	—	5,417	—	—	227	5,644	
3. Acquisition of minority interest in subsidiaries <sup>(1)</sup>	—	(400)	—	—	—	(6,395)	(6,795)	
4. Capital input by ordinary shareholders <sup>(2)</sup>	2,148	9,740	—	—	—	—	11,888	
5. Profit distribution	—	—	—	18,076	(18,076)	(137)	(137)	
<b>31 December 2015</b>	<b>48,953</b>	<b>58,636</b>	<b>3,584</b>	<b>87,917</b>	<b>118,668</b>	<b>1,946</b>	<b>319,686</b>	

Notes: (1) On 27 August 2015, the Bank acquired BBVA's 29.68% equity in CIFH and thus made CIFH its wholly owned subsidiary. Because the Bank and CNCBI, a wholly owned subsidiary of CIFH, respectively held 99.05% and 0.95% equity in CNCB Investment, the above acquisition transaction increased the Bank's direct and indirect shareholding of CNCB Investment to 100%. The Bank has completed the accounting treatment thereof according to the relevant accounting standards.

(2) On 31 December 2015, the Bank made a private offering of 2,148 million shares to China Tobacco Corporation, raising net proceeds of RMB11.888 billion after deducting issuance costs including but not limited to underwriting and sponsor fees. After the completion of the offering, China Tobacco Corporation holds 4.39% of the Bank's equity.

## Management Discussion and Analysis

### 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	
	31 December 2015	31 December 2014
Credit commitments		
— Banker's Acceptance bills	631,431	712,985
— Letters of guarantee issued	133,567	124,008
— Letters of credit issued	92,164	134,766
— Irrevocable loan commitments	200,933	188,338
— Credit card commitments	149,138	124,106
<b>Subtotal</b>	<b>1,207,233</b>	<b>1,284,203</b>
Operating leasing commitments	14,799	14,084
Capital commitments	7,232	8,413
Pledged assets	143,182	71,219
<b>Total</b>	<b>1,372,446</b>	<b>1,377,919</b>

### Cash Flow Statement Analysis

#### Net Operating Cash Outflow

Net operating cash outflow registered RMB20.835 billion, representing a growth of RMB54.985 billion over the previous year, primarily because cash outflow due to increase in loans and advancements to customers and receivables investment offsetting cash inflow from the growth in deposits from customers and inter-bank business resulted in net cash outflow.

#### Net Cash Outflow for Investing Activities

Net cash outflow for investing activities recorded RMB142.554 billion, up RMB94.269 billion over the previous year, mainly due to the year-on-year increase in net payments on investments in debt securities.

#### Net Cash Inflow Generated from Financing Activities

Net cash inflow generated from financing activities reached RMB154.229 billion, up RMB109.835 billion over the previous year, primarily due to the increase in net cash proceeds from private offering of shares and issuance of inter-bank deposit certificates and inter-bank bonds.

Item	Unit: RMB million		
	2015	Year-on-Year Increase (%)	Major cause
<b>Net Operating Cash Outflow</b>	(20,835)	—	
Including: Net cash inflow due to increase in interbank business <sup>(Note)</sup>	399,532	(1.17)	
Cash inflow due to increase in deposits from customers	323,142	63.90	Increase in corporate deposits
Cash outflow due to increase in loans and advances to customers	(358,952)	51.39	Increase in various loans
Cash outflow due to increase in receivables investments	(459,657)	30.09	Increase in directional asset management schemes of securities brokerages
<b>Net Cash Outflow for Investing Activities</b>	(142,554)	195.23	
Including: Proceeds from redemption of investments	638,920	56.05	Increase in disposal and repayment of debt securities
Payments on acquisition of investments	(775,111)	73.62	Increase in debt securities investments
<b>Net Cash Inflow Generated from Financing Activities</b>	154,229	247.41	
Including: Proceeds from Issued debt certificates	310,966	217.88	Issuance of inter-bank deposit certificates and bonds
Proceeds from inward investment	11,888	—	Private offering of shares
Principal repayment for issued debt certificates	(153,296)	285.70	Repayment of matured inter-bank deposit certificates and bonds

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



## Capital Adequacy Ratio and Leverage Ratio

The Group calculates and discloses its capital adequacy ratios according to the Rules Governing Capital Management of Commercial Banks (Provisional) promulgated by the CBRC (implemented as of 1 January 2013). As at the end of the reporting period, the Group's capital adequacy ratios at all levels complied with regulatory requirements of the new measures. As at the end of the reporting period, the Group recorded 9.12% core tier-one capital adequacy ratio, up 0.19 percentage point over the end of the previous year, 9.17% tier-one capital adequacy ratio, up 0.18 percentage point over the end of the previous year, and 11.87% capital adequacy ratio, down 0.46 percentage points over the end of the previous year.

*Unit: RMB million*

Item	31 December 2015	31 December 2014	Increase/ decrease (%)	31 December 2013
Net core tier-one capital	316,159	262,786	20.31	228,311
Net tier-one capital	317,987	264,582	20.18	228,380
Net capital	411,740	362,848	13.47	292,212
Risk-weighted assets	3,468,135	2,941,627	17.90	2,600,494
Core tier-one capital adequacy ratio	9.12%	8.93%	up 0.19 percentage point	8.78%
Tier-one capital adequacy ratio	9.17%	8.99%	up 0.18 percentage point	8.78%
Capital adequacy ratio	11.87%	12.33%	down 0.46 percentage point	11.24%

*Unit: RMB million*

	31 December 2015	31 December 2014	Increase/ decrease (%)	31 December 2013
Leverage ratio	5.26%	5.19%	up 0.07 percentage point	4.81%
Net tier-one capital	317,987	264,582	20.18	228,380
Adjusted balance of on-and off-balance sheet assets	6,044,069	5,096,499	18.59	4,746,753

- Notes: (1) Data for 2013 were leverage ratios calculated in accordance with provisions of the Rules on Leverage Ratio of Commercial Banks (CBRC Decree 2011 No.3). Data for 2014 and onward were leverage ratios calculated in accordance with provisions of the Rules on Leverage Ratio of Commercial Bank (Revised) (CBRC Decree 2015 No.1).
- (2) For more detailed information about leverage ratios, as per the Rules on Leverage Ratio of Commercial Banks (Revised) (CBRC Decree 2015 No.1), please refer to the column on investor relations at the Bank's website: [bank.citic.com/eabout/inves/in\\_4\\_4.shtml](http://bank.citic.com/eabout/inves/in_4_4.shtml).

## Major Accounting Estimates and Assumptions

The preparation of financial statements in conformity with the IFRS requires the Group to make certain accounting estimates and assumptions when applying its accounting policies to determine the amounts of assets and liabilities as well as profits and losses during the reporting period. The accounting estimates and assumptions made by the Group are based on its historical experience and other factors such as reasonable expectations of future events, and are reviewed on an on-going basis vis-a-vis the key assumptions involved in such estimates and the judgment on uncertainties. The accounting estimates and assumptions made by the Group have all been appropriately recognized during the current period of the changes involved and during subsequent periods of any impacts resulting from such changes.

The basis for compilation of the Group's financial statements is influenced by estimates and judgments in the following main aspects: impairment losses of loans and advancements, available-for-sale financial assets and held-to-maturity investments, impairment in available-for-sale equity investments, fair value of financial instruments, classification of held-to-maturity investments, income tax, retirement welfare liabilities, and judgment on degree of control over investment targets.

Major Financial Statement Items with More than 30% Changes

Unit: RMB million

Item	2015	Increase/(decrease) at previous year-end/over previous year (%)	Main Reason
Precious metal	1,191	189.78	Increase in precious metal business
Placements with other banks and non-bank financial institutions	118,776	74.21	Increase in domestic placements with other banks and non-bank financial institutions
Derivative financial assets	13,788	67.61	Increase in currency derivative financial instrument business
Available-for-sale financial assets	373,770	78.49	Increase in available-for-sale debt securities and inter-bank certificates of deposit
Receivables investment	1,112,207	70.26	Increase in investment in directional asset management schemes of securities brokerages
Deposits and placements from other banks and non-bank financial institutions	1,068,544	55.25	Increase in deposits and placements from other banks and non-bank financial institutions
Placement from other banks and non-bank financial institutions	49,248	150.65	Increase in placement from domestic banks and non-bank financial institutions
Derivative financial liabilities	11,418	55.41	Increase in currency derivative financial instrument business
Financial assets sold under repurchase agreements	71,168	71.04	Increase in bills sold under repurchase agreements
Debt certificates issued	289,135	116.60	Increase in financial debts and inter-bank certificates of deposit
Other liabilities	41,652	59.79	Increase in amounts pending liquidation
Other comprehensive income	3,584	—	Increase in investment revaluation reserve of available-for-sale financial assets
Equity attributable to ordinary non-controlling interests	121	(97.93)	Purchase of minority interest in subsidiaries
Fee and commission income	35,674	40.93	Rapid growth of intermediary business
Net gain from investment securities	1,192	42.93	Increase in revaluation net gain from disposing available-for-sale financial assets
Asset impairment loss	40,037	69.13	Increase in allowance for impairment in portfolio benchmark credit assets

## 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	2015				2014			
	Segment		Segment		Segment		Segment	
	Operating Income	Proportion (%)	Profit before tax	Proportion (%)	Operating Income	Proportion (%)	Profit before tax	Proportion (%)
Corporate banking	71,300	49.0	19,886	36.2	65,270	52.3	25,372	46.5
Retail banking	34,009	23.4	4,297	7.8	25,233	20.2	1,324	2.4
Financial market business	45,049	31.0	36,977	67.2	36,251	29.0	31,464	57.7
Other business	(4,813)	(3.4)	(6,174)	(11.2)	(1,915)	(1.5)	(3,586)	(6.6)
<b>Total</b>	<b>145,545</b>	<b>100.0</b>	<b>54,986</b>	<b>100.0</b>	<b>124,839</b>	<b>100.0</b>	<b>54,574</b>	<b>100.0</b>

### Geographical Segments

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

Unit: RMB million

Geographical Segments	31 December 2015				2015	
	Total assets <sup>(1)</sup>		Total liabilities <sup>(2)</sup>		Profit before tax	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Yangtze River Delta	1,099,815	21.5	1,090,635	22.7	9,427	17.2
Pearl River Delta and West Strait	752,965	14.7	751,135	15.6	(157)	(0.3)
Bohai Rim	1,114,688	21.8	1,099,277	22.9	11,354	20.6
Central region	617,426	12.1	609,986	12.7	8,280	15.1
Western region	557,507	10.9	551,901	11.5	5,855	10.6
Northeastern region	93,262	1.8	92,311	1.9	198	0.4
Head Office	2,622,096	51.3	2,354,458	49.0	17,819	32.4
Hong Kong	241,411	4.7	215,502	4.5	2,210	4.0
Inter-segment adjustment	(1,984,859)	(38.8)	(1,962,609)	(40.8)	—	—
<b>Total</b>	<b>5,114,311</b>	<b>100.0</b>	<b>4,802,596</b>	<b>100.0</b>	<b>54,986</b>	<b>100.0</b>

Notes: (1) Excluding deferred income tax assets.

(2) Excluding deferred income tax liabilities.

Unit: RMB million

Geographical Segments	31 December 2014				2014	
	Total assets <sup>(Note)</sup>		Total liabilities		Profit before tax	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Yangtze River Delta	832,355	20.2	828,692	21.4	6,468	11.9
Pearl River Delta and West Strait	567,700	13.7	564,494	14.6	2,260	4.1
Bohai Rim	916,047	22.2	906,031	23.4	8,516	15.6
Central region	510,466	12.4	503,804	13.0	7,716	14.1
Western region	468,004	11.3	460,468	11.9	8,316	15.2
Northeastern region	89,173	2.2	88,544	2.3	331	0.6
Head Office	1,946,061	47.1	1,742,187	45.0	18,135	33.3
Hong Kong	199,498	4.8	178,132	4.6	2,832	5.2
Inter-segment adjustment	(1,399,806)	(33.9)	(1,400,883)	(36.2)	—	—
<b>Total</b>	<b>4,129,498</b>	<b>100.0</b>	<b>3,871,469</b>	<b>100.0</b>	<b>54,574</b>	<b>100.0</b>

Note: Excluding deferred income tax assets.

## Business Overview

### Corporate Finance Business

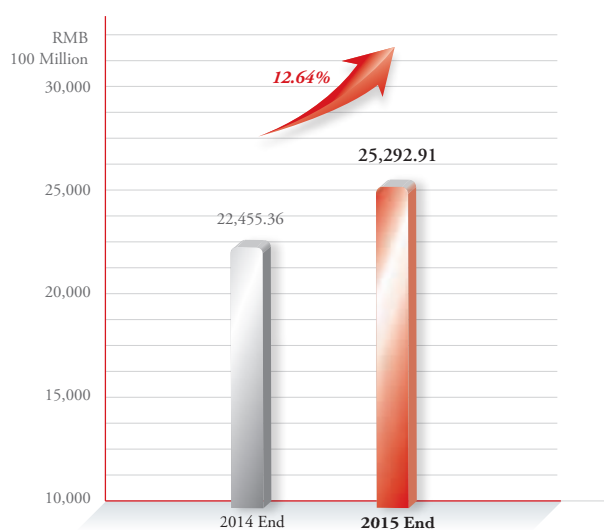
#### Business Overview

During the reporting period, the Bank made resolute efforts to “grow and expand” its corporate finance segment amid the implementation of its strategy on becoming the “bank offering the best comprehensive finance services”, and guided corporate finance business bank-wide to take the path of rapid healthy growth with a clear-cut and firm stand. Great efforts were made to build a service model driven by the two wheels of “Big Asset Management + Big Transactions”, i.e., integrate existing corporate finance products, enhance innovation of product and business models, and improve interoperability of marketing and service channels, so as to construct a “Big Asset Management + Big Transactions” corporate finance product and service system that will leverage the Bank’s advantages in resource integration and upgrade its integrated corporate finance service capacity. During the reporting period, the Bank realized RMB67.983 billion operating income from its corporate finance business, accounting for 48.55% of its total operating income, and RMB5.104 billion non-interest income from corporate finance, 13.19% of the Bank’s total non-interest income.

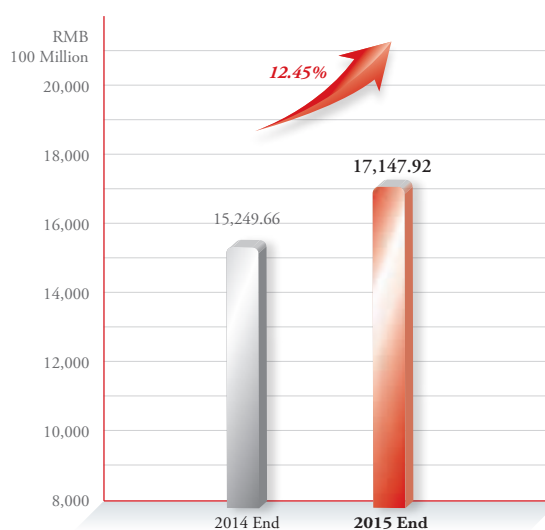
In face with the enormous pressure resulting from economic downturn and the intensifying peer competition, the Bank faced up to challenges, and grasped available opportunities. As a result, the Bank ranked No.1 among peers<sup>1</sup> in terms of both overall scale and incremental amount of corporate deposits, leaving peers further behind and thus consolidating its market leadership. As at the end of the reporting period, the Bank recorded 553,900 accounts of corporate deposit customers, up 11.45% over the end of the previous year, and RMB2,529.291 billion balance of corporate deposits, up 12.64% over the end of the previous year. During the reporting period, the daily average incremental corporate settlement deposits of the Bank exceeded RMB90 billion, taking up over 40% of total daily average incremental corporate deposits; and the daily average balance and period-end balance of corporate deposits both exceeded RMB800 billion.

During the reporting period, the Bank made active efforts to reinforce the target-sector guidance and the investment-orientation management of its corporate business, focusing on guiding investment of assets in key sectors, pillar industries and emerging industries in the transformation of the national economy. Further combing its asset management product system led to successful launch of innovative products including “CITIC Zibao (Zhaocaibao Model)” (中信資寶「招財寶模式」) and joint lending. Meanwhile, the Bank improved its credit resource management model, boosted its high-quality asset marketing and reserve, and effectively responded to the “asset shortage” in a proactive manner, providing a solid guarantee for the steady and healthy development of its corporate asset business. As at the end of the reporting period, the Bank’s corporate loan balance registered RMB1,714.792 billion, an increase of RMB189.826 billion or 12.45% over the end of the previous year, of which the balance of Renminbi corporate general loans registered RMB1,597.900 billion, a growth of RMB187.138 billion or 13.27% over the end of the previous year.

**Balance of Corporate Deposits**



**Balance of Corporate Loans**



<sup>1</sup> Refer to the 9 domestic medium-sized joint-stock commercial banks including CITIC Bank, China Merchants Bank, China Minsheng Bank, Industrial Bank, Shanghai Pudong Development Bank, China Everbright Bank, Huaxia Bank, Ping’an Bank, and Guangdong Development Bank.

During the reporting period, the Bank made proactive efforts to shape a new brand image of its corporate business. Centering on enterprise transaction behavior and transaction chains, and by integrating 6 sub-brands, over 150 basic products and 16 unique products, the Bank launched its “Transaction +” brand based on the philosophy of “beyond just finance” and became the first commercial bank in China to establish its own exclusive brand for transaction banking. In the “5th Competition for the Title of Financial Service Provider Most Trusted by Chinese Trade Enterprises” jointly run by the Trade Finance magazine and SINOTF.com, CITIC Bank won “The 2015 Brand of the Year for Best Transaction Banking”.

### Stratified Customer Management in Corporate Banking Business

During the reporting period, the Bank classified its corporate customers into five categories, namely, Head Office strategic customers, branch strategic customers, institutional customers, ordinary enterprise customers, and small enterprise customers. During the reporting period, the Bank concluded strategic cooperation agreements with over 20 customers including China Mobile Communications Corporation, State Development & Investment Corporation, China State Shipbuilding Corporation, and Greenland Holding Group Company Limited, framing long-term partnerships with such customers.

As at the end of the reporting period, daily average balance of deposits from core Head Office strategic customers of the Bank stood at RMB205.119 billion, an increase of RMB27.567 billion or 15.53% over the end of the previous year. For the reporting period, net operating income from such core strategic customers reached RMB5.771 billion, an increase of RMB550 million or 10.54% over the previous year.

### Institutional Banking

During the reporting period, the Bank formulated its Three-Year Plan for Development of Institutional Banking Business, decided to develop a professional smart business model for institutional customers, deepened partnership with institutional customers in areas such as public finance, social security, land and resources, housing and urban/rural construction, tobacco, medical care, and education. Strategic cooperation agreements were signed with the University of International Business and Economics and the Central University of Finance and Economics. The Bank also facilitated nearly 20 of its branches to enter into strategic cooperation agreements with their municipal (district) governments and key institutional customers in their localities. CITIC Bank is one of the first pilot banks to operate online the MOF project on electronic payment of non-tax fees and the Ministry of Public Security project on cross-province payment of driving penalties. It implemented government-sponsored fund projects in over 10 cities, organized PPP publicity programs together with more than 20 of its branches and the local governments concerned, and helped put in place numerous key PPP projects that were of substantial market influence. All these enabled the Bank to enjoy brand competitiveness in integrated services for governments.

As at the end of the reporting period, the Bank recorded in total 25,800 institutional customers of all types, achieved RMB838.204 billion average daily balance of deposits from institutional customers, which, accounting for 36.30% of the average daily balance of corporate deposits of the Bank and representing an increase of RMB129.743 billion over the previous year, exceeding the average growth rate of corporate deposits of the Bank.

### Trade Finance Business<sup>1</sup>

During the reporting period, the Bank focused its efforts on further promoting the application of E-supply chain finance. Based on the Haier Group project, the Bank marketed key projects including the projects for the Affiliated Hospital of Qingdao University and Samsonite, and served more than 1,500 accounts of online customers. Low-cost finance channels were expanded and double-factor factoring business cooperation agreements were concluded with multiple banks. Thanks to more vigorous product innovation, the Bank successfully launched export outright sale prepaid gold factoring, property financial leasing factoring, parallel import of automobiles, and good-brand second-hand car business, etc. Among others, auto finance business, as a “Big Individual Product” in the Bank’s “transaction banking” brand system, enabled the Bank to be named the “Bank of Best Auto Finance Service in China” for a second time in a row on the 2015 China Auto Finance Award Ceremony and won the “Award for Innovation in Auto Finance Service” at the Annual Conference of the China Automobile Circulation Association and the “Bank for Best Corporate Auto Finance in 2015” in the competition for the 2015 China Auto “Golden Engine” award. The Bank was the only one in the banking industry to harvest all the three coveted honors and thereby maintained its status as an industry leader in this regard.

As at the end of the reporting period, domestic trade finance business of the whole bank registered a cumulative finance volume of RMB749.055 billion, an increase of RMB40.390 billion or 5.70% over the end of the previous year; and achieved total deposit balance of RMB179.326 billion, an increase of RMB37.055 billion or 26.05% over the end of the previous year.

<sup>1</sup> Trade finance business includes supply chain finance, factoring finance and bill pool pledge finance.

### Cash Management

During the reporting period, the Bank launched multiple innovative “E-finance/asset” products including its online open wealth management project “Mobile Housekeeper”<sup>1</sup>, entrusted loan “Housekeeper” and cross-border “Housekeeper”, initiated construction of the bank-bank direct link project with CNCBI, and online operated “E-channel” bank-enterprise direct link projects with group corporations represented by CITIC Group, China Telecommunications Corporation and China Mobile Communications Corporation. These combined to help the Bank become a bank enjoying partnership with “Three-Large and One-High”<sup>2</sup> Customers. With its “E-finance/asset” business, the Bank provided standard fund management solutions to small and medium enterprises, expanded its corporate customer group by batches, and boosted customer activity in a continuous manner. Seven product series were launched for B2B E-commerce, namely, “Commerce-Business All In One”, “Centralized Procurement All In One”, “Bid-Tender All In One”, “Fund Raising All In One”, “Benefits for People All In One”, “Cross-border Business All In One”, and “Bank-Securities All In One”. With its advanced B2B E-commerce product system and excellence in business innovation, the Bank won from China Financial Certification Authority (“CFCA”) the “2015 Award for Best Innovation in E-Commerce Business in China” and from the China Internet Association the “2015 Award for Internet Finance Innovation in China”.

As at the end of the reporting period, the number of accounts of cash management customers of the Bank reached 296,400, representing an increase of 65,800 accounts or 11.03% over the end of the previous year. For the reporting period, the volume and number of cash management transactions reached RMB56.07 trillion and 48.1205 million respectively, up 47.36% and 3.0227 million transactions or 6.71% over the previous year respectively. The transaction substitution rate of cash management reached 64.33%. The “Mobile Housekeeper” recorded a cumulative sales value of RMB13.121 billion, a holding amount of RMB1.604 billion, and 5,390 accounts of contractual customers including 3,279 new customers. Compared with that before online product operation, daily incremental deposit from all contractual customers went up by RMB12.157 billion. The “Mobile Housekeeper” also generated RMB10.85 million intermediary fees. In addition, the Bank recorded a cumulative number of 217 B2B e-commerce projects, an increase of 109 projects over the end of the previous year; registered 40,900 accounts of trading members; realized 440,700 transactions with a total value of RMB106.088 billion; and pushed up daily average deposit of enterprise customers to RMB1.253 billion.

### Asset Custody

During the reporting period, the Bank grasped market opportunities and closely followed hot trends in the market, thereby further consolidating its advantages in “Big Individual Products” and maintaining its leading competitiveness in areas such as publicly offered funds and asset management products from securities brokerages. Throughout the whole year, 16 new publicly offered funds were under custody by the Bank. Except for Yu-E-Bao, all other funds achieved 101.86% growth in scale over previous year. The scale of publicly offered funds under custody by the Bank totaled RMB795.427 billion, ranking No.1 among all joint-stock banks and No.3 in the banking industry. Asset management products from securities brokerages recorded RMB1.35 trillion, growing by 30.25% over the previous year, ranking No.2 in the banking industry. Wealth management of the Bank progressed hand-in-hand with wealth management by local commercial banks, achieving a combined scale of RMB774.892 billion, up 53.58% over the previous year, of which wealth management by local commercial banks exceeded RMB200 billion, recording a historical high.

As at the end of the reporting period, assets under the Bank’s custody reached RMB4.855224 trillion, an increase of 38.81% over the end of the previous year, of which online annuity custody amounted to RMB39.304 billion, up 38.73% over the end of the previous year, in which business area the Bank recorded 673 enterprise annuity customers, an increase of 17.45% over the end of the previous year, and 167,342 personal pension accounts, an increase of 71.89% over the end of the previous year. During the reporting period, the Bank realized commission fee of RMB2.228 billion from custody and other entrusted businesses, an increase of 46.39% over the previous year.

<sup>1</sup> Mobile Housekeeper is an open non-risk-assuming corporate wealth management product sold at the Bank’s cash management customer terminal.

<sup>2</sup> “Three-Large and One-High” refers to large industries, large customers, large projects and high-end individual customers.

### Small Enterprise Finance Business

During the reporting period, the Bank developed its small enterprise finance business in a prudent manner and put in place multiple measures at the same time to prevent, control and dissolve credit risk. As at the end of the reporting period, the Bank registered RMB31.330 billion balance of loans to small enterprises, a decrease of RMB11.737 billion or 27.25% over the end of the previous year; and 5,542 accounts of small enterprise customers, representing a drop of 2,079 accounts over the end of the previous year. As at the end of the reporting period, the Bank's non-performing loans (NPLs) in small enterprise finance stood at RMB854 million, down RMB116 million compared with the end of the previous year. Due to shrinking business scale, however, the NPL ratio thereof rose by 0.48 percentage point to 2.73%.

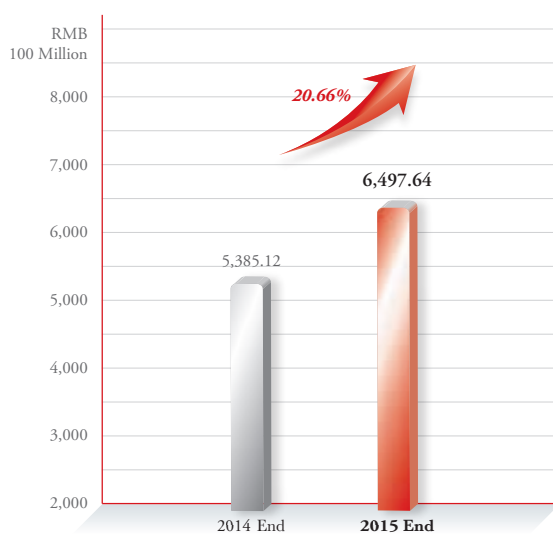
### Retail Finance Business

#### Business Overview

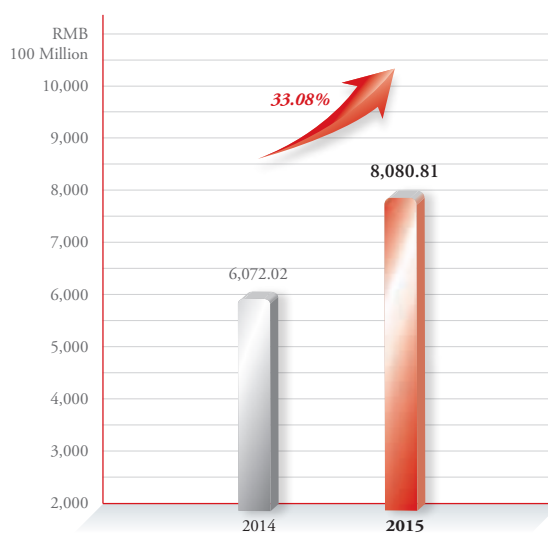
2015 marked a critical year for comprehensive execution of the second transformation of the Bank's retail strategy. The retail finance segment firmly implemented the bank's new strategy, consolidated the three concepts of customer management, better input-output efficiency and perseverance, pushed forward its second transformation on all fronts, and committed itself to developing a retail bank that is characterized by "first-class customer experience, first-class profit growth, and first-class brand image".

As at the end of the reporting period, the number of personal customers of the Bank reached 57.9792 million accounts, up 16.18% over the end of the previous year; the balances of personal deposits and personal loans recorded RMB465.535 billion and RMB649.764 billion respectively, up 2.53% and 20.66% over the end of the previous year respectively; and AUM<sup>1</sup> of personal customers registered RMB1,078.765 billion, up 17.51% over the end of the previous year. During the reporting period, sales of personal wealth management products that were developed and sold by the Bank totaled RMB2,932.503 billion, up 42.15% over the previous year; agency sales of publicly offered funds and collective wealth management products from securities brokerages amounted to RMB533.862 billion, up 220.10% over the previous year; and paid-up premiums from agency sales of insurance amounted to RMB27.405 billion, up 141.31% over the previous year. During the reporting period, the Bank achieved RMB32.373 billion operating income and RMB17.198 billion non-interest income from retail finance respectively, accounting for 23.12% of its total operating income and 44.43% of its total non-interest income, respectively.

Balances of Personal Loans



Trading Volume of Credit Cards



<sup>1</sup> AUM is an indicator for measurement of the scale of asset management for personal customers. It includes the balances of Renminbi and foreign currency deposits (including risk-assuming wealth management and personal structured wealth management), balances of Renminbi and foreign currency wealth management, fund volumes (including funds on the way), balance of government bonds, paid-up insurance premiums (temporarily using the first-year annualized insurance premium before system improvement), third-party depository margins, entrusted personal deposits, and margins for trading in precious metals.



## Management Discussion and Analysis

### Wealth Management and Private Banking

During the reporting period, in its wealth management and private banking business, the Bank focused on the customer demand to improve its product, service and marketing support systems in a continuous manner. Proactive efforts were made to innovate business models, enrich differentiated product systems, expand overseas markets, and gradually refine its overseas business platforms. Development of professional wealth management teams was intensified to effectively upgrade professional quality and comprehensive business competency of the teams. Further, by leveraging the competitive edges of CITIC Group in financial services, the Bank set up the CITIC Wealth Index. More work was done to publicize the CITIC wealth management brand. Meanwhile, the Bank integrated competitive resources of CITIC Group in brand, products, services and channels to actively expand its overseas businesses.

As at the end of the reporting period, the number of individuals who held VIP accounts at the Bank each with at least RMB500,000 AUM reached 428,296 accounts, representing an increase of 63,816 accounts or 17.51% over the end of the previous year; and the AUM balance of VIP customers reached RMB755.843 billion, up RMB128.669 billion or 20.52% over the end of the previous year. Private banking customers each with at least RMB6 million AUM at the Bank reached 17,069 accounts, representing an increase of 3,426 accounts or 25.11% over the end of the previous year; and the AUM balance of private banking customers stood at RMB259.568 billion, representing an increase of RMB58.004 billion or 28.78% over the end of the previous year.

### Customer Management

During the reporting period, the Bank focused on building the “CITIC Red” comprehensive marketing system. With the use of the portfolio approach that provided “product allocation + marketing events + bonus points + brand boost” to customers that were managed by stratum and group, the Bank satisfied customer needs for diversified financial services, and upgraded customer experience. This, with reinforcement of the service concept that “CITIC Bank fulfills Happy Dreams”, kept enhancing reputation of the Bank’s retail brand.

With regard to the management of customer groups, the Bank continued its adherence to the business concept known as “three cards & one fund”, whereby it continued to manage its customers by the four unique groups of females, the middle-aged and seniors, young white-collars, and those in need of going-abroad finance, mainly via its Fragrant Card, Happy Elderly Card and Elites Card, and improved product rights/interests and portfolio of financial products. In its going-abroad finance business, the Bank boosted and consolidated its business advantages in multiple areas including products, services, channels, human resources, systems and marketing activities, and compiled and released China’s first white paper on assessment indexes regarding going abroad agencies.

As at the end of the reporting period, thanks to its continuous management efforts over years, the Bank recorded more than 6 million accounts of Fragrant Card users, 2 million accounts of Happy Elderly Card users, and over 2 million accounts of new customers that used the Elites Card in the first year of the card launch. The AUM of “three cards & one fund” customers took up over 60% of the Bank’s total AUM balance of all individual customers.



## Personal Loan

During the reporting period, the Bank followed the major trend of consumption upgrade in China and grasped the development opportunities available at the personal loan market to further improve its product marketing system, risk control operation system and resource allocation and assessment system. Specifically, the Bank attached equal attention to “business volume” and “highlight products”. Targeting residential properties of customers, a core quality asset for credit grant, the Bank innovated and optimized its “loans secured by residential properties”, interconnected consumption and business purposes, improved risk controls, and expanded “business volume”. “Loans secured by residential properties”, an outstanding product in peer competition, won the title of “Innovation Award for Top Ten Financial Products” from The Banker magazine of China. Meanwhile, the Bank made great efforts to develop “highlight products” such as consumer auto finance, online credit loans and loans backed by collateral of financial assets, which created new engines for business growth and led to sound market results. In parallel with further development of its product marketing system, the Bank initiated the construction of a “credit factory” for consumer loan business, which, by creating automated or electronic business processes and successfully operating the new retail loan management system online, reinforced the support of the system to business development of the Bank.

As at the end of the reporting period, the Bank recorded a loan balance of RMB474.321 billion for personal loan<sup>1</sup>, up RMB61.662 billion or 14.94% over the end of the previous year. 303,800 persons became customers of newly granted loans, and average retail loan products per customer recorded 5.42 products, an increase of 0.47 product over the end of the previous year.

## Credit Card

During the reporting period, in line with the business philosophy of “smart development”, the Bank made proactive efforts to explore innovative operation models of credit card business based on the Internet and big data, and boosted its market brand influence through cross-sector cooperation.

The Bank expanded channels for customer acquisition via account innovation. The pioneering creation of credit card “Family Account” in China, a design concept of family sharing that transferred bonus points and shared rights between family members with the use of Internet technology, constituted a breakthrough of traditional models of customer acquisition and business operation. The launch of “Joint Account” was a breakthrough of “card” business concept whereby the Bank became the industry pioneer of the new “Account +” model through its successful launch of the “PhoenixMiles-CITIC Account +” and “CITIC-VariFlight Account +”.

Thanks to its proactive business deployment via the mobile Internet, the Bank now owns or jointly owns more than 9 mobile Internet platforms. Of its self-owned platforms, “CITIC Card Mobile Banking” accumulated 3.6343 million log-on APP users, socialized platforms accumulated more than 30 million users in total, and the number of both CITIC Bank mobile QQ and CITIC Bank WeChat media platform users exceeded 10 million, making the Bank the first financial institution in the industry to attract more than 10 million users for both its mobile QQ and WeChat media platform.

In its continuing promotion of cross-sector cooperation, during the reporting period, the Bank carried out a series of Internet financial innovations in partnership with Baidu, Alibaba, Tencent, JD.com and SF Express. The successive launch of five core products, namely, CITIC Bank–Tencent Q Card, CITIC Bank–SF Card, CITIC Bank–Taobao V Card, CITIC Bank–JD White Card, and CITIC Bank–Cash Back Card, endeavored to offer customers perfect experience and therefore further consolidated the pioneering advantages of the Bank in credit card Internet finance.

To boost customer experience in using CITIC Bank cards overseas, the Bank launched a series of overseas services, including, among others, overseas emergency agency card making, overseas emergency cash withdrawal, and guarantee for tax refund. When a customer loses his/her CITIC Bank credit card overseas or is unable to use his/her CITIC Bank credit card overseas due to reasons such as demagnetization, he/she may apply for these services by calling the Bank’s customer service hotline. Within 24 hours after receiving the call, the Bank will arrange the customer to withdraw cash at a designated bank or mail an agency made card to the customer-designated receiving address.

<sup>1</sup> Personal loan covers loans granted to natural persons including home mortgages, loans for business premises, private auto loans, education loans, comprehensive consumption loans, personal business loans and personal online loans.

## Management Discussion and Analysis

As at the end of the reporting period, the Bank issued a cumulative number of 30.3754 million credit cards. During the reporting period, the Bank newly issued 5.7796 million credit cards, an increase of 51.44% over the previous year; registered a credit card transaction value of RMB808.081 billion, up 33.08% over the previous year. During the reporting period, the Bank achieved rapid growth in installment payment business, with installment transactions for the whole year totaled RMB101.219 billion, up 72.63% over the previous year, successfully going beyond the RMB100 billion threshold, and business income therefrom grew by 90.53% over the previous year. For the reporting year, income from credit card business registered RMB19.480 billion, representing a growth of 46.58% over the previous year. As such, the Bank entered a brand new stage of business profitability.

### E-banking

The Bank continued to promote two-way balanced development of “Internet-based financial services” and “finance-based Internet business” during the reporting period. Efforts were made to speed up the strategic layout in Internet finance, uphold financial innovation and create competitive edges. As a result, the Bank enjoyed rapid growth in all E-banking indicators, applied cross-sector integration as a new driving force, and improved its comprehensive contribution on all fronts.

With regard to the Internet-based financial business, the Bank accelerated its business deployment along the E-channel “Express Way”, harvesting impressive results such as significant upgrading of product online operation ratio and customer experience, marked increase in channel capacity, growing comprehensive contribution, effective mitigation of counter service pressure, saving of operating cost and extension of the service radius. (1) The Bank rapidly upgraded and innovated its mobile banking and kept enriching the application scenarios, winning multiple honors including the “2015 Best Mobile banking in China”. (2) Personal online banking version 6.0, the “Insurgent” of online banking successfully launched online during the year, brought along brand new user experience and won numerous honors such as the “2015 Award for Outstanding Innovation in Online Banking”. (3) WeChat banking version 2.0, since its successful online launch, has become an important front for customer service and management. (4) The Bank completed all-round upgrading of its electronic accounts, greatly improving its ability to acquire customers online. As at the end of the reporting period, personal Internet banking customers of the Bank numbered 18.0319 million accounts, representing an increase of 29.66% over the end of the previous year; and mobile banking customers of the Bank totaled 12.7273 million accounts, an increase of 97.23% over the end of the previous year. During the reporting period, the turnover of personal Internet banking transactions stood at RMB11.48 trillion, up 28.06% over the previous year; the value of mobile banking business recorded RMB1.14 trillion, 8.82 times higher than the previous-year figure; and the transaction substitution rate of personal E-banking reached 96.13%, up 2.98 percentage points over the previous year.



In respect of finance-based Internet business, the Bank strove to win a greater share from the acquiring business market using Internet finance as the breakthrough point and focusing its efforts on mobile finance. During the reporting period, the Bank (1) launched “CITIC Bank E Payment”, an Internet-based innovative mobile finance product that provides online services for order, sales, payment and receipt between enterprises at both upper and lower streams of the supply chain on the basis of mobile customer terminals and thereby realizes “integration of four flows”, namely, commodity flow, information flow, fund flow and logistics flow; (2) launched “Cross-Border Pay”, a cross-border e-commerce payment product, thereby becoming the first commercial bank in China to possess “total-process, all-currency and fully online” cross-border e-commerce financial service capacity. As at the end of the reporting period, the Bank recorded RMB4.347 billion transaction turnover in its cross-border foreign exchange payment business. On the

day of the “11 November” shopping frenzy, the Bank took up 60% of the AliPay business relating to overseas online shopping, achieving 3.5 times growth in business scale over the previous year; (3) Launched the CITIC “QuickPass” product, i.e., after a CITIC Bank card holder applies for a Cloud Card via the Bank’s mobile banking customer terminal and activates the Cloud Card, he or she can use his or her mobile phone to pay on any POS device labeled with “UnionPay QuickPass”; (4) Launched e-channel exclusive wealth management services to create the unique brand “CITIC Bank Wealth Management Evening”, which covers the two product categories of Shouyibao and Wenjianbao and satisfies differentiated wealth management needs of different customers. During the reporting period, the Bank achieved nearly RMB390 billion agency sales of wealth management products on its mobile banking.

During the reporting period, as an active response to the call of the government strategy “Internet +” for innovation and practice, the Bank jointly sponsored the establishment of Baixin Bank in partnership with Baidu, and is undergoing the formalities for regulatory approval of the application thereof. With Baixin Bank expected to become the first direct banking firm established in China as an independent legal entity, this initiative has created a brand new model of cross-sector cooperation between a traditional financial institution and an Internet company.

## Financial Market Business

### Business Overview

In 2015, the Bank developed its financial market business centering on the strategic positioning of becoming “the bank offering the best comprehensive finance services” and aiming at diversification of finance and growth in business income. Targeting the money market, the capital market and the international finance market, the Bank grasped available market opportunities, intensified innovation, and optimized business models, harvesting steady progress in all business areas and continuous improvement of operating results. During the reporting period, the Bank realized RMB44.661 billion operating income from its financial market business, accounting for 31.90% of its total operating income, and RMB16.668 billion non-interest income from the same business, accounting for 43.06% of its total non-interest income.

### Financial Market Business

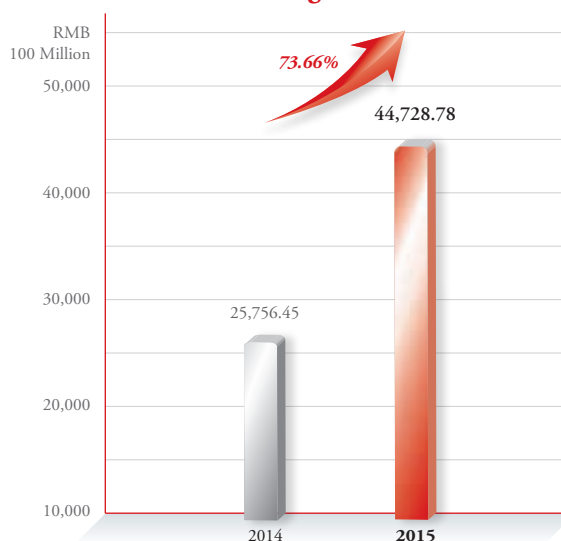
During the reporting period, the Bank continued to practice the prudent fund management principle and strategy and put into full play the financing functions of money market instruments such as Renminbi inter-bank lending/borrowings and bond repos, which, while meeting the Bank’s requirements of liquidity management, also improved returns on short-term fund operation. In addition, the Bank made flexible use of the Central Bank’s innovative products and tools, transmitted intentions of monetary policy in a correct manner, and diligently performed its duties and responsibilities as a tier-one trader at the open market. In addition, the Bank actively developed its inter-bank deposit certificate business, and sped up the innovation of large-sum deposit certificate products, so as to expand the sources of active liabilities. Moreover, the Bank earnestly performed its responsibilities as a core member of the market interest rate pricing self-regulatory mechanism to promote development of innovative business.

In face with substantial fluctuations of the exchange rate market during the reporting period, the Bank made comprehensive use of innovative exchange rate portfolio products including spot/ forward forex sales and purchase and options to satisfy customer needs for value preservation of enterprise finance, forex receipt and payment risk hedging and liabilities management. As a result, the Bank was able to provide customers with a pertinent multi-layer product series and promoted the awareness of its “anti-risk” products. Thanks to its active participation in inter-bank market transactions and performance of duties and responsibilities as a market maker, the Bank was able to maintain its Top 3 comprehensive ranking in the inter-bank foreign exchange market spot market making business. Further, the Bank continued to push forward the development of gold leasing and proprietary trading in precious metals, with both businesses realizing a rapid growth during the reporting period. Continuing its market leadership in the ranking of proprietary gold trading, the Bank also obtained PBOC’s approval of its qualification for gold import and thus subsequently ended its history of zero gold import.

**Volume of Import and Export  
Foreign Exchange Receipts and Payments**



**Recruiting Scale of  
Wealth Management Products**



## Management Discussion and Analysis

In addition, the Bank further consolidated its status as a core market maker in the inter-bank bond market via its active engagement in market making and trading of multi-variety multi-maturity bonds. Based on its in-depth understanding of the macro economic trends and the policy orientation, the Bank decisively grasped opportunities available from market trends, made flexible use of multiple transaction strategies, and harvested sound interest rate trading performance while ensuring safety and liquidity. Meanwhile, the Bank took the initiative to increase customer awareness of risk management, and used interest rate products to provide customers with risk management services. Moreover, the Bank diligently expanded the connotation of interest rate business, optimized its profitability model, and effectively promoted innovative businesses such as investment consulting and bond lending. Through optimization of the credit grant process for bond/debenture investment and appropriate extension of asset duration, the Bank was able to grasp market opportunities in a proactive manner and consequently increased its asset allocation and fairly successfully locked returns on medium – to long-term assets ahead of time for its proprietary debt securities investment business in the cycle of interest rate cut. In addition, the Bank rendered active support to its bank-wide business growth and served key customers while striving for higher returns on assets in its debt securities investment.

### International Business

During the reporting period, the Bank achieved new progress in multiple areas of its international business. In its efforts to put in practice the vision of becoming “the bank offering the best comprehensive finance services”, the international business segment insisted upon value creation and light-style development, leveraged the synergy of the financial market business and earnestly implemented the Bank’s new strategy. Rapid growth was recorded in free trade zone (FTZ) innovative finance business. As at the end of the reporting period, the Bank recorded the first transactions in multiple innovative finance areas including the FT loan payment under the four-party agreement model<sup>1</sup> in interaction with out-of-town branches, and FT cross-border merger & acquisition loans. Real effect in application of innovative products and rapid development of cross-border guarantee business markedly drove forward growth in business income and liabilities business of the whole bank. The Bank also handled the country’s first transaction of cross-border centralized operation of Renminbi funds under the multi-fund-pool model.

The Bank promoted its business internationalization and overseas business network in an orderly manner. Its London Representative Office was established in April 2015, followed by the initiation of preparation for its London Branch with conditions ready for application to the CBRC on administrative licensing of the branch. The Bank gained administrative licensing from the CBRC for its application to set up its Sydney Representative Office in November 2015 and is pushing forward the application and establishment process for the Sydney Branch<sup>2</sup>.

During the reporting period, the Bank achieved USD391.348 billion in import and export foreign exchange receipts and payments, up 3.79% year-on-year, for which indicator the Bank maintained its peer leadership, ranking No.1 among all joint-stock commercial banks.

### Investment Banking

In 2015, closely following the strategic goal of becoming “the bank offering the best comprehensive finance services”, the investment banking business line bank-wide proactively responded to changes in market competition, reinforced product innovation, continued to improve its capital intermediary services, and kept upgrading its profit making capability, resulting in continuous, steady and healthy business growth. With the launch of innovative products such as property front-end finance and private equity investment funds, the Bank further enhanced its capacity of serving large-scale customers and conducting investment banking business. During the reporting period, the Bank’s investment banking business realized RMB9.360 billion net operating income, up 53.81% over the previous year, recorded RMB3.256 billion operating income from capital-saving business, up 30.45% over the previous year, and achieved the incremental funds from financing of RMB800.891 billion for investment banking, up 42.21% over the previous year.

### Interbank Business

During the reporting period, the Bank upheld the focus on customer service in its inter-bank business and realized balanced development of “quality, scale and profitability”. Both the width and depth of its cooperation with mainstream financial institutions were upgraded thanks to further improvement to its stratified marketing system, enrichment of product varieties, and building of service capacity. During the reporting period, the Bank kept enhancing its business cooperation with large financial institutions, concluding head-office to head-office cooperation agreements with over 20 large financial institutions. Meanwhile, the Bank continuously deepened its comprehensive services to local commercial banks establishing partnership with 728 local commercial banks cumulatively. With steady professional capacity building in serving non-banking financial institutions, the Bank successfully qualified by the Shanghai Futures Exchange to conduct futures margin depositary business, and thereby became a bank holding all the available licenses for futures margin depositary business. In addition, the Bank became the 8th commercial bank acquiring associate membership of China Futures Association. The number of partner futures companies that used the Bank’s system to provide bank-futures-company money transfer and fund inflow/outflow services to their customers and other futures companies grew by 91.12% over the beginning of the year.

1 It enabled successful linkage between asset projects outside the FTZ and low-cost assets inside the FTZ.

2 In March 2016, the application for establishment of Sydney Representative Office of the Bank gained approvals and licensing by relevant regulatory authorities of Australia.



As at the end of the reporting period, the Bank's balance of Renminbi and foreign currency denominated inter-bank assets (including deposits and placements with financial institutions) reached RMB163.076 billion, an increase of RMB33.577 billion or 25.93% over the end of the previous year; while its balance of Renminbi and foreign currency denominated inter-bank liabilities (including deposits and placements from financial institutions) registered RMB1,102.029 billion, an increase of RMB384.964 billion or 53.69% over the end of the previous year.

### Special Business Area: Wealth Management Business

In 2015, the Bank committed itself to achieving better refined management and greater profit-making capability and upgrading the level of resource allocation and liquidity management in wealth management. Aiming at "returning wealth management to the essence of asset management", the Bank achieved scale breakthrough in wealth management direct financing instruments and net-worth products, actively promoted innovative business models such as equity investment products, dual-currency structured products and quantitative products, and guided comprehensive transformation of its wealth management business to asset management, so as to lay a good foundation for improvement of service capacity in asset management.

During the reporting period, the Bank earned RMB7.847 billion business income from wealth management in all definitions, up 70.57% year-on-year, and generated a yield of RMB29.906 billion for customers, up 36.71% year-on-year.

During the reporting period, the Bank's cumulative sales of wealth management products in all definitions reached RMB4.472878 trillion, up 73.66% over the previous year, of which wealth management products developed and sold by the Bank amounted to RMB3.894098 trillion and agency sales of wealth management products recorded cumulative proceeds of RMB578.779 billion.

As at the end of the reporting period, ongoing wealth management products of the Bank in all definitions totaled RMB954.352 billion, representing an increase of RMB371.318 billion or 63.69% over the end of the previous year, of which ongoing wealth management products developed and sold by the Bank amounted to RMB853.703 billion, and agency sale of ongoing wealth management products registered cumulative proceeds of RMB100.649 billion.

In face with the "Golden Stage" of development for asset management business, the Bank finalized the master program on "transforming its asset management unit from a department at the Head Office to an undertaking first and then to a subsidiary". During the transitional period, the Asset Management Undertaking Department made reference to corporate models in its operation, relatively independent from the Bank in its personnel, finance and risk management.

### Service Quality Management

The Bank reinforced the development of its bank-wide service systems by intensifying training, inspection, assessment of services and subsequent results announcement at both the Head Office and the branch levels, plus internal and external publicity efforts. In the competition for the "100 Best Role Model Units" of standard high-quality services in the Chinese banking industry, the Bank harvested the best results since its establishment. With 9 outlets winning this honor, the Bank ranked No.1 among all joint-stock banks in terms of the number of units placed on the role model list, and consequently won from the China Banking Association (CBA) the "2015 Award for Outstanding Provision of Standard High-quality Services". In the 2015 campaign of the Chinese banking industry for dissemination of financial knowledge "10,000-mile Journey for Financial Literacy", the Bank made full use of media platforms and organized publicity events via its physical outlets, communities and enterprises, achieving very positive social impact. As a result, the CBA granted the Bank the "Award for Best Achievements in the 2015 10,000-mile Journey for Financial Literacy". Moreover, the Bank was the only joint-stock commercial bank rated Grade II by the CBRC in the latter's first ever assessment of consumer rights protection, the highest rating in the 2015 assessment exercise.

### Integrated Financial Service Platform of CITIC Group

During the reporting period, the Bank further implemented the strategy of becoming "the bank offering the best comprehensive finance services". Particularly, the Bank put into play the business synergy platform between itself and subsidiaries of CITIC Group such as CITIC Securities, CITIC Trust, China Securities, CITIC-Prudential Life Insurance, CITIC Industrial Fund, Tianan Property Insurance, CITIC Futures and CITIC Industrial Investment and that between itself and its subsidiaries including CNCBI and CNCB Investment, boosted business operation and information sharing, and constructed joint marketing and service systems. All these helped the Bank form its unique competitive advantages.

## Management Discussion and Analysis

- Sharing of channel resources was reinforced. The Bank reinforced its cooperation with subsidiaries 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. Through agency product sales at physical outlets and via online banking channels, the Bank strove to build a “customer focus” value-added service platform for its retail customers.

During the reporting period, via its physical outlets and online banking channels, the Bank as an agency sold 17 products of CITIC Securities and China Securities totaling RMB1.295 billion in value, 70 products of CITIC-Prudential Life Insurance and Tianan Property Insurance valued at RMB15.773 billion in total, 76 products of CITIC-Prudential Fund Management and China AMC totaling RMB254.736 billion in value, and also as an agency the Bank recommended RMB16.494 billion products for CITIC-CP Asset Management. 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.

- Boosted business cooperation: through joint research and development (R&D) and joint marketing, etc., the Bank carried out in-depth cooperation with financial subsidiaries of CITIC Group in areas including wealth management products, third-party depository services, custody, bond underwriting, enterprise annuity and co-brand cards and thereby provided customers with integrated financial services in all aspects.

R & D of wealth management products: The Bank researched and developed 463 wealth management products and realized RMB281.753 billion sales revenues thereof in cooperation with CITIC Securities, CITIC Trust and CITIC-CP Asset Management.

Third-party depository business: The Bank shared 3,309 institutional customers in third-party depository business and 569,100 individual customers with CITIC Securities, CITIC Securities (Shandong) and China Securities.

Custody business: The Bank cooperated extensively with CITIC Securities, CITIC Trust, CITIC-Prudential Fund Management and CITIC-Prudential Life Insurance in areas such as asset management for securities brokerages, fund, trust, insurance, PE and annuities, with the balance of custody for cooperation projects within CITIC Group reaching RMB328.080 billion, and custody commission income amounting to RMB178.4408 million during the reporting period, of which intra-group annuity cooperation registered 601 accounts of customers and RMB19.481 billion business scale.

Bond underwriting: The Bank, in partnership with CITIC Securities and China Securities, jointly underwrote RMB37.1 billion debt financing tools for customers through underwriting of short-term commercial papers, medium-term notes and asset-backed securities. As one of the lead underwriters, the Bank underwrote RMB3 billion super-short-term commercial papers for CITIC Corporation Limited.

Co-brand credit cards: The Bank has issued a cumulative number of 46,700 “CNCB/CITIC-Prudential Co-brand Credit Cards” and 202,500 “CNCB/Loyalty Co-brand Cards” in respective cooperation with CITIC-Prudential Life Insurance and CITIC Loyalty.

## Information Technology

During the reporting period, the Bank successfully commissioned more than 10 key strategic projects, enormously lifting bank-wide capacity for application of science and technology. (1) The Bank realized, as scheduled, switch and commissioning of its new core system across the board in one go covering all business lines on 10 May 2015. Since then, the system has been in stable operation and markedly improved processing efficiency. Its customer-focus design of customer information and account structure improved customer and user experience and upgraded counter service efficiency by more than 40%. Its parameter-based product design reduced delivery cycle of general new products by nearly 50% in comparison with the old system. (2) The Bank harvested early fruits in the construction of its enterprise-level data platform and environment, realizing bank-wide sharing of information, supporting data mining, analysis and application in retail banking, and improving accuracy of information on risk monitoring and anti-money laundering. (3) The Bank revised its mobile banking and personal online banking systems and produced the updated versions that were characterized by peer leadership in advanced functionalities and customer experience and rapid growth in transaction volumes. (4) The Bank completed all the information system construction and renovation tasks involved in the project on compliance with the New Capital Accord. (5) In proactive response to the national strategy on safety and controllability, the Bank sped up the transformation of its technology framework, carried out research and development of its big data platform and distributed database platform to match bank application features, and realized multiple functions including P2P fund supervision, historical data inquiry, integrated personal banking statement reconciliation, forensic inquiry, and RMB crown word number (serial number) inquiry.





During the reporting period, the Bank adjusted its IT organizational structure by setting up its Information Technology Management Department, Software Development Center, and Data Center at the Head Office. The Information Technology Management Department is responsible for IT planning, framework, standards, regulations, processes and risk management. The Software Development Center and the Data Center are dedicated to development, implementation and system operation and maintenance. This adjustment effectively strengthened IT management and professional division of duties. In addition, the Bank completed its “13th Five-Year Plan” for the development of information technology, with a view to making forward-looking arrangements for application of future new technologies, transformation of technology structure, development of infrastructure and capacity building for business operation in advance.

## Domestic Distribution Channels

### Branches

During the reporting period, with regard to outlet growth, the Bank implemented the second-transformation requirements of its retail strategy and followed the trend of developing “small, intelligent and multi-business-model” outlets, with enthusiastic efforts made to promote transformation of outlet development and optimize structural layout of outlets. In 2015, 124 boutique outlets and community (small and micro) outlets were newly built or in progress, 56.62% of the total newly built and in-progress outlets. Meanwhile, the Bank worked hard to standardize its outlets, unifying external images and service criteria of the outlets, increasing self-service device substitution rates, further facilitating transformation of its outlets from transaction/settlement-based to marketing/service oriented. These efforts have initially given rise to a multi-business-model outlet service system that is based on smart (flagship) and integrated outlets, and supplemented by boutique outlets, community (small and micro) outlets and off-site self-service banks, which effectively enhanced the depth and width of the Bank’s outlet service coverage, and put into full play the functions of the outlets as the main marketing channel for retail banking.

As at the end of 2015, the Bank had 1,353 domestic outlets, including 38 tier-one branches, 88 tier-two branches and 1,227 other outlets of various types. With the establishment of its Lhasa Branch in August 2015, the Bank completed its strategic institutional layout designed by the Head Office, covering all provinces, autonomous regions and centrally administered municipalities in China. Outlets of the Bank were distributed in 128 large and medium cities across all provinces, autonomous regions and municipalities.

### Self-Service Outlets and Self-Service Terminals

During the reporting period, the Bank developed its self-service terminals according to the principle of “controlling incremental terminals, mobilizing existing terminals, and upgrading capacity”. In parallel with appropriate increase of self-service terminals, the Bank focused on capacity upgrading and optimal layout rearrangement of its existing self-service terminals. As at the end of the reporting period, the Bank had established 3,160 self-service banks, up 5.79% over the previous year, and installed 11,044 self-service terminals, down 0.75% from the previous year.

### Online Banking Platform

Please refer to “Management Discussion and Analysis – Retail Finance Business” of this report for more details.

### Telephone Banking Platform

The telephone customer service center of the Bank provides customers with telephone banking services. During the reporting period, the Customer Service Center of the Bank received 126 million incoming calls, including 76.06 million automated phone answering service calls and 49.94 million manual service calls, achieving a 20-second manual response rate of 83.79%, a customer satisfaction rate of 98.10% in general, and a customer satisfaction rate of 97.57% regarding the handling of customer complaints. By actively making outgoing calls to 449,300 customers during the reporting period, the Bank’s Customer Service Center proactively provided customer care and telephone notice, etc.



## Subsidiary Business

### CIFH

CIFH was first incorporated in Hong Kong in December 1924 in the name of “The Ka Wah Savings Bank, Limited”, acquired by CITIC Group in June 1986, and restructured to become an investment holdings company after purchasing the then Hong Kong Chinese Bank Limited in 2002. The Bank successfully acquired 70.32% equity of CIFH in October 2009, and made CIFH its wholly-owned subsidiary in August 2015. The business scope of CIFH includes commercial banking and non-banking financial services.

## Management Discussion and Analysis

CIFH conducts its commercial banking business mainly via CNCBI, its wholly-owned subsidiary. CNCBI is a licensed bank incorporated and registered in Hong Kong. It has 34 branches in Hong Kong, one branch in each of Macau, New York, Los Angeles and Singapore respectively, and branches in Beijing, Shanghai and Shenzhen via its wholly-owned subsidiary CNCBI (China) Limited. During the reporting period, CIFH continued its full assistance to CNCBI in strengthening the latter's cross-border interaction with the Bank, building the Bank's overseas platform and developing Renminbi cross-border business. In terms of non-banking financial services, CIFH holds 40% equity interest in CIAM. CIAM is primarily engaged in private equity investment business, supplemented by fund management and consulting services.

As at the end of the reporting period, with issued share capital of HKD7.503 billion, CIFH had total assets of HKD281.842 billion and net assets of HKD28.585 billion, an increase of 12.89% and 7.04% over the end of the previous year, respectively. For the reporting period, CIFH realized a net profit of HKD2.237 billion, down 25.78% from the previous year.

- **CNCBI:** The multiple adverse market factors that started to emerge in the latter half of 2014 continued to ferment in 2015, posing severe challenges to the annual operating results of CNCBI, which, despite the somewhat decline when compared with the robust performance of the previous year, remained satisfactory in the overall sense. For the reporting period, CNCBI achieved operating income of HKD5.834 billion, a decrease of 2.91% from the previous year, and net profit of HKD2.168 billion, a drop of 22.60% from the previous year.

In line with China's key strategies such as "One Belt One Road", "Going Global" of domestic enterprises and development of free trade zones, and through close cooperation with the Bank and subsidiaries within CITIC Group, CNCBI achieved new breakthroughs in cross-border business. Focus was placed on development of major customers, major industries and large projects, while continuous efforts were exerted to gradually increase the proportion of structured finance business, which resulted in expansion of asset scale and improvement in loan quality. In addition, platform execution and profit making capabilities of its overseas branches were leveraged to the full. As at the end of the reporting period, CNCBI registered a loan balance of HKD128.855 billion from its corporate and cross-border business, up 15.58% over the previous year. During the reporting period, CNCBI realized HKD2.734 billion net interest income and HKD744 million non-interest income from its corporate and cross-border business, representing an increase of 6.62% and 37.58% year-on-year, respectively.

The balance of deposits with CNCBI from personal and business customers exceeded HKD100 billion at the end of October 2015, a landmark in its history. In terms of cross-border business, CNCBI launched "Diamond Wealth Management" services in March 2015, targeting high-end customers in mainland China and Hong Kong, which symbolized its effective integration with the Bank's cross-border business. The Bank practiced the cross-border collaboration appraisal mechanism for account witnessing service and cross-border interaction services provided by CNCBI, which further promoted retail business interaction between the two banks. Moreover, CNCBI became the first bank in Hong Kong to provide WeChat banking and fingerprint account inquiry services, which, by effectively reducing customer time spent on mobile-bank log in, greatly enhanced customer experience and leadership of CNCBI on the E-banking market. As at the end of the reporting period, deposits from personal and business customers of CNCBI recorded HKD102.601 billion, up 16.54% over the end of the previous year. During the reporting period, CNCBI realized HKD1.993 billion net operating income, representing an increase of 9.10% year-on-year.

- **CIAM:** CIAM is committed to developing itself into a boutique private equity investment company that regards "PE+" equity investment as its core business and comparatively unique fund management and consulting services as a sideline. Meanwhile, CIAM closely follows the development trends of major agriculture-related industries and the New Over-the-Counter Market. Based on the former Henan Agricultural Fund, CIAM successfully implemented the Chongqing YBN Modern Agricultural Fund, a partnership between Shandong Farming and Grazing Fund and CITIC Group. A new material project of CIAM was among the first to get listed on the New Over-the-Counter Market in 2015.

### CNCB Investment

CNCB Investment, formerly China Investment and Finance Limited, is an overseas subsidiary of the Bank established in Hong Kong in 1984. During the reporting period, with regulatory approval, the Bank injected about RMB1.490 billion additional capital into CNCB Investment, and renamed the company from "China Investment and Finance Limited" to "CNCB (Hong Kong) Investment Limited". At the moment, CNCB Investment has a registered capital of HKD1.889 billion. The Bank holds 99.05% and CNCBI holds the rest 0.95% equity interest in CNCB Investment. The business scope of CNCB Investment covers lending (it holds a Hong Kong money lender license), investment (mainly including fund investment, equity investment and long-term equity investment, etc.), and the conduct of overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries.

During the reporting period, CNCB Investment successfully acquired CNCB (Hong Kong) Capital Limited (formerly known as Rocks Asia Capital Group Limited), a license holder approved by the Hong Kong Securities and Futures Commission, thereby qualified to conduct such regulated activities as Type 4 (Advising on securities), Type 6 (Advising on corporate finance) and Type 9 (Asset management), which will effectively build up the capacity of the Bank to provide comprehensive cross-border investment and finance services. In accordance with the development positioning of “building an overseas investment and finance platform that combines the Bank’s overseas licensed businesses and domestic non-licensed businesses”, CNCB Investment and its subsidiaries continued to enhance its interaction with the parent bank’s branches in different localities, leveraged its unique competitiveness that lied in the combination of its own debt finance and equity investment, and kept enhancing its product and service systems. As a result, it harvested rapid growth in its cross-border investment and finance business and fast improvement of operating results.

During the reporting period, CNCB Investment realized net after-tax profit equivalent to RMB107.6802 million, up 68.29% over the previous year. As at the end of the reporting period, CNCB Investment had total assets and consolidated net assets equivalent to RMB5.289 billion and RMB1.9794929 billion, up 103.89% and 524.19% over the end of the previous year, respectively, and consolidated AUM of RMB28.300 billion (actual paid up amount).

### Lin’an CITIC Rural Bank

Lin’an CITIC Rural Bank, located in Lin’an City, Zhejiang Province, 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 rest 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 total assets of RMB1,142.4407 million and net assets of RMB248.6759 million, an increase of 10.22% and 9.26% over the end of the previous year, respectively, customer deposit balance of RMB773.587 million, up RMB33.6741 million or 4.55% over the end of the previous year; a capital adequacy ratio of 32.56%, provision coverage ratio of 160.48%, and provision to loan ratio of 2.98%. During the reporting period, Lin’an CITIC Rural Bank realized net profit of RMB21.0811 million.

### CITIC Financial Leasing

Preparation for establishment of CITIC Financial Leasing started in February 2015 with approval from the CBRC. Wholly owned by the Bank, it was incorporated in the Binhai New Area of Tianjin with a registered capital of RMB4 billion and opened for business on 8 April 2015.

CITIC Financial Leasing is a critical component of the strategic layout for both CITIC Group and the Bank to serve the real economy. It will strive for breakthroughs in the six major areas of environmental protection and energy conservation, clean energy, healthcare for the elderly, equipment manufacturing, urban digitalized renovation, and general aviation, in line with the strategy of “professional, market-oriented and international” development. Its first year of operation registered a rapid business growth in all areas, with unique performance in new energy which accounted for 28.92% of the business volume in operation and in which area the company concluded strategic cooperation agreements with multiple new energy industrial leaders. These enabled CITIC Financial Leasing to achieve mega partnership with competitive counterparts, win high attention and recognition from regulators and peers alike, and establish the unique CITIC Financial Leasing brand on market.

With full leverage of the advantages available from the CITIC integrated platform, CITIC Financial Leasing endeavored to interact and synergize with subsidiaries of the Group and branches of the Bank, basically attaining multiple goals such as joint marketing, shared risk prevention, reciprocity and win-win. In parallel with expansion of its own customer channels, the company also drove forward rapid business growth of the Bank’s branches in wealth management, private placement bonds and corporate bonds.

As at the end of the reporting period, CITIC Financial Leasing recorded a total assets of RMB20.221 billion, including leasing asset balance of RMB19.493 billion, total liabilities of RMB16.101 billion, and net assets of RMB4.120 billion. Cumulative lease grant during the reporting period, net operating income and net profit of the company for the reporting period stood at RMB20.553 billion, RMB454 million, and RMB120 million, respectively.



**Continuous acceleration of business transformation and ongoing optimization of business structure**





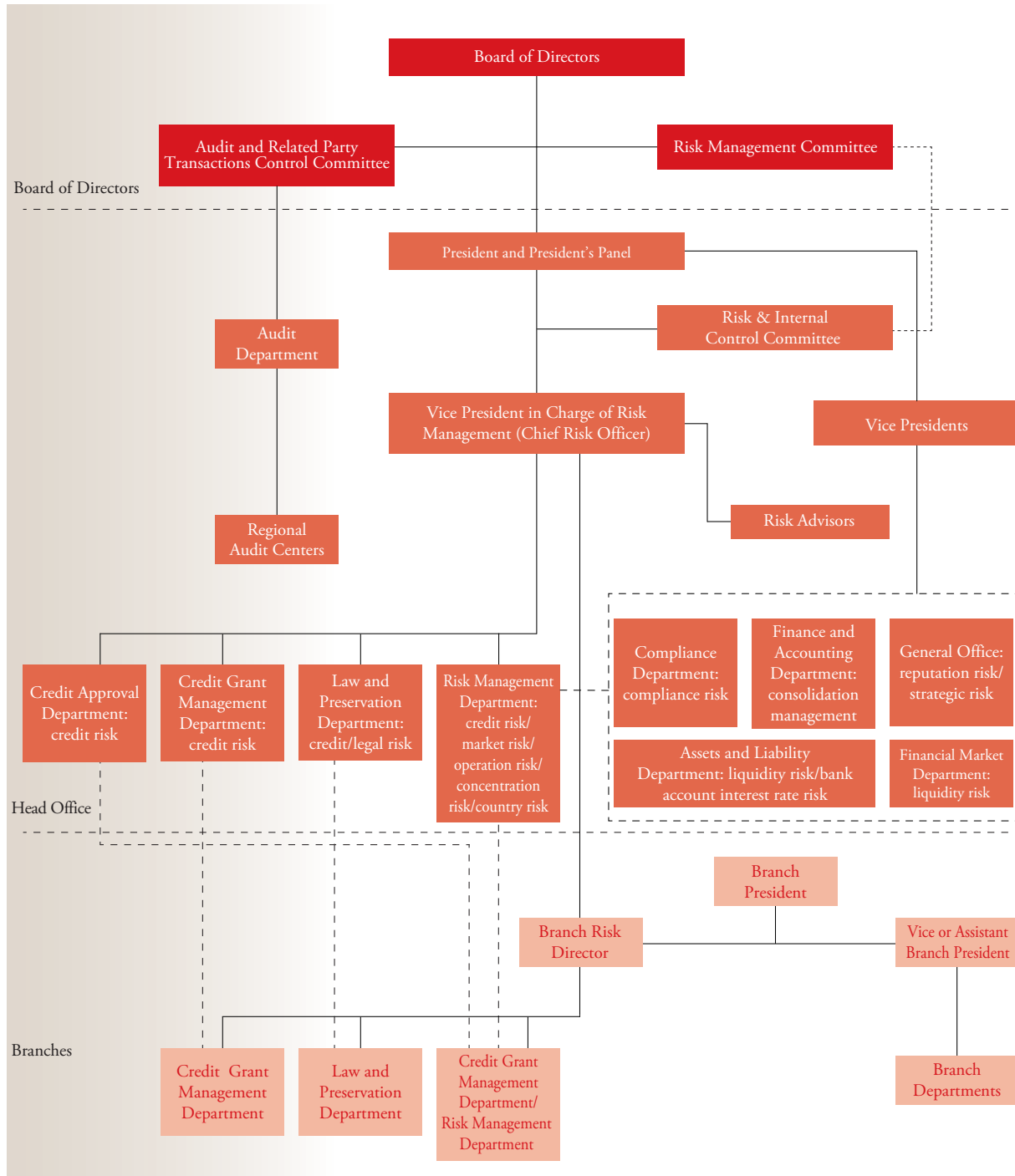
The Group realized RMB145.545 billion net operating income, a growth of 16.59%; and recorded profits before allowance of RMB95.023, up 21.44% than that of the previous year. Despite a slight increase of NPL ratio, the Group controlled the asset quality well because more NPLs were disposed than planned.



## Risk Management

### Risk Management Structure

The Bank's Comprehensive Risk Management Structure



### Risk Management System and Techniques

The reporting period witnessed a steady progress in the Bank's reform of its risk management system. To build the "three defense lines" for risk management, business management units set up risk management posts in succession, and jointly performed the responsibilities of the first defense line along with business operation units. To enhance risk management capacity, the Head Office developed the system for comprehensive assessment of risk management at branches and the system for accreditation of risk management qualifications, and reinforced research of the banking sector and management of credit grant policies. With regard to incentives and constraints for risk management, the Bank put in place the inquiry mechanism vis-a-vis major risk management issues of its branches and refined the mechanism for evaluating and managing risk directors of the branches.

In line with the bank-wide strategic requirements and plan for implementation of the New Capital Accord, the Bank accelerated execution of the new capital management approach, and completed as scheduled the project on implementing the advanced measurement series of the capital management approach via effective and orderly project cluster management. All these markedly built up the Bank's risk management capacity. The three major risk measurement systems under Pillar I were fully set up, and business application of measurement tools of all types rapidly promoted. Achievements have been made in the construction of both Pillar II and Pillar III. Data management systems and risk management information clusters were further optimized subsequent to the switch and online operation of the new core system.

### Credit Risk Management

Credit risk refers to the risk that a bank incurs losses in its business due to the failure of its borrower or transaction counterparty to fulfill the obligations specified in relevant agreements or contracts. The Bank's credit risk exists primarily in its various credit grant businesses, including but not limited to on-and off-balance sheet items such as loans, guarantees, acceptance and loan commitments, bank account bond investment and derivatives transaction, as well as other business items containing credit risk such as structured finance and wealth management for financing purpose.

#### Credit Risk Management in Corporate Business

During the reporting period, the Chinese economic growth slowed down. As a proactive response to changes in the external environment, the Bank inherited its prudent risk preference, insisted on business compliance, focused on development of high-quality core customers, faced up to the challenge of financial innovation, reinforced risk limit management in asset portfolios and key areas, and persistently emphasized coordinated development of profitability, quality and scale.

With regard to different industries, the Bank enthusiastically implemented the government's macroeconomic and industrial policies, and worked for maximization of risk-adjusted return on capital (RAROC) and economic profit or economic value added (EVA). Specifically, the Bank practiced stratified management and set up portfolio management targets for different sectors, and guided the sectors to adjust and optimize their structures, with a view to preventing systemic risk and concentration risk of the concerned sectors.

With regard to geographic regions, the Bank insisted upon differentiated development with unique local characters, and increased resource investment in key cities. Closely following the government's regional development strategy, the Bank input more resources in key areas in Beijing, Tianjin and Hebei Province and along the "One Belt One Road", and supported innovation with greater vigor, so as to cultivate its own key profit growth points. With breakthroughs made in the Shanghai Free Trade Zone and Shenzhen Qianhai Experimental Zone, the Bank helped its well managed and strongly competitive branches in key cities grow and expand. It also sped up outlet distribution in economically developed county areas.

With regard to customers, the Bank deepened stratified management of customers, practiced the approach of managing strategic customers by name list, and provided the group of high-value customers with thorough in-depth services. The industrial chain model was practiced for small and medium corporate customers. By deepening the "loan service + transaction banking" financial service model and centering on both the upper and lower supply-chain streams of the core enterprises, the Bank was able to achieve economy of scale in batch development.



## Management Discussion and Analysis

With regard to the property industry, the Bank managed real estate enterprises by name list and practiced quota control over the total quantity of on and off-balance sheet property loans in persistent compliance with the principle of “total quantity control, differentiated treatment, higher access thresholds, and tighter management”. Credit was granted to commercial residential projects that mainly aimed at meeting rigid basic housing demands and partially meeting demands for housing improvement. Strict credit control was placed on high-end large-floor area residential projects featuring excessively large unit floor area and excessively high unit price. The Bank prioritized credit support to affordable housing projects that were characterized by state-owned background, good asset quality, standard operation models, and capacity to generate sufficient cash flows, and shanty town renovation projects that were included in government debts. Moreover, the Bank strictly required security for and closed management of property loan projects, and reinforced risk monitoring, control and management of existing loans.

With regard to industries suffering from severe overcapacity, priority support was given to strongly competitive premium enterprises compliant with the requirements of technological upgrading, carbon emission constraints and green standards, while proactive exit was made from enterprises that were unsatisfactory in business operation, poor in market competitiveness, backward in production capacity, and non-compliant with environmental regulations. In addition, the Bank strictly forbade the provision of any form of incremental credit grant to additional capacity projects of industries suffering from severe overcapacity, and refrained from financing any construction projects that had failed to follow lawful procedures.

### Risk Management of Personal Loan

During the reporting period, in response to changes in the macroscopic economic situation and regulatory requirements, the Bank strictly implemented the government’s macro control policy to ensure operational compliance and risk controllability of its personal loan business. By standardizing the processes for granting loans to individual consumers and promoting the construction of a “credit factory”, the Bank improved business efficiency while ensuring risk control. Meanwhile, the Bank made proactive efforts to adjust its business structure. Focus was placed on developing the big individual “Home for Loan” Products backed by mortgage of core residential properties, to dissolve cyclic risks brought about by the economic downturn. A new retail credit management system was completed, and the touching point for systemic risk control was set up, helping improve risk control and quality monitoring of personal loan business. More work was done to carry out quantitative risk management, promote the development, deployment and application of scorecards, and enhance automated review and approval of retail loans.

Measures such as clear definition of product review and approval criteria, tighter pre-lending investigation, review and verification, and stricter management of authorization enabled the Bank to reinforce risk management and control starting from business access points and effectively guard against potential entry of risk. In addition, the Bank introduced diversified post-lending monitoring and management measures, and used multiple means including earmarked inspection, systematic monitoring and asset quality announcement to ensure healthy and compliant development of personal loan business.

### Risk Management of Credit Card Business

With regard to risk management of credit card business, the Bank followed the philosophy of “structural adjustment, risk control and higher profitability”, deepened “all-round total-process” reform of “the risk policy framework”, and improved the construction of “a multi-dimension full-lifecycle measurement and management platform” to strictly guard the risk bottom line. Before lending, the Bank constructed and implemented the integrated credit assessment system to optimize credit resource allocation via all-round upgrading of credit assessment, conducted cross-sector cooperation and further developed its credit grant model based on the Internet and big data, and enriched and consolidated the tools for management of customer groups to deepen restructuring of customer groups. After lending, the Bank kept improving its early warning mechanism, exited from and reduced customers with high potential risks in advance, and increased support to high-value customers, so as to optimize its loan structure and loan mix. With simultaneous use of multiple channels and measures to collect credit card debts, the Bank improved recovery of non-performing assets and explored securitization of non-performing assets.

### Risk Management in Financial Market Business

The Bank prudently conducted its negotiable securities investment business, promoted innovation of products to hedge interest rate risk, and provided customers with risk hedging and value added services. With regard to Renminbi denominated bond investment, the Bank focused on premium enterprises in relevant sectors as key credit investment targets. With regard to foreign currency denominated bond investment, the Bank regarded bonds issued overseas by premium Chinese issuers as key targets of credit investment.

## Loan Monitoring and Post-Lending Management

During the reporting period, the Chinese macro economy was still caught in the overlap of shift of growth gear, labor pains of restructuring and digestion of previous stimulation policies; economic development in China entered the “new normal”; and domestic and international economic and financial environments were complicated and intertwined. All these combined to expose the quality of credit assets in the banking industry to enormous challenges. In response, the Bank focused on the fulfillment of credit asset quality indicators and ensured the stability of asset quality bank-wide on the one hand, and emphasized development of systems and processes and promoted implementation of its program on reforming the risk management system on the other hand. During the reporting period, the Bank prioritized efforts to reinforce the following aspects:

The Bank implemented the project on “construction of the post-lending total management system”, put into practice the requirements of its program on reforming the risk management system, and set up responsibilities corresponding to the three defense lines. The project on constructing a new post-lending process was initiated on all fronts, focusing on pushing forward development of a bank-wide post-lending management system from the five dimensions of organization, policy, process, system and culture. Organizational systems and decision-making mechanism for risk early warning were built at the Head Office and the branches to fully leverage on the coordinative role of the three defense lines in post-lending management. A parallel-operation work mechanism was put in place to reinforce the duties of business management units as the first defense line in credit risk management. Low-quality customers were managed with name list to make risk dissolution more pertinent and effective. Important functional modules of the information system were optimized to realize effective support to the credit grant process.

The Bank effectively strengthened the risk monitoring of key areas and proactively prevented and dissolved systemic credit risks, including: (1) Constructed and improved the bank-wide risk early warning system based on the risk monitoring and dissolution mechanism targeting “top ten customers of priority concern” for better capacity of risk early warning and risk dissolution; (2) Prioritized efforts to toughen risk monitoring and screening of key areas, e.g., overcapacity industries such as iron and steel, coal and coking, paper making, ship building and PV, of sectors including real estate, wholesale and coal/coking, of customer groups such as the guarantee community and group customers, and of key businesses such as factoring, trade finance, and banker’s acceptance bills; (3) Monitored, analyzed and announced asset quality of key retail credit products on a regular basis to monitor the dissolution of delinquent loans and non-performing loans; (4) Increased efforts for proactive exit from and restructuring of risky loans, and thereby pushed the whole bank to complete the work plan on such proactive exit; (5) Monitored execution of instructive indicators for quota management of various portfolios on a monthly basis; (6) Tightened post-investment management of comprehensive finance credit business<sup>1</sup>, incorporating 7 major business categories into the scope of risk monitoring/control and setting up mechanisms such as monthly reporting on risk monitoring/control and quota monitoring.

The Bank intensified efforts to dissolve and dispose delinquent loans. In 2015, via interaction between the Head Office and the branches and between the risk management units and the business units, the Bank managed its customer with name list, prepared account-specific dissolution solutions, and made comprehensive use of a series of measures including collection, re-engineering, transfer and write-off to reduce delinquent loans and non-performing loans with full endeavor. Consequently, the Bank attained its yearly target on asset quality control.

The Bank effectively promoted IT development for the construction of a new generation credit business system oriented toward its future strategic development. This system will standardize business management and fully cover all four of institutions, customers, products and process (“Four Full Coverage”), so as to upgrade “control, quality, efficiency and profitability” of the credit business process in all aspects.

## Credit Risk Analysis

### Distribution of Loans

#### *Concentration of Loans by Geographic Region*

As at the end of the reporting period, the Group’s total loan balance was RMB2,528.78 billion, an increase of RMB340.872 billion or 15.58% over the end of the previous year. The Group’s balances of loans to the Bohai Rim, the Yangtze River Delta and the Pearl River Delta and West Strait ranked the top three, recording RMB680.886 billion, RMB553.616 billion and RMB396.853 billion, and accounting for 26.93%, 21.89% and 15.69% of the Group’s total loan balance, respectively. In terms of growth rate, the Pearl River Delta and West Strait, the overseas market, the Bohai Rim, and the western region recorded the highest numbers, reaching 24.27%, 19.53%, 18.09% and 16.20% respectively, all being higher than the Group’s average loan growth rate.

<sup>1</sup> Refers to innovative businesses that provide corporate and individual customers with comprehensive finance solutions beyond traditional on-and off-balance sheet transactions.

## Management Discussion and Analysis

### The Group

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Yangtze River Delta	553,616	21.89	512,214	23.41
Bohai Rim <sup>(Note)</sup>	680,886	26.93	576,598	26.35
Pearl River Delta and West Strait	396,853	15.69	319,360	14.60
Central region	348,882	13.80	306,274	14.00
Western region	340,226	13.45	292,793	13.38
Northeastern region	68,949	2.73	64,071	2.93
Overseas	139,368	5.51	116,598	5.33
<b>Total Loans</b>	<b>2,528,780</b>	<b>100.00</b>	<b>2,187,908</b>	<b>100.00</b>

Note: Including the Head Office.

### The Bank

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Yangtze River Delta	550,812	23.29	509,464	24.69
Bohai Rim <sup>(Note)</sup>	660,803	27.95	573,158	27.77
Pearl River Delta and West Strait	394,884	16.70	317,718	15.40
Central region	348,882	14.75	306,274	14.84
Western region	340,226	14.39	292,793	14.19
Northeastern region	68,949	2.92	64,071	3.11
<b>Total Loans</b>	<b>2,364,556</b>	<b>100.00</b>	<b>2,063,478</b>	<b>100.00</b>

Note: 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) registered RMB1,767.422 billion, up RMB202.104 billion or 12.91% over the end of the previous year; and personal loan balance of the Group reached RMB668.613 billion, up RMB114.066 billion or 20.57% over the end of the previous year. Personal loans grew faster than corporate loans, with their balance proportion going up to 26.44%. Balance of discounted bills recorded an impressive growth rate of 36.3%.

### The Group

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,767,422	69.89	1,565,318	71.54
Personal loans	668,613	26.44	554,547	25.35
Discounted bills	92,745	3.67	68,043	3.11
<b>Total loans</b>	<b>2,528,780</b>	<b>100.00</b>	<b>2,187,908</b>	<b>100.00</b>

**The Bank**

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,627,573	68.83	1,465,078	71.00
Personal loans	649,764	27.48	538,512	26.10
Discounted bills	87,219	3.69	59,888	2.90
<b>Total loans</b>	<b>2,364,556</b>	<b>100.00</b>	<b>2,063,478</b>	<b>100.00</b>

*Concentration of Loans by Sector*

As at the end of the reporting period, the loan balances of the top two sectors, namely the manufacturing sector and the wholesale and retail sector, within the corporate loans of the Group were RMB414.273 billion and RMB260.675 billion, respectively, taking up a combined proportion of 38.19% in the Group total corporate loans, down 4.92 percentage points over the end of the previous year. In terms of growth rate, loans to leasing and commercial services and real estate grew relatively faster, up 76.35% and 41.86% over the end of the previous year respectively, all being higher than the Group's average corporate loan growth rate.

**The Group**

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	414,273	23.44	384,521	24.58
Transportation, warehousing and postal service	147,535	8.35	138,230	8.83
Production and supply of power, gas and water	54,704	3.10	51,828	3.31
Wholesale and retail	260,675	14.75	290,107	18.53
Real estate	254,892	14.42	179,677	11.48
Water conservancy, environment and public utilities management	127,435	7.21	111,524	7.12
Leasing and commercial services	147,798	8.36	83,809	5.35
Construction	102,532	5.80	101,834	6.51
Public and social organizations	20,835	1.18	19,304	1.23
Others	236,743	13.39	204,484	13.06
<b>Total corporate loans</b>	<b>1,767,422</b>	<b>100.00</b>	<b>1,565,318</b>	<b>100.00</b>

**The Bank**

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	403,285	24.78	377,992	25.79
Transportation, warehousing and postal service	144,453	8.87	136,345	9.31
Production and supply of power, gas and water	49,086	3.01	51,468	3.51
Wholesale and retail	245,419	15.08	275,963	18.84
Real estate	224,873	13.82	160,821	10.98
Water conservancy, environment and public utilities management	120,704	7.42	111,466	7.61
Leasing and commercial Services	146,115	8.98	83,514	5.70
Construction	101,188	6.22	100,456	6.86
Public and social organizations	20,835	1.28	19,304	1.32
Others	171,615	10.54	147,749	10.08
<b>Total corporate loans</b>	<b>1,627,573</b>	<b>100.00</b>	<b>1,465,078</b>	<b>100.00</b>

## Management Discussion and Analysis

### Breakdown 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 collateral and pledge loans stood at RMB1,450.118 billion, up RMB236.948 billion over the end of the previous year, and their proportion reached 57.34%, 1.89 percentage points higher over the end of the previous year; and the balance of unsecured and guaranteed loans amounted to RMB985.917 billion, up RMB79.222 billion over the end of the previous year, accounting for 38.99% of the corresponding total, down 2.45 percentage points over the end of the previous year.

#### The Group

*Unit: RMB million*

Type of Guarantee	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	492,822	19.49	392,960	17.96
Guaranteed loans	493,095	19.50	513,735	23.48
Collateral loans	1,169,587	46.25	953,053	43.56
Pledge loans	280,531	11.09	260,117	11.89
<b>Subtotal</b>	<b>2,436,035</b>	<b>96.33</b>	<b>2,119,865</b>	<b>96.89</b>
Discounted bills	92,745	3.67	68,043	3.11
<b>Total loans</b>	<b>2,528,780</b>	<b>100.00</b>	<b>2,187,908</b>	<b>100.00</b>

#### The Bank

*Unit: RMB million*

Type of Guarantee	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	467,932	19.79	368,639	17.86
Guaranteed loans	435,395	18.41	469,234	22.74
Collateral loans	1,113,612	47.10	917,020	44.45
Pledge loans	260,398	11.01	248,697	12.05
<b>Subtotal</b>	<b>2,277,337</b>	<b>96.31</b>	<b>2,003,590</b>	<b>97.10</b>
Discounted bills	87,219	3.69	59,888	2.90
<b>Total loans</b>	<b>2,364,556</b>	<b>100.00</b>	<b>2,063,478</b>	<b>100.00</b>

### Concentration of Borrowers of Corporate Loans

The Group focused its attention on risk control over the concentration of borrowers of its corporate loans. 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, one borrower can be the related party of another borrower.

#### The Group

Major regulatory indicator	Regulatory Standard	31 December 2015	31 December 2014	31 December 2013
Percentage of loans to the largest single customer (%)	≤10	2.48	2.75	3.41
Percentage of loans to the top 10 customers (%)	≤50	14.60	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*

		31 December 2015		
Sector		Amount	Percentage in total loans (%)	Percentage in regulated capital (%)
Borrower A	Real estate	10,218	0.40	2.48
Borrower B	Public management, social security and social organizations	9,978	0.39	2.42
Borrower C	Leasing and commercial Services	7,960	0.32	1.93
Borrower D	Leasing and commercial Services	5,375	0.21	1.31
Borrower E	Leasing and commercial Services	4,818	0.19	1.17
Borrower F	Mining	4,520	0.18	1.10
Borrower G	Manufacturing	4,514	0.18	1.10
Borrower H	Transportation, warehousing and postal service	4,435	0.18	1.08
Borrower I	Transportation, warehousing and postal service	4,278	0.17	1.04
Borrower J	Manufacturing	4,000	0.16	0.97
<b>Total loans</b>		<b>60,096</b>	<b>2.38</b>	<b>14.60</b>

As at the end of the reporting period, total balance of corporate loans from the Group to the top ten customers amounted to RMB60.096 billion, accounting for 2.38% of its total loans and 14.60% of its net capital.

## Loan Quality Analysis

*Five-Class Loan Classification*

The Bank measures and manages the quality of its credit assets pursuant to the Guidelines on the Classification of Loan Risks formulated by the CBRC, which requires Chinese commercial banks to classify their credit assets into five classes, i.e., pass, special mention, substandard, doubtful and loss, of which the last three classes are viewed as non-performing loans (NPLs).

In 2015, the Bank continued to reinforce centralized management of loan classification and enhance the system for management of credit asset risks by class. 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 class-specific identification of loan risk includes the following steps: business departments conduct post-lending inspections in the first place; afterward credit departments of branches propose preliminary opinions, followed by preliminary identification by credit management departments of the branches; chief risk officers at the branches review the preliminary identification results; and the Head Office finalizes the identification. To those loans with material changes in risk profiles, the Bank conducts dynamic adjustment to loan classification.

## The Group

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Pass	2,402,338	95.00	2,091,293	95.58
Special mention	90,392	3.57	68,161	3.12
Substandard	20,876	0.83	14,618	0.67
Doubtful	11,238	0.44	11,773	0.54
Loss	3,936	0.16	2,063	0.09
<b>Total Loans</b>	<b>2,528,780</b>	<b>100.00</b>	<b>2,187,908</b>	<b>100.00</b>
<b>Performing loans</b>	<b>2,492,730</b>	<b>98.57</b>	<b>2,159,454</b>	<b>98.70</b>
<b>Non-performing loans</b>	<b>36,050</b>	<b>1.43</b>	<b>28,454</b>	<b>1.30</b>

Note: Performing loans include pass loans and special mention loans; and non-performing loans include substandard loans, doubtful loans and loss loans.

## Management Discussion and Analysis

### The Bank

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Pass	2,241,820	94.81	1,967,981	95.37
Special mention	87,962	3.72	67,612	3.28
Substandard	20,023	0.85	14,554	0.71
Doubtful	10,833	0.46	11,335	0.54
Loss	3,918	0.16	1,996	0.10
<b>Total Loans</b>	<b>2,364,556</b>	<b>100.00</b>	<b>2,063,478</b>	<b>100.00</b>
<b>Performing loans</b>	<b>2,329,782</b>	<b>98.53</b>	<b>2,035,593</b>	<b>98.65</b>
<b>Non-performing loans</b>	<b>34,774</b>	<b>1.47</b>	<b>27,885</b>	<b>1.35</b>

Note: Performing loans include pass loans and special mention loans; and non-performing loans include substandard loans, doubtful loans and loss loans.

As at the end of the reporting period, the balance of pass loans of the Group increased by RMB311.045 billion over the end of the previous year, accounting for 95% of the total loan balance, and representing a drop of 0.58 percentage point over the end of the previous year. The balance of special mention loans rose by RMB22.231 billion, accounting for 3.57% of the total loan balance, up 0.45 percentage point over the end of the previous year. The rise in both balance and proportion of special mention loans was mainly because: (1) 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 (2) Economic downturn and difficult operation of the real economy led to tight fund chain and mounting credit risks, 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 non-performing loans (NPLs), recognized in accordance with the regulatory risk classification standard, stood at RMB36.05 billion, up RMB7.596 billion over the end of the previous year; and its NPL ratio was 1.43%, up 0.13 percentage point over the end of the previous year. The Group's continuous rise in NPLs was mainly due to impacts of the larger economic environment, business deterioration of pro-cyclic industries and enterprises, and increasing spread of risks from the mutual guarantee and joint guarantee community, which led to higher probability of default, worse credit risk and more NPLs.

During the reporting period, the Group worked hard to improve loan quality and further reinforced disposal of non-performing loans. By means of recovery and write-off, etc., the Group disposed RMB45.485 billion NPL principal with the speed of disposal faster than that of 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 macroscopic economic situation. At the beginning of 2015, the Group already made sufficient projection and response preparation regarding the changing trend of loan quality. Thanks to its pertinent measures for risk prevention and dissolution, 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.

### The Bank

	31 December 2015	31 December 2014	31 December 2013
Migration ratio of pass loans (%)	2.67	3.21	1.51
Migration ratio of special mention loans (%)	31.77	30.16	27.20
Migration ratio of substandard loans (%)	59.66	58.23	45.98
Migration ratio of doubtful loans (%)	41.39	38.19	17.94
Ratio of migration from performing loans to non-performing loans (%)	1.48	1.03	0.67



As at the end of the reporting period, the Bank's migration ratio from performing to non-performing loans was 1.48%, up 0.45 percentage point over the same period of the previous year. The main underlying reason was 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 loans to non-performing categories. Moreover, there was also a marked increase in the migration ratio of doubtful loans compared with those of the same period last year, mainly because the Group intensified its write-off efforts.

#### Loans Overdue

##### The Group

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans repayable on demand	2,453,880	97.04	2,111,964	96.53
Loans overdue:				
1-90 days	36,998	1.46	43,034	1.97
91-180 days	9,794	0.39	8,986	0.41
181 days or above	28,108	1.11	23,924	1.09
<b>Subtotal</b>	<b>74,900</b>	<b>2.96</b>	<b>75,944</b>	<b>3.47</b>
<b>Total loans</b>	<b>2,528,780</b>	<b>100.00</b>	<b>2,187,908</b>	<b>100.00</b>
Loans overdue for 91 days and above	37,902	1.50	32,910	1.50
Restructured loans	8,482	0.34	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

*Unit: RMB million*

	31 December 2015		31 December 2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Loans repayable on demand	2,293,468	96.99	1,990,328	96.46
Loans overdue:				
1-90 days	33,853	1.44	40,913	1.98
91-180 days	9,542	0.40	8,705	0.42
181 days or above	27,693	1.17	23,532	1.14
<b>Subtotal</b>	<b>71,088</b>	<b>3.01</b>	<b>73,150</b>	<b>3.54</b>
<b>Total loans</b>	<b>2,364,556</b>	<b>100.00</b>	<b>2,063,478</b>	<b>100.00</b>
Loans overdue for 91 days and above	37,235	1.57	32,237	1.56
Restructured loans	8,472	0.36	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.

As at the end of the reporting period, the Group's balance of overdue loans reached RMB74.9 billion, down RMB1.044 billion over the end of the previous year, with the proportion of overdue loans in total loans declining by 0.51 percentage point over the end of the previous year, of which 49.4% were short-term and temporary loans with a maturity of less than 3 months, and loans overdue for 91 days and above totaled RMB37.902 billion, up RMB4.992 billion over the end of the previous year. The increase in overdue loans was mainly because the borrowers suffered tight fund chains or even break of fund chains as a result of longer cycles of payback, reduction of bank loans, and greater difficulty in accessing finance, etc.

The Group practiced stringent prudent management and control of loan restructuring. As at the end of the reporting period, the Group restructured RMB8.482 billion loans, down RMB5.242 billion over the end of the previous year, with the proportion thereof registering a drop of 0.29 percentage point over the end of the previous year.

## Management Discussion and Analysis

### Breakdown of NPLs by Product

#### The Group

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Corporate loans	28,008	77.69	1.59	22,823	80.21	1.46
Personal loans	8,022	22.25	1.20	5,614	19.73	1.01
Discounted bills	20	0.06	0.02	17	0.06	0.02
<b>Total</b>	<b>36,050</b>	<b>100.00</b>	<b>1.43</b>	<b>28,454</b>	<b>100.00</b>	<b>1.30</b>

#### The Bank

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Corporate loans	26,751	76.93	1.64	22,268	79.86	1.52
Personal loans	8,003	23.01	1.23	5,600	20.08	1.04
Discounted bills	20	0.06	0.02	17	0.06	0.03
<b>Total</b>	<b>34,774</b>	<b>100.00</b>	<b>1.47</b>	<b>27,885</b>	<b>100.00</b>	<b>1.35</b>

As at the end of the reporting period, the Group's balance and ratio of corporate NPLs increased by RMB5.185 billion and 0.13 percentage point over the end of the previous year, respectively; while the balance and ratio of personal NPLs grew by RMB2.408 billion and 0.19 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 privately owned SMEs engaging in manufacturing, trade enterprises and overcapacity industries.

### Breakdown of NPLs by Geographic Location

#### The Group

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Yangtze River Delta	8,838	24.52	1.60	9,240	32.47	1.80
Bohai Rim	8,869	24.60	1.30	7,151	25.13	1.24
Pearl River Delta and West Strait	7,685	21.32	1.94	5,140	18.07	1.61
Central region	5,212	14.46	1.49	3,453	12.14	1.13
Western region	2,668	7.40	0.78	1,276	4.48	0.44
Northeastern region	1,753	4.86	2.54	1,923	6.76	3.00
Overseas	1,025	2.84	0.74	271	0.95	0.23
<b>Total</b>	<b>36,050</b>	<b>100.00</b>	<b>1.43</b>	<b>28,454</b>	<b>100.00</b>	<b>1.30</b>

#### The Bank

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Yangtze River Delta	8,789	25.27	1.60	9,231	33.10	1.81
Bohai Rim	8,869	25.50	1.34	7,108	25.49	1.24
Pearl River Delta and West Strait	7,483	21.52	1.89	4,894	17.55	1.54
Central region	5,212	14.99	1.49	3,453	12.38	1.13
Western region	2,668	7.68	0.78	1,276	4.58	0.44
Northeastern region	1,753	5.04	2.54	1,923	6.90	3.00
<b>Total</b>	<b>34,774</b>	<b>100.00</b>	<b>1.47</b>	<b>27,885</b>	<b>100.00</b>	<b>1.35</b>

As at the end of the reporting period, the Group's NPLs were mainly concentrated in the Bohai Rim, the Yangtze River Delta, and the Pearl River Delta and West Strait, with the aggregate NPL balance thereof reaching RMB25.392 billion, accounting for a combined 70.44% of the Group's total NPL balance. The Pearl River Delta and West Strait registered the largest amount of NPL increment, i.e., RMB2.545 billion incremental NPLs and a 0.33 percentage point rise in NPL ratio. Both the central and western regions recorded fast growth in NPLs, increasing by 51% and 109% respectively over the end of the previous year. Such increase in NPLs was mainly due to: (1) concentrated risk exposure of privately owned steel trade companies in the Pearl River Delta and West Strait; and (2) mounting credit risk of overcapacity industries and SMEs in the central and western regions.

#### Breakdown of Corporate NPLs by Sector

##### The Group

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Manufacturing	10,329	36.88	2.49	8,758	38.37	2.28
Transportation, warehousing and postal service	275	0.98	0.19	323	1.42	0.23
Production and supply of power, gas and water	119	0.42	0.22	83	0.36	0.16
Wholesale and retail	12,136	43.33	4.66	11,025	48.31	3.80
Real estate	249	0.89	0.10	96	0.42	0.05
Leasing and commercial services	54	0.19	0.04	82	0.36	0.07
Water conservancy, environment and public utilities management	192	0.69	0.15	—	—	—
Construction	1,944	6.94	1.90	548	2.40	0.54
Public and social organizations	0	0.00	0.00	—	—	—
Others	2,710	9.68	1.15	1,908	8.36	0.93
<b>Total</b>	<b>28,008</b>	<b>100.00</b>	<b>1.59</b>	<b>22,823</b>	<b>100.00</b>	<b>1.46</b>

##### The Bank

*Unit: RMB million*

	31 December 2015			31 December 2014		
	Balance	Proportion (%)	NPL ratio (%)	Balance	Proportion (%)	NPL ratio (%)
Manufacturing	10,169	38.01	2.52	8,470	38.04	2.24
Transportation, warehousing and postal service	273	1.02	0.19	323	1.45	0.24
Production and supply of power, gas and water	119	0.45	0.24	82	0.37	0.16
Wholesale and retail	11,901	44.49	4.85	10,924	49.05	3.96
Real estate	223	0.83	0.10	87	0.39	0.05
Leasing and commercial services	54	0.20	0.04	82	0.37	0.07
Water conservancy, environment and public utilities management	192	0.72	0.16	—	—	—
Construction	1,944	7.27	1.92	548	2.46	0.55
Public and social organizations	0	0.00	0.00	—	—	—
Others	1,876	7.01	1.09	1,752	7.87	1.19
<b>Total</b>	<b>26,751</b>	<b>100.00</b>	<b>1.64</b>	<b>22,268</b>	<b>100.00</b>	<b>1.52</b>

## Management Discussion and Analysis

As at the end of the reporting period, the Group's non-performing corporate loans were mainly concentrated in wholesale & retail and manufacturing. NPL balances of the two sectors, accounting for a combined 80.21% of the Group total, increased by RMB1.111 billion and RMB1.571 billion respectively over the end of the previous year, and their corresponding NPL ratios increased by 0.86 and 0.22 percentage point over the end of the previous year, respectively. Such increase in NPLs was mainly because, during the economic downturn, with a poor real economy and weak risk resilience at the relevant upper and lower-stream circulation points, enterprises in these sectors were universally trapped in production and operation difficulties, hence the worsening credit risk, growing NPLs and rising NPL ratios in these sectors.

As at the end of the reporting period, the Group's NPL balances of two sectors, namely, transportation, warehousing and postal service, and leasing and commercial services, decreased by RMB48 million and RMB28 million respectively over the end of the previous year, with the corresponding NPL ratios going down by 0.04 percentage point and 0.03 percentage point respectively.

### Analysis of Provision for Loan Impairment

#### Changes in Provision for Loan Impairment

The Group set aside adequate provisions for loan impairment in a timely manner according to the principles of prudence and truthfulness. Provisions for loan impairment consisted of two parts, namely, provisions based on evaluation of single items and provisions based on evaluation of portfolios.

#### The Group

	As of 31 December 2015	As of 31 December 2014
Beginning balance	51,576	41,254
Accruals during the year <sup>(1)</sup>	35,120	22,074
Reversal of impairment allowances <sup>(2)</sup>	(592)	(460)
Transfer out	32	2
Write-offs	(26,239)	(11,610)
Recovery of loans and advances written off in previous years	600	316
<b>Ending balance</b>	<b>60,497</b>	<b>51,576</b>

Unit: RMB million

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.

#### The Bank

	As of 31 December 2015	As of 31 December 2014
Beginning balance	51,136	40,861
Accruals during the year <sup>(1)</sup>	34,523	21,924
Reversal of impairment allowances <sup>(2)</sup>	(582)	(457)
Transfer out	2	1
Write-offs	(25,972)	(11,489)
Recovery of loans and advances written off in previous years	575	296
<b>Ending balance</b>	<b>59,682</b>	<b>51,136</b>

Unit: RMB million

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.

As at the end of the reporting period, the Group's balance of allowance for loan impairment registered RMB60.497 billion, representing an increase of RMB8.921 billion over the end of the previous year. The Group's ratio of balance of allowance for loan impairment to NPL balance (i.e., provision coverage ratio) and ratio of balance of allowance for loan impairment to total loans (i.e., provision to loan ratio) stood at 167.81% and 2.39% respectively. The allowance coverage ratio decreased by 13.45 percentage points over the end of the previous year, while the allowance to loan ratio rose by 0.03 percentage point over the end of the previous year.

During the reporting period, the Group accrued RMB35.12 billion allowance for loan impairment, up RMB13.046 billion over the previous year. The reasons for increasing such allowance 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 NPL writing-off efforts, the Group needed to increase provisions as much as possible to get well prepared for write-offs.

## Management of Market Risk

Market risk refers to the risk of on-and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in market prices (including interest rate, exchange rate, stock price and commodity price). The main market risk confronting the Bank includes interest rate risk and exchange rate risk. The Bank has established a market risk management system covering risk identification, measurement, monitoring and control, which manages market risk by exercising product access approval and risk limit management, thereby controlling market risk within an acceptable range and maximizing risk-adjusted returns.

## Management of Interest Rate Risk

Interest rate risk refers to the risk of losses to overall earnings and economic value of bank accounts resulting from unfavorable changes in factors such as interest rate and maturity structure, including re-pricing risk, yield curve risk, benchmark risk and option risk. The Bank manages its interest rate risk for the overall objective of observing the principle of prudent risk preference and achieving steady growth of both net interest income and economic value within the acceptable range of interest rate risk.

The Bank made continuing efforts to improve its interest rate risk management and control system, innovate its management approaches, and refine its tools for such risk management and control. Among others, the Bank set up a bank account interest rate risk management structure to enhance its risk management in a continuous manner, which defines the division of duties and reporting lines among the Board of Directors, the senior management, the Asset and Liability Management Committee and relevant departments of the Bank, and designates the Asset and Liability Management Department as the comprehensive internal unit in charge of interest rate risk management of bank accounts. Under this structure, the Bank monitors changes in external macro situations and internal business structures on a regular basis, and carry out interest rate sensitivity gap management in a proactive manner to prevent excessive concentration of interest rate risk.

During the reporting period, due to the impacts of the domestic and overseas economic and financial situations, and acceleration of interest rate liberalization, domestic market interest rates fluctuated more extensively, exposing interest rate risk management of financial institutions to greater challenges. In calm response to all these challenges, the Bank made proactive use of active management means such as price control and adjustment, whereby the Bank kept building its capacity for autonomous, differentiated and market-oriented pricing and further promoted the use of Loan Prime Rate (LPR). Meanwhile, with comprehensive use of multiple methods including interest rates sensitivity analysis, net interest income sensitivity analysis and stress test, the Bank measured interest rate risks of all types, carried out regular analysis of risks and projection of net interest income, reasonably set up maturity structures and product mixes of its assets and liabilities portfolios, and thereby controlled its interest rate risk at a reasonable level.

Interest rate gaps of the Bank as at the end of the reporting period are detailed as follows:

### The Group

Unit: RMB million

Item	Non-interest bearing	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total assets	129,889	2,382,200	1,622,052	827,850	160,301	5,122,292
Total liabilities	119,197	2,875,474	1,331,484	404,031	72,420	4,802,606
Asset-liability gap	10,692	(493,274)	290,568	423,819	87,881	319,686

### The Bank

Unit: RMB million

Item	Non-interest bearing	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total assets	143,570	2,183,703	1,589,333	810,829	156,860	4,884,295
Total liabilities	98,247	2,712,875	1,293,161	395,954	72,420	4,572,657
Asset-liability gap	45,353	(529,172)	296,172	414,875	84,440	311,638

## Management Discussion and Analysis

### Management of Exchange Rate Risk

Exchange rate risk refers to the risk of on and off-balance sheet businesses of a bank incurring losses due to unfavorable changes of exchange rate. The Bank measures exchange rate risk mainly through the analysis of foreign exchange exposures that consist of trading and non-trading exposures, including trading exposure that mainly results from the position in foreign exchange trading and non-trading exposure that mainly arises from foreign currency capital and foreign currency profit. The Bank manages exchange rate risk by matching foreign currency denominated assets with corresponding foreign currency denominated liabilities, and at the same time making appropriate use of financial derivatives. For businesses with potential exchange rate risk, the Bank set corresponding foreign exchange exposure limits to control its exchange rate risk at a tolerable level.

Exchange rate risk of the Bank is mainly impacted by the Renminbi exchange rate against the US dollar. Since August 2015, due to impacts of multiple factors including the adjustments to the Renminbi central parity rate formation mechanism, inclusion of Renminbi in the SDR currency basket, and domestic economic slowdown, the Renminbi quickly devalued against the US dollar and its exchange rate against the US dollar registered markedly more significant fluctuations. The Renminbi depreciated by about 4.5% against the US dollar for the whole year. Thanks to its strict control of the risk exposure of foreign exchange related businesses and more intensive routine risk monitoring and early warning reporting, the Bank was able to control its exchange rate risk below the acceptable level despite such significant market fluctuations.

The Bank's foreign exchange exposures as at the end of the reporting period are set out as follows:

#### The Group

Item	Unit: RMB million			
	USD	HKD	Other currencies	Total
Net on-balance sheet position	52,343	(5,888)	(16,805)	29,650
Net off-balance sheet position	8,141	1,257	27,960	37,358
<b>Total</b>	<b>60,484</b>	<b>(4,631)</b>	<b>11,155</b>	<b>67,008</b>

#### The Bank

Item	Unit: RMB million			
	USD	HKD	Other currencies	Total
Net on-balance sheet position	22,458	15,049	(22,767)	14,740
Net off-balance sheet position	8,172	1,227	27,967	37,366
<b>Total</b>	<b>30,630</b>	<b>16,276</b>	<b>5,200</b>	<b>52,106</b>

### Liquidity Risk Management

Liquidity risk refers to the risk that a bank is unable to obtain adequate capital in a timely manner and at reasonable cost to repay matured debts, perform other payment obligations and meet other capital needs for the conduct of normal business.

The Bank has set up a robust governance structure for liquidity risk management which defines the division of duties among the Board of Directors, the Board of Supervisors and the senior management and their subordinate specialized committees and relevant departments of the Bank in the management of liquidity risk, with a view to improving its liquidity risk management strategies, policies and procedures. These efforts enabled the Bank to maintain a stable liquidity risk level, and to effectively identify, measure, monitor and control liquidity risk through the implementation of prudent coordinated liquidity risk management strategies.

The Bank conducted a unified liquidity risk management structure. The Head Office is responsible for formulating liquidity risk management policies and strategies of the Group and its legal person institutions, and for 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 their own strategies and procedures for liquidity risk management and implementing such strategies and procedures according to the requirements of competent regulatory authorities and within the Group's master policy framework on liquidity risk management.



In response to changes in internal and external situations, the Bank made proactive efforts to promote and intensify liquidity risk management, keeping a moderately sufficient liquidity in the overall sense. During the reporting period, the Bank mainly adopted the following measures to manage its liquidity risk: (1) improved its organizational structure for liquidity risk management, optimized its liquidity risk management system, practiced liquidity limit management, conducted stress test on a regular basis, and organized emergency drills where necessary and appropriate to ensure effectiveness of its liquidity risk management emergency response plan; (2) structured its assets and liabilities in reasonable ways that could ensure stable growth and coordinated development of its main assets and liabilities and could match fund sources with application of funds; (3) reinforced management of active liabilities to ensure smooth finance channels for money market, inter-bank certificates of deposit and inter-bank deposits, and actively expanded innovative business varieties including certificates of large-amount deposits to diversify the sources of active liabilities and support the conduct of asset business; and (4) improved routine liquidity management, dynamically adjusted liquidity portfolio management strategies, and intensified management of liquidity reserves to maintain a reasonable reserve level and upgrade efficiency of daytime fund management.

As at the end of the reporting period, the Group's liquidity coverage ratio is as follows:

Item	Value
Liquidity coverage ratio	87.8%
Qualified premium liquid assets	464,437
Net cash outflow in the coming 30 days	529,112

*Unit: RMB million*

Liquidity gaps as at the end of the reporting period are set out as follows:

#### The Group

Payable on demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
(1,445,557)	(72,739)	190,827	646,227	505,851	495,077	319,686

*Unit: RMB million*

#### The Bank

Payable on demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
(1,414,135)	(27,416)	169,077	587,221	482,406	514,485	311,638

*Unit: RMB million*

## Operational Risk Management

Operational risk refers to the risk of losses resulting from imperfect or deficient internal procedures, employees and IT systems and external incidents, including legal risk but excluding strategy risk and reputation risk.

During the reporting period, in order to enhance the level of operational risk management on all fronts, the Bank mainly adopted the following management measures: (1) adjusted division of duties in operational risk management, shifting the leading responsibilities thereof to the departments in charge of total risk management for better management capacity therein; (2) strengthened institutional development in operational risk management, e.g., the Bank carried out a comprehensive revision of operational risk management policies and regulations, improved tools and methodologies for operational risk management, and further enhanced identification, assessment, monitoring, control and reporting of operational risk; and (3) brought improvements to the operational risk management information system. With the help of the operational risk management optimization project, the Bank optimized the operational risk management system in an all-round manner, which reinforced functions such as operational risk management, monitoring and reporting, and advanced IT level of operational risk management.

## Anti-Money Laundering

The Bank reinforced its efforts in risk management and internal control against money laundering in line with the Anti-Money Laundering Law of the People's Republic of China and the PBOC's "risk-centered" regulatory requirements on anti-money laundering.

## Management Discussion and Analysis

During the reporting period, the Bank intensified its efforts to construct an organizational mechanism against money laundering, whereby its anti-money laundering leading group gave full play to its role as the decision-making body in this aspect, and promoted the embedding of anti-money laundering internal control and risk management measures into the rules and procedures of the business units. The bank continued to improve its anti-money laundering internal control regulations, with the release of the Policy of CITIC Bank on Anti-money Laundering Risk Management, Measures of CITIC Bank on Anti-money Laundering Risk Self-Assessment and Measures of CITIC Bank on Assessment of Money Laundering and Terrorist Finance Risk and Management of Customers by Category, the Bank improved its resulted in better risk control measures. Full-process risk management and control was practiced. Anti-money laundering compliance review was reinforced during research and development of innovative financial products; anti-money laundering monitoring was carried out in a proactive manner, with corresponding trainings organized right from the induction stage; type analysis of and annual report on money laundering were submitted to the PBOC on a regular basis; the obligation of reporting large-sum suspicious transactions was earnestly performed; systems and tools were developed arduously, which resulted in smooth online operation of the new anti-money laundering risk management system, marking a new stage of information technology application in the Bank's anti-money laundering efforts.

### | Capital Management

The Bank practices total capital management, covering management of regulatory capital, economic capital and book capital in general and capital adequacy ratio management, capital planning, capital allocation, capital evaluation and management, etc.

Capital adequacy ratio management is a core area of the Bank's capital management, reflecting the capacity of the Bank for prudent operation and risk prevention. The Bank calculates, manages and discloses its own and the Group's capital adequacy ratios according to the Interim Measures for Capital Management of Commercial Banks promulgated by the CBRC in June 2012. During the reporting period, capital ratios of both the Bank and the Group at all levels continuously met regulatory requirements. At the same time, the Bank steadily pushed forward implementation of the new capital management approach, with new progress registered in compliance self-assessment and outcome utilization, laying a good foundation for the following application work.

Availing itself of the opportunity to implement the strategy on "light capital commitment" for development, the Bank continued to strengthen the whole-process management system covering capital planning, allocation, evaluation, measurement and monitoring. Bearing in mind its business environment, strategy development plan and risk preference, and by taking into comprehensive consideration the relationship between capital supply and demand, the Bank developed its capital plans in a forward-looking manner, so as to ensure capital adequacy for the purpose of risk prevention and satisfaction of business development needs. To become a bank of better value, in its continuous practice of the economic capital evaluation system with "economic profit" and "return on capital" at the core, the Bank kept improving the capital constraint and allocation mechanisms to guide the entire bank towards rational deployment of capital structure under the relevant capital constraints, and effectively promoted transformation of its business model and healthy sustainable development of the Bank.

### | Management of Financial Statement Consolidation

The Bank continued to push forward the management of various work relating to financial statement consolidation, and assisted its domestic and overseas subsidiaries within the scope of such consolidation to perform their corporate governance procedures and conduct their routine business. During the reporting period, the Bank completed preparation for incorporation of its subsidiary CITIC Financial Leasing, and continued to improve its regulations and frameworks on management of financial statement consolidation. In line with the latest CBRC regulatory guidelines, the Bank revised the Administrative Measures of CITIC Bank on Consolidation of Subsidiaries' Financial Statements, detailing provisions of the Group on corporate governance, total risk management, asset management and insider trading, and thereby deepening the connotations of financial statement consolidation management. Meanwhile, the Bank intensified its management and control of various types of significant events of its subsidiaries, which, supported and guaranteed corporate governance and business development of its subsidiaries. As such, the Group entered a brand new stage of the overall risk management and control.

### | Profit and Dividends Distribution

To give investors reasonable return on investment and help investors develop steady expectation of investment returns, relevant provisions of the Articles of Association of the Bank lay down explicit requirements vis-a-vis dividend policies such as the base, principle, interval, method and condition and online voting of profit distribution, provide for the minimum proportion of profit distribution made in cash under general circumstances, and offer shareholders an online voting platform for participation in voting for the proposals on distribution plans. As such, the Bank fully protects legitimate rights and interests of its minority investors.

The Bank has not distributed profit through transfer of capital reserve to share capital since its initial public offering (IPO). Cash dividend distribution of the Bank in the past three years is listed as follows:

*Unit: RMB million*

Year for which dividends are distributed	Cash dividends every ten shares (RMB) (pre-tax)	Total amount of cash dividends (pre-tax)	Net profit attributable to shareholders of the Bank as indicated in consolidated statements	Distribution ratio (%) <sup>(Note)</sup>
2012	1,500	7,018	31,032	22.62%
2013	2,520	11,790	39,175	30.10%
2014	—	—	40,692	—

Note: Distribution ratio is the ratio of the total amount of cash dividends for the current period to the net profit attributable to the shareholders of the Bank on the consolidated financial statements.

After-tax profit as shown on the Bank's audited 2015 financial statements prepared in accordance with the PRC GAAP and IFRS, respectively, were both RMB39.672 billion.

The Bank transferred 10% of its after-tax profit as shown on the financial statements prepared in accordance with the PRC GAAP to the statutory surplus reserve, which was accrued at RMB3.968 billion as at the end of the current period. The Bank allocated the general reserve of RMB14.00 billion. No discretionary reserve was allocated.

In comprehensive consideration of the overall interests of all shareholders, its own need for safeguarding sustainable development and the regulatory requirements on capital adequacy ratio, the Bank proposed to distribute final dividends for the year 2015 with a total amount of RMB10.374 billion, which accounts for 26.15% of the net profit of the Bank and 25.21% of the net profit attributable to the shareholders of the Bank, and shall be denominated and declared in Renminbi and paid to A-share holders in Renminbi and to H-share holders in Hong Kong dollar. Based on the total share capital of A-shares and H-shares, the final cash dividends will be denominated and declared as RMB2.12 (pre-tax) for every 10 shares. The dividends to be paid in Hong Kong dollar shall have their amounts calculated in accordance with the average benchmark exchange rate of Renminbi to Hong Kong dollar as released by the PBOC one week prior to the convening of the general meeting (inclusive of the date of the general meeting). No scheme for transfer of capital reserve to share capital will be applied for the current year. Retained undistributed profit after dividends payment shall continue to be used to replenish the Bank's capital, support implementation of the Bank's development strategy, improve the Bank's risk resilience, and satisfy regulatory requirements on capital adequacy ratios. The Bank recorded a 14.55% return on weighted average equity attributable to its shareholders in 2015 and is expected to maintain a certain level of return and contribution in 2016.

This profit distribution plan (the "Plan") complies with relevant provisions of the Articles of Association of the Bank and follows clear standards and proportions of dividends payment. After sufficient discussion and consideration at the Strategic Development Committee of the Board of Directors of the Bank, the Plan was submitted for deliberation at the meetings of the Board of Directors and the Board of Supervisors convened on 23 March 2016 and was adopted afterward. It shall be submitted to the 2015 Annual General Meeting to be convened on 26 May 2016 for approval and subject to implementation thereafter. It is expected that the Bank will pay the 2015 final dividends to its shareholders within two months as of the adoption of the Plan by the general meeting. The Bank's independent non-executive directors have collectively expressed their independent opinion on the Plan as follows: The 2015 profit and dividends distribution plan of the Bank is consistent with the reality of the Bank and has taken the overall interests of both the Bank and all shareholders into consideration. We hereby endorse the Plan and agree to have the Plan submitted to the 2015 Annual General Meeting for deliberation.

When the Plan is submitted to the 2015 Annual General Meeting for deliberation, the Bank will, as required by the regulators, offer investors online voting facilities and disclose voting results in accordance with the shareholding percentages of the voting A-share holders. The shareholding percentages are placed in the three ranges of below 1%, 1%-5%, and above 5%. Those with less than 1% shareholding will be further classified into the two categories of above and below RMB500,000 market value of shareholdings, whose voting results will be further disclosed accordingly. The preparation and implementation of this Plan fully protects the legitimate rights and interests of small and medium investors.

## Material Investments, Material Acquisitions, and Disposals and Restructurings of Assets

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 CITIC International Financial Holding Corporation Limited, giving consent to the Bank's acquisition of BBVA's 2,213,785,908 ordinary shares in CIFH. The proposed equity acquisition was adopted by the 2014 Annual General Meeting of the Bank, approved by the CBRC on 20 August 2015, and delivered on 27 August 2015. After the acquisition, the Bank holds 100% equity interest of CIFH. Please refer to the related announcements published on the official website of SSE (www.sse.com.cn), the official website of SEHK (www.hkexnews.hk) as well as the website of the Bank (bank.ecitic.com) for detailed information.

## Shareholdings in Other Listed Companies and Financial Enterprises

As at the end of the reporting period, the Group's holding of shares and securities in other listed companies are as follows:

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 shareholder's interest during the reporting period	Accounting item	Source of investment
1	00762	China Unicom (HK)	7,020,000.00	—	3,167,237.31	—	3,281,515.00	(114,277.69)	Available-for-sale financial assets	Cash purchase
2	V	Visa Inc.	7,509,605.39	—	103,321,332.97	295,249.53	81,808,091.52	21,513,241.45	Available-for-sale financial assets	Gift/Bonus share
3	MA	Mastercard International	201,629.69	—	4,792,750.59	25,214.15	3,994,613.45	798,137.14	Available-for-sale financial assets	Bonus share
4	03996	CCEEC (HK)	324,698,781.12	0.82%	334,909,434.62	—	—	10,210,653.50	Available-for-sale financial assets	Cash purchase
<b>Total</b>			<b>339,430,016.20</b>		<b>446,190,775.49</b>	<b>320,463.68</b>	<b>89,084,219.97</b>	<b>32,407,754.40</b>		

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

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 shareholder's equity during the reporting period	Accounting item	Source of investment
China UnionPay Co., Ltd.	113,750,000.00	87,500,000	2.99%	113,750,000.00	4,812,500.00	—	Available-for-sale financial assets	Cash purchase
SWIFT	161,127.66	35	—	419,784.62	—	—	Available-for-sale financial assets	Bonus share
Joint Electronic Teller Services	4,535,347.33	16 (Class B)	—	4,315,989.21	—	—	Available-for-sale financial assets	Bonus share
Electronic Payment Services Company (HK) Ltd.	14,263,759.80	2	—	13,573,874.05	—	—	Available-for-sale financial assets	Bonus share
<b>Total</b>	<b>132,710,234.79</b>			<b>132,059,647.88</b>	<b>4,812,500.00</b>	<b>—</b>		

Note: Apart from the equity investment set out in the table above, CNCB Investment, a subsidiary of the Bank, also held private equity fund with net value of RMB70 million as at the end of the reporting period.

## Information about Structured Vehicles Controlled by the Bank

Please refer to Note 63 to the financial statements of this report for relevant information about structured vehicles beyond the scope of the Bank's financial statement consolidation.

## Outlook

### Competition Pattern and Development Trends of the Banking Sector

2016 marks the beginning year of China's 13th Five-Year Plan and a critical time for the shift of new and old economic driving forces in China. The Central Economic Work Conference pointed out explicitly that economic work in 2016 will pursue progress amid stability, which involves reinforcing supply-side structural reform while expanding aggregate demands, and specifically requires the fulfillment of five major tasks, namely, "cut excess industrial capacity, de-stock, de-leverage, lower corporate cost, and improve weak links". For a period to come, the aggressive fiscal policy is expected to gain more vigor, while the prudent monetary policy will focus on appropriate flexibility, the two of which will combine to create an appropriate environment for structural reform.

The shift of new and old economic driving forces brings along new opportunities. In the beginning year of the 13th Five-Year Plan, capital construction projects, shanty town renovation projects and PPP projects will become new growth points. With the government pushing forward merger and reengineering of traditional industries, enterprises will enjoy markedly more opportunities for merger and acquisition, which brings very promising prospects for investment banking. Meanwhile, the service sector keeps increasing its share in GDP and registers rapid growth in modern service industries such as modern logistics and healthcare. With consumption becoming the main engine of the economy, consumption in areas such as tourism, culture and education will record "explosive" growth. As China is entering the ageing society, old-age support relating to old-age security, consumption and investment, etc. will bring remarkable opportunities. All these opportunities will produce new business growth sources for commercial banks.

Regional strategies of the government expand the space for development. The three major government strategies, namely, "One Belt One Road", integration of Beijing, Tianjin and Hebei Province and the Yangtze River Economic Belt, are going forward with steady pace in parallel with the four free trade zones. This enormously expands and optimizes the spatial layout of the Chinese economy, drives forward upgrading of regional consumption and adjustment of industrial structure, and will generate massive demands for financial services in such areas as urban construction, industrial park/district development and transportation.

The Renminbi will accelerate its pace of internationalization. With inclusion of the Renminbi in the SDR, global official institutions will increase their RMB reserves, while overseas clearing centers and off-shore centers will be constructed at a faster speed. Renminbi will be more extensively used in foreign exchange transactions, investment and finance. Meanwhile, residents will have markedly higher demand for more overseas asset allocation and wealth management. All of these are conducive to quicker internationalization of commercial banks.

"Internet +" will change operation models of commercial banks. With its low access thresholds, no boundary and good experience, Internet finance is rapidly changing customer habit of accepting financial services, which, while impacting on traditional banking business, also provides commercial banks with the opportunity of corner overtaking.

### Corporate Development Strategy

The 2015-2017 Strategic Plan of CITIC Bank was officially put into practice after review and approval by the Board of Directors in March 2015. During the period of the strategic plan, the Bank will follow the strategic guidance of the plan, namely, "One Center, Two Orientations, Three Segments, Four Goals, Five Positionings, and Six Supports", regard reform and innovation as its driving force, and insist on coordinated development of profitability, quality and scale. The ultimate goal is to develop CNCB into a bank that is unique in business, outstanding in profit-making capability and sound in asset quality, and a bank that is a leader in key regions and offers the best comprehensive finance services.

## Management Discussion and Analysis

Specifically, “One Center” means sticking to customer centric. “Two Orientations” refers to the orientations of value creation and light-style development (in the sense of light capital and light asset commitment). “Three Segments” means the formation of three business segments and profitability points, i.e., the corporate banking segment, retail banking segment, and financial market segment. By the “Four Goals”, the Bank will endeavor to attain the four strategic goals set for its core business operation, structural adjustment, customer expansion and channel development, and thereby outcompete its peers. By the “Five Positionings”, the Bank will uphold its customer positioning of focusing on large corporate customers, medium- and high-profile retail customers, and extensive coverage of inter-bank customers; its “one body plus two wings” business positioning that keeps corporate banking at the core and retail banking and financial market as the two wings; its regional positioning that focus on Beijing-Tianjin-Hebei Province integration, One Belt One Road and the Yangtze River Economic Belt; its sector positioning that emphasizes the new economy, the service sector and strategic emerging industries; and its channel positioning that includes diversification of physical outlets, mobile development of e-channels, and platform transformation of third-party channels. By “Six Supports”, the Bank will implement its comprehensive business strategy based on the CITIC platform, execute its unique business strategy with Big Individual Products as the leading component, practice its intermediary business strategy based on Big Asset Management, carry out its channel integration strategy with Internet finance as the breakthrough point, avail the opportunity of Renminbi internationalization to implement its Going Global business strategy, and execute its six strategies including driving forward business growth with innovation and placing the focus on innovation of institutional reform.

### Business Plan

In 2015, the Bank laid down aggressive development targets in line with the implementation of its strategy, and recorded sound plan execution results in the overall sense, with indicators such as profitability, quality and scale fully attaining the respective set targets.

In 2016, the Bank will exert proactive efforts to promote better operating results and higher input-output efficiency, intensify quality control, and prevent/dissolve risks. It is expected to maintain steady scale growth of assets and liabilities, and will optimize its business structure, customer mix and profitability structure in a continuing manner. The Bank will make the best of its efforts to increase income and cut cost for faster growth in net operating income and non-interest income, and rationalize its costs and expenses. However, due to impacts of economic growth slowdown, continuing narrowing of interest margin and exposure of risks, commercial banks will continue to face considerable pressure on improving profitability.

### Potential Risks

The Bank may face the following potential risks in 2016: (1) With the faster deleveraging and cutting excess capacity in the manufacturing sector, enterprises in heavy industries including coal, iron and steel, petrochemicals, non-ferrous metals and construction materials will be universally in trouble, giving rise to a marked increase in the incidents of bankruptcy, merger and acquisition and default of debt; (2) Poor foundation for recovery of the property market plus intensifying divide of regions, customers and products will expose market adjustment to increasing pressure; (3) The central government has implemented local government debt replacement, which will help optimize the debt structure. However, due to growing pressure of economic downturn and continuing slow growth of local fiscal income, the risk posed by local government financing vehicles (LGFV), especially by lower-level LGFV debts remains unresolved.

The Bank will stringently control risks and construct a scientific risk management system. Specifically, it will continue with its efforts to promote reform of the risk management system in an in-depth manner, reinforce the construction of a risk culture, and improve the three defense lines of risk management. Risk prevention and control will be done in a more forward looking and sensitive manner. Greater efforts will be exerted to reduce overdue loans, dispose existing NPLs at a faster pace, prevent incremental NPLs in a more proactive manner, and keep optimizing its loan structure to effectively prevent systemic risks.

## Management of Corporate Social Responsibility

Please refer to the 2015 Social Responsibility Report for details of the social responsibility and public benefit activities of the Bank for the reporting period. The Bank has disclosed its 2015 Social Responsibility Report on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), HKEnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)).



# *Report* of Board of Directors

## | Principal Business

The Bank is engaged in banking and related financial services.

## | Business Review

For business review of the Group for the year ended 31 December 2015, please refer to “Management Discussion and Analysis” of this report.

## | Major Customers

As at the end of the reporting period, the income from the top five customers of the Bank constituted less than 30% of the total interest income and other operating income of the Bank.

## | Profit and Dividends Distribution

Please refer to “Management Discussion and Analysis – Profit and Dividends Distribution” of this report.

## | Material Litigations and Arbitrations

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. As at the end of the reporting period, there were 111 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 amount of RMB354 million.

## | Appropriation of Funds by the Controlling Shareholder and Other Related Parties

There was no appropriation of the Bank’s funds by either the controlling shareholder or other related parties. The auditor has issued the Special Explanations for Non-Operating Fund Appropriation and Other Related Fund Transactions of China CITIC Bank Corporation Limited in 2015.

## | Material Related Party Transactions

When entering into related party transactions with related parties during its ordinary and usual course of business, the Bank sticks to normal commercial terms and executes the transactions with terms available to related parties being no more favorable than those available to independent third parties for similar transactions. Please refer to Note 62 “Related Parties” to the financial statements herein for details on related party transactions.

## Related Party Transactions Involving Disposal and Acquisition of Assets

During the reporting period, the Bank acquired BBVA’s 29.68% shareholding in CIFH. For details, please refer to the Announcement of CITIC Bank on Delivery of the Related Party Transaction regarding the Acquisition of Shareholding in CIFH (Lin 2015-37) published by the Bank on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)) and the HKExnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) with the title of Completion of the Connected Transaction in Relation to the Acquisition of Shares in CIFH on 27 August 2015. Save as disclosed herein, the Bank was not engaged in any related party transactions involving disposal and acquisition of assets or equity during the reporting period.

## Credit Extension Continuing 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 enhancing relevant measures such as process-oriented management, strict risk review and approval and better post-lending management. As at the end of the reporting period, the balance of credit extended to related parties by the Bank totaled RMB22.776 billion, of which the balance of credit extended to CITIC Group and its subsidiaries recorded RMB20.439 billion and the corresponding figure for BBVA stood at RMB2.337 billion. Such credits granted to related shareholders were pass bank loans of sound underlying quality and therefore will 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 requirements on approval and disclosure of credit extension to related parties. As at the end of the reporting period, there was no fund exchange and 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 impact on the operating results and financial position of the Bank.

### Non-Credit Extension Continuing Related Party Transactions

In 2014, the Bank entered into framework agreements on seven categories of continuing related party transactions respectively with CITIC Group and its associates, as well as with BBVA and its associates, and obtained approval for the annual caps to related party transactions for 2015-2017 at the beginning of 2015. In 2015, all related party transactions were conducted within the corresponding approved annual caps. According to the applicable provisions of Chapter 14A of the Hong Kong Listing Rules and Chapter 10 of the Shanghai Listing Rules, we hereby provide details on the above-mentioned continuing related party transactions as follows:

#### Non-credit extension continuing related party 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. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB29 million, without exceeding the approved annual cap.

##### Asset Custody Services

According to the Asset Custody Services 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 Services Framework Agreement was RMB800 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB241 million, without exceeding the approved annual cap.

##### Financial Consulting and Asset Management Services

According to the Financial Consulting and Asset Management Services 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 scale, rate and duration of the service. In 2015, the annual cap for the Bank's transactions under the Financial Consulting and Asset Management Service Framework Agreement was RMB400 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB142 million, without exceeding the approved annual cap.

#### Capital Transactions

According to the Capital Transactions 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. The prices and rates applicable to a particular type of transaction between the two parties shall be the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions, and bond transactions, the two parties shall price their transactions according to openly available market prices; for agency settlement of bonds, the two parties shall decide on the rates thereof according to prevailing industrial regulations; for financial derivatives, the two parties shall determine transaction prices in accordance with market activity of the products under transaction, available open market offers and the Bank's requirements relating to the management of various risks. In 2015, the annual caps for gains and losses of the transactions under the Capital Transactions Framework Agreement between the Bank and CITIC Group was RMB3.0 billion, the cap for the fair value of derivative financial instruments recorded as assets was RMB2.8 billion, and that for the fair value of derivative financial instruments recorded as liabilities was RMB4.3 billion. As at the end of the reporting period, the gains and losses of actual transactions under the Capital Transactions Framework Agreement amounted to RMB84 million, the actual fair value of derivative financial instruments recorded as assets was RMB61 million and that recorded as liabilities was RMB11 million, none of which exceeded the corresponding approved annual cap.

#### 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 service through fair and reciprocal negotiations. In 2015, the Bank's annual cap for the transactions under the Comprehensive Services Framework Agreement was RMB1.4 billion. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB901 million, without exceeding the approved annual cap.

#### Asset Transfer

According to the Asset Transfer Framework Agreement entered into between the Bank and CITIC Group in December 2014 and approved by the general meeting 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. When statutory government-prescribed prices are available 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 RMB62.0 billion. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB22.378 billion, without exceeding the approved annual cap.

### Wealth Management and Investment Services

According to the Wealth Management and Investment Services Framework Agreement entered into between the Bank and CITIC Group in December 2014 and as approved by the 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 prices. In 2015, the Bank's annual cap for the service fees of non-principal-guaranteed wealth management and agency services under the Wealth Management and Investment Service Framework Agreement was RMB2.5 billion, the annual cap for period-end balance of principals of principal-guaranteed wealth management services was RMB30.0 billion, the annual cap for yields on wealth management was RMB1.2 billion, the annual cap for period-end balance of investment funds was RMB44.0 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 reporting period, the actual amounts of fees for non-principal-guaranteed wealth management and agency services incurred under this framework agreement was RMB553 million, actual period-end balance of principals of principal-guaranteed wealth management services was RMB2.768 billion, actual yields on wealth management for customers was RMB81 million, actual period-end balance of investment funds was RMB8.783 billion, and the Bank's actual investment returns and service fees paid to intermediaries was RMB605 million, none of which exceeded the corresponding approved annual cap.

### Non-Credit Extension Continuing Related Party Transactions with BBVA and its Associates

#### Capital Transactions

According to the Capital Transactions 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 the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. The prices and rates applicable to a particular type of transaction between the two parties shall be the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions, and bond transactions, the two parties shall price their transactions according to openly available market prices; for agency settlement of bonds, the two parties shall decide on the rates thereof according to prevailing industrial regulations; for financial derivatives, the two parties shall determine transaction prices in accordance with market activity of the products under transaction, available open market offers and the Bank's requirements relating to the management of various risks. In 2015, the annual caps for gains and losses of the transactions under the Capital Transactions Framework Agreement between the Bank and BBVA was RMB2.0 billion, the cap for the fair value of derivative financial instruments recorded as assets was RMB1.4 billion, and that for the fair value of derivative financial instruments recorded as liabilities was RMB1.3 billion. As at the end of the reporting period, the gains and losses of actual transactions under the Capital Transactions Framework Agreement amounted to RMB383 million, the actual fair value of derivative financial instruments recorded as assets was RMB100 million and that recorded as liabilities was RMB112 million, none of which exceeded the corresponding approved annual cap.

#### Asset Transfer

According to the Asset Transfer Framework Agreement entered into between the Bank and BBVA in December 2014, asset transfer transactions between the Bank and BBVA and its associates include the Bank's transfer of its interests in concerned assets to BBVA and its associates during its ordinary and usual course of business with the use of factoring (including two-factor factoring for both import and export), etc. Such asset transfer transactions between the Bank and BBVA and its associates shall be executed with terms no more favorable than those available to independent third parties for similar transactions. The prices paid by the transferee for asset transfer transactions made under the Asset Transfer Framework Agreement between the Bank and BBVA shall be determined by the two parties on the basis of prevailing market prices and through consultation in line with specific transaction situations. In 2015, the annual cap for transactions made under the Asset Transfer Framework Agreement was RMB700 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was zero.

## Related Party 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.

## Related Party Transactions Involving Debentures, Loans/Guarantees

For information on transactions involving debentures, loans/guarantees between related parties, please refer to the financial statements herein for details.

## I Material Contracts and their Performance

During the reporting period, the Bank did not provide custody of, contract or lease any material assets of other companies, nor did other companies provide custody of, contract or lease any material assets of the Bank. Neither was there any such custody, contract or lease that occurred in previous reporting periods and continued to the reporting period.

The guarantee business is one of the off-balance sheet business items in the ordinary and usual course of business of the Bank. During the reporting period, the Bank did not have any material guarantees that need to be disclosed except for the financial guarantee services that are within the approved business scope of the Bank.

### Specialized Explanations and Independent Opinions of Independent Non-executive Directors Concerning the Guarantees Offered by the Bank to External Parties

We, as independent non-executive directors of China CITIC Bank, have examined the guarantees offered by China CITIC Bank to external parties in an impartial, fair and objective manner, and hereby express the following specialized explanations and opinions:

Upon our verification, the guarantees offered by the Group to external parties are mainly letters of guarantee, which is one of the regular banking services within the approved business scope of the Group. As at the end of the reporting period, the value balance of letters of guarantee issued by the Group was equivalent to RMB133.567 billion.

The Group always attaches great importance to the management of risks related to such business, and has formulated creditability standards of the guaranteed obligor, as well as the operation procedures and the examination and approval procedures for the guarantee business based on the characteristics of risks associated therewith. During the reporting period, the above mentioned business of the Group went well, and no illegal guarantee was issued. We are of the view that the Group has effectively controlled the risks related to its guarantee business.

Independent Non-executive Directors of China CITIC Bank Corporation Limited  
Li Zheping, Wu Xiaoqing, Wong Luen Cheung Andrew and Yuan Ming

During the reporting period, the Bank did not sign any other material contracts.

## I Undertakings by the Company and Its Relevant Stakeholders

On 8 July 2015, CITIC Group undertook that, due to recent abnormal fluctuations of the domestic stock market, and for the purpose of promoting healthy sustainable development of the capital market and effectively safeguarding legitimate rights and interests of shareholders of listed companies in all types, CITIC Group will not, during abnormal fluctuations of the domestic stock market, decrease its shareholding of the Bank, and will, when appropriate, increase its shareholding in the Bank. To deliver the above undertaking, CITIC Limited, a company controlled by CITIC Group, bought an additional 10,313,000 H shares of CITIC Bank in the securities transaction system via its subsidiary on 22 January 2016, and planned to continue increasing its shareholding of CITIC Bank when appropriate prior to 21 January 2017, provided that the accumulative percentage of such additional shareholding does not exceed 5% of the Bank's total issued share capital (this round of additional share acquisition inclusive). In addition, CITIC Group undertook that it will not reduce its shareholdings in the Bank either during the period when the additional shareholding of CITIC Limited (including its subsidiaries) in the Bank is in execution or during the statutory lock-up period when such reduction is forbidden.

On 16 April 2012, CITIC Corporation Limited undertook that, within five years as of the delivery of its acquisition of CITIC Bank equity, it will not transfer such acquired stake in CITIC Bank (except for circumstances where CITIC Corporation Limited transfers shares in CITIC Bank to CITIC Limited's related parties in accordance with applicable laws and regulations or as approved by the regulatory authorities, or where the shares are assigned as state-owned assets for free pursuant to the state-owned assets supervision and administration procedures); if CITIC Corporation Limited transfers the shares in CITIC Bank upon the expiry of the lock-up period, it shall obtain the prior consent from the regulatory authority in terms of the transfer and the qualification of the transferee as a shareholder of CITIC Bank. On 25 February 2013, CITIC Corporation Limited's acquisition of the Bank's shares was delivered, and the above undertaking of CITIC Corporation Limited became effective on the same date.

On 23 September 2010, BBVA undertook that as a strategic investor of the Bank, BBVA shall take its investment in the Bank as long-term investment and that BBVA intends to hold its allotment from this rights issue for at least five years as of the date of delivery thereof, except for special situations (including but not limited to any requirements of the law or those imposed by any regulatory authorities or government bodies or stock exchanges that enjoy jurisdiction over the BBVA, applying for, being applied for or being declared bankruptcy or becoming insolvent, occurrence of macroscopic economic events, force majeure or other objective situations having material adverse impacts on the operation or financial position of BBVA). In 2011, BBVA subscribed for 1,163,097,447 H shares in the Bank's H-share rights issue and the delivery was completed on 1 August 2011. The above mentioned undertakings by BBVA became effective on 1 August 2011.

During the reporting period, the Bank was not aware of any violation of the above-mentioned undertakings. Save for these above mentioned undertakings, the Bank was not aware of any other undertakings that were performed during the reporting period or not yet performed as at the end of the reporting period by its shareholders, de factor controller, acquirer(s), directors, supervisors, senior management members or other related parties. Neither did the Bank make any undertakings that were performed during the reporting period or not yet performed as at the end of the reporting period.

### **| Appointment and Dismissal of Accounting Firms**

As approved at the 2014 Annual General Meeting, the Bank engaged PricewaterhouseCoopers as its domestic auditor and PricewaterhouseCoopers Hong Kong as its overseas auditor for 2015. The Bank has engaged these two accounting firms as its auditors since the 2015 annual audit. The two accounting firms have both provided audit services to the Bank for one year. Hu Yan and Wu Weijun, signing CPAs for auditing of the Bank's A-share financial statements, have both served the Bank for one year.

As at the end of the reporting period, the Bank paid RMB9.30 million service fees to PricewaterhouseCoopers Hong Kong and PricewaterhouseCoopers for their auditing of its 2015 financial statements (excluding the audit performed for the financial statements of the Bank's overseas subsidiaries and the Bank's internal control); the Group's overseas subsidiaries paid HKD6.87 million audit service fees to PricewaterhouseCoopers Hong Kong; and the Group's domestic subsidiaries paid RMB680,000 audit service fees to PricewaterhouseCoopers.

The Bank engaged PricewaterhouseCoopers to audit its internal control in 2015 and paid RMB1 million service fees for such audit in 2015.

Except for the above-mentioned audit assurance service fees, the Bank paid approximately RMB3.88 million to PricewaterhouseCoopers as non-audit service fees during the reporting period.

### **| Amendments to the Articles of Association**

In March 2015, the Bank amended its Articles of Association due to its private offering of preference shares. The relevant proposal on the amendment was considered and adopted by the 2014 Annual General Meeting, the First A Shareholders Class Meeting in 2015 and the First H Shareholders Class Meeting in 2015 convened on 26 May 2015, and came into effect upon approval by the CBRC in August 2015. Additions to the provisions on preference shares will be finalized and enter into effect as of the date when the Bank completes its first ever issue of preference shares.

In August 2015, according to the PBOC administrative licensing, the Work Guidelines for the Board of Supervisors of Commercial Banks, Guidelines for Internal Audit of Banking Institutions, Notifications on Issues Relating to Further Implementing Payment of Cash Dividends by Listed Companies, Regulatory Guidelines for Listed Companies No. 3: Payment of Cash Dividends by Listed Companies, and SSE Guidelines on Payment of Cash Dividends by Listed Companies, the Bank sorted out relevant provisions of its Articles of Association that was adopted by the 2014 Annual General Meeting and prepared the proposal on amending the Articles of Association. This amendment was adopted by the Second Extraordinary General Meeting of the Bank held in October 2015, and became effective in December 2015 upon approval by the CBRC.



Please refer to the relevant announcements published by the Bank on the website of SSE (www.sse.com.cn), the HKExnews website of SEHK (www.hkexnews.hk) and the website of the Bank (bank.ecitic.com) on 6 May and 10 September 2015 and 7 January 2016 respectively for relevant details about the amendment of the Articles of Association. Investors may check against the full text of the prevailing Articles of Association of the Bank on the above websites.

## **| Equity Incentive Scheme**

The Bank did not have any equity incentive scheme as at the end of the reporting period.

## **| Use of Funds Raised and Material Investments with Non-Raised Funds**

All proceeds raised by the Bank were used in accordance with the purposes disclosed in relevant documents including the prospectuses for the IPOs and the rights issue, i.e., all the proceeds were used to replenish the capital of the Bank and to increase the capital adequacy ratios and risk resilience of the Bank.

During the reporting period, no material investment was made by the Bank with non-raised funds.

## **| Penalties and Remedial Actions of the Company and Its Relevant Stakeholders**

During the reporting period, the Bank, its directors, its supervisors, its senior management members, its controlling shareholder, its de facto controller or its acquirer 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 CSRC, ban of entry into securities markets, being identified as inappropriate candidate, significant administrative punishments by other administrative authorities such as environmental protection agencies, safety supervision organizations and tax authorities, or public censure by any stock exchanges, or punishment by other regulators that may have any material impact on the business operation of the Bank.

During the reporting period, the Bank conducted its business activities in accordance with relevant laws, regulations and its articles of association in its decision making procedures. Its directors, supervisors and senior management members all performed their due diligence. The Bank is not aware of any conduct on the part of the directors, supervisors and senior management members in the performance of their duties that was against relevant laws, regulations and its articles of association or detrimental to the interests of the Bank.

## **| Integrity of the Company and Its Relevant Stakeholders**

During the reporting period, neither the Bank nor its controlling shareholder or its de facto controller was involved in failure to execute valid court verdicts or failure to pay back matured debts of considerable amounts.

## **| Reserves**

For details on changes in reserves of the Bank as at the end of the reporting period, please refer to Notes 48-53 to the financial statements of the report.

## **| Distributable Reserves**

For details on distributable reserves of the Bank, please refer to “Financial Statements – Consolidated Statement of Changes in Equity” of the report.

## **| Donations**

The Group’s external donation for the reporting period amounted to approximately RMB15.5911 million in total.

## **| Fixed assets**

For details on changes in the Bank’s fixed assets as at the end of the reporting period, please refer to Note 29 to the financial statements of the report.

## **| Retirement and Benefits**

For details on retirement benefits that the Bank provided for its employees, please refer to Note 41 to the financial statements of the report.

## **| Share Capital and Public Float**

The Bank has sufficient public float as at the disclosure date of this report.

### | Purchase, Sale or Redemption of Shares

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

### | Pre-Emptive Rights

None of the PRC laws, administrative regulations and departmental rules, or the Articles of Association of the Bank contains any mandatory provisions on pre-emptive rights for purchase of shares of listed companies. According to the Articles of Association, the Bank may increase its registered capital by way of public offering or private offering, rights issue or bonus issue to the existing shareholders, transfer of capital reserve to share capital, or other means permitted by laws and administrative regulations as approved by the relevant authorities.

### | Issuance of Shares

For relevant information about the Bank's issuance of shares during the reporting period, please refer to "Changes in Share Capital and Shareholdings of Substantial Shareholders" of this report.

### | Issuance of Debentures

For relevant information about the Bank's issuance of debentures during the reporting period, please refer to "Changes in Share Capital and Shareholdings of Substantial Shareholders" of this report.

### | Equity Linked Agreements

Save for what is disclosed in "Preference Shares" of this report, the Bank neither entered into nor continued any equity linked agreements during the reporting period.

### | Equity Interest of Main Shareholders

Please refer to "Changes in Share Capital and Shareholdings of Substantial Shareholders – Interests and Short Positions Held by Substantial Shareholders and Other Persons" of this report for detailed information.

### | Tax Deduction and Exemption

#### Holders of A Shares

In accordance with the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (Cai Shui [2012] No.85) issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC, for the dividends obtained from listed companies by individual investors with equity record dated prior to 8 September 2015, if the duration of shareholding starting from the date when the individual investor obtained the Company's share and ending the record date is more than one year, listed companies shall, in respect of the individual income tax thereof, pay withholding tax at a rate of 5% of the dividends; if the duration of shareholding starting from the date when the individual investor obtained the Company's share and ending the record date is less than one year (inclusive), listed companies shall, in respect of the individual income tax thereof, pay withholding tax at a rate of 5% of the dividends for the time being, subject to adjustments to be made in accordance with the Notice at the time when the individual investors transferred their respective shares.

In accordance with the Notice on Issues Regarding the Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (Cai Shui [2015] No.101) issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC, for the dividends obtained from listed companies by individual investors with equity record dated after 8 September 2015, if the duration of shareholding starting from the date when the individual investor obtained the Company's share and ending the record date is more than one year, the personal income tax on the dividends thus obtained shall be exempted for the time being; if the duration of shareholding starting from the date when the individual investor obtained the Company's share and ending the record date is less than one year (inclusive), listed companies shall, in respect of the individual income tax thereof, refrain from withholding and paying such tax for the time being, subject to adjustments to be made in accordance with the Notice at the time when the individual investors transferred their respective shares.

For residents that are shareholders of enterprises, the income tax on their cash dividends shall be paid by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No.47) issued by the State Administration of Taxation. Shareholders who are QFII and wish to enjoy tax concessions shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends.

## Holders of H Shares

Pursuant to the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Han [2011] No.348), the dividend received by the overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interest, dividend and bonus income”, which shall be withheld by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau) SAR. The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements to be entitled to tax rates lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, over withheld tax amounts will be refunded; (2) for citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividend (bonus), and are not obligated to file an application; and (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividend.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H-Share Holders That Are Overseas Nonresident Enterprises (Guo Shui Han [2008] No.897), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to H-share holders which are overseas non-resident enterprises, shall be subject to enterprise income tax withheld at a uniform rate of 10%.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Bank.

Shareholders of the Bank are taxed and/or enjoy tax relief in accordance with the aforementioned regulations.

## Material Environmental or Other Social Safety Issues

During the reporting period, the Bank did not incur any material environmental or social safety issues.

## Events Relating to Bankruptcy and/or Re-engineering

During the reporting period, the Bank did not incur any event relating to bankruptcy and reconsolidation.

## Major Risks

For details on major risks of the Bank, please refer to “Management Discussion and Analysis” of this report.

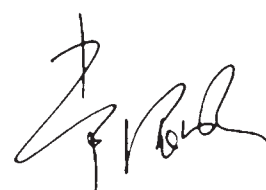
## Changes in Accounting Policies and Accounting Estimation or Correction of Significant Accounting Errors

During the reporting period, the Group did not make any changes in accounting policies and accounting estimation or correction of significant accounting errors.

## Other Significant Events

The Bank has disclosed all significant events incurred during the reporting period that are on the list of significant events to be disclosed as per Article 67 of the Securities Law of the People’s Republic of China and Article 30 of the Administrative Regulations on Listed Companies Information Disclosure in the form of interim announcements on the website of SSE (www.sse.com.cn), the HKExnews website of SEHK (www.hkexnews.hk) as well as the website of the Bank (bank.ecitic.com).

By order of the Board of Directors



Chang Zhenming  
Chairman

A man in a dark suit, light blue shirt, and patterned tie is shown in profile, wearing glasses and holding a black mobile phone to his ear. He is seated at a desk in a control room or office. In front of him are several computer monitors displaying various data visualizations, including line graphs and bar charts. The background features a large wall with a grid of lights and a prominent logo consisting of three interlocking circles. The entire scene is overlaid with a semi-transparent red filter.

Achievements in institutional reform  
and improvement in risk management  
and control





The Bank accelerated its building of comprehensive risk management system, established “three defense lines” for risk management, and therefore improved its risk management and control.



# Changes in Share Capital and Shareholdings of Substantial Shareholders

## Changes in Share Capital

### Table on Changes in Shareholdings

*Unit: share*

	31 December 2014		Changes (+,-)				31 December 2015		
	Number of shares held	Percentage (%)	New issue	Bonus issue	Capital reserve converted to shares	Others	Subtotal	Number of shares held	Percentage (%)
Shares subject to restrictions on sale:								0	0
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors									
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons									
4. Foreign-held shares									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
Shares not subject to restrictions on sale:	46,787,327,034	100.00					0	46,787,327,034	100.00
1. Renminbi denominated ordinary shares	31,905,164,057	68.19					0	31,905,164,057	68.19
2. Domestically-listed foreign shares									
3. Overseas-listed foreign shares	14,882,162,977	31.81					0	14,882,162,977	31.81
4. Others									
<b>Total shares</b>	<b>46,787,327,034</b>	<b>100.00</b>					<b>0</b>	<b>46,787,327,034</b>	<b>100.00</b>

## Shares held by Shareholders Subject to Restrictions on Sale

As at the end of the reporting period, the Bank had neither shares nor shareholders subject to restrictions on sale.

## Private Offering of A Shares and Subsequent Changes in Shareholding

On 20 January 2016, the Bank completed the registration and custody formalities relating to its private offering of 2,147,469,539 A shares to China Tobacco Corporation, upon which time the Bank had a total share capital of 48,934,796,573 shares, including 2,147,469,539 shares subject to restrictions on sale, about 4.39% of total shares. Changes in shareholding thereof are detailed in the following table:

	Before the Change		The Change New shares issued	After the Change	
	Number of shares held	Percentage (%)		Number of shares held	Percentage (%)
Shares subject to restrictions on sale	—	—	2,147,469,539	2,147,469,539	4.39
Shares not subject to restrictions on sale	46,787,327,034	100.00	0	46,787,327,034	95.61
<b>Total shares</b>	<b>46,787,327,034</b>	<b>100.00</b>	<b>2,147,469,539</b>	<b>48,934,796,573</b>	<b>100.00</b>

As per the duration of restrictions on sale, the privately offered shares subscribed by China Tobacco Corporation are expected to be publicly traded on 20 January 2019, which date shall be postponed to the next trading day in the case of a statutory holiday or weekend.



### | Issuance and Listing of Securities

#### Equity Financing

To ensure a sustainable healthy development of its business operation, further improve its integrated competitiveness, risk resilience and sustainable profitability, and adapt to the increasingly stringent capital regulation requirements, the Board of Directors adopted relevant proposals including the Proposal on the Program of Private Offering of A Shares, giving consent to the offering of up to 2,462,490,897 (2,462,490,897th inclusive) Renminbi denominated domestically listed ordinary shares (A shares) with par value of RMB1.00 per share to China Tobacco Corporation at the subscription price of RMB4.84 per share.

The aforementioned proposal on the private offering of A shares was adopted at the Bank's Second Extraordinary General Meeting in 2014, First A Shareholders Class Meeting in 2014 and First H Shareholders Class Meeting in 2014 convened on 16 December 2014.

On 30 July 2015, the Bank, as authorized by the general meeting, convened a meeting of the Board of Directors which adopted the Proposal on the Program of Private Offering of A Shares, changing the subscription price of the offering from RMB4.84 per share to RMB5.55 per share and the number of shares to be issued from 2,462,490,897 to 2,147,469,539.

As at the end of the reporting period, the above-mentioned private offering plan was approved by both the CBRC and the CSRC.

As per the Report of KPMG Huazhen (Special General Partnership) on Capital Verification regarding the Private Offering of Renminbi Denominated Ordinary Shares Made by China CITIC Bank Corporation Limited (KPMG Huazhen Yan Zi No. 1501428), as of 31 December 2015, the Bank received total proceeds of RMB11,918,455,941.45 from the private offering. After deducting issuance costs including but not limited to underwriting and sponsor fees, the private offering raised net proceeds of RMB11,888,695,194.53, which amount was fully used to replenish the Bank's capital.

On 20 January 2016, the Bank completed the formalities of registration, custody and restrictions on sale relating to its private offering of 2,147,469,539 A shares at China Securities Depository and Clearing Company Limited Shanghai Branch.

After completion of the private offering, the Bank has a total share capital of 48,934,796,573 shares, including 34,052,633,596 A shares and 14,882,162,977 H shares. Before and after the offering, CITIC Corporation Limited was and remains the controlling shareholder of the Bank and CITIC Group its de facto controller. The private offering has not led to changes in the controlling relationship of the Bank.

Please refer to the related announcements published on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), the HKExnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) for detailed information.

#### Issuance of Other Bonds

During the reporting period, with approval from the CBRC and the PBOC, the Bank successfully issued RMB7 billion and RMB8 billion financial bonds at the national inter-bank bond market through competitive bidding on 21 May and 13 November 2015, respectively. Both bond issues were for a maturity of 5 years at respective annual fixed interest rates of 3.98% and 3.61% at par. Proceeds raised from the two bond issues were transferred to the Bank's account in full amounts and will be fully used to support loans for small and micro enterprises and thereby promote sustainable healthy business growth of the Bank.

#### Internal Employee Shares

There are no internal employee shares issued by the Bank.

## Changes in Share Capital and Shareholdings of Substantial Shareholders

### Information on Shareholders

#### Total Number of Shareholders

As at the end of the reporting period, the Bank had 245,475 shareholders in total, including 211,667 A shareholders and 33,808 H shareholders. As at the end of the previous month (i.e. 29 February 2016) prior to the disclosure date of this report, the Bank recorded a total number of 248,651 shareholders, including 214,886 A shareholders and 33,765 H shareholders.

#### Shareholdings of the Top 10 Shareholders Not Subject to Restrictions on Sale (As at the End of the Reporting Period)

*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 or decrease of shareholding during the reporting period	Shares pledged or frozen
1	CITIC Corporation Limited	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	12,112,048,524	25.89%	0	13,753,491	Unknown
3	China Securities Finance Corporation Limited	State-owned	A-share	871,422,670	1.86%	0	868,130,798	0
4	Central Huijin Asset Management Corporation Limited	State-owned	A-share	272,838,300	0.58%	0	272,838,300	0
5	China Construction Bank Limited	State-owned	H-share	168,599,268	0.36%	0	0	Unknown
6	Hebei Construction Investment (Group) Limited Liability Corporation	State-owned	A-share	31,034,400	0.07%	0	0	0
7	NSSF Portfolio 503	State-owned	A-share	30,000,000	0.06%	0	30,000,000	0
8	China Poly Group Corporation	State-owned	A-share	27,216,400	0.06%	0	-730,000	0
9	Industry and Commerce Bank of China -SSE 50 ETF Securities Investment Fund	Other	A-share	22,679,850	0.05%	0	22,679,850	0
10	Agricultural Bank of China Limited – E Fund Ruihui Flexible Allocation Mixed Launch Securities Investment Fund	Other	A-share	21,516,935	0.05%	0	21,516,935	0

- Notes:
- (1) The shareholdings of H shareholders were calculated based on the Bank's share register maintained with the H-share registrar of the Bank.
  - (2) On 20 January 2016, the Bank completed the formalities of registration, custody and restrictions on sale relating to its private offering of 2,147,469,539 A shares to China Tobacco Corporation at China Securities Depository and Clearing Company Limited Shanghai Branch. After completion of the private offering, the Bank has a total share capital of 48,934,796,573 shares, including 34,052,633,596 A shares and 14,882,162,977 H shares. China Tobacco Corporation holds 2,147,469,539 A shares of the Bank, about 4.39% of the Bank's total share capital.
  - (3) As at the end of the reporting period, BBVA confirmed that it held 1,525,036,861 shares or 3.26% of the Bank's share capital via Hong Kong Securities Clearing Company Nominee Limited.
  - (4) Note on connected relations or concerted actions of the above shareholders: As per the 2015 Third Quarterly Report of China Construction Bank Limited, as of 30 September 2015, Central Huijin Investment Limited held 57.31% of China Construction Bank Limited's shares. Except for this, 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.

## 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	5,402,619,065 <sup>(L)</sup>	36.30 <sup>(L)</sup>	H-share
	1,658,254,150 <sup>(S)</sup>	11.14 <sup>(S)</sup>	A-share
	24,329,608,919 <sup>(L)</sup>	76.26 <sup>(L)</sup>	
CITIC Group	5,470,998,787 <sup>(L)</sup>	36.76 <sup>(L)</sup>	H-share
	28,938,928,294 <sup>(L)</sup>	90.70 <sup>(L)</sup>	A-share
CITIC Corporation Limited	7,018,100,475 <sup>(L)</sup>	47.16 <sup>(L)</sup>	H-share
	710 <sup>(S)</sup>	0.00 <sup>(S)</sup>	A-share
CITIC Limited	28,938,928,294 <sup>(L)</sup>	90.70 <sup>(L)</sup>	A-share
	2,468,064,479 <sup>(L)</sup>	16.58 <sup>(L)</sup>	H-share
CITIC Shengxing Co., Ltd.	28,938,928,294 <sup>(L)</sup>	90.70 <sup>(L)</sup>	A-share
	7,018,099,055 <sup>(L)</sup>	47.16 <sup>(L)</sup>	H-share
Summit Idea Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Total Partner Global Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
Li Ping	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Haixia Industrial Investment Fund (Fujian) Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
Haixia Capital Investment Fund Management Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
Zhejiang Hexingli Holdings Group Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Zhejiang Xinhua Group Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
UBS SDIC Fund Management Co., Ltd.	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
SDIC Capital Holdings Co., Ltd.	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
State Development & Investment Corporation	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
Huang Wei	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Gatherrise Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
Xinhua Zhongbao Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Ningbo Jiayuan Industrial Development Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
Funjian Investment and Development Group Corporation Limited	2,292,579,000 <sup>(L)</sup>	15.40 <sup>(L)</sup>	H-share
	2,292,579,000 <sup>(S)</sup>	15.40 <sup>(S)</sup>	
JPMorgan Chase & Co.	1,464,435,768 <sup>(L)</sup>	9.84 <sup>(L)</sup>	H-share
	35,654,883 <sup>(S)</sup>	0.23 <sup>(S)</sup>	
	206,645,960 <sup>(P)</sup>	1.38 <sup>(P)</sup>	

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

Except for the information 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 in accordance with Sections II and III of 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 Bank

As at the end of the reporting period, CITIC Corporation Limited was the controlling shareholder of the Bank. CITIC Limited was the single direct controlling shareholder of CITIC Corporation Limited. CITIC Group was 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 respectively, accounting for 61.85% and 5.28% of the total issued share capital of the Bank respectively. In total, CITIC Corporation Limited directly owned 31,406,992,773 shares of the Bank respectively, 67.13% of the Bank's total share capital. With the Bank completing equity registration formalities for its private offering of A shares to China Tobacco Corporation on 20 January 2016, CITIC Corporation Limited directly held 31,406,992,773 shares of the Bank, 64.18% of the Bank's total share capital as of 20 January 2016.

CITIC Limited acquired additional 10,313,000 H shares of the Bank via its subsidiary on 22 January 2016 and thereafter together with its subsidiaries owned 31,417,305,773 shares of the Bank, representing 64.20% of the Bank's total share capital.

Advocated and supported by Mr. Deng Xiaoping, CITIC Group was established in 1979 by Mr. Rong Yiren. Since then, CITIC Group has fully played its important role as the pilot corporation for economic reform and the window for opening up in China. With fruitful explorations and innovation in many areas, CITIC Group has built itself a sound image and reputation at home and abroad. At present, CITIC Group has developed into a large comprehensive multinational conglomerate, paying equal attention to financial services and the real economy. Its financial services cover multiple industries and areas, including but not limited to banking, securities, trust, insurance, fund and asset management. In the real economy, CITIC Group does business in real estate, project contracting, resources, energy, infrastructure, machine manufacturing and information technology, enjoying strong integrated competitiveness and a sound momentum of development.

In December 2011, with the approval from the State Council, CITIC Group contributed, together 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. CITIC Group as a whole was restructured into a wholly state-owned company. To complete the afore-mentioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Limited as capital contribution, as a result of which 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. The above-mentioned share transfer was approved by the State Council, the MOF, the CBRC, the CSRC and the Hong Kong Monetary Authority. In February 2013, the relevant formalities for the share transfer were officially completed with approvals from the SSE and China Securities Depository and Clearing Corporation Limited Shanghai Branch.

In October 2013, BBVA transferred to CITIC Limited 2,386,153,679 H shares it held in the Bank, about 5.10% of the total share capital of the Bank, after which CITIC Limited increased its shareholding of the Bank to 66.95%.

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 held 100% equity in CITIC Corporation Limited.

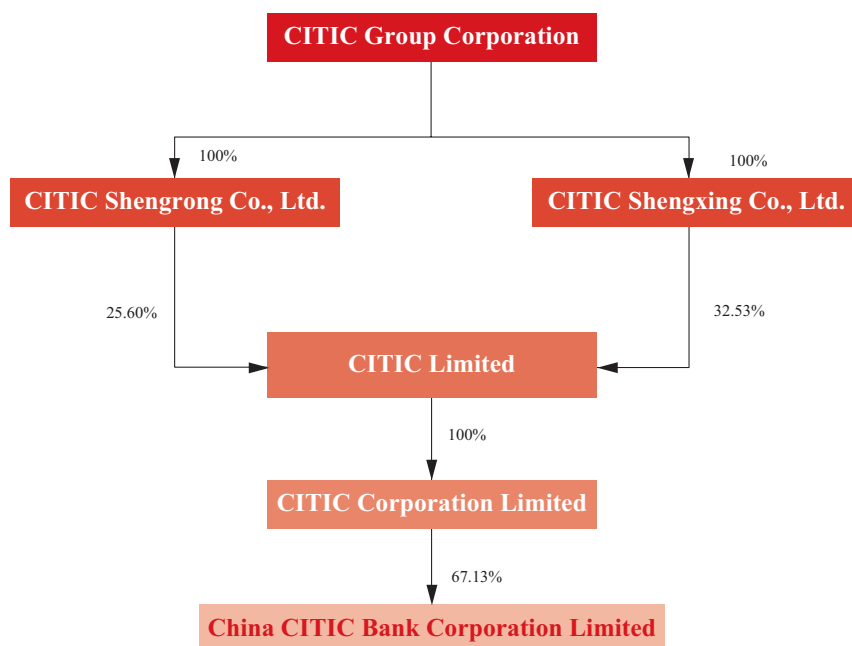
In September 2014, CITIC Corporation Limited owned an additional 81,910,800 H shares of the Bank via agreement transfer, after which, CITIC Corporation Limited held 31,406,992,773 A and H shares of the Bank, representing approximately 67.13% of the Bank's total share capital.

As at the end of the reporting period, CITIC Group's legal representative was Mr. Chang Zhenming. Its business scope covers: information services under value-added telecommunication services Category II (only restricted to Internet information services) which exclude press, publication, education, medical and health care, pharmaceuticals, and medical devices but include electronic advertising services, and effective until 9 January 2019, and dispatch of required workers to overseas projects consistent with its resources, scale and performance. investment in and management of domestic and overseas financial enterprises and related industries including banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; investment in energy, transportation infrastructure, mining, forestry resources development and raw materials industry, machinery manufacturing, real estate development, information infrastructure, basic telecommunications and value-added telecom services, environmental protection, pharmaceuticals, biological engineering and new materials, aviation, transportation, warehousing, hotels, tourism, domestic and international trade, commerce, education, publication, media, culture and sports, domestic and overseas project design, construction, contracting and sub-contracting, and industrial investment; project tendering, design, exploration, design, construction, supervision, contracting and sub-contracting and consulting services; asset management; capital operation; and import and export. (Business projects that require prior approval according to law may only start operation upon such approval from competent authorities.)

## Changes in Share Capital and Shareholdings of Substantial Shareholders

As at the end of the reporting period, CITIC Corporation Limited had a registered capital of RMB139.00000 billion with Mr. Chang Zhenming being its legal representative and its organizational code being 71783170-9. Its business scope covers: 1. Investment in and management of the financial sector, including investment in and management of domestic and overseas financial enterprises and related industries such as banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; 2. Investment in and management of the non-financial sector, including (1) energy, transportation and other infrastructure; (2) mining, forestry and other resources development and the raw materials industry; (3) machine manufacturing; (4) real estate development; (5) the information industry: information infrastructure, basic telecommunications and value-added telecom services; (6) commercial and trade services and other industries; environment protection; pharmaceuticals, biological engineering and new materials; aviation, transportation, warehousing, hotels and tourism; domestic and international trade, import and export, commerce; education, publication, media, culture and sports; consulting services; 3. Grant of shareholder loans to its domestic and overseas subsidiaries; capital operation; asset management; domestic and overseas project design, construction, contracting and sub-contracting, and labor export; and other business items approved by competent authorities. (This enterprise was transformed from a domestic enterprise to a foreign-invested enterprise on 22 July 2014; Business projects that require prior approval according to law may only start operation upon such approval from competent authorities.

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



Note: CITIC Shengrong Co., Ltd. and CITIC Shengxing Co., Ltd. are both wholly-owned affiliated subsidiaries of CITIC Group incorporated in the British Virgin Islands. As at 20 January 2016, CITIC Corporation Limited held about 64.18% of the Bank's total share capital.

## Changes in Share Capital and Shareholdings of Substantial Shareholders

Equity interests in other major domestic and overseas listed companies held or controlled by CITIC Corporation Limited and CITIC Limited are listed as follows (as at 31 December 2015):

Name of shareholder	Name of listed company	Place of listing	Stock code	Shareholding percentage (%)
CITIC Corporation Limited 15.59%	CITIC Securities Company Limited	Shanghai, Hong Kong	600030.SH 6030.HK	15.59%
CITIC Offshore Helicopter Corporation Limited 38.63%	CITIC Offshore Helicopter Corporation Limited	Shenzhen	000099.SZ	38.63%
CITIC Corporation Limited 62.7% CITIC Investment Holdings Limited 4.69% CITIC Automobile Co., Ltd. 2.34%	CITIC Heavy Industries Co., Ltd.	Shanghai	601608.SH	69.73%
Keentech Group Ltd 49.57% CITIC Australia 9.55% Extra Yield International Ltd. 0.38%	CITIC Resources Holdings Limited	Hong Kong	1205.HK	59.50%
Bowenvale Ltd 74.43%	Asia Satellite Telecommunications Holdings Limited	Hong Kong	1135.HK	74.43%
Highkeen Resources Limited 34.39% APEXHILL INVESTMENTS LIMITED 9.07%	CITIC Dameng Mining Industries Ltd	Hong Kong	1091.HK	43.46%
Richtone Enterprises Inc. 3.99% Ease Action Investments Corp. 36.71% Silver Log Holdings Ltd 18.07%	CITIC Telecom International	Hong Kong	1883.HK	58.77%
Numerous subsidiaries of CITIC Pacific jointly 56.07%	Dah Chong Hong Holdings Limited	Hong Kong	1828.HK	56.07%
CITIC Pacific (China) Investment Limited 28.18% Hubei Xinye Steel Co., Ltd. 29.95%	Daye Special Steel Co., Ltd.	Shenzhen	000708.SZ	58.13%
CKM (Cayman) Company Limited 87.59%	CITIC Envirotech Ltd.	Singapore	U19.SG	87.59%

- Notes: (1) The table only lists the major listed subsidiaries whose shares are held and/or controlled by CITIC Corporation Limited and CITIC Limited.  
(2) The shareholding percentages listed in the table are those of the direct shareholders.  
(3) CKM (Cayman) Company Limited is a non-wholly-owned subsidiary of CITIC Environment Investment Group Corporation Limited. The latter, a wholly-owned subsidiary of CITIC Corporation Limited, holds 62.65% equity in CKM (Cayman) Company Limited.

Equity interests in other major domestic and overseas listed companies held or controlled by CITIC Group are listed as follows (as at 31 December 2015):

No.	Name of invested company	Stock code	Shareholding percentage	Shareholder (s)
1	CITIC Limited	HK.0267	58.13%	CITIC Shengxing Co., Ltd. 32.53% CITIC Shengrong Co., Ltd. 25.60%

- Notes: (1) The above table only lists the major listed subsidiaries whose shares are held and/or controlled by CITIC Group.  
(2) The shareholding percentages listed in the table are those of the direct shareholders.

## Other Legal-Person Shareholders Holding 10% or More Shares of the Bank

As at the end of the reporting period, there were no other legal-person shareholders holding 10% or more shares of the Bank except CITIC Corporation Limited.



## Preference Shares

On 20 March 2015, the Board of Directors of the Bank deliberated and adopted relevant proposals including the Proposal on the Program on Private Offering of Preference Shares, giving consent to the offering of up to 350,000,000 (350,000,000th inclusive) Renminbi denominated preference shares at RMB100.00 par value per share. The aforementioned proposal on the private offering of preference shares was adopted at the Bank's 2014 Annual General Meeting, the First A Shareholders Class Meeting in 2015 and the First H Shareholders Class Meeting in 2015 convened on 26 May 2015. The above-mentioned Program on Private Offering of Preference Shares obtained approval and regulatory opinion from the CBRC on 1 September and 15 October 2015, respectively, and needs to be submitted to the CSRC for approval and implementation thereafter. At the moment, the Bank is actively preparing review materials for the CSRC and plans to complete the first issuance by the end of 2016.

Please refer to the related announcements published on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), the HKExnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) for detailed information.



# Directors, Supervisors, Senior Management and Staff

## Basic Information on Directors, Supervisors and Senior Management of the Bank

### Board of Directors

Name	Position	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding
Chang Zhenming	Chairman, Non-executive Director	Male	Oct. 1956	Aug.2013-May 2018	0	0
Zhu Xiaohuang	Non-executive Director	Male	Jul. 1956	Jan. 2013-May 2018	0	0
Li Qingping	Executive Director, President	Female	Oct.1962	Mar. 2014-May 2018	0	0
Sun Deshun	Executive Director, First Vice President	Male	Nov.1958	Mar. 2014-May 2018	0	0
Zhang Xiaowei	Non-executive Director	Male	Oct. 1957	Jan. 2013-May 2018	0	0
Li Zheping	Independent Non-executive Director	Male	Feb. 1965	May 2009-	0	0
Wu Xiaoqing	Independent Non-executive Director	Female	Oct. 1953	Oct. 2012-May 2018	0	0
Wong Luen Cheung Andrew	Independent Non-executive Director	Male	Aug. 1957	Nov. 2012-May 2018	0	0
Yuan Ming	Independent Non-executive Director	Male	Jan. 1952	Sep. 2014-	0	0

- Notes:
1. The starting time of the terms of office of the continuing directors, supervisors and senior management members mentioned refers to the time of their respective initial assumption of office of these positions. The same applies below.
  2. Having been an independent director of the Bank for more than 6 years, Mr. Li Zheping will complete the relevant departure formalities in accordance with the provisions of the Bank's Articles of Association, subject to the conditions that the new independent director replacing him officially assumes office and that the Bank's number of board members and board structure comply with regulatory requirements.
  3. Mr. Yuan Ming resigned his positions as independent director, Chairman and member of the Audit and Related Party Transactions Control Committee, and member of the Nomination and Remuneration Committee of the Board of Directors of the Bank on 11 December 2015 due to personal time arrangement reasons. Before the new independent director replacing him officially assumes office, however, Mr. Yuan Ming will continue to perform his duties in connection with the afore-mentioned positions.

### Board of Supervisors

Name	Title	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding
Cao Guoqiang	Chairman of the Board of Supervisors	Male	Dec. 1964	Dec.2015-May 2018	0	0
Shu Yang	Supervisor	Male	May 1965	Oct.2015-May 2018	0	0
Wang Xiuhong	External Supervisor	Female	Oct.1946	Jan.2014-May 2018	0	0
Jia Xiangsen	External Supervisor	Male	April.1955	May 2015-May 2018	0	0
Zheng Wei	External Supervisor	Male	Mar.1974	May 2015-May 2018	0	0
Cheng Pusheng	Employee Representative Supervisor	Male	Feb. 1968	May 2015-May 2018	0	0
Wen Shuping	Employee Representative Supervisor	Female	Apr.1957	Jan.2015-May 2018	0	0
Ma Haiqing	Employee Representative Supervisor	Male	Dec.1970	May 2015-May 2018	0	0

## Senior Management Members

Name	Title	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding
Li Qingping	Executive Director, President	Female	Oct. 1962	Since Jul. 2014	0	0
Sun Deshun	Executive Director, First Vice President	Male	Nov. 1958	Since Dec. 2011	0	0
Zhang Qiang	Vice President	Male	Apr. 1963	Since Mar. 2010	0	0
Zhu Jialin	Vice President	Male	Oct. 1964	Since Sep. 2014	0	0
Fang Heying	Vice President in charge of finance function	Male	Jun. 1966	Since Nov. 2014	0	0
Guo Danghui	Vice President	Male	May 1964	Since Nov. 2014	0	0
Yang Yu	Vice President	Male	Dec. 1962	Since Dec. 2015	0	0
Qiao Wei	Secretary of the Committee for Disciplinary Inspection	Male	Sep. 1966	Since Aug. 2015	0	0
Wang Kang	Secretary to the Board of Directors	Male	Jun. 1972	Since May 2015	16800	16800

Note: Please refer to "Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Bank Held by Its Directors, Supervisors and Senior Management" of this chapter for Board Secretary Wang Kang's shareholding in the Bank.

## Non-incumbent Directors, Supervisors and Senior Management Members (From 1 January 2015 till the Disclosure Date of the Report)

Name	Position prior to departure from office	Gender	Date of birth	Departure time	Year-beginning shareholding	Year-end shareholding
Dou Jianzhong	Non-executive Director	Male	Feb.1955	May 2015	0	0
Gonzalo José Torano Vallina	Non-executive Director	Male	Nov.1960	May 2015	0	0
Ouyang Qian	Chairman of the Board of Supervisors	Male	Sep. 1955	Oct. 2015	0	0
Zheng Xuexue	Supervisor	Male	Feb.1955	Aug. 2015	0	0
Li Gang	Employee Representative Supervisor	Male	Mar.1969	May 2015	0	0
Deng Yuewen	Employee Representative Supervisor	Male	Jan.1964	May 2015	0	0
Su Guoxin	Vice President	Male	Feb. 1967	Aug. 2015	0	0
Cao Guoqiang	Vice President	Male	Dec. 1964	Oct. 2015	0	0
Wang Lianfu	Secretary of the Committee for Disciplinary Inspection and Chairman of Trade Union	Male	Oct.1954	Aug. 2015	0	0
Li Xin	Secretary to the Board of Directors	Male	Jan.1970	May 2015	0	0

### Resumes of Directors, Supervisors and Senior Management Members

#### Directors



**Mr. Chang Zhenming**  
Chinese Nationality

Chairman and non-executive director of the Bank. Mr. Chang joined the Bank's Board of Directors in August 2013. Mr. Chang has been Chairman of CITIC Group and CITIC Corporation Limited since December 2011, Chairman of the Board of Directors of CITIC Limited (formerly known as CITIC Pacific) since April 2009, Chairman of CITIC Hong Kong (Holdings) Limited since March 2011, vice chairman of CIFH and chairman of CIAM since October 2006, and chairman of CITIC Press Group since February 2008. Mr. Chang served as the chairman of CITIC Group from December 2010 to December 2011, and as the vice chairman and president of CITIC Group from July 2006 to December 2010. He was a vice chairman and a non-executive director of the Bank from December 2006 to May 2011, and served as a non-executive director of CNCBI from November 2006 to March 2013. Mr. Chang was a vice chairman and president of China Construction Bank Corporation from July 2004 to July 2006. Mr. Chang was an executive director and a vice general manager of CITIC Group from August 1995 to July 2004, and assistant president of China International Trust and Investment Corporation from January 1994 to August 1995. Mr. Chang was a vice president of the Bank from September 1993 to January 1994 and assistant president of the Bank from October 1992 to September 1993. Mr. Chang is a senior economist. He graduated from Beijing Second Foreign Language College with a bachelor's degree in Japanese language and literature, and received his master's degree in business administration from New York College of Insurance.



**Mr. Zhu Xiaohuang**  
Chinese Nationality

Non-executive director of the Bank. Mr. Zhu was the president of the Bank from September 2012 to June 2014, an executive director of the Bank from January 2013 to June 2014, resigned his president-ship and became a non-executive director of the Bank in July 2014. Mr. Zhu is currently Chairman of the Board of Supervisors of CITIC Group. From August 2012 to July 2014, Mr. Zhu was a vice general manager of CITIC Limited. From February 2011 to August 2012, Mr. Zhu was an executive director and vice president of China Construction Bank Corporation ("CCB"). He worked at CCB as an executive director, vice president and chief risk officer from July 2010 to February 2011. Mr. Zhu served as vice president and chief risk officer of CCB from June 2008 to July 2010. He was the chief risk officer of CCB from April 2006 to June 2008. From March 2006 to April 2006, he was an executive vice chairman of CCB's risk management and internal control committee. Mr. Zhu served as general manager of the corporate banking business department of CCB from October 2004 to March 2006. He was the president of Guangdong branch of CCB from May 2001 to October 2004. Mr. Zhu served successively as deputy director of administrative office, deputy director of head office's No. 1 credit department, deputy general manager of credit management department, vice president of Liaoning Branch, and general manager of banking department of CCB from September 1993 to May 2001. He served successively as a cadre, deputy director and director of the head office's regulatory department of CCB from February 1982 to September 1993. Mr. Zhu is a senior economist, and a recipient of a special PRC government grant. He obtained his bachelor's degree in infrastructure finance and credit from Hubei Finance and Economics College in 1982 and obtained a degree in economic law from Peking University in October 1985. He also obtained his doctorate degree in world economics from Sun Yat-Sen University in 2006.



**Ms. Li Qingping**  
Chinese Nationality

Executive director and President of the Bank. Ms. Li has been a non-executive director of the Bank since March 2014, Party Secretary of the Bank since May 2014, and an executive director and President of the Bank since July 2014. She takes overall charge of the Bank's work in general and the Human Resources Department, the Information Department, the Software Development Center and the Data Center in particular. Ms. Li is concurrently an executive director of CITIC Group, an executive director/vice general manager/executive committee member of CITIC Limited, an executive director/vice general manager of CITIC Corporation Limited, Chairperson of CIFH, and vice chairperson of CITIC Prudential Life Insurance. Prior to that, Ms. Li was Party committee member of CITIC Group and concurrently vice general manager/Party committee member of CITIC Limited between September 2003 and May 2014, director of retail banking and concurrently general manager of personal banking and personal credit department of Agricultural Bank of China (ABC) from January 2009 to May 2009, Party Secretary and President of ABC Guangxi Branch from January 2007 to December 2008, and earlier, a cadre, deputy section chief, section chief, deputy general manager and general manager of the International Banking Department at the ABC Head Office from August 1984 to January 2007. Ms. Li enjoys over 30 years' professional experience in the Chinese banking industry. She is a senior economist and graduated from Nankai University in international finance with a master's degree in economics.



**Mr. Sun Deshun**  
Chinese Nationality

Executive director and first-vice president of the Bank. Mr. Sun Deshun has been a vice Party secretary of the Bank since October 2011, a vice president of the Bank since December 2011, an executive director of the Bank since March 2014, and first-vice president of the Bank since May 2014. He now takes specific charge of the Risk Management Department, Credit Approval Department, Credit Grant Management Department and Law and Preservation Department, and co-charge of the Human Resources Department. He is concurrently Chairman of CNCBI. Prior to that, Mr. Sun worked at the Bank of Communications of China (BOCC) as a vice president of BOCC's Beijing management department and concurrently Party secretary and president of BOCC Beijing branch from January 2010 to October 2011, and Party secretary/president of BOCC Beijing branch from December 2005 to December 2009. He worked in Haidian office, Haidian sub-branch, Beijing branch and data center (Beijing) of Industrial and Commercial Bank of China (ICBC) from May 1984 to November 2005, during which period he held various positions including assistant president and vice president of ICBC Beijing branch from December 1995 to November 2005, and general manager of the ICBC data center (Beijing) from January 1999 to April 2004. Mr. Sun worked in the PBC from April 1981 to May 1984. Mr. Sun enjoys over 30 years' experience in the Chinese banking industry. He graduated from Dongbei University of Finance and Economics with a master's degree in economics.



**Mr. Zhang Xiaowei**  
Chinese Nationality

Non-executive director of the Bank. Mr. Zhang joined the Bank's Board of Directors in January 2013. He is currently an executive director, president and chief executive officer of CNCBI in Hong Kong. Prior to that, Mr. Zhang was an executive director and the general manager of Wing Lung Bank Limited from January 2012 to September 2012. From 2002 to the end of 2011, Mr. Zhang was the president of China Merchants Bank Hong Kong branch. From 2000 to 2002, he worked at the Hong Kong representative office of China Merchants Bank as the chief representative, during which period he led the preparation work for the establishment of China Merchants Bank Hong Kong branch. From 1995 to 2000, Mr. Zhang worked at Bank of Communications Hong Kong branch and served as a vice president. From 1991 to 1995, Mr. Zhang worked at Bank of Communications Hainan branch and served as the head of the international business department and a vice president of the bank. From 1984 to 1991, he worked in different departments at the headquarters of the Agricultural Bank of China Limited including the planning department, the economic restructuring office and the international business department, and served successively as a clerk, deputy division head and division head. Mr. Zhang has 31 years' experience in the banking industry in both mainland China and Hong Kong. Mr. Zhang received a master's degree in monetary banking from the Graduate School of the People's Bank of China.



**Mr. Li Zheping**  
Chinese Nationality

Independent non-executive director of the Bank. Mr. Li joined the Bank's Board of Directors in May 2009. He is the chief executive officer and editor-in-chief of the Modern Bankers press. He was chairman of Tongxin Assets Valuation Co., Ltd. from 1995 to 2003, editor-in-chief of the Theory Column of China Securities Journal from 1993 to 1995, a teaching assistant at the China Financial Training Center from 1989 to 1993. Mr. Li is an independent director of UBS SDIC Fund Management Co., Ltd. from August 2008 to present, an independent director of Guangdong Nanyue Bank from July 2014 to present, an independent director of Everbright Securities Company Limited from November 2014 to present. Mr. Li graduated from Shanxi University of Finance and Economics with a bachelor's degree in economics, and obtained a master's degree in economics from the Graduate School of the PBC head office.



## Directors, Supervisors, Senior Management and Staff



**Ms. Wu Xiaoqing**  
Chinese Nationality

Independent non-executive director of the Bank. Ms. Wu joined the Board of Directors of the Bank in October 2012. She retired in October 2008. Ms. Wu was the deputy accountant general of Sinosteel Corporation and chairman of Sinosteel Assets Management Co., Ltd. from September 2005 to October 2008, the deputy accountant general of Sinosteel Corporation and a director of Sinosteel Assets Management Co., Ltd. from December 1999 to September 2005. She successively served as the deputy head and the head of the Financial Department of Sinosteel Corporation from January 1995 to December 1999. Prior to that, Ms. Wu successively worked in the Finance Division of the Government Offices Administration of the State Council and the Finance Department of China Metallurgical Raw Materials Corporation. Ms. Wu has long been engaged in the fields of financial and accounting management, with rich working experience in financial management and accounting for large central-government-owned enterprises, and is familiar with accounting standards and relevant laws and regulations on corporate tax. Ms. Wu is a Chinese certified public accountant and a senior accountant. She graduated from the Department of Finance of Renmin University of China (majoring in accounting) with a bachelor's degree.



**Mr. Wong Luen Cheung Andrew**  
Chinese Nationality

Independent non-executive director of the Bank. Mr. Wong joined the Board of Directors of the Bank in November 2012. He is an independent director of CANADIAN SOLAR INC and an independent non-executive director of ACE Life Insurance Co., Ltd. Mr. Wong is also an independent non-executive director and vice chairman of the board of directors of Huangzhong Holdings Company Limited, an external director of Shenzhen Yantian Port Group Co., Ltd. and a senior advisor to the vice chairman of the board of Henderson Land Development Company Limited. Besides, he is a director of China Overseas Friendship Association. Since 2013, Mr. Wong Luen Cheung Andrew has been a member of the eleventh Chinese People's Political Consultative Conference (CPPCC), Shaanxi Provincial Committee, Xian, China. Mr. Wong held various senior positions at the Royal Bank of Canada, including the vice representative for China operations, representative of southern China, and branch manager of the Shanghai branch. He also held various positions at the Union Bank of Switzerland, including head of China desk and executive director of debt capital markets. Mr. Wong previously also served as a director of China Citicorp International Limited, a merchant banking arm of Citibank. Further, Mr. Wong was the head of Greater China business of Hang Seng Bank Limited and the managing director of corporate and investment banking — Greater China of DBS Bank Limited, Hong Kong. Mr. Wong Luen Cheung Andrew has been a member of the CPPCC Shenzhen Committee since 2002. Mr. Wong Luen Cheung Andrew was awarded the National Excellent Independent Director by the SSE in 2010 and also received the Medal of Honor (Hong Kong SAR) from the Hong Kong SAR Government in 2011.



**Mr. Yuan Ming**  
Chinese Nationality

Independent non-executive director of the Bank. Mr. Yuan joined the Board of Directors of the Bank in September 2014. From December 2011 to March 2013, Mr. Yuan served as a deputy director of the economic committee of Guangxi Zhuang Autonomous Region Committee of the tenth session of CPPCC. From December 2003 to February 2012, Mr. Yuan served as the head and party committee secretary of Guangxi Branch of China Construction Bank, where he already was the principal head from April 2003 to December 2003. From July 1997 to April 2003, he was the head and party committee secretary of Jilin Branch of China Construction Bank. From July 1987 to July 1997, he was the deputy head and party committee member of Jilin Branch of China Construction Bank. From February 1986 to July 1987, Mr. Yuan served as an office manager of Jilin Branch of China Construction Bank. From November 1984 to February 1986, Mr. Yuan served as the head and party committee secretary of Tonghua central sub-branch of China Construction Bank Jinlin Branch. From February 1979 to November 1984, Mr. Yuan served as a cadre, chief clerk and deputy head of the comprehensive planning division of Jilin Branch of China Construction Bank. From October 1975 to February 1979, Mr. Yuan was a cadre of the finance and trade office of Yanbian government. From September 1973 to October 1975, Mr. Yuan studied in Jilin Yanbian Finance and Trade College, majoring in commerce and economics. From December 1968 to September 1973, he was an intellectual youth in the Dapuchaihe commune of Dunhua County, Jilin Province. Mr. Yuan is a senior economist, and has obtained a master's degree in economics.



## Supervisors



**Mr. Cao Guoqiang**  
Chinese Nationality

Chairman of the Board of Supervisors of the Bank. Mr. Cao has been Chairman of the Board of Supervisors of the Bank since December 2015, in charge of the Audit Department of the Bank. He serves a temporary position at CITIC Group as the general manager of its finance department since April 2015. He is a director of CITIC Holdings Limited since December 2015, a director of CITIC Heye Investment Co. Ltd. since December 2013, and a director of CIFH and CNCBI since October 2009. He was vice president of the Bank from March 2010 to October 2015, assistant president of the Bank from April 2006 to March 2010, and general manager of the Budget and Finance Department of the Bank from April 2005 to April 2006. Prior to that, Mr. Cao served as assistant general manager, deputy general manager and general manager of the planning and treasury department of China Merchants Bank (CMB) head office, general manager of the planning and treasury department of CMB's Shenzhen administrative department, a director and deputy general manager (in charge) of China Merchant Bank Pawn Co., Ltd., and a director of Shenzhen Speed International Investment Co., Ltd. Mr. Cao also worked in the planning and treasury division of the PBC Shaanxi branch as a senior staff member and deputy section chief from July 1988 to June 1992. Mr. Cao is a senior economist with nearly 30 years' experience in Chinese banking industry. He graduated from Hunan College of Finance and Economics with a bachelor's degree in monetary banking and obtained his master's degree in monetary banking from Shaanxi College of Finance and Economics.



**Mr. Shu Yang**  
Chinese Nationality

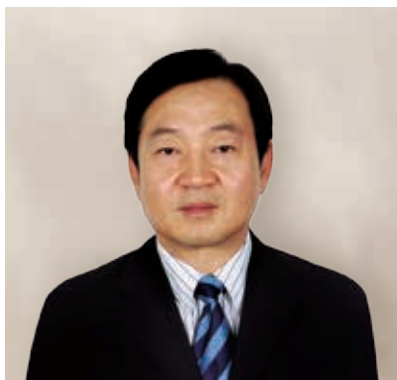
Shareholder representative supervisor of the Bank. Mr. Shu has been concurrently general manager of the Audit Department of CITIC Group and general manager of the Audit, Inspection and Compliance Department of CITIC Limited since May 2015. He was general manager of the Risk Management Department of CITIC Group from January 2010 to May 2015. In his career he held numerous positions including project manager at Bohai Aluminum Section of CITIC Industrial Investment Group Corp. Ltd., deputy head of the project division under the comprehensive planning department of CITIC Group Corporation, treasurer of CITICSTEEL USA Inc., vice general manager of CITIC USA Holding Inc., vice director of the project division under the comprehensive planning department of CITIC Group Corporation, vice general manager and general manager of CITICSTEEL USA Inc., and general manager and chief New York Office representative of CITIC USA Holding Inc. Mr. Shu graduated from Nanjing University of China majoring in quantitative mathematics, and Widener University of the USA majoring in accounting.



**Ms. Wang Xiuhong**  
Chinese Nationality

External supervisor of the Bank. Ms. Wang is honorary president of China Women Judges Society. She was president of China Women Judges Society and vice president of China Judges Society from December 2003 to January 2015. Ms. Wang served as a member of the judicial committee of the Supreme People's Court of PRC (vice minister level) from October 2004 to December 2010; head of the administrative tribunal and a member of the judicial committee of the Supreme People's Court of PRC from May 2003 to September 2004; a deputy director of Political Department of the Supreme People's Court of PRC from February 1997 to April 2003; executive vice president and deputy Party secretary of the High People's court of Jilin province and vice president of China Women Judges Association from February 1994 to January 1997. Prior to that, Ms. Wang had successively served at Siping District Timber Company in Jilin, Intermediate People's court of Siping District, Liaoyuan Intermediate People's court and Jilin Intermediate People's court. With her long-term services in the judicial system, Ms. Wang is very experienced in legal matters. Ms. Wang graduated from Beijing Political Science and Law School (currently known as China University of Political Science and Law).

## Directors, Supervisors, Senior Management and Staff



**Mr. Jia Xiangsen**  
Chinese Nationality

External supervisor of the Bank. Mr. Jia was concurrently chief audit executive and director general of the audit bureau of Agricultural Bank of China (“ABC”) head office between March 2010 and March 2014, and headed the ABC head office audit bureau between April 2008 and March 2010. From April 1984 to April 2008, Mr. Jia held various positions at ABC Beijing Branch, including, among others, deputy head of Fengtai District sub-branch, deputy division director (in charge), head of Dongcheng District sub-branch, and eventually vice president and vice Party secretary of the branch. He was also general manager of the Corporate Banking Department of ABC head office, and president of Agricultural Bank of Guangdong Province. Prior to that, he worked at Chaoyang and Fengtai District Offices of Beijing Municipal People’s Bank. Mr. Jia graduated from the graduate school of the Chinese Academy of Social Sciences majoring in monetary banking.



**Mr. Zheng Wei**  
Chinese Nationality

External supervisor of the Bank. Mr. Zheng is a professor and Dean of Risk Management and Insurance Science at the School of Economics in Peking University. Since March 1999 to present, Mr. Zheng has been assistant dean, deputy dean and dean of Risk Management and Insurance Science at the School of Economics in Peking University. From July 1998 to present, he has had numerous titles including teaching assistant, lecturer, associate professor, professor, and Ph.D. tutor-professor at the School of Economics in Peking University. He was an independent director of Bank of China Insurance Limited between April 2008 and April 2014, a member of the Risk Management Committee and chairman of the Audit Committee of the company’s Board of Directors. Between August 1999 and January 2000, Mr. Zheng was a visiting scholar to the Business School of the University of Wisconsin–Madison. Mr. Zheng graduated from the School of Economics in Peking University with a doctoral degree in finance.



**Mr. Cheng Pusheng**  
Chinese Nationality

Employee representative supervisor of the Bank. Mr. Cheng has been general manager of the Audit Department of the Bank since May 2015 when the CBRC approved his qualifications for office. He was general manager of the Bank’s Centralized Procurement Center between October 2013 and January 2015, deputy general manager of the Bank’s Budget and Finance Department and concurrently head of the financial management division within the department between August 2008 and March 2011, head of the financial management division within the Budget and Finance Department between June 2005 and August 2008, deputy head of the budget management division within the Budget and Finance Department between March 2004 and June 2005, and before that a staff member, deputy section chief, section chief and deputy general manager at the Bank’s Budget and Finance Department. Mr. Cheng did his master’s program at the Graduate School of Shaanxi College of Finance and Economics between August 1992 and July 1995, and worked as an employee at Wanrong sub-branch of People’s Bank of China Shanxi Branch.



**Ms. Wen Shuping**  
Chinese Nationality

Employee representative supervisor of the Bank. Since June 2013 to present, she has been the chairperson of the trade union (vice president level) of Nanchang Branch. From March 2011 to June 2013, she served as a member of the CPC Committee (vice president level), chairperson of the trade union and secretary of the discipline inspection commission of Nanchang Branch. From July 2009 to March 2011, she was a member of the CPC Committee (assistant president level), the chairperson of the trade union and secretary of the discipline inspection commission of Nanchang Branch. During April 2009 to July 2009, she was a member of the CPC Committee (assistant president level) and the chairperson of the trade union of Nanchang Branch. She was chairperson of the trade union (assistant president level) from February to April 2009 of Nanchang Branch. From November 2007 to February 2008, she was secretary of the Party committee of Nanchang Branch. From January 2003 to October 2007, Ms. Wen served as a deputy department director level cadre at Jiangxi Branch of China Development Bank. She was a personnel & education cadre at the business department, deputy director of the personnel training department and the organization department of the Jiangxi Branch of Agricultural Development Bank of China ("ABC") from March 1997 to December 2002. Ms. Wen worked at the personnel department of ABC Jiangxi Nanchang Suburb Branch from May 1991 to February 1997 where she was an officer and then a deputy section chief. From October 1987 to April 1991, Ms. Wen worked at ABC Jiangxi Fengcheng Branch. From March 1985 to September 1987, Ms. Wen worked at the trade union of the Food Bureau of Jiangxi Yichun Shanggao County as the Secretary of Youth League Committee and a trade union officer. From June 1980 to February 1985, Ms. Wen worked at Zhendu Grain Management Agency and Grain & Oil Processing Factory of the Food System of Shanggao County. From December 1978 to May 1980, she served as the deputy secretary of the Communist Youth League and deputy director of the All-China Women's Federation Zhendu Commune Branch, Shanggao County. From July 1975 to November 1978, she was sent to Jingrou Village, Zhendu Commune, Shanggao County and was elected as a member of the policy education team of the commune and the county. Ms. Wen holds a bachelor's degree in political education.



**Mr. Ma Haiqing**  
Chinese Nationality

Employee representative supervisor of the Bank. Mr. Ma has headed the General Office of the Bank's Head Office since February 2015. Between July 2013 and February 2015, he was the general manager of the business settlement division under the Business Department at the Bank's Head Office; from May 2012 to July 2013, he was the general manager of the accounting division under the Business Department at the Bank's Head Office; and between September 2009 to May 2012, he was the deputy general manager of the corporate banking division under the Business Department at the Bank's Head Office. Mr. Ma has worked at CITIC Bank since 1994, holding various positions including staff member at the Bank's Leasing Department and Credit Department, staff member, deputy division director and assistance general manager at the corporate banking division under the Business Department of the Bank's Head Office, and deputy general manager of the risk management division under the Business Department of the Bank's Head Office. Mr. Ma graduated from the Central University of Finance and Economics with a bachelor's degree in accounting and later a master's degree in finance.

## Directors, Supervisors, Senior Management and Staff

### Senior Management



**Ms. Li Qingping**  
Chinese Nationality

Executive director and President of the Bank. Please refer to “Directors” of this chapter for Ms. Li’s resume.



**Mr. Sun Deshun**  
Chinese Nationality

Executive director and first-vice president of the Bank. Please refer to “Directors” of this chapter for Mr. Sun’s resume.



**Mr. Zhang Qiang**  
Chinese Nationality

Vice president of the Bank. Mr. Zhang has been a vice president of the Bank since March 2010. For a long time, Mr. Zhang was in charge of the Bank’s corporate banking and financial market business. He is now in charge of the Bank’s Inter-bank Business Department, Financial Market Department, Investment Banking Department, International Business Department, Bill Center and CNCB (Hong Kong) Investment. Prior to that, Mr. Zhang served as an assistant president and a Party committee member of the Bank from April 2006 to March 2010, during which time he was concurrently general manager of the Department of Corporate Banking at the Bank’s Head Office from April 2006 to March 2007, deputy general manager, executive deputy general manager and general manager of the Business Department at the Bank’s Head Office from January 2000 to April 2006. From September 1990 to January 2000, Mr. Zhang held various positions in the Bank’s Credit Department, Jinan Branch and Qingdao Branch, including deputy general manager and general manager of the Credit Department as well as vice president and president of the branches. Mr. Zhang has been working at the Bank ever since he joined the Bank in September 1990, accumulating nearly 30 years’ experience in the Chinese banking sector. He is a senior economist and graduated from Zhongnan University of Finance and Economics (now Zhongnan University of Finance, Economics and Law) and Liaoning University with a bachelor’s degree in economics and a master’s degree in finance respectively.



**Mr. Zhu Jialin**  
Chinese Nationality

Vice President of the Bank. Mr. Zhu has been a Party committee member of the Bank since March 2013, a vice president of the Bank since September 2014, and concurrently Party secretary and general manager of the Business Department at the Bank's Head Office of the Bank since October 2014. He is now in charge of the Board Office, Administration Department and Capital Construction Office of the Bank. Prior to that, Mr. Zhu was a board director and deputy CEO of CITIC Prudential Life Insurance between May 2005 and March 2013, deputy managing director and CEO of CITIC Prudential Life Insurance between March 2004 and May 2005, and deputy managing director of CITIC Prudential Life Insurance between May 2000 and March 2004. Between October 1998 and May 2000, Mr. Zhu worked at CITIC Bank on various positions including Chief Collection Officer and concurrently general manager of the Asset Preservation Department. Between December 1997 and October 1998, Mr. Zhu headed the CITIC Corporation insurance preparation group. He was seconded to Nippon Life Insurance Company and Sompo Japan Insurance Inc. between January 1997 and December 1997. From August 1986 to January 1997, Mr. Zhu worked at the Head Office of CITIC Bank, holding various positions in succession including office staff, deputy section chief, and secretary to the President of the Bank, during which period he was seconded to Nomura Securities between September 1988 and September 1989.



**Mr. Fang Heying**  
Chinese Nationality

Vice President of the Bank in charge of finance. Mr. Fang has been a Party committee member of the Bank since August 2014 and a vice president of the Bank since November 2014. He is now in specific charge of the Bank's Asset and Liability Department, Finance and Accounting Department, Business Operation Management Department and Wealth Management Department, and takes co-charge of the Information Technology Department, the Software Development Center and the Data Center. Prior to that, he became a director of CNCB Investment in January 2014 and started to head the Bank's financial market business in May 2013. He was concurrently Party secretary and president of Hangzhou Branch of the Bank between May 2014 and September 2014, served as Party secretary and president of Suzhou Branch of the Bank from March 2007 to May 2013. From September 2003 to March 2007, he successively held various positions including member of party committee, assistant president, and vice president of Hangzhou Branch of the Bank. From December 1996 to September 2003, he worked at Hangzhou Branch of the Bank, successively holding the positions of section chief and deputy general manager of the credit department, president and party secretary of Fuyang Branch, deputy general manager of international settlement department, deputy general manager of retail business department, and general manager of business department. From July 1996 to December 1996, he was deputy director of Hangzhou East office of Pudong Development Bank. From December 1992 to July 1996, he worked in the credit department of experimental urban credit cooperative of Zhejiang Bank School, successively holding the positions of credit clerk, manager, and assistant general manager. From July 1991 to December 1992, he was one of the teachers at Zhejiang Bank School.



**Mr. Guo Danghuai**  
Chinese Nationality

Vice President of the Bank. Mr. Guo has been a Party committee member of the Bank since August 2014 and a vice president of the Bank since November 2014. He is now in specific charge of the Bank's Retail Banking Department, Small Enterprise and Consumer Finance Department, E-banking Department, Credit Card Center, Centralized Procurement Center. Since April 2015, Mr. Guo has been Chairman of CITIC Financial Leasing Co., Ltd. Prior to that, from May 2013 to August 2014, he was chief auditor of the Bank. From March 2010 to May 2013, he served as the party secretary and general manager of the Business Department at the Bank's Head Office. From July 2006 to March 2010, he was Party secretary and president of Tianjin Branch of the Bank. From January 2005 to July 2006, he served as the general manager of the international business department of the Bank. From August 2001 to January 2005, he was assistant president of the Bank. From November 2000 to August 2001, he was designated by CITIC Group to be Chairman of CITIC Guo'an Group and lead the project on acquisition of Shantou Commercial Bank. From September 1999 to November 2000, he was president and party secretary of Shenyang Branch of the Bank. From August 1986 to September 1999, he worked for the Bank, successively holding the positions of staff, deputy sector chief and sector chief, and also served as deputy general manager and general manager of the business department of Capital Mansion, assistant president and vice president of CITIC Bank Beijing Branch, and vice general manager of the Business Department at the Bank's Head Office.



## Directors, Supervisors, Senior Management and Staff



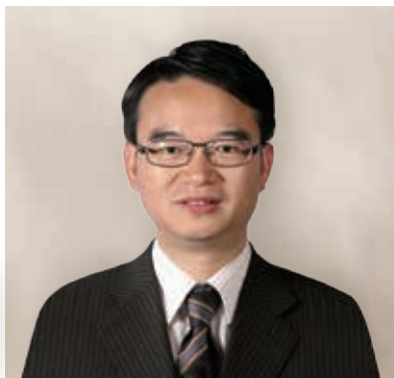
**Mr. Yang Yu**  
Chinese Nationality

Vice President of the Bank. Mr. Yang has been a Party committee member of the Bank since July 2015 and a vice president of the Bank since December 2015. He is now in specific charge of the Bank's Corporate Banking Department, Group Customer Department, Institutional Banking Department, Asset Custody Department and CITIC Financial Leasing Co., Ltd. Prior to that, he was President and Party Secretary of China Construction Bank Jiangsu Branch between March 2011 and June 2015, and President and Party Secretary of China Construction Bank Hebei Branch between July 2006 and February 2011. Between August 1982 and June 2006, Mr. Yang worked at China Construction Bank Henan Branch, holding various positions, including staff and deputy head of budget and finance division, deputy head and Party committee member of Xinyang Prefecture central sub-branch, head of planning division, head of intermediary business division, Party group member and branch chief of Zhengzhou municipal railway sub-branch, Party secretary and president of Zhengzhou branch, Party secretary and branch chief of Jinshui sub-branch, and deputy Party secretary and vice president (in charge) of Henan branch. Mr. Yang is a senior economist with a master's diploma and a doctorate degree in management.



**Mr. Qiao Wei**  
Chinese Nationality

Secretary of the Committee for Disciplinary Inspection. Mr. Qiao has been a Party committee member and Secretary of the Committee for Disciplinary Inspection of the Bank since July 2015 and Secretary of the Bank's Institutional Party Committee since August 2015. He is now in specific charge of the Bank's General Office, Compliance Department, Committee for Disciplinary Inspection and Supervision, and the Culture, Labor Union Office & Security Department. Prior to that, between May 2010 and July 2015, he was deputy director general and concurrently chief of No.2 section in No.5 Cadres' Division of the Organization Department of the CPC Central Committee; from December 2001 to May 2010, he was a researcher (section chief level) at No.3 section in No.4 Cadres' Division and at No.4 section in No.5 Cadres' Division, a researcher (section chief level) and concurrently deputy section chief and section chief at No.3 section in No.5 Cadres' Division, and chief of No.2 section in No.5 Cadres' Division of the Organization Department of the CPC Central Committee. Mr. Qiao was a cadre, a deputy section chief and a section chief at China Development Bank between March 1994 and December 2001, and was once a cadre at the secretariat of the State Raw Materials Investment Office between July 1989 and March 1994. Mr. Qiao has a bachelor's degree in archive science from Renmin University and an EMBA from China Europe International Business School ("CEIBS").



**Mr. Wang Kang**  
Chinese Nationality

Secretary to the Board of Directors and Joint Company Secretary of the Bank. Mr. Wang has been general manager of the Asset and Liability Department of the Bank since January 2015 and concurrently Board Secretary and Joint Company Secretary of the Bank since May 2015. He was Party Secretary and President of CITIC Bank Wuxi Branch between June 2013 and January 2015, and Party Secretary of CITIC Bank Wuxi Branch between March 2013 and June 2013. Mr. Wang worked at the Bank's Budget and Finance Department between August 2003 and March 2013, being its general manager between April 2008 and March 2013, its deputy general manager (in charge) between August 2007 and April 2008, its deputy general manager between June 2006 and August 2007, and its assistant general manager and head of the budget management division between August 2003 and June 2006. Mr. Wang was deputy head (in charge) of the Bank's shareholding reform office from February 2002 to August 2003. He worked at the office of the president's secretaries between May 2001 and January 2002, being its deputy head and secretary to the President. Mr. Wang was secretary to the President of the Bank between August 1997 and May 2001, and worked at the Comprehensive Planning Department of the Bank between April 1996 and August 1997. He is a senior economist with an EMBA, a master's degree in economics and a bachelor's degree in engineering.



## I Appointment and Dismissal of Directors, Supervisors and Senior Management

### Directors

In May 2015, the 2014 Annual General Meeting of the Bank completed re-election of the fourth session of the Board of Directors of the Bank. 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 to sit on the fourth session of the Board of Directors. Except for Mr. Qian Jun, all other directors officially assumed their directorship of the fourth session of the Board of Directors of the Bank after the Annual General Meeting adopted the concerned resolution. Mr. Qianjun will assume office as of the date of CBRC approval of his qualifications for independent directorship of the Bank, before which time Mr. Li Zheping will continue to perform his duties and responsibilities as a director of the Bank. As of the date of birth of the fourth session of the Board of Directors, Mr. Dou Jianzhong and Mr. Gonzalo José Toraño Vallina are no longer directors of the Bank.

### Supervisors

In January 2015, the Bank's Board of Supervisors received the Resolution of the Trade Union of CITIC Bank on Electing Ms. Wen Shuping Employee Representative Supervisor of the 3rd Board of Supervisors of the Bank, and thereafter elected Ms. Wen Shuping employee representative supervisor of the 3rd Board of Supervisors of the Bank, whose term of office became effective on 15 January 2015 and terminated upon expiry of the term of office of the 3rd Board of Supervisors.

In March 2015, the meeting of the Bank's Board of Supervisors adopted the proposal on nominating Mr. Jia Xiangsen and Mr. Zheng Wei external supervisors of the Bank and agreed to submit the nomination proposal to the Bank's general meeting for approval. In May 2015, the 2014 Annual General Meeting of the Bank elected Mr. Jia Xiangsen and Mr. Zheng Wei external supervisors of the Bank, effective immediately.

In May 2015, the 2014 Annual General Meeting of the Bank completed re-election of the fourth session of the Board of Supervisors of the Bank. Mr. Ouyang Qian, Mr. Zheng Xuexue, Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei were elected non-employee representative supervisors of the fourth session of the Board of Supervisors of the Bank. The democratic procedures of the Employees' Assembly of the Bank elected Ms. Wen Shuping, Mr. Cheng Pusheng and Mr. Ma Haiqing employee representative supervisors of the fourth session of the Board of Supervisors of the Bank. As of the date of birth of the fourth session of the Board of Supervisors, Mr. Li Gang and Mr. Deng Yuewen are no longer supervisors of the Bank.

In August 2015, due to his retirement from CITIC Group, Mr. Zheng Xuexue resigned his positions as non-employee representative supervisor of the Bank, chairman and member of the Supervision Committee of the Board of Supervisors, and member of the Nomination Committee of the Board of Supervisors, effective as of 12 August 2015.

In August 2015, the meeting of the Bank's Board of Supervisors agreed to adopt the resolution on nominating Mr. Shu Yang supervisor of the Bank and submit the nomination proposal to the Bank's general meeting for approval. In October 2015, the 2nd Extraordinary General Meeting of the Bank in 2015 elected Mr. Shu Yang supervisor of the fourth session of the Board of Supervisors of the Bank, effective immediately.

In October 2015, because of retirement, Mr. Ouyang Qian resigned his positions as chairman of the Board of Supervisors and supervisor of the Bank, effective as of 16 October 2015.

In October 2015, the meeting of the Bank's Board of Supervisors agreed to adopt the resolution on nominating Mr. Cao Guoqiang supervisor of the Bank and submit the nomination proposal to the Bank's general meeting for approval. In December 2015, the 3rd Extraordinary General Meeting of the Bank in 2015 elected Mr. Cao Guoqiang supervisor of the fourth session of the Board of Supervisors of the Bank, and in December 2015 the 6th Session of the fourth session of the Board of Supervisors elected Mr. Cao Guoqiang Chairman of the Board of Supervisors of the Bank, effective immediately.

## Directors, Supervisors, Senior Management and Staff

### Senior Management Members

In March 2015, the meeting of the Board of Directors of the Bank adopted the resolution on appointing Mr. Wang Kang Secretary to the Board of Directors of the Bank, prior to which Mr. Li Xin had resigned his position as Board Secretary of the Bank, effective upon official inauguration of the new board secretary. Mr. Wang Kang officially assumed office as Secretary to the Board of Directors of the Bank on 21 May 2015, upon which time the resignation of Mr. Li Xin simultaneously became effective.

In May 2015, the meeting of the Board of Directors of the Bank adopted the proposal on continuing appointment of Ms. Li Qingping President of the Bank, Mr. Sun Deshun First Vice President of the Bank, Mr. Su Guoxin, Mr. Cao Guoqiang, Mr. Zhang Qiang, Mr. Zhu Jialin, Mr. Fang Heying and Mr. Guo Danghuai vice president of the Bank, and Mr. Wang Kang Secretary to the Board of Directors of the Bank.

In July 2015, Mr. Qiao Wei became Secretary of the Committee for Disciplinary Inspection, replacing Mr. Wang Lianfu who no longer held this position due to retirement.

In August 2015, the meeting of the Board of Directors of the Bank adopted the proposal on dismissing Mr. Su Guoxin from his position as vice president of the Bank due to work rearrangements, effective as of 18 August 2015.

In August 2015, the meeting of the Board of Directors of the Bank adopted the proposal on appointing Mr. Yang Yu vice president of the Bank, who assumed the office as such upon the CBRC approval of his qualifications for the office in December 2015.

In October 2015, Mr. Cao Guoqiang, Vice President of the Bank, resigned his vice-president-ship due to work rearrangements, effective as of 16 October 2015.

### Remunerations of Directors, Supervisors and Senior Management

The scheme of remunerations for the Bank's directors, supervisors and senior management shall be reviewed by the Nomination and Remuneration Committee under the Board of Directors and approved by the Board of Directors. An allowance system is implemented for independent non-executive directors and external supervisors. In accordance with applicable PRC laws, the Bank has participated in various types of statutory contribution and pension schemes organized by the Chinese government for the benefit of its entire staff (including the executive directors, supervisors, and senior management members that are also employees of the Bank). Actual pre-tax remunerations that all directors, supervisors and senior management members (both incumbent and non-incumbent) received from the Bank during the reporting period totaled RMB36.2261 million.

The Bank offers remunerations to executive directors, supervisors and senior management members who are at the same time employees of the Bank, which include basic salary, bonus, employee welfare and insurance, housing reserve fund and annuity. Independent non-executive directors and external supervisors of the Bank receive allowances from the Bank. None of the non-executive directors (excluding independent directors) and shareholder representative supervisors who hold positions in other entities where they have equity interest receives any form of salary or directors' fee from the Bank. The Bank has not provided any incentive shares to directors, supervisors or senior management.

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

Mr. Wang Kang officially assumed the office as Secretary to the Board of Directors of the Bank on 21 May 2015 upon which time he held 16,800 A shares of the Bank. There was no change in his shareholding during the reporting period. As at the end of the reporting period, except for the Bank's Board Secretary Mr. Wang Kang, no other directors, supervisors or senior management members of the Bank, incumbent or non-incumbent, held any shares, share options or restrictive shares of the Bank.

### Interests of Directors and Supervisors in Material Contracts

During the reporting period, neither the Bank or its holding companies, nor any of its subsidiaries or fellow subsidiaries entered into any material contract in relation to the business of the Bank in which any director or supervisor has material interests, whether directly or indirectly.

### | Service Contracts of Directors and Supervisors

None of the directors or supervisors of the Bank has concluded with the Bank or any of the Bank's affiliates any service contract that may not be terminated within one year since the entry into effect of the contract or that may only be terminated with the payment of other compensations in addition to the statutory compensations.

### | Relationships among Directors, Supervisors and Senior Management

There are no material financial, business, family or other relationships among directors, supervisors or senior management of the Bank.

### | Interests of Directors in Business Competing with the Bank

None of the directors of the Bank has any interest in business which directly or indirectly competes or may compete with the Bank's business.

### | Insurance for Directors

In 2015, the Bank bought directors liability insurance for all of its board directors.

### | Human Resources Management and Staff Profile

As at the end of the reporting period, the Bank (including its subsidiaries) had 56,489 employees, including 49,915 under labor contracts with the Bank and 6,574 dispatched to the Bank or hired with letters of engagement by the Bank. Of all the employees, 9,863 served as managerial function, 42,720 as technical function and 2,593 as supporting function. 10,027 employees, 17.75% of the total, held post-graduate degrees or above; 37,597 employees, 66.56% of the total, held bachelor's degrees; and 8,865 employees, 15.69% of the total, held junior diplomas and qualifications below junior diploma level. The Bank paid for a total number of 760 retirees.

#### Human Resources Management

During the reporting period, the Bank kept reforming and improving its human resources management according to the principle of combining effective incentives and strict constraints.

The Bank devoted great efforts to human resources system developing and process combing, set up and improved its post sequence, further clarified post descriptions, formulated and amended relevant rules and regulations, and further consolidated the foundation for its human resources management. At the same time, the Bank enhanced the development of management teams at all levels, promoted staff turnover, cultivated reserve talents, supplemented and adjusted managers at the branches and Head Office departments, and thereby promoted a more reasonable structure of its core talent team and continuous improvement of overall managerial quality. Moreover, efforts were made to determine reasonable staffing level, construct a scientific market-oriented personnel allocation model, optimize the personnel structure, improve personnel allocation efficiency, introduce various types of talents in a timely and effective manner, and improve labor relation management. A remuneration system with job value as its core was established to enhance its remuneration system and improve its remuneration structure. Impressive progress in remuneration management of the Bank included more intensive job assessment and supervision, standard distribution of remuneration and welfare and payment of insurance, a greater role of incentives, and protection of employee rights and interests. More efforts were exerted to strengthen IT-based management. Development of the new generation e-HR system was initiated, in the hope of providing express and accurate human resources information of all types to business operation and management, and consequently promoting business growth of the Bank.

#### Training and Development of Human Resources

The Bank focused its training and development of human resources on the deployment of its strategic transformation and committed its efforts to cultivating talent teams that were consistent with strategic requirements, strong in strategy execution, and outstanding in comprehensive competitiveness. Forward-looking comprehensive efforts were made to carry out cadre training at all levels, reserve cadre training, and training of internationalized talents. Job training and professional training of staff members were done in a continuous in-depth manner by stratum and type. To vigorously promote its transformation, the Bank furthered its promotion of online learning and mobile learning, and made training more supportive to business. An enabling environment was created to build the Bank into a learning organization through the organization of various learning activities such as staff reading, "CNCB Lectures" and knowledge competitions.

During the reporting period, the Bank hosted 6,064 domestic training sessions of all categories, recording participation statistics of 523,000 person-times. For the full year of 2015, the E-learning system recorded 1.755 million person-times of online learning, and held 289 online examinations. The "CNCB WeChat University" recorded registered membership of 52,000 staff, achieving full coverage of its employees, organized 33 examinations that recorded participation statistics of 14,000 person-times, and online operated 74 WeChat courses that had an attendance level of 18,000 person-times.



**Rapid development in key regions and  
steady progress in platform construction**

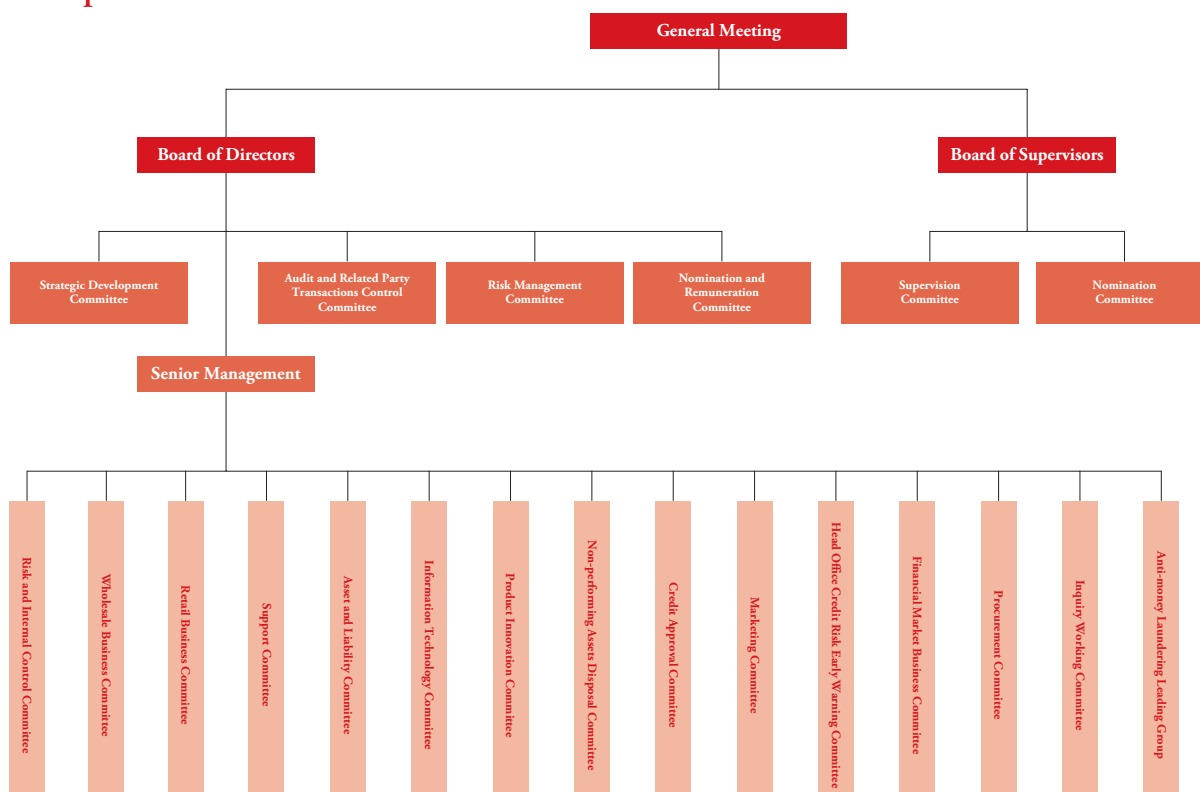




The Bank enjoyed rapid growth of key businesses in key regions, sped up development of outlets in key regions within the territory of China, implemented its strategy on developing “small, smart and multi-business-model” outlets at a quicker pace and promoted outlets transformation.



## Corporate Governance Structure



## Overall Profile of Corporate Governance

In consideration of its own realities as well as the challenges and opportunities resulting from domestic economic development and adjustment, the Bank, in 2015, made continuing efforts to refine its corporate governance structure in line with domestic and overseas regulatory requirements, in order to ensure that the Board of Directors, the Board of Supervisors and their specialized committees play the role of strategic guidance, scientific decision making and effective supervision in important events pertaining to the Bank's business operation and management. The Bank made further improvements to the effective check and balance mechanism consisting of the general meeting, the Board of Directors, the Board of Supervisors and the senior management. In accordance with regulatory and policy requirements, the Board of Directors, the Board of Supervisors and their specialized committees performed their due diligence to guarantee compliant operation and steady development of the Bank in all business areas.

During the reporting period, the Bank successfully completed the re-election of its Board of Directors and Board of Supervisors, safeguarding smooth work transition of the two boards and their specialized committees. Innovation in communication mechanisms enhanced information flow among the two boards and the management, furthering the guiding role of the boards in the Bank's strategy implementation, business development, risk control and internal control/compliance, and upgrading the two boards' decision-making level and operation efficiency. To further improve its corporate governance rules and regulations, the Bank sorted out the provisions of its Articles of Association according to the CBRC Guidelines on Corporate Governance of Commercial Banks, with the consequent amendment of the Articles of Association officially entering into effect during the reporting period. As a further support to the performance of duty by directors and supervisors, the Bank, during the reporting period, organized directors and supervisors and the secretary to the Board of Directors to participate in trainings sponsored by SSE and CSRC Beijing Bureau and to carry out field researches in its branches, involving 17 and 33 persons respectively.

There is no discrepancy between the Bank's institutional structure and operation of corporate governance and the corresponding requirements stipulated in the Company Law and the regulations issued by the CSRC and the SEHK. Neither are there any significant outstanding corporate governance issues that the regulators required the Bank to address.



## | Information on General Meeting, Board of Directors and Board of Supervisors

During the reporting period, the Bank convened 1 annual general meeting, 3 extraordinary general meetings, 2 A shareholders class meetings, 2 H shareholders class meetings, 11 meetings of the Board of Directors (including 4 regular on-site meetings, 5 extraordinary on-site meetings convened for significant events and 2 meetings for voting by correspondence), 9 meetings of the Board of Supervisors (all held on-site), and 30 meetings of the specialized committees under the two boards. These meetings were all held in compliance with the procedures specified in the Articles of Association of the Bank.

## | General Meeting

### General Meetings and Shareholders' Rights

#### Responsibilities of general meetings

The general meeting is the Bank's organ of power. Its responsibilities include making decisions on the Bank's business guiding principles and investment plans, deliberating and approving the Bank's annual financial budgets, final accounts, profit distribution plans and loss remedy plans, deliberating and approving the use of financing proceeds for other than set purposes, electing and replacing directors as well as shareholder representative supervisors and external supervisors, deliberating and approving work reports of the Board of Directors and Board of Supervisors, producing resolutions on plans of the Banks on merger, division, dissolution, liquidation or change in the corporation form of the Bank, issue of debt securities or other valuable papers for the purpose of capital replenishment of the Bank as well as the listing thereof, repurchase of the Bank's ordinary shares, and amending the Bank's Articles of Association.

#### Annual general meeting

The annual general meeting of the Bank provides an effective communication platform between the shareholders and the Board of Directors. For the convening of a general meeting, the Bank shall issue a written notice 45 days prior to the date of the meeting, informing all shareholders on record of the matters to be deliberated as well as the date and venue of the meeting. Shareholders who intend to attend the meeting shall send their written reply slip to the Bank 20 days before the date of the meeting. Directors, supervisors and senior management members of the Bank shall attend the general meeting and answer shareholders' questions at the meeting. Domestic and overseas auditors engaged by the Bank shall also attend the general meeting and answer relevant questions related to external audit, the audit reports and their contents, accounting policies and independence of auditors.

Unless otherwise provided for or arranged, shareholders of the Bank may vote by poll at the general meeting according to domestic and overseas regulatory rules. Details of the voting procedure are explained to the shareholders at the beginning of the meeting to ensure the shareholders' familiarity with such procedures. Chairman of the general meeting shall put forward respective proposals vis-a-vis each and every important issue. Voting results shall be published on the website of the Bank and the websites designated by the domestic and overseas stock exchanges where the Bank is listed within the same business day on which such general meeting is convened.

#### Extraordinary general meetings

In accordance with the Articles of Association of the Bank, extraordinary general meetings may be convened upon written request of shareholders that individually or jointly hold 10% or more of the Bank's voting shares (actual numbers of shares are calculated as per the shareholdings of the requesting shareholders on the dates when such written requests are made). The Board of Directors, the Board of Supervisors and shareholders that jointly hold 3% or more of the Bank's shares are entitled to present to the Bank their proposals for the general meetings.

#### Submitting proposals to general meetings

Shareholders that individually or jointly hold 3% or more of the Bank's shares may produce their interim proposals and submit them in writing to the convener of the general meetings 10 days prior to the meeting. Within two days upon the receipt of such proposals, the convener shall issue supplementary notices for the general meeting to announce contents of the proposals, and submit the interim proposals to the general meeting for deliberation.

### Convening of extraordinary meetings of the Board of Directors

Extraordinary meetings of the Board of Directors may be convened when proposed by shareholders that represent 10% or more of the voting shares. The Chairman of the Board of Directors shall convene and preside over the board meeting within 10 days as of the receipt of the proposal made by shareholders that represent 10% or more of the voting shares.

### Making inquiries to the Board of Directors

To make inquiries to the Board of Directors, shareholders are entitled to raise their concerns to the Board of Directors or the Bank via email to [ir@citicbank.com](mailto:ir@citicbank.com) or via other contacts as provided on the Bank's website. The Bank has published all of its announcements, press releases and useful company information on its website to improve its information transparency.

### Convening of General Meetings During the Reporting Period

During the reporting period, the Bank convened 1 annual general meeting, 3 extraordinary general meetings, 2 A shareholders class meetings and H shareholders class meetings, where 34 proposals were adopted after deliberation. The Bank has disclosed resolutions of the general meetings on the websites designated by the domestic and overseas stock exchanges where the Bank is listed as well as the Bank's website.

On 8 January 2015, the Bank convened its First Extraordinary General Meeting in 2015. The Bank's independent non-executive director Mr. Wong Luen Cheung Andrew attended and chaired the meeting.

On 26 May 2015, the Bank held its 2014 Annual General Meeting, its First A Shareholders Class Meeting in 2015 and its First H Shareholders Class Meeting in 2015. The Bank's executive directors Ms. Li Qingping presided over the meetings. The Bank's executive director Mr. Sun Deshun, non-executive director Mr. Zhang Xiaowei, and independent non-executive directors Ms. Wu Xiaoqing and Mr. Wong Luen Cheung Andrew attended these meetings.

On 15 October 2015, the Bank convened its Second Extraordinary General Meeting in 2015. The Bank's executive director Ms. Li Qingping presided over the meetings and independent non-executive directors Ms. Wu Xiaoqing and Mr. Wong Luen Cheung Andrew attended the meeting.

On 16 December 2015, the Bank convened its Third Extraordinary General Meeting in 2015, its Second A Shareholders Class Meeting in 2015 and its Second H Shareholders Class Meeting in 2015. The Bank's executive director Ms. Li Qingping presided over the meetings and independent non-executive directors Ms. Wu Xiaoqing and Mr. Wong Luen Cheung Andrew attended these meetings.

## | Board of Directors

### Composition and Responsibilities of the Board of Directors

The Board of Directors is the decision-making body of the Bank. As at the end of the reporting period, the Board of Directors consisted of 9 members, including 2 executive directors, namely, Ms. Li Qingping and Mr. Sun Deshun; 3 non-executive directors, namely, Mr. Chang Zhenming, Mr. Zhu Xiaohuang and Mr. Zhang Xiaowei; and 4 independent non-executive directors, namely, Mr. Li Zheping, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew and Mr. Yuan Ming.

As per the Articles of Association, the principal responsibilities of the Board of Directors of the Bank include the following: to convene the general meetings and make a work report to the meeting; to implement resolutions of the general meetings; to determine the development strategies, business plans and investment plans of the Bank; to prepare the annual financial budget and final accounts of the Bank; to prepare the profit distribution plans and loss remedy plans for the Bank; in accordance with the Articles of Association and within the scope of mandate authorized by the general meeting, to determine major investment, major asset acquisition and disposal and other major matters of the Bank; to prepare proposals for the increase or reduction of registered capital of the Bank; to prepare proposals for merger, division, dissolution, liquidation of the Bank or change in the corporate form of the Bank; to prepare proposals for the issue of debt securities or other valuable papers for the purpose of capital replenishment of the Bank as well as the listing thereof; to decide all the matters in relation to the issue of debt securities other than those issued for the purpose of capital replenishment of the Bank; to prepare proposals for repurchase of the Bank's stocks; to prepare proposals for the amendment of the Bank's Articles of Association; to appoint or dismiss president and board secretary of the Bank and determine their remunerations, rewards or punishments; according to nomination of the president, to appoint or dismiss vice president(s) and assistant president of the Head Office and other members of the senior management that the Board of Directors intends to appoint or dismiss, and to determine matters relating to their remunerations, rewards and punishments; to review and establish the basic management system and internal management framework of the Bank; to establish, improve and effectively implement the Bank's internal controls; to review and establish the codes and standards of the Bank, which shall specify the codes of conduct for management and business staff at all levels, require explicitly employees at all levels to promptly report the possible conflict of interests, define specific accountability terms and establish a corresponding mechanism to handle the same; to decide the establishment of domestic tier-one (directly controlled) by the Head Office branches, directly controlled institutions and overseas institutions; to decide the information disclosure policies and procedures of the Bank; to decide the information reporting system of the Bank and request the senior management to report operation matters of the Bank to it on a regular basis; to propose the appointment or dismissal of the accounting firms to the general meetings; to formulate procedures on management of related party transactions; to review and approve or to authorize the Audit and Related Party Transactions Control Committee under the Board of Directors to approve the related party transactions (except for the related party transactions that should be approved by the general meeting in accordance with applicable laws); to report specifically related party transactions and the implementation of the relevant procedures to the general meeting; to review and approve the proposals submitted by each specialized committee under the Board of Directors; according to the applicable regulatory requirements, to listen to the work reports of the President of the Bank and other members of senior management, and to monitor and ensure the effective discharge of their management responsibilities; to review and approve the rules of procedures of each committee of the Board of Directors; pursuant to regulatory requirements of the regulators of the banking industry of the State Council on financial statements consolidation, to assume final responsibility for management of the Bank's financial statements consolidation, to develop overall strategic guidelines for the Bank's financial statements consolidation, to review and supervise the formulation and implementation of specific plans on financial statements consolidation, and to establish a mechanism for regular review and assessment thereof; to exercise any other authorities prescribed by laws, administrative regulations, rules or the Articles of Association or conferred by the general meetings.

The Board of Directors of the Bank has completed self-assessment of the effectiveness of its internal control design and operation. Please refer to "Corporate Governance Report – Statement of the Board of Directors and the Board of Supervisors on Responsibilities in Relation to Internal Control" of this report for details.

## Meetings of the Board of Directors

During the reporting period, the Board of Directors convened 11 meetings whereby 95 proposals were deliberated and adopted, including the proposals respectively regarding the Bank's Plan on Institutional Development, Strategic Plan 2015-2017, 2014 Profit Distribution Plan, 2015 Financial Budget, Plan on Private Offering of A Shares, and Amendment of the Articles of Association, and listened to 16 presentations including the Bank's Report on 2014 Operating Results, Report on Management of Capital Adequacy Ratios in 2014, Report on Management of Liquidity Risk in 2014, Report on Total-Risk Management in 2014, Report on the Credit Risk Internal Rating System, and Report on Progress in Implementing the New Capital Management Approach. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/number of meetings	Attendance by proxy/number of meetings
<b>Members of the Board of Directors</b>		
Chang Zhenming	8/11	3/11
Zhu Xiaohuang	8/11	3/11
Li Qingping	10/11	1/11
Sun Deshun	9/11	2/11
Zhang Xiaowei	9/11	2/11
Li Zheping	9/11	2/11
Wu Xiaoqing	11/11	—
Wong Luen Cheung Andrew	11/11	—
Yuan Ming	8/11	3/11
<b>Non-incumbent Directors</b>		
Dou Jianzhong	2/3	1/3
Gonzalo José Toraño Vallina	3/3	—

## Responsibility Statement of the Board of Directors on the Financial Report

The following statement, which sets out the responsibilities of the Board of Directors to this report, should be read in conjunction with, but distinguished from, the auditor's opinion as set out in the financial statements contained herein.

The directors acknowledge that they are responsible for preparing the financial statements of the Bank that give a true view of the operating results of the Bank for each financial year. The directors are not aware of any events or conditions that could have material and adverse impact on the Bank's on-going operation.

## Independence of Independent Non-Executive Directors and Their Performance on Duties

The independent non-executive directors of the Bank have no business or financial interests in the Bank or its subsidiaries, nor do they assume any management positions in the Bank. Therefore, their independence is well guaranteed. The Bank has received an annual confirmation letter from each independent non-executive director confirming their independence, and recognized their independence.

The independent non-executive directors of the Bank, through attending the general meetings, meetings of the Board of Directors and of the specialized committees under the Board of Directors, effectively discharged their duties. They also enhanced their understanding of business development of the branches by multiple means including field surveys and symposiums. Both the Audit and Related Party Transactions Control Committee and the Nomination and Remuneration Committee under the Board of Directors were chaired by independent non-executive directors with independent non-executive directors constituting their entire membership. According to the Work System of China CITIC Bank Corporation Limited on Annual Reporting by Independent Directors, the independent non-executive directors of the Bank communicated with the auditors and fully performed their role of independent supervision. The independent non-executive directors did not raise any objections to the resolutions adopted by either the Board of Directors or its specialized committees during the reporting period.

The independent non-executive directors of the Bank raised relevant opinions and suggestions regarding the Bank's operation and management, business development, strategic planning, profit distribution, remunerations of senior management, risk management and related party transactions. The Bank attached great importance to such inputs and implemented them in accordance with its real situations. For information regarding independent non-executive directors' attendance of the general meetings during the reporting period, please refer to "Corporate Governance Report – Convening of General Meetings during the Reporting Period" of this report.

### Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules of SEHK (the "Model Code") to regulate the securities transactions conducted by its directors and supervisors. The Bank has made specific enquiry of all directors and supervisors in this regard, and all directors and supervisors confirmed that they had strictly complied with the provisions set out in the Model Code throughout the reporting period.

### The Board of Directors' Deliberation of the Social Responsibility Report

The Board of Directors deliberated the 2015 Social Responsibility Report of China CITIC Bank Corporation Limited as a separate proposal and had no objection to the content of the social responsibility report.

## I Specialized Committees under the Board of Directors

As at the end of the reporting period, there were 4 specialized committees under the Board of Directors, namely the Strategic Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee and the Nomination and Remuneration Committee.

### Strategic Development Committee

As at the end of the reporting period, the Bank's Strategic Development Committee consisted of 4 directors, with non-executive director Mr. Chang Zhenming as chairman, and Mr. Zhu Xiaohuang, Ms. Li Qingping, and Mr. Sun Deshun as members. Its principal responsibilities include: research and review the Bank's business targets and long-term development strategies, business and organizational development plans, major investment and finance plans as well as other important matters that would affect the Bank's development, supervise and inspect implementation of the Bank's annual business plans and investment programs as authorized by the Board of Directors, and put forward recommendations thereof to the board.

During the reporting period, the Strategic Development Committee convened 8 meetings and adopted 20 proposals including, among others, the Bank's Strategic Plan 2015-2017, 2014 Profit Distribution Plan, and 2015 Financial Budget. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Chang Zhenming	6/8	2/8
Zhu Xiaohuang	5/8	3/8
Li Qingping	8/8	—
Sun Deshun	6/8	2/8
<b>Non-incumbent Members</b>		
Dou Jianzhong	2/2	—
Gonzalo José Toraño Vallina	2/2	—

### Audit and Related Party Transactions Control Committee

As at the end of the reporting period, the Bank's Audit and Related Party Transactions Control Committee comprised 3 directors, with independent non-executive director Mr. Yuan Ming as chairman, and Ms. Wu Xiaoqing and Mr. Wong Luen Cheung Andrew as committee members. The principal responsibilities of the Audit and Related Party Transactions Control Committee include supervising the Bank's internal control, financial information and internal audit, identifying related parties of the Bank, as well as reviewing and filing the Bank's related party transactions within its authorized mandate.

For the reporting period, the Audit and Related Party Transactions Control Committee convened 8 meetings which reviewed 31 proposals including, among others, proposals regarding regular reports, caps on credit extension to related parties, and engagement of auditors for 2015 and their remunerations, and listened to 7 presentations respectively about the 2014 annual audit, the 2014 operating results, the operating results of the first half of 2015, and the operating results of the third quarter of 2015, etc. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Yuan Ming	6/8	2/8
Wu Xiaoqing	8/8	—
Wong Luen Cheung Andrew	8/8	—
<b>Non-incumbent members</b>		
Li Zheping	2/3	1/3
Gonzalo José Toraño Vallina	2/3	1/3

During the preparation and audit of the Bank's 2015 Annual Report, the Audit and Related Party Transactions Control Committee of the Bank reviewed the audit time frame and progress schedule of the external auditors, checked on and supervised external auditors' work. The committee reviewed the Bank's financial statements twice, first time before the certified public accountants (CPAs) responsible for the annual audit arrived at the premise, and the second time after the CPAs produced their preliminary audit opinions. In addition, the committee carried out several rounds of adequate communication with the CPAs responsible for the annual audit. The Audit and Related Party Transactions Control Committee convened a meeting on 17 March 2016, expressing the view that the financial statements gave a true, accurate and complete view of the overall situation of the Bank. Based on its review of the external auditor's summary report regarding this round of annual audit, and its comprehensive objective assessment of the performance of the audit assignment and its professional quality, the committee gave the consent that the Bank continue to engage PricewaterhouseCoopers as its domestic auditor and PricewaterhouseCoopers Hong Kong as its overseas auditor in 2016, and decided to submit these matters to the Board of Directors for further deliberation.

### Risk Management Committee

As at the end of the reporting period, the Bank's Risk Management Committee comprised 4 directors with Mr. Zhu Xiaohuang, Ms. Li Qingping, Mr. Sun Deshun and Ms. Wu Xiaoqing as members. The committee is mainly responsible for supervising the senior management's control of credit risk, liquidity risk, market risk, operational risk, compliance risk and reputation risk, carrying out regular assessment of the Bank's risk preference, credit grant policy, liquidity risk management policy, market risk management policy, operational risk management policy, compliance risk management policy, reputation risk management policy, lawfulness and compliance of business operation, management profile and risk resilience, putting forward recommendations to the Board of Directors on how to improve risk management and internal control of the Bank, deliberating proposals on risk management that are submitted to the Board of Directors for review and put forward relevant recommendations to the Board of Directors in accordance with the Bank's overall strategy, as well as guiding, reminding and supervising the senior management regarding protection of consumer rights and interests.



During the reporting period, the Risk Management Committee convened 5 meetings where it deliberated and adopted 19 proposals including, among others, those respectively regarding the Bank's Administrative Measures on Internal Assessment of Capital Adequacy, Policy on Stress Test, 2014 Report on Internal Assessment of Capital Adequacy, Risk Preference Statement, Policy on Total Risk Management (Version 2015, Provisional), Relevant Regulations on Operational Risk and Administrative Measures on Management of Information and Technology Risks (Version 2.0, 2015), and listened to 9 presentations including the Bank's Report on Total Risk Management for the First Half of 2015, Report on Commissioning of the New Core System, and Report on Progress in Implementing the New Capital Management Approach. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Zhu Xiaohuang	3/5	2/5
Li Qingping	5/5	—
Sun Deshun	5/5	—
Wu Xiaoqing	5/5	—
<b>Non-incumbent members</b>		
Dou Jianzhong	2/2	—
Gonzalo José Toraño Vallina	2/2	—
Li Zheping	1/2	1/2

### Nomination and Remuneration Committee

As at the end of the reporting period, the Bank's Nomination and Remuneration Committee comprised 3 directors, with independent non-executive director Mr. Wong Luen Cheung Andrew as chairman, and Ms. Wu Xiaoqing and Mr. Yuan Ming as members. Principal responsibilities of the Nomination and Remuneration Committee include assisting the Board of Directors in formulating procedures and standards on nomination of candidates for directorship and senior management membership, drafting remuneration schemes, performance evaluation rules and incentives programs for directors, supervisors and senior management members, and raising recommendations thereof to the Board of Directors.

During the reporting period, the Nomination and Remuneration Committee convened 5 meetings which adopted by voting 19 proposals including, among others, those respectively regarding nomination of members for the Strategic Development Committee of the fourth session of the Board of Directors, nomination of members for the Risk Management Committee of the fourth session of the Board of Directors, nomination of members for the Audit and Related Party Transactions Control Committee of the fourth session of the Board of Directors, nomination of the President and vice presidents of the Bank, and nomination of the board secretary of the Bank.

The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Wong Luen Cheung Andrew	5/5	—
Wu Xiaoqing	5/5	—
Yuan Ming	3/5	2/5

According to the regulatory requirements of the CSRC and division of duties for corporate governance purpose, the Nomination and Remuneration Committee under the Board of Directors studied and examined the remuneration schemes for senior management of the Bank and supervised their implementation. The committee is of the view that the senior management of the Bank performed its fiduciary and due diligence duties in 2015 within its scope of mandates and responsibilities specified in relevant laws and regulations and the Articles of Association, under the leadership and authorization of the Board of Directors and the supervision of the Board of Supervisors, which in turn further increased corporate value and shareholders' value of the Bank. Upon review, the committee further holds that the remunerations for directors, supervisors and senior management members as disclosed by the Bank are consistent with relevant remuneration policies and schemes, and are made in compliance with applicable information disclosure standards required by domestic and overseas regulators for listed companies. The committee confirms that the Bank did not have any share incentive scheme as at the end of the reporting period.

During the reporting period, the Nomination and Remuneration Committee performed the nomination procedure for directors and senior management members in line with the Rules of Procedures of China CITIC Bank Corporation Limited for the Nomination and Remuneration Committee under the Board of Directors, including conducting preliminary review of the would-be directors' qualifications based on written materials about the nominees and by taking into consideration the candidates' work experiences, professional qualifications and expertise, and putting forward relevant recommendations to the Board of Directors; and conducting preliminary review of the qualifications for office of candidates for the senior management that the Board intends to appoint or remove and putting forward relevant recommendations to the Board of Directors.

### | Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank reporting to the general meeting. As at the end of the reporting period, the Board of Supervisors consisted of 8 members, with Mr. Cao Guoqiang as chairman, and Mr. Shu Yang, Ms. Wang Xiuhong, Mr. Jia Xiangsen, Mr. Zheng Wei, Mr. Cheng Pusheng, Ms. Wen Shuping and Mr. Ma Haiqing as members, among whom 2 are shareholder representative supervisors, 3 are external supervisors, and the other 3 are employee representative supervisors.

During the reporting period, the Board of Supervisors held 9 meetings, at which the supervisors deliberated and adopted 27 proposals including those respectively regarding the Provisional Measures of the Bank on the Board of Supervisors' Evaluation of Duty Performance on the Part of the Board of Directors, Board of Supervisors and the Senior Management, Amendment of the Rules of Procedures of the Board of Supervisors, 2014 Profit Distribution Plan of the Bank, 2014 Annual Report of the Bank, 2014 Social Responsibility Report of the Bank, and 2014 Report of the Bank on Internal Control Assessment. In addition, the Board of Supervisors supervised the Bank's operation and management by attending Board of Directors meetings as non-voting delegates, conducting field studies at branches and sub-branches, carrying out earmarked inspections, reviewing various documents and listening to reports from the senior management. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Cao Guoqiang	—	1/1
Shu Yang	2/3	1/3
Wang Xiuhong	6/9	3/9
Jia Xiangsen	5/6	1/6
Zheng Wei	6/6	—
Cheng Pusheng	6/6	—
Wen Shuping	9/9	—
Ma Haiqing	6/6	—
<b>Non-incumbent members</b>		
Ouyang Qian	6/6	—
Zheng Xuexue	—	4/4
Deng Yuewen	3/3	—
Li Gang	1/3	2/3

## I Specialized Committees Under the Board of Supervisors

The Supervision Committee and the Nomination Committee have been set up as specialized committees under the Board of Supervisors.

### Supervision Committee

As at the end of the reporting period, the Supervision Committee of the Board of Supervisors of the Bank comprised 3 supervisors, with Mr. Jia Xiangsen, Mr. Zheng Wei and Mr. Ma Haiqing as members. On 16 March 2016, the Board of Supervisors of the Bank appointed Mr. Shu Yang member and chairman of its Supervision Committee. Primary responsibilities of the committee include, among others, drafting programs on supervision of the Bank's financial activities and inspecting the implementation thereof, supervising the Board of Directors to make sure that the latter set up prudent business philosophies, values and standards and formulate development strategies consistent with the Bank's realities, and carrying out supervisory inspections of the Bank's business decisions, risk management and internal control.

During the reporting period, the Supervision Committee convened 2 meetings which considered and adopted the proposals respectively regarding the 2015 Interim Report of CITIC Bank and 2015 Third Quarterly Report of CITIC Bank. The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Jia Xiangsen	2/2	—
Zheng Wei	2/2	—
Ma Haiqing	1/2	1/2
<b>Non-incumbent members</b>		
Zheng Xuexue	—	—
Li Gang	—	—

### Nomination Committee

As at the end of the reporting period, the Nomination Committee of the Board of Supervisors of the Bank comprised 3 supervisors, with Ms. Wang Xiuhong as the chairperson and Ms. Wen Shuping and Mr. Cheng Pusheng as members. On 16 March 2016, the Board of Supervisors of the Bank appointed Mr. Shu Yang as a member of its Nomination Committee. The primary responsibilities of the committee include, among others, drafting procedures and standards on shortlisting candidate supervisors elected by the general meetings and their subsequent appointment, and conducting preliminary review of candidate supervisors elected by the general meetings vis-a-vis their qualifications for office and putting forward corresponding recommendations. Employee supervisors of the Bank are democratically elected or dismissed by employees of the Bank.

During the reporting period, the Nomination Committee convened 3 meetings which considered and adopted by voting proposals regarding nomination of chairperson for the Nomination Committee of the fourth session of the Board of Supervisors of the Bank, nomination of Mr. Shu Yang candidate supervisor of the fourth session of the Board of Supervisors, and nomination of Mr. Cao Guoqiang candidate supervisor of the fourth session of the Board of Supervisors.

The attendance at the meetings by the relevant members during the reporting period is listed as follows:

	In-person attendance/ number of meetings	Attendance by proxy/ number of meetings
<b>Incumbent Members</b>		
Wang Xiuhong	3/3	—
Cheng Pusheng	3/3	—
Wen Shuping	3/3	—
<b>Non-incumbent members</b>		
Deng Yuewen	—	—
Zheng Xuexue	1/1	—

### | Independent Opinions of the Board of Supervisors on Relevant Matters

#### Compliance of Business Operation

The Bank conducted business in accordance with the Company Law, the Commercial Banks Law and its own Articles of Association. The decision-making procedures were lawful and valid. No violations of relevant laws and regulations or the Articles of Association, or acts that would impair interests of the Bank and its shareholders were identified on the part of the directors or senior management members in their course of duty performance.

#### Truthfulness of the Financial Report

The 2015 financial report gives a true, objective and accurate view of the financial position and operating results of the Bank.

#### Use of Proceeds

During the reporting period, the actual use of proceeds was consistent with the purposes stated in the Bank's prospectus for IPO and rights issue.

#### Acquisition and Disposal of Assets

During the reporting period, the Board of Supervisors was not aware of any asset acquisition or disposal by the Bank that might result in the impairment of the interests of the shareholders or loss of the Bank's assets, or would constitute insider trading.

#### Related Party Transactions

During the reporting period, the Board of Supervisors was not aware of any related party transactions that might result in the impairment of the interests of the Bank or its shareholders.

#### Implementation of Resolutions Adopted at the General Meetings

The Board of Supervisors had no objections to the reports and proposals that the Board of Directors submitted to the general meetings for consideration during the reporting period. The Board of Supervisors supervised the implementation of the resolutions adopted at the general meetings and believed that the Board of Directors diligently implemented the related resolutions adopted at the general meetings.

#### The Board of Supervisors' Deliberation on the Social Responsibility Report

The Board of Supervisors deliberated the 2015 Social Responsibility Report of China CITIC Bank Corporation Limited and had no objections to the content of the social responsibility report.

### | Senior Management

The senior management, which is comprised of 9 members, is the executive body of the Bank reporting to the Board of Directors. There is 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. The Board of Directors evaluates the performance of the senior management, the results of which shall be used as the basis for determining remunerations and other incentive arrangements for the senior management. The senior management should truthfully report to the Board of Directors or the Board of Supervisors on a regular basis or as required by the Board of Directors or the Board of Supervisors, information regarding the Bank's business performance, important contracts, financial positions, risk profiles, business prospect and significant events.

## I Establishment and Implementation of Performance Evaluation and Incentive Mechanisms for Senior Management

The Bank has set up its mechanism for annual performance evaluation of the senior management, which assesses the senior management's attainment of operation targets and ability to discharge duties. Results of the annual performance evaluation are used as important basis for determining the executives' remunerations, appointment or removal, rearrangement of positions, exchanges, and participation in trainings.

## I Chairman and President

During the reporting period, the positions of chairman and president of the Bank were separate: Mr. Chang Zhenming, serving as Chairman of the Bank, was responsible for presiding over general meetings, convening and presiding over the Board of Directors' meetings and examining the implementation of the resolutions of the Board of Directors and other relevant matters. Ms. Li Qingping, serving as President of the Bank, was responsible for implementing the Board of Directors' resolutions, and leading the Bank in its business operation and management and other relevant matters. The division of duties between the chairman and president of the Bank was clearly defined and in compliance with the Hong Kong Listing Rules.

## I Company Secretary

The Bank has engaged, externally, Ms. Wendy Kam (FCS, FCIS) as the joint company secretary of the Bank. The main contact person of Ms. Wendy Kam in the Bank is Mr. Wang Kang, the Secretary to the Board of Directors and joint company secretary of the Bank. The contact information of Mr. Wang is:

Tel: +86-10-85230010; Fax: +86-10-85230079.

## I Management of Related Party Transactions

The Board of Directors and its Audit and Related Party Transactions Control Committee attach great importance to the management of related party transactions and have carefully 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 related party transactions conducted throughout the Bank.

In 2015, in compliance with the regulatory requirements in Shanghai and Hong Kong, the Bank kept enhancing its related party transactions management mechanisms, and boosted overall refined management of related party transactions, rendering strong support to business compliance bank-wide, promoting synergy of the Group and increasing shareholder value. Specifically, the Bank made the following efforts: (1) The Bank reinforced dynamic management and updating of related parties and reproduced its list of related parties covering 2,511 legal persons and 1,771 natural persons. (2) The Bank successfully obtained approval from the general meetings regarding its application for the 2015-2017 annual caps for continuing related party transactions, which included related party transactions in 8 major categories and over 90 varieties. This practice fully covered all business varieties of related party transactions of the Bank and therefore greatly improved efficiency of business review and approval process. (3) The Bank optimized the mechanism for credit line management of related party transactions and further improved use efficiency of such credit lines. (4) The Bank compiled the Handbook of CITIC Bank on Related Party Transactions (Version 2.0), which, by analyzing, identifying and computing in unified ways the related-party transaction components involved in up to 100 businesses and products, contributed to continuous standardization of related party transaction management. (5) The Bank conducted the annual audit of related party transactions, as well as in-depth investigations of key businesses, management processes, operation mechanisms and data quality. (6) The Bank ensured compliance of related party transactions bank-wide by performing review, approval, disclosure and routine monitoring of related party transactions. It also coordinated with CITIC Limited in the latter's management of related party transactions to ensure comprehensiveness, accuracy and completeness of information disclosure.

## I Statement on Horizontal Competition and Related Party Transactions

The Bank has not been involved in any horizontal competition or related party transactions resulting from partial restructuring, characteristics of particular industries, government policies or mergers and acquisitions.

### | Independence from the Controlling Shareholder

The Bank is fully independent from its controlling shareholder in business operation, personnel, assets, organizational structure and financial matters, and maintains independent and complete business separate from that of its controlling shareholder and is capable of independent business operation.

In terms of business, the Bank has a complete business structure and capability to operate directly on the market in an independent manner and is engaged independently in business operation within its authorized business scope, without interference or control by its controlling shareholder or any other related parties, and free of any adverse impact on the independence and completeness of its operating autonomy as a result of its related relationship with its controlling shareholder and other related parties.

In terms of personnel, the Bank has its own independent labor, personnel and payroll management systems. Except for the President of the Bank who concurrently serves as Deputy General Manager of CITIC Limited, none of the other members of the Bank's senior management has taken any position in the controlling shareholder or any other entities controlled by the controlling shareholder; neither has any member of the financial staff of the Bank taken any position concurrently in the controlling shareholder or any other entities controlled by the controlling shareholder.

In terms of assets, the Bank has the ownership or use right of the land and buildings as well as intellectual property rights such as trademarks and domain names that are related to its business operation.

In terms of financial matters, the Bank has established an independent accounting and finance department, an independent accounting system and an independent financial management framework for independent financial decision making. It has set up its own bank account according to law and shares no bank account with its controlling shareholder. The procedures and requirements in relation to the opening of accounts with the Bank by the controlling shareholder are identical to those applicable to any other third party that has opened accounts with the Bank, and the accounts of the controlling shareholder are completely separated from the fund and accounts of the Bank.

In terms of institutional structure, the Bank has established the general meeting, the Board of Directors, the Board of Supervisors, and set up business and management departments as required by its business operation and management. The Bank exercises its discretion on business operation and management independently, and is free from any mix of institutional structure with its controlling shareholder.

### | Independent Non-Executive Directors' Statement on Undertakings Made by CITIC Group and CIFH under the Non-competition Deed

CITIC Group transferred its 70.32% equity interest in CIFH to the Bank on 23 October 2009, thus CIFH was released from all obligations under the Non-Competition Deed.

The independent non-executive directors of the Bank came to a conclusion on the non-competition undertakings of CITIC Group, holding that CITIC Group honored its non-competition undertakings during the reporting period. CITIC Group produced a statement on performance of its non-competition undertakings under the Non-Competition Deed it entered into with the Bank on 13 March 2007.

### | Development and Review of Corporate Governance Policies and Practices

The Board of Directors consistently attaches great importance to the establishment and improvement of its internal systems relating to corporate governance. During the reporting period, the Bank amended its Articles of Association in line with relevant regulatory requirements, and main amendments include but not limited to articles related to provision of preference shares and articles related to change of business scope.

According to relevant regulatory requirements, the Bank formulated a series of policies and regulations in this regard, including the Measures of the Board of Directors of China CITIC Bank Corporation Limited on Performance Evaluation of Directors, Implementation Rules for the Measures of the Board of Directors of China CITIC Bank Corporation Limited on Performance Evaluation of Directors (Provisional) and Detailed Working Principles of China CITIC Bank Corporation Limited for the Secretary to the Board of Directors, thereby further improving regulatory requirements on the Board of Directors and independent non-executive directors and upgrading the Bank's corporate governance while enhancing duty performance by directors.



## I Review and Supervision of Training and Continuing Professional Development of Directors, Supervisors and the Senior Management

The Board of Directors kept urging the directors and senior management members to participate in relevant trainings for better professional development in general, and for capacity building and better performance of duty in particular. During the reporting period, in accordance with CSRC and CBRC requirements, the Board of Directors arranged directors to participate in trainings for directors organized by CSRC Beijing Bureau. These trainings achieved very good results. At the same time, to meet SEHK requirements on continuing professional development of directors during the reporting period, the Bank subscribed for learning journals, 21st Century Directors and Momentum, for its directors, supervisors and senior management members.

During the reporting period, the Bank's incumbent and current-period non-incumbent directors, supervisors, vice president in charge of finance and Secretary to the Board of Directors received the following external trainings:

Name	Title	Trainer	Training Model	Training Duration (day)
Chang Zhenming	Non-Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Zhu Xiaohuang	Non-Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Li Qingping	Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Sun Deshun	Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Zhang Xiaowei	Non-Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Wu Xiaoqing	Independent Non-Executive Director	CSRC Beijing Bureau	Concentrated lecturing	1
Ouyang Qian	Chairman of the Board of Supervisors (non-incumbent)	CSRC Beijing Bureau	Concentrated lecturing	1
Shu Yang	Supervisor	CSRC Beijing Bureau	Concentrated lecturing	2
Wang Xiuhong	External Supervisor	CSRC Beijing Bureau	Concentrated lecturing	1
Zheng Wei	External Supervisor	CSRC Beijing Bureau	Concentrated lecturing	2
Cheng Pusheng	Employee Representative Supervisor	CSRC Beijing Bureau	Concentrated lecturing	2
Wen Shuping	Employee Representative Supervisor	CSRC Beijing Bureau	Concentrated lecturing	2
Ma Haiqing	Employee Representative Supervisor	CSRC Beijing Bureau	Concentrated lecturing	1
Fang Heying	Vice President	CSRC Beijing Bureau	Concentrated lecturing	0.5
Wang Kang	Secretary to the Board of Directors	CSRC Beijing Bureau	Concentrated lecturing	0.5
		SSE	Concentrated lecturing	5

## Corporate Governance Report

As per regulatory requirements, directors of the Bank reviewed the monthly updates and other reading materials provided to them concerning the latest developments in the Bank's business operation and the banking industry as well as related legal and regulatory requirements. The Bank compiled 4 issues of Correspondence for Directors and Supervisors and 56 issues of References for Directors and Supervisors during the reporting period to help directors and supervisors gain a comprehensive understanding of the business momentum, strategic implementation, risk control, internal control and compliance of the Bank. Below is a summary of the incumbent directors' continuing professional development during the reporting period:

Name	Trainings on business, directors' duties and corporate governance	Monthly updates and other reading materials on latest developments in the Bank's business operation and the banking industry as well as related legal and regulatory requirements
<b>Non-executive directors</b>		
Chang Zhenming ( <i>Chairman</i> )	✓	✓
Zhu Xiaohuang	✓	✓
Zhang Xiaowei	✓	✓
<b>Executive directors</b>		
Li Qingping ( <i>President</i> )	✓	✓
Sun Deshun ( <i>First Vice President</i> )	✓	✓
<b>Independent non-executive directors</b>		
Li Zheping	✓	✓
Wu Xiaoqing	✓	✓
Wong Luen Cheung Andrew	✓	✓
Yuan Ming	✓	✓

Mr. Wang Kang, Secretary to the Board of Directors of the Bank participated in relevant professional trainings organized by regulators, completing 15 hours of training time during the reporting period, and thereby complied with relevant regulatory requirements of SEHK.

### Review and Supervision of the Company's Policies and Practices for Compliance with Legal and Regulatory Requirements

The Board of Directors attaches great importance to the Bank's compliance with domestic and overseas laws, regulations and regulatory requirements. Upon consideration and approval by the Board of Directors, the Bank formulated Compliance Policies of China CITIC Bank, established and improved a bank-wide compliance risk management framework, and clarified responsibilities for compliance risk management, which provided a guarantee for the Bank's compliant operations in accordance with laws and regulations, and played an important role in publicizing the compliance concept and promoting a compliance culture in the Bank.

### Formulation and Review of the Code of Conduct for Employees and Directors of the Bank and the Compliance Supervision thereof

To regularize employee conduct and enhance staff capacity, the Bank formulated the China CITIC Bank Employee Code of Conduct under the guidance of the Board of Directors, stipulating professional ethics, professional disciplines, professional image, office environment, and work atmosphere, guiding its employees to comply with the code of conduct.

During the reporting period, under the guidance of the Board of Directors, the Bank formulated the Handbook of CITIC Bank on Duty Performance of Directors and Supervisors, which, by explicitly defining the obligations of directors and supervisors in their duty performance and the rules and regulations thereon, contributed to scientific management of such duty performance at the Bank. In addition, the Bank developed the Measures of China CITIC Bank Corporation Limited on Management of Field Research Conducted by Directors (Provisional), further regulating work requirements and cost management of such field researches. The Board of Supervisors developed the Measures of CITIC Bank on the Board of Supervisors' Evaluation of Duty Performance on the Part of the Board of Directors, Board of Supervisors and Senior Management (Provisional). The Bank further standardised and improved the mechanism under which the Board of Supervisors evaluates duty performance on the part of the Board of Directors, Board of Supervisors and senior management.

## I Compliance with the Corporate Governance Code Under the Hong Kong 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, set out in Appendix 14 to the Hong Kong Listing Rules throughout the year ended 31 December 2015, except for the following:

According to Code A.1.3 of the Corporate Governance Code, the board meeting notice shall be given at least 14 days before each regular board meeting, while a ten-day notice to directors and supervisors shall be given for regular board meetings according to Article 167 of the 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 sufficient according to laws of the People's Republic of China.

According to Code A.6.7 of the Corporate Governance Code, independent non-executive directors and other non-executive directors should attend the general meetings. Some directors were unable to attend the general meetings of the Bank due to other work arrangements. Please refer to "Corporate Governance Report – Convening of General Meetings During the Reporting Period" of this report for detailed information.

According to Code A.5.6 of the Corporate Governance Code, the Nomination and Remuneration Committee or the Board of Directors should have a policy on membership diversity of the Board of Directors, and should disclose the policy or a summary of the policy in the corporate governance report. The current Board of Directors of the Bank comprises members of different gender, age, culture, education background, and professional experience. The Board of Directors has formulated the Policy on Diversification of Board Membership to comply with the requirement of Code A.5.6 of the Corporate Governance Code.

Given the changes in the external operation environment and regulatory requirements in general, and in the business scope and scale of banks in particular, there is no end to improvement of internal control of banks. Therefore, the Bank will follow the requirements of external regulators, the requirements for listed companies and the criteria of leading banks in the world to continuously optimize its internal control management.

## I Management of Investor Relations

The Bank attaches great attention to the management of investor relations and has built up a multi-layer investor communication service system. The Bank maintains comprehensive and in-depth interaction and communication with its investors through channels and approaches such as results-release press conferences, road shows, meetings with visiting investors, investors' forums, investors' hotline and the SSE E-interaction platform. The Bank also diligently listened to recommendations from investors and reported relevant information reflected from the capital market and its investors to the decision makers. As a result, a two-way information communication mechanism between the Bank and the capital market has been established.

During the reporting period, the Bank convened two results-release press conferences, organized global road shows in Hong Kong, USA, Canada, Europe and the Middle East, and visited more than 50 important institutional investors. For the whole year, the Bank communicated with capital market participants by more than 2,000 person-times cumulatively through meetings with visiting investors, investors' forums, investors' hotline, relies to emails and use of Internet platforms. As such, the Bank delivered relevant information of the Bank to the capital market in a proactive manner.

### **| Information Disclosure and Management of Insider Information**

For better transparency, the Bank makes information disclosure in compliance with the regulatory requirements of the CBRC, the CSRC and the places where it is listed, and publishes periodic reports and interim announcements according to law to ensure timely, fair, accurate, truthful and complete information disclosure, and to safeguard legitimate rights and interests of investors and other stakeholders. When disclosing information, the Bank makes sure that it applies the more stringent information disclosure requirements to ensure equal treatment to all investors.

During the reporting period, the Bank completed over 90 disclosures of interim announcement, disclosed periodic reports at the SSE and the SEHK. As such, the Bank disclosed to the market important information pertaining to its financial performance, significant changes in its corporate information and material projects in a timely manner.

The Bank has already established a mechanism for registration and filing of information insiders and external users of insider information, incorporating into the scope of insider management both internal personnel and persons from external agencies such as auditors that have access to annual financial reporting data prior to disclosure to ensure that no relevant information is leaked in any form prior to disclosure, thereby protecting legitimate rights and interests of its investors and other stakeholders.

With close attention paid to institutional development for management of insider information and information insiders, the Bank formulated internal rules and regulations such as the Measures for Accountability of Material Errors in Annual Report Information Disclosure and the Measures for Management of Insider Information and Information Insiders. In addition, the Bank carried out self-examination regarding insider trading of the Bank's securities prior to disclosure of the annual reports in strict accordance with the Administrative Measures for Insider Information and Information Insiders. Meanwhile, the Bank established its system on registration and filing for external information submission, which registered and recorded submission basis, submission time, external recipients and categories of information submitted as well as written reminders to external information users to observe their confidentiality obligation.

During the reporting period, the Bank was not aware of any trading of the Bank's securities by information insiders prior to disclosure of its annual report; neither was the Bank subject to any regulatory action or administrative punishment imposed by regulators due to insider trading.

### **| Statement of the Board of Directors and the Board of Supervisors on Responsibilities in Relation to Internal Control**

The purpose of the Bank's internal control is to ensure lawfulness and compliance of operation, safety of assets, and truthfulness and completeness of information contained in the financial reports to improve business efficiency and effectiveness, and to implement development strategy. The Board of Directors authorized the internal audit function to self-assess the effectiveness of internal control design and operation in accordance with the Basic Standards for Enterprise Internal Control, the Guidelines for Assessment of Enterprise Internal Control, the Guidelines for Internal Control of Commercial Banks, and the PRC Internal Audit Standards, plus the requirements of the Bank's rules and measures on internal control. The latter produced the 2015 Report of China CITIC Bank Corporation Limited on Assessment of Internal Control, holding that the Bank's internal control was valid as of 31 December 2015 (record date). In the course of assessing its internal control, the Bank was not aware of any material defects in internal control. Please refer to the related announcements published on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), the HKExnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) as at the disclosure date of this report for detailed information.

The Board of Supervisors has reviewed the 2015 Report of China CITIC Bank Corporation Limited on Assessment of Internal Control and holds no objection to the content of this report.

## I Development of Internal Control and Major Measures Adopted

**Improvement in internal control mechanisms:** The Bank formulated its Basic Regulations on Internal Control, Administrative Measures for Internal Control and Compliance at Tier-Two Branches, and Interim Measures on Supervision over the Performance of Internal Control and Compliance Due Diligence, so as to construct a more robust internal control system and ensure stable and healthy business operation and management. A series of internal rules including Basic Provisions on Institutionalized Management, Measures for Review of Internal Control, and Administrative Measures for Risk Reporting of Internal Control and Compliance were revised and distributed to intensify regulatory and compliance management of mechanisms and reports and to control and manage compliance risk in a more effective manner. Specialized rules and regulations were developed for specific business lines to further improve business risk management mechanisms and standardize business process management. These, among others, include the Administrative Measures for Joint Lending Business, Administrative Measures for Corporate Domestic L/G Business, Measures for Management of Loan Collaterals, Measures for Management of Certificates of Large-Sum Deposits, Measures for Management of the Bank's Credit Grant Policy, Policy on Operational Risk Management, Administrative Measures for Cash Management Business, Measures for Management of Domestic Branches, Measures for Management of Renminbi Interest Rate Derivatives Business, Administrative Measures for Asset Custody Fund Clearing Business, and Administrative Measures for Performance Assessment of Fiscal Resources.

**More intensive prevention and control of case risk:** The Bank attached great importance to case risk screening, and carried out such screening in line with the principle of “business-specific responsibility, full coverage and risk control”. Focusing on the six key areas of credit business and counter services, the Bank rectified problems found in the screenings one by one, and thereby effectively prevented and dissolved case risk.

**Completion of “Double Curb” examination and special screening of employee conduct:** Solid efforts were made to carry out the one-year “Double Curb” examination, whereby the Bank proactively revealed irregularities and potential risks, made timely corrections and rectifications, held responsible persons/units accountable, and submitted special reports to the State Council and the CBRC. In the 2-month special screening of employee conduct and the “Looking Back” self-review in the “Double Curb” examination, the Bank, for the first time in its history, examined integrity of its employees on a full scale, with on-job employees reporting examination results on their own accord. This exercise enhanced active awareness of compliance, identified via screening key targets and areas for prevention and control, intensified education and training on whistle blowing, and effectively upgraded the Bank's ability for risk identification, monitoring and analysis.

**Improvement in internal control measures:** The Bank put in place multiple pertinent measures at the same time to enhance its internal control, targeting different types of risks and business areas, covering, among others, credit risk, market risk, liquidity risk, operational risk, safe production of information system and management of financial statements consolidation. To better guide and manage employee conduct, the Bank also developed the Handbook of CITIC Bank on Corporate Culture, Employee Handbook of CITIC Bank, and Employee Compliance Handbook of CITIC Bank.

**In-depth promotion of authorization management:** By refining a series of institutionalized regulatory measures including the Measures of CITIC Bank on Management of President's Authorization, the Bank intensified daily management of authorization, reinforced development of the authorization system under the tier-one legal person structure, and thereby laid the institutional foundation for bank-wide authorization management. In strict compliance with the principles of comprehensive authorization, quantitative and limited authorization and differentiated authorization, the Bank refined its matrix authorization framework, and reinforced its support for authorization of newly established units and innovative businesses. Through re-check on authorization, dynamic adjustment of authorization, authorization assessment, and routine guidance and management of authorization, the Bank effectively promoted implementation of authorization bank-wide.

**More intensive compliance review:** The Bank effectively improved its compliance review by revising a series of rules and regulations including the Measures of CITIC Bank on Compliance Review. The whole year recorded a compliance review volume of 557 cases, a cumulative number of 1,614 suggestions and an opinion adoption rate of 94%. With focus placed on more stringent compliance review of innovative businesses and strategic “Big Individual Products”, the Bank promoted business innovation and development while strictly guarding its compliance bottom line. The emphasis on compliance review and normative review of regulations and measures enabled the Bank to internalize external requirements and standardize its own rules and measures even further. The establishment of the compliance consulting mechanism helped the Bank to provide its affiliates and employees at all levels with advices and suggestions on matters involving compliance risk, which in turn led to proactive and effective compliance.

Vigorous efforts to rectify problems for real effect: According to the risk-focus principle, branches and sub-branches of the Bank effectively pushed forward point-to-point rectification of problems for real effect. The Head Office carried out rectification from the sources to enhanced top-level design from the perspectives of refining regulations, standardizing processes, improving mechanisms and optimizing systems, and produced rectification and risk prevention/control measures for the branches and sub-branches. These created a virtuous cycle going from problem detection to self-conscious rectification, and scheduled reporting on rectification progress to regulators at all levels as well as to the Bank's Board of Directors, Board of Supervisors and senior management.

Expansion of channels for information exchange and communication: With full leverage of the information platform role of its intranet, the Bank edited and distributed internal reading and exchange materials such as the Bank-wide Work Dynamics and Theoretical Studies to create the platform for business and theoretical exchanges. In addition, the Bank organized publicity events on internal control and compliance and education/training sessions on case studies and early warning by a variety of means including document distribution, video training, knowledge competition and release of The Risk Reminder. These efforts enabled the Bank to better disseminate outstanding business case studies, advanced business experiences and typical risk early warnings, upgraded employee awareness and understanding of risks and built employee capacity for prevention and dissolution of risks, which in turn safeguarded steady and healthy development of business operation and management bank-wide.

### | Internal Audit

In 2015, the internal audit function of the Bank further developed its independent professional audit system, increased audit coverage, reinforced total process control of audit assignments, intensified project full-process control, consolidated basic management of audit, and realized the role of audit as an independent force of supervision, in accordance with the positioning of "risk warning, supervision assessment, and value-added management", and the management requirements on "fully revealing material irregularities, and timely detecting trend-revealing risks". Meanwhile, the Bank released the Five-Year Plan of CITIC Bank on Development of Audit Work, aiming at new development in the eight areas of audit system, audit regulations, management system, system platform, audit approaches, audit teams, audit culture, and audit transformation, for continuous upgrading of audit quality, efficiency and effectiveness.

During the reporting period, the Bank reinforced supervision of the audit process in key areas and areas prone to cases risks and risks of employee misconduct. The Bank organized special audit of areas including credit grant, truthfulness of performance, financial management, financial market, the New Capital Accord, related party transactions, information technology and screening of employee conduct, and carried out full audit of some branches and subsidiaries. In addition, the Bank promoted upgrading of its audit information system, and reinforced pre-review data analysis to enhance audit efficiency and effectiveness in a continuing manner.

### | External Audit of Internal Control

The Bank engaged PricewaterhouseCoopers to audit the effectiveness of its internal control over financial reporting as at 31 December 2015 in accordance with relevant requirements of the Guidelines on Audit of Enterprise Internal Control and the professional standards for China's Certified Public Accountants. Based on the audit performed, PricewaterhouseCoopers presented its Audit Report on Internal Control to the Bank. For details, please refer to the announcement dated the same as the disclosure date of the report and published by the Bank on the official website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), the official website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)).

In its opinion of the Bank's internal control over financial reporting report, PricewaterhouseCoopers concluded that, the bank is in accordance with the Basic Standards for Enterprise Internal Control and relevant requirements and maintained effective control over its financial reporting in all material aspects as at 31 December 2015.



# Independent Auditor's Report

## To the shareholders of China CITIC Bank Corporation Limited

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

We have audited the consolidated financial statements of China CITIC Bank Corporation Limited (the "Bank") and its subsidiaries set out on pages 134 to 276, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Bank and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 23 March 2016

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	Year ended 31 December	
		2015	2014
Interest income		215,661	205,639
Interest expense		(111,228)	(110,898)
<b>Net interest income</b>	6	<b>104,433</b>	94,741
Fee and commission income		37,639	26,972
Fee and commission expense		(1,965)	(1,659)
<b>Net fee and commission income</b>	7	<b>35,674</b>	25,313
Net trading gain	8	3,635	3,437
Net gain from investment securities	9	1,192	834
Net hedging gain/(loss)	10	1	(2)
Other operating income		610	516
<b>Operating income</b>		<b>145,545</b>	124,839
Operating expenses	11	(50,602)	(46,796)
<b>Operating profit before impairment</b>		<b>94,943</b>	78,043
Impairment losses on			
— Loans and advances to customers		(35,120)	(22,074)
— Others		(4,917)	(1,599)
<b>Total impairment losses</b>	12	<b>(40,037)</b>	(23,673)
Revaluation gain on investment properties		27	2
Share of profit of associates		53	192
Net gain on disposal of an associate		—	10
<b>Profit before tax</b>		<b>54,986</b>	54,574
Income tax expense	13	(13,246)	(13,120)
<b>Profit for the year</b>		<b>41,740</b>	41,454
<b>Other comprehensive income, net of tax:</b>			
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		4,275	5,234
Exchange difference on translating foreign operations		1,364	(43)
Others		3	(1)
Items that will not be reclassified to profit or loss (net of tax):			
Net changes on the measurement of defined benefit plan		(6)	(10)
Others		8	—
<b>Other comprehensive income, net of tax</b>	15	<b>5,644</b>	5,180
<b>Total comprehensive income for the year</b>		<b>47,384</b>	46,634
<b>Net profit attributable to:</b>			
Equity holders of the Bank		41,158	40,692
Non-controlling interests		582	762
		<b>41,740</b>	41,454
<b>Total comprehensive income attribute to:</b>			
Equity holders of the Bank		46,575	45,866
Non-controlling interests		809	768
		<b>47,384</b>	46,634
<b>Basic and diluted earnings per share (RMB)</b>	14	<b>0.88</b>	0.87

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

# Consolidated Statement of Financial Position

As at 31 December 2015  
(Amounts in millions of Renminbi unless otherwise stated)

	Notes	31 December 2015	31 December 2014
<b>Assets</b>			
Cash and balances with central banks	16	511,189	538,486
Deposits with banks and non-bank financial institutions	17	80,803	93,991
Precious metals		1,191	411
Placements with and loans to banks and non-bank financial institutions	18	118,776	68,180
Financial assets at fair value through profit or loss	19	26,220	27,509
Derivative financial assets	20	13,788	8,226
Financial assets held under resale agreements	21	138,561	135,765
Interest receivable	22	30,512	26,125
Loans and advances to customers	23	2,468,283	2,136,332
Available-for-sale financial assets	24	373,770	209,404
Held-to-maturity investments	25	179,930	177,957
Investment classified as receivables	26	1,112,207	653,256
Investments in associates	27	976	870
Property, plant and equipment	29	15,983	14,738
Intangible assets	30	802	407
Investment properties	31	325	280
Goodwill	32	854	795
Deferred tax assets	33	7,981	9,317
Other assets	34	40,141	36,766
<b>Total assets</b>		<b>5,122,292</b>	<b>4,138,815</b>
<b>Liabilities</b>			
Borrowings from central banks		37,500	50,050
Deposits from banks and non-bank financial institutions	36	1,068,544	688,292
Placements from banks and non-bank financial institutions	37	49,248	19,648
Financial liabilities at fair value through profit or loss	38	—	573
Derivative financial liabilities	20	11,418	7,347
Financial assets sold under repurchase agreements	39	71,168	41,609
Deposits from customers	40	3,182,775	2,849,574
Accrued staff costs	41	8,302	11,521
Taxes payable	42	4,693	5,985
Interest payable	43	38,159	37,311
Provisions	44	2	5
Debt securities issued	45	289,135	133,488
Deferred tax liabilities	33	10	—
Other liabilities	46	41,652	26,066
<b>Total liabilities</b>		<b>4,802,606</b>	<b>3,871,469</b>

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	31 December 2015	31 December 2014
<b>Equity</b>			
Share capital	47	48,935	46,787
Capital reserve	48	58,636	49,296
Other comprehensive income/(loss)	49	3,584	(1,833)
Surplus reserve	50	23,362	19,394
General reserve	51	64,555	50,447
Retained earnings	52	118,668	95,586
<b>Total equity attributable to equity holders of the Bank</b>		<b>317,740</b>	<b>259,677</b>
Non-controlling interests	53	1,946	7,669
<b>Total equity</b>		<b>319,686</b>	<b>267,346</b>
<b>Total liabilities and equity</b>		<b>5,122,292</b>	<b>4,138,815</b>

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

Approved and authorised for issue by the board of directors on 23 March 2016.

**Chang Zhenming**  
Chairman

**Li Qingping**  
President

**Fang Heying**  
Vice President  
in charge of  
finance function

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

Company stamp

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2015  
(Amounts in millions of Renminbi unless otherwise stated)

	Notes	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	Ordinary equity holders		Other equity instruments 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		—	—	—	—	—	41,158	445	137	41,740
(ii) Other comprehensive income	15	—	—	5,417	—	—	—	227	—	5,644
Total comprehensive income		—	—	5,417	—	—	41,158	672	137	47,384
(iii) Changes in ownership interests in subsidiaries without change of control		—	(400)	—	—	—	—	(6,395)	—	(6,795)
(iv) Proceeds from shares issuance	47	2,148	9,740	—	—	—	—	—	—	11,888
(v) Profit appropriations		—	—	—	3,968	—	(3,968)	—	—	—
— Appropriations to surplus reserve	50	—	—	—	3,968	—	(3,968)	—	—	—
— Appropriations to general reserve	51	—	—	—	—	14,108	(14,108)	—	—	—
— Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(137)	(137)
As at 31 December 2015		48,935	58,636	3,584	23,362	64,555	118,668	121	1,825	319,686

	Notes	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	Ordinary equity holders		Other equity instruments 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	15	—	—	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 interest of a new tier 2 subsidiary		—	—	—	—	—	—	18	—	18
(iv) Profit appropriations		—	—	—	3,899	—	(3,899)	—	—	—
— Appropriations to surplus reserve	50	—	—	—	3,899	—	(3,899)	—	—	—
— Appropriations to general reserve	51	—	—	—	—	6,107	(6,107)	—	—	—
— Appropriations to equity holders of the Bank		—	—	—	—	—	(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 financial statements.

# Consolidated Cash Flow Statement

For the year ended 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

	Year ended 31 December	
	2015	2014
<b>Operating activities</b>		
Profit before tax	54,986	54,574
Adjustments for:		
— Revaluation loss/(gain) on investments, derivatives and investment properties	519	(1,061)
— Investment gain	(111)	(147)
— Net loss/(gain) on disposal of property, plant and equipment, intangible assets and other assets	9	(1)
— Unrealised foreign exchange loss/(gain)	104	(558)
— Impairment losses	40,037	23,673
— Depreciation and amortisation	2,454	2,194
— Interest expense on debt securities issued	8,382	4,616
— Dividend income from equity investment	(10)	(131)
— Income tax paid	(14,749)	(14,265)
	<b>91,621</b>	<b>68,894</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease/(increase) in balances with central banks	20,959	(37,378)
(Increase)/decrease in deposits with banks and non-bank financial institutions	(2,400)	36,129
(Increase)/decrease in placements with and loans to banks and non-bank financial institutions	(34,393)	72,073
Decrease/(increase) in financial assets at fair value through the profit or loss	1,382	(23,916)
(Increase)/decrease in financial assets held under resale agreements	(2,757)	151,003
Increase in loans and advances to customers	(358,952)	(237,111)
Increase in investment classified as receivables	(459,657)	(353,337)
Increase in deposits from banks and non-bank financial institutions	380,182	133,624
(Decrease)/increase in borrowings from central banks	(12,550)	50,050
Increase/(decrease) in placements from banks and non-bank financial institutions	29,350	(22,223)
(Decrease)/increase in financial liabilities at fair value through profit or loss	(573)	573
Increase in financial assets sold under repurchase agreements	29,550	33,657
Increase in deposits from customers	323,142	197,153
Increase in other operating assets	(29,169)	(36,451)
Increase in other operating liabilities	3,430	1,410
Subtotal	(112,456)	(34,744)
<b>Net cash flows (used in)/from operating activities</b>	<b>(20,835)</b>	<b>34,150</b>



## Consolidated Cash Flow Statement (Continued)

*For the year ended 31 December 2015  
(Amounts in millions of Renminbi unless otherwise stated)*

	Note	Year ended 31 December	
		2015	2014
<b>Investing activities</b>			
Proceeds from disposal and redemption of investments		638,920	409,437
Proceeds from disposal of property, plant and equipment, land use rights, and other assets		22	26
Cash received from equity investment income		69	135
Payments on acquisition of investments		(775,111)	(446,451)
Payments on acquisition of properties and equipment and other assets		(6,427)	(11,432)
Cash paid for acquisition of a subsidiary	28	(27)	—
<b>Net cash flows used in investing activities</b>		<b>(142,554)</b>	<b>(48,285)</b>
<b>Financing activities</b>			
Cash received from capital issuance	47	11,888	—
Cash received from debt securities issued		310,966	97,826
Cash received from other equity instruments issued		—	1,825
Cash paid for redemption of debt securities issued		(153,296)	(39,745)
Interest paid on debt securities issued		(8,420)	(3,674)
Dividends paid		(137)	(11,856)
Cash (paid)/received for transactions with non-controlling interests		(6,772)	18
<b>Net cash flows from financing activities</b>		<b>154,229</b>	<b>44,394</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,160)</b>	<b>30,259</b>
Cash and cash equivalents as at 1 January		228,375	199,643
Effect of exchange rate changes on cash and cash equivalents		7,149	(1,527)
<b>Cash and cash equivalents as at 31 December</b>	54	<b>226,364</b>	<b>228,375</b>
<b>Cash flows from operating activities include:</b>			
Interest received		207,745	195,142
Interest paid		(102,040)	(68,891)

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

# Notes to the Financial Statements

*(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 No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing, China.

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

As at 31 December 2015, the Group mainly operates in Mainland China with branches covering 31 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 these financial statements, 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 financial statements were approved by the Board of Directors of the Bank on 23 March 2016.

## 2 Basis of preparation

These financial statements have been prepared on a going concern basis.

The consolidated financial statements for the year ended 31 December 2015 comprise the Bank and its subsidiaries and the Group’s interest in associates.

### (a) Accounting year

The accounting year of the Group is from 1 January to 31 December.

### (b) Functional currency and presentation currency

The functional currency of the Bank is Renminbi. The functional currencies of overseas subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into Renminbi for the preparation of the consolidated financial statements according to Note 4(b)(ii). The financial statements of the Group are presented in Renminbi and, unless otherwise stated, expressed in millions of Renminbi.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 3 Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### (a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time during the financial year ended 31 December 2015:

- |       |  |  |
|-------|--|--|
| (i)   | Amendments to IAS 19<br>(as revised in 2011) | Employee benefits – To Plans that Require Employees or<br>Third Parties to Contribute Towards the Cost of Benefits |
| (ii)  | Amendments to IFRSs                          | Annual Improvements to IFRSs 2010 – 2012 Cycle   |
| (iii) | Amendments to IFRSs                          | Annual Improvements to IFRSs 2011 – 2013 Cycle   |
- (i) Amendment to IAS 19 – Employee benefits applies to defined benefit plans where employees or third parties are required to bear some of the cost of the plan. The amendment clarifies the accounting by entities with plans that require contributions linked only to service in each period. Entities with plans that require contributions that vary with service period will be required to recognise the benefit of those contributions over employees’ service period.
- (ii) Amendments from annual improvements to IFRSs – 2010 – 2012 Cycle, on IFRS 8, ‘Operating segments’, IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’ and IAS 24, ‘Related party disclosures’.
- (iii) Amendments from annual improvements to IFRSs – 2011 – 2013 Cycle, on IFRS 3, ‘Business combinations’, IFRS 13, ‘Fair value measurement’ and IAS 40, ‘Investment property’.

### (b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year ended 31 December 2015, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 3 Statement of compliance (Continued)

### (c) Standards and amendments that are not yet effective and have not been adopted before their effective dates by the Group in 2015

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 Amortization	1 January 2016
(iv)	Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
(v)	Amendments to IFRSs Annual improvements to IFRSs 2012 – 2014 cycle	1 January 2016
(vi)	Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
(vii)	Amendments to IAS 1 Disclosure Initiative	1 January 2016
(viii)	IFRS 15 Revenue from Contracts with Customers	1 January 2018
(ix)	IFRS 9 Financial Instruments	1 January 2018
(x)	IFRS 16 Leases	1 January 2019
(xi)	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
(xii)	Amendments to IAS 12 Income Taxes	1 January 2017
(xiii)	Amendments to IAS 7 Statement of cash flows	1 January 2017

#### (i) IFRS 14: Regulatory Deferral Account

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 interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure. The Group anticipates that the adoption of this new standard should not have any impact on the Group’s consolidated financial statements.

#### (ii) Amendments to IFRS 11: Acquisition of Interests in Joint Operations

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) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 – Property, Plant and Equipment, clarify that 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 amortization of an intangible asset based on 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 Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 3 Statement of compliance (Continued)

### (c) Standards and amendments that are not yet effective and have not been adopted before their effective dates by the Group in 2015 (Continued)

#### (iv) Amendments to IAS 27: Equity Method in Separate Financial Statements

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 has early adopted this amendment in 2015 and choose to use equity method to account for investment in joint ventures and associates in separate financial statement. The adoption of this new amendment does not have a significant impact on the Group's consolidated financial statements.

#### (v) Amendments to IFRSs: Annual Improvements to IFRSs 2012 – 2014 cycle

The Annual Improvements to IFRSs 2012 – 2014 Cycle include 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.

#### (vi) Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

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. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

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 relief 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 for their subsidiaries when applying the equity method.

The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

#### (vii) Amendments to IAS 1: Disclosure Initiative

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 Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 3 Statement of compliance (Continued)

### (c) Standards and amendments that are not yet effective and have not been adopted before their effective dates by the Group in 2015 (Continued)

#### (viii) IFRS 15: Revenue from Contracts with Customers

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. IFRS 15 provides specific guidance on capitalization of contract cost and license arrangements. 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 anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

#### (ix) IFRS 9: Financial Instruments

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 OCI in which case the accumulated fair value changes in OCI will not be recycled to the profit or loss in the future. A new expected credit losses model will replace 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) IFRS 16: Leases

IFRS 16 provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise lease liability reflecting future lease payments and a ‘right-of-use-asset’ for almost all lease contracts, with an exemption for certain short-term leases and leases of low-value assets. The lessors accounting stays almost the same as under IAS 17. However, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group is in the process of assessing the impact on the Group’s consolidated financial statements from this new standard.

#### (xi) Amendments to IFRS 10 and IAS 28: On the Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between the requirements in IFRS 10 – Consolidated Financial Statements and those in IAS 28 – Investment in Associates and Joint Ventures 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.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 3 Statement of compliance (Continued)

### (c) Standards and amendments that are not yet effective and have not been adopted before their effective dates by the Group in 2015 (Continued)

#### (xii) Amendments to IAS 12: Income Taxes

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

#### (xiii) Amendments to IAS 7: Statement of Cash Flows

The IASB has issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

## 4 Significant accounting policies and accounting estimates

### (a) Consolidated financial statements

#### (i) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the financial statements of the acquiree at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against share premium in the capital reserve with any excess adjusted against retained earnings. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

#### (ii) Business combinations not involving entities under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties before the business combination. Where (i) the aggregate of the acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (ii) the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (Note 4(m)). If (i) is less than (ii), the difference is recognised in profit or loss for the current period. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are included in the consideration for the acquisition. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree and will be reclassified subsequently to profit or loss, and other changes in the owners' equity under equity accounting, are transferred to investment income in the period in which the acquisition occurs.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 4 Significant accounting policies and accounting estimates (Continued)

### (a) Consolidated financial statements (Continued)

#### (iii) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries. The Bank controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Bank has power, only substantive rights (held by the Bank and other parties) are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest is presented separately in the consolidated statement of financial position within owners' equity. Net profit or loss and total comprehensive income attributable to non-controlling equity holders are presented separately in the consolidated statement of profit or loss and other comprehensive income.

When the amount of loss for the current period attributable to the non-controlling interest of a subsidiary exceeds the non-controlling interest's portion of the opening balance of equity holders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances, transactions and cash flows, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is evidence of impairment.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income, respectively, based on their carrying amounts in the consolidated financial statements of the ultimate controlling party, from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling equity holders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the reserve (share premium) in the consolidated statement of financial position. If the credit balance of reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, non-controlling interests and other related items in equity holders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when the control is lost.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (b) Foreign currency translations

#### (i) Translation of foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated into Renminbi by applying the spot exchange rates at the dates of the transaction. Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the reporting date. The resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rate at the date the fair value is determined. The differences arising from the translation of available-for-sale equity investments is recognised in other comprehensive income. Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortised cost are recognised in the consolidated income statement, and other changes in the carrying amount are recognised in other comprehensive income.

#### (ii) Translation of financial statements denominated in foreign currency

The foreign currency financial statements are translated into Renminbi for the preparation of consolidated financial statements. The assets and liabilities in the foreign currency financial statements are translated into Renminbi at the spot exchange rates prevailing at the balance sheet date. The equity items, except for “retained earnings”, are translated to Renminbi at the spot exchange rates at the dates on which such items arose. Income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction. The resulting exchange differences are recognised in other comprehensive income of equity holder’s equity.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity holders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

### (c) Financial instruments

#### (i) Classification

The Group classifies financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred, and on the contractual terms of the financial instruments. The categories are: financial assets and financial liabilities at fair value through the profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities.

##### *Financial assets at fair value through the profit or loss*

Financial assets at fair value through the profit or loss include those classified as held for trading, and those designated by the Group upon recognition as at fair value through the profit or loss.

A financial asset is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (iii) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets are designated at fair value through the profit or loss upon initial recognition when: (i) the financial assets or are managed, evaluated and reported internally on a fair value basis; (ii) the designation eliminates or significantly reduces an accounting mismatch in the gain and loss recognition arising from the difference in measurement bases of the financial assets; or (iii) a contract contains one or more embedded derivatives, i.e. an entire hybrid (combined) contract, unless: (i) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the hybrid (combined) contract; or (ii) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative is prohibited.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (i) Classification (Continued)

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than: (i) those that the Group, upon initial recognition, designates as at fair value through the profit or loss or as available-for-sale; (ii) those that meet the definition of loans and receivables.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (i) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (ii) those that the Group, upon initial recognition, designates as at fair value through the profit or loss or as available-for-sale, or (iii) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise balances with central banks, deposits and placements with and loans to banks and non-bank financial institutions, financial assets held under resale agreements, investment classified as receivables, as well as loans and advances to customers.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as: (i) financial assets at fair value through the profit or loss, (ii) held-to-maturity investments or (iii) loans and receivables.

##### *Financial liabilities at fair value through the profit or loss*

Financial liabilities at fair value through the profit or loss include those classified as held for trading, and those designated by the Group upon recognition as at fair value through the profit or loss.

A financial liability is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (iii) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities are designated at fair value through the profit or loss upon initial recognition when: (i) the financial liabilities are managed, evaluated and reported internally on a fair value basis; (ii) the designation eliminates or significantly reduces an accounting mismatch in the gain and loss recognition arising from the difference in measurement bases of the financial liabilities; or (iii) a contract contains one or more embedded derivatives, i.e. an entire hybrid (combined) contract, unless: (i) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the hybrid (combined) contract; or (ii) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative is prohibited.

##### *Other financial liabilities*

Other financial liabilities are financial liabilities other than those at fair value through the profit or loss, and mainly comprise borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers and debts securities issued.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (ii) Derivatives and embedded derivatives

Derivatives mainly include forward and swap contracts in foreign currency market and interest rate market. The Group uses derivatives to hedge its exposure on foreign exchange and interest rate risks. The Group adopts hedge accounting in accordance with Note 4(e) for derivatives designated as hedging instruments if the hedge is effective. Other derivatives are accounted for as trading financial assets or financial liabilities. Derivatives are recognised at fair value upon initial recognition. Positive fair value is recognised as assets while the negative fair value is recognised as liabilities. Gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Certain derivative is embedded into a non-derivative instrument (the host contract). The embedded derivatives are separated from the host contract and accounted for as a derivative when (i) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss. When the embedded derivative is separated, the host contract is accounted for in accordance with Note 4(c)(i).

#### (iii) Recognition and derecognition

All financial assets and financial liabilities are recognised in the statement of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

##### *Financial assets*

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset have been retained, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset to the extent of its continuing involvement in the financial asset. If the Group has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (iii) Recognition and derecognition (Continued)

##### *Securitisation*

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Further details on prerequisites for derecognition of financial assets are set out above. When the securitisation of financial assets that do qualify for derecognition, the relevant financial assets are derecognised in their entirety and a new financial asset or liabilities is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability; when the securitisation of financial assets that partially qualify for derecognition, the book value of the transferred asset should be recognised between the derecognised portion and the retained portion based on their respective relative fair values, and the difference between the book value of the derecognised portion and the total consideration paid for the derecognised portion shall be recorded in profit or loss.

##### *Sales of assets on condition of repurchase*

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

##### *Financial liability*

The financial liability is derecognised only when: (i) the underlying present obligation specified in the contracts is discharged/cancelled, or (ii) an agreement between the Group and an existing lender to exchange the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

#### (iv) Measurement

Financial instruments are measured initially at fair value plus or minus, in the case of a financial instrument not at fair value through the profit or loss, transaction costs that are directly attributable to the acquisition or issue of the instruments. Transaction costs for financial instruments at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortised cost under effective interest rate method, while other categories of financial instruments are measured at fair value, without any deduction for transaction costs that may occur on sale or other disposal. Investments in available-for-sale equity instruments that do not have a quoted market price in an active market and fair value cannot be reliably measured are measured at cost.

Gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (iv) Measurement (Continued)

Gain or loss on an available-for-sale financial asset is recognised directly as other comprehensive income, except for impairment losses and foreign exchange gains or losses resulted from monetary financial assets which are recognised directly in profit or loss. When the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are removed from other comprehensive income and recognised in profit or loss. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends.

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from other comprehensive income to the profit or loss.

For financial instrument carried at amortised cost, a gain or loss is recognised in profit or loss when the financial instrument is derecognised, impaired, or through the amortisation process.

#### (v) Impairment

The Group assesses at the reporting date the carrying amount of a financial asset (other than those at fair value through profit or loss). If there is objective evidence that the financial asset is impaired, the Group will recognise the impairment loss in profit or loss.

Objective evidence that a financial asset is impaired included but is not limited to:

- significant financial difficulty of the borrower or issuer;
- a breach of contract by the borrower or issuer, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the group;
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower or issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; and
- other objective evidence indicating there is an impairment of a financial asset.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (v) Impairment (Continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in collective assessment of impairment.

#### *Impairment of financial assets carried at amortised cost*

For financial assets carried at amortised cost, an impairment loss is recognised in the consolidated income statement when there is objective evidence that the assets are impaired. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For financial assets with variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that are expected to result from foreclosure, less the cost of obtaining and selling the collateral.

#### *Impairment reversal and written-off*

If, in a subsequent period, the amount of the impairment loss on loans and advances, receivables and held-to-maturity investments decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost at the date of the reversal, had the impairment not been recognised. The amount of the reversal is recognised in profit or loss.

When the Group determines that a financial assets carried at amortised cost has no reasonable prospect of recovery after the Group has completed all the necessary legal or other proceedings, the financial assets carried at amortised cost is written off against its allowance for impairment losses. If in a subsequent period the financial assets carried at amortised cost written off is recovered, the amount recovered will be recognised in profit or loss through impairment losses.

#### *Rescheduled loans*

Rescheduled loans are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. The group has analysed derecognition of rescheduled loans in accordance with Note 4(c)(iii). Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to individual or collective impairment assessment, and the provision is calculated using the loan's original effective interest rate.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (c) Financial instruments (Continued)

#### (v) Impairment (Continued)

##### *Available-for-sale financial assets*

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that had been recognised directly in other comprehensive income is removed from other comprehensive income and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is removed from other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. For investments in equity instruments measured at cost, the amount of any impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss.

If, in a subsequent period, the fair value of available-for-sale financial assets increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be treated in accordance with following principle: (i) the impairment loss on debt instruments classified as available-for-sale should be reversed, with the amount of the reversal recognised profit or loss; (ii) the impairment loss on equity instruments classified as available-for-sale should not be reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income; or (iii) the impairment loss of available-for-sale equity investments carried at cost should not be reversed. Impairment losses recognised in respect of such financial assets are not reversed in a subsequent period. This is the case even if no loss or a smaller loss would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates.

#### (vi) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the statement of financial position and are not offset. However, financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group currently has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

#### (vii) Financial assets held under resale and financial assets sold under repurchase agreements

Financial assets held under resale agreements are transactions which the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions which the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

Cash advanced or received is recognised as amounts held under resale and repurchase agreements on the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the sale and repurchase consideration, and that between the purchase and resale consideration, should be expired over the period of the respective transaction using the effective interest method and are included in interest expense and interest income, respectively.

#### (viii) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in owners' equity. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity instruments are deducted from equity holders' equity.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (d) Precious metals

Precious metals comprise gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in profit or loss.

### (e) Hedging

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value and that are designated as being hedged.

A hedging instrument is a designated derivative whose changes in fair value are expected to offset changes in the fair value of the hedged item.

Hedges are assessed by the Group for effectiveness on an ongoing basis and determined to have been highly effective throughout the accounting periods for which the hedging relationship was designated. The Group only adopts fair value hedging accounting.

A hedge is considered to be highly effective when it meets both the criteria as follows:

- the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period for which the hedge is designated.
- the changes in fair value or cash flow must offset each other in the range of 80 percent to 125 percent.

#### *Fair Value Hedges*

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The gain or loss from re-measuring the hedging instrument at fair value is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged item is a financial instrument measured at amortised cost, any adjustment to the carrying amount of the hedged item is amortised to profit or loss from the adjustment date to the maturity date using the recalculated effective interest rate at the adjustment date.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (f) Interests in subsidiaries

#### *Initial Recognition*

The initial cost of an investment obtained through a business combination involving entities under common control is the Group's share of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.

For an interest in subsidiary obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified to profit or loss as investment income when the equity investment is disposed of.

The initial cost of an investment obtained through a business combination involving entities not under common control, the initial investment cost represents the aggregate of the fair values of assets transferred, liabilities assumed, and equity securities issued by the Group, in exchange for control of the acquiree.

An interest in a subsidiary acquired other than through a business combination is initially recognised in accordance with following principles: at the actual consideration paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

#### *Measurement and recognition of investment gains or losses*

In the Bank's financial statements, interests in subsidiaries are accounted for using the cost method. Dividends declared by subsidiaries are recognised in investment income.

Investments in subsidiaries are stated at cost less impairment losses (see Note 4(o)) in the statement of financial position.

### (g) Interests in associates

An associate is an enterprise over which the Group has significant influence.

Investment cost in an associate is initially recognised in accordance with the following principles: at the consideration paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

An investment in an associate is accounted for using the equity method, unless the investment is classified as held for sale.

The Group adopts the following accounting treatments when using the equity method:

- Where the initial investment cost of an associate exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (g) Interests in associates (Continued)

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in equity holders' equity"), is recognised in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

The Group recognises its share of investee's net profits or losses, other comprehensive income and other changes in equity holders' equity after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is evidence of impairment.

- The Group discontinues recognising its share of net losses of investees after the carrying amount of investment to the joint ventures or associates and any long-term interest that in substance forms part of the Group's net interest in the associates are reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associates, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

The Group makes provision for impairment of interests in associates in accordance with the principles described in Note 4(o)(ii).

### (h) Property, plant and equipment

Property, plant and equipment is asset held by the Group for the conduct of business and is expected to be used for more than one year. Construction-in-progress, an item of property, represents property under construction and is transferred to properties when ready for its intended use.

#### (i) Cost

Property, plant and equipment is stated at cost upon initial recognition. The cost of a purchased property, plant and equipment comprises the purchase price, related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. The cost of a self-constructed property, plant and equipment comprises the construction materials, direct labor costs and those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (h) Property, plant and equipment (Continued)

#### (ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when incurred.

#### (iii) Depreciation

Depreciation is calculated to write off the cost, less residual value if applicable, of property, plant and equipment and is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment (Note 29).

The estimated useful lives are as follows:

	<i>Estimated useful lives</i>
Buildings	30 – 35 years
Computer equipment and others	3 – 10 years

No depreciation is provided in respect of construction in progress.

The residual value and useful lives of assets are reviewed, and adjusted if appropriate, as of each reporting date.

#### (iv) Impairment

Impairment losses on property, plant and equipment are accounted for in accordance with the accounting policies as set out in Note 4(o).

#### (v) Disposal and retirement

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of disposal or retirement.

### (i) Land use rights

Land use rights are stated at cost less amortisation. Land use rights are amortised on a straight-line basis over the respective periods of grant.

Impairment loss on land use rights is accounted for in accordance with the accounting policies as set out in Note 4(o).

### (j) Intangible assets

Software and other intangible assets are initially recognised at cost. The cost less estimated net residual values (if any) of the intangible assets is amortised on a straight-line basis over their useful lives, and charged to profit or loss. Impaired intangible assets are amortised net of accumulated impairment losses.

Impairment loss on intangible assets is accounted for in accordance with the accounting policies as set out in Note 4(o).

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (k) Investment properties

Investment properties are land and/or buildings which are owned and/or held under a leasehold interest to earn rental income and/or for capital appreciation.

The Group's investment properties are accounted for using the fair value model for subsequent measurement when either of the following conditions is met:

- There is an active property market in the location in which the investment property is situated;
- The Group can obtain the market price and other relevant information regarding the same type of or similar properties from the property market, so as to reasonably estimate the fair value of the investment property.

Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

### (l) Lease

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

#### (i) Finance leases

Where the Group is a lessor under finance leases, an amount representing the sum of the minimum lease receipts and unguaranteed residual value, net of initial direct costs, all discounted at the implicit lease rate (the "net lease investment"), is included in "loans and advances to customers" on statement of financial position as a lease receivable. At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the net lease investment and the aggregate of their present value is recognised as unearned finance income which is included in "loans and advances to customers" as well. Unrecognised finance income under finance leases is amortised using the effective interest rate method over the lease term. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases.

Impairment losses are accounted for in accordance with the accounting policy as set out in Note 4(c)(v).

Where the Group is a lessee under finance leases, an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, is included in "property, plant and equipment" on statement of financial position as a leased asset. An amount equal to the minimum lease payments is included in "other liabilities" on statement of financial position recognised as a long-term payable. The difference between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognised finance charge. The Group recognises financial charge for the current period using the effective interest method.

Depreciation policy are accounted for in accordance with the accounting policy as set out in Note 4(h) and impairment losses are accounted for in accordance with the accounting policy as set out in Note 4(o). If there is a reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the leased asset should be depreciated over its useful life. Otherwise, leased asset is depreciated over the shorter of the lease term and its estimated useful life.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (l) Lease (Continued)

#### (ii) Operating leases

Where the Group leases out assets under operating leases, the assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 4(h) except where the asset is classified as an investment property. Impairment losses are accounted for in accordance with the accounting policy as set out in Note 4(o). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 4(u)(iv).

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

### (m) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the acquiree's identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs impairment test on goodwill annually.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable net assets over the cost of a business combination is recognised immediately in profit or loss.

On disposal of the related CGU or group of CGUs, any attributable amount of the purchased goodwill net of allowance for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Impairment loss on goodwill is accounted for in accordance with the accounting policies as set out in Note 4(o).

### (n) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "other assets".

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognised at fair value, plus any taxes paid for the seizure of the assets, litigation fees and other expenses incurred for collecting the repossessed assets are included in the carrying value of repossessed assets.

When the fair value less costs to sell is lower than a repossessed asset's carrying amount, an impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Repossessed assets are recognised at the carrying value, net of allowance for impairment losses.

Any gain or loss arising from the disposal of the repossessed asset is included in the consolidated statement of profit or loss and other comprehensive income in the period in which the item is disposed.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (o) Allowance for impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset (or CGU, group of CGUs). The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

#### (i) Testing CGU with goodwill for impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the combination.

A CGU or group of CGUs to which goodwill has been allocated is tested for impairment by the Group annually, or whenever there is an indication that the CGU or group of CGUs are impaired, by comparing the carrying amount of the CGU or group of CGUs, including the goodwill, with the recoverable amount of the CGU or group of CGUs. The recoverable amount of the CGU or group of CGUs are the estimated future cash flows, which are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or group of CGUs with allocated goodwill.

At the time of impairment testing of a CGU or group of CGUs to which goodwill has been allocated, there may be an indication of an impairment of an asset within the CGU containing the goodwill. In such circumstances, the Group tests the asset for impairment first, and recognises any impairment loss for that asset before testing for impairment on the CGU or group of CGUs containing the goodwill. Similarly, there may be an indication of an impairment of a CGU within a group of CGUs containing the goodwill. In such circumstances, the Group tests the CGU for impairment first, and recognises any impairment loss for that CGU, before testing for impairment the group of CGUs to which the goodwill is allocated.

#### (ii) Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and recognised in the profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset. The carrying amount of an asset should not be reduced below the highest of: its fair value less costs of disposal (if measurable) its value in use (if measurable) zero.

#### (iii) Reversing an impairment loss

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversed.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### (q) Employee benefits

#### (i) Short-term employee benefits

During the accounting period when an employee has rendered service to the Group, the Group recognises the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses and social security contributions such as medical insurance, work-related injury insurance and maternity insurance, as well as housing provident funds, which are all calculated based on the regulated benchmark and ratio.

#### (ii) Post-employment benefits: Defined contribution plans

Pursuant to the relevant laws and regulations in the PRC, The Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are charged to profit or loss when the related services are rendered by the employees.

In addition to the statutory provision plan, the Bank's employees have joined its annuity scheme (the "scheme") which was established by the CITIC Group Corporation ("CITIC Group") in accordance with policies regarding the state owned enterprise annuity policy. The Bank has made annuity contributions in proportion to its employee's gross salaries which are expensed in profit or loss when the contributions are made.

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss as and when the contribution fall due.

#### (iii) Post-employment benefits: Defined benefit plans

The defined benefit plans of the Group are the supplementary retirement benefits provided to the domestic employees.

The Group adopts the projected unit credit actuarial cost method, using unbiased and mutually compatible actuarial assumptions to estimate the demographic and financial variables, to measure the obligation associated in the defined benefits plan. The discounted present value of the defined benefit obligation, is recognised as the liabilities of the defined benefit plans.

The Group recognises the obligation of defined benefit plans in the accounting period in which the employees render the related services. Past-service costs are recognised immediately in the statement of profit or loss and other comprehensive income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss and other comprehensive income. Re-measurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 4 Significant accounting policies and accounting estimates (Continued)

### (r) Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of “capital reserve” are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in consolidated statement of profit or loss and other comprehensive income immediately.

### (s) Provisions and contingent liabilities

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

A possible obligation arising from past transactions or events whose existence can only be confirmed by the occurrence or non-occurrence of one or more future uncertain events; or a present obligation that arises from past transactions or events and it is not probable that an outflow of economic benefits is required to settle the obligation or the amount of the obligation cannot be measured reliably, is disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (t) Fiduciary activities

The Group acts in a fiduciary capacity as a custodian, trustee, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the financial statement as the risks and rewards of the assets reside with the customers.

Entrusted lending is the business where the Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the “entrusted funds”) to the Group, and the Group grants loans to third parties (the “entrusted loans”) at the instruction of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (u) Income recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

#### (i) Interest income

Interest income arising from the use of entity assets by others is recognised in the statement of profit or loss and other comprehensive income based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and interest paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment loss.

#### (ii) Fee and commission income

Fee and commission income is recognised in profit or loss when the corresponding service is provided. Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date when the Group's right to receive payment is established.

#### (iv) Rental income from operating lease

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

#### (v) Finance income from finance lease and hire purchase contract

Finance income implicit in finance lease and hire purchase payments is recognised as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period. Contingent rental income is recognised as income in the accounting period in which they are earned.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (v) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current income tax is the expected tax payables on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payables in respect of previous periods. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences also arise from unused tax losses and unused tax credits. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

At the reporting date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled according to the requirements of tax laws. The Group also considers the possibility of realisation and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

Balances of deferred tax assets and deferred tax liabilities, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and meet the additional conditions that deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### (w) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturity of three months or less at acquisition.

### (x) Profit distribution

Proposed dividends which are declared and approved after the end of each reporting period are not recognised as a liability in the statement of financial position and are instead disclosed as a subsequent event after the end of each reporting period in the notes to the financial statements. Dividends payable are recognised as liabilities in the period in which they are approved.

### (y) Related parties

If the Group has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control, jointly control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

### (z) Operating segments

The identification of operating segments of the Group is on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance. On the basis of the operating segments, the Group identifies the reportable segments, using a combination of factors including products and services, geographical areas, regulatory environments and etc., which the management has chosen for organization. The operating segments that meet the specified criteria have been aggregated, and the operating segments that meet quantitative thresholds have been reported separately.

The amount reported for each operating segment item is the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (aa) Significant accounting estimates and judgements

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the 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, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (i) *Impairment losses on loans and advances and investment classified as receivables*

The Group reviews its financial asset portfolio, which includes loans and advances and investment classified as receivables, to assess impairment on a periodic basis during the year. In determining whether an impairment loss should be recognised in the consolidated income statement, the Group makes estimates and judgments as to whether there is any observable data indicating that there is objective evidence of impairment and the extent, if any, to which it will have a measurable decrease in the estimated future cash flows related to individually significant loans and advances and investment classified as receivables or pools of loans and advances and investment classified as receivables with similar risk characteristics, as described in Note 4 (c)(v) impairment of financial assets carried at amortised cost.

Significant judgments are made in the determination of whether objective evidence of impairment exists in individually significant loans and advances and investment classified as receivables or pools of smaller-balance loans and advances and investment classified as receivables with similar risk characteristics. Among other things, objective evidence of impairment includes deterioration in the financial condition of specific borrowers (or specific pools of borrowers) affecting their ability to meet their loan payment obligations, as well as increasing industry sector over-capacity or obsolescence, or deterioration in national or regional economic conditions that are correlated to increasing loans and advances and investment classified as receivables defaults. These judgments are made both during management's regular assessments of loans and advances and investment classified as receivables quality and when other circumstances indicate the possibility that objective evidence of impairment may exist.

Where it is determined that objective evidence of impairment exists, significant judgments and estimates are made in estimating the adverse impact on future cash flows related to individually significant impaired loans and advances and investment classified as receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Factors affecting these estimates include the availability and granularity of information related to specific borrowers and issuers, and the clarity of the correlation between qualitative factors, such as industry sector performance or changes in regional economic conditions and loans and advances and investment classified as receivables defaults of related borrowers.

When the decrease may not have been identified individually or the individual loans and advances and investment classified as receivables is not significant, management uses estimates based on historical loss experience on a collective basis on loans and advances and investment classified as receivables with similar credit risk characteristics to assess the impairment loss. Significant judgments are also applied to the calculation of collectively assessed impairment. Critical factors affecting these judgments include modelling assumptions (e.g., loss given default) and levels of correlation between qualitative factors and loans and advances and investment classified as receivables default. The collective impairment loss is assessed after taking into account: (i) historical loss experience in portfolios of similar credit risk characteristics; (ii) the emergence period between a loss occurring and that loss being identified; and (iii) the current economic and credit environments and whether in management's experience these indicate that the actual level of inherent losses is likely to be greater or less than that suggested by historical experience. The Group considers the impact of the changes and uncertainty in the macro-economic environment, in which the Group operates when assessing the methodology and assumptions used for loss estimation, as well as management's capability in managing loans and advances and investment classified as receivables portfolio, and makes adjustments where appropriate.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (aa) Significant accounting estimates and judgements (Continued)

#### (ii) *Impairment of available-for-sale equity investments*

For available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the Group considers historical data of market volatility and historical share price of the specific equity investment as well as other factors, such as sector performance, and financial information regarding the investee.

#### (iii) *Fair value of financial instruments*

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. However, where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

#### (iv) *Classification of held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments if the Group has the intention and ability to hold them until maturity. In evaluating whether the requirements to classify a financial asset as held-to-maturity are met, management makes significant judgements. Failure in correctly assessing the Group's intention and ability to hold specific investments until maturity may result in reclassification of the whole portfolio as available-for-sale.

#### (v) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

#### (vi) *Employee retirement benefit obligations*

The Group has established liabilities in respect of the employee's supplementary retirement benefits. The amounts of employee benefit expense and these liabilities depends on the assumptions used in calculating such amounts. The assumptions include discount rates, pension benefit inflation rates, medical benefit inflation rates, and other factors. Actual results that differ from the assumptions are recognised in the Group's profit and loss at the end of each reporting period. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the Group's expense related to its employee retirement benefit obligations.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 4 Significant accounting policies and accounting estimates (Continued)

### (aa) Significant accounting estimates and judgements (Continued)

#### (vii) Determination of control over structured entities

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. The Group also sponsors some structured entities, which are not subject to any guarantee by the Group of the principal invested or interest to be paid.

The Group makes judgment on whether it controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management and other services, the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment periodically.

## 5 Taxation

The Group's main applicable taxes and tax rates are as follows:

### Business tax

Business tax is charged at 5% on taxable income.

### City construction tax

City construction tax is calculated at the range of 1% to 7% of business tax.

### Education surcharge and Local education surcharges

Education surcharge and Local education surcharges are calculated as 3% and 2% of business tax respectively.

### Income tax

The income tax rate that is applicable to the Bank and its subsidiaries in Mainland China is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is set off to the extent it is allowed under the relevant income tax laws of the PRC. All tax exemptions are determined upon approval from the relevant tax authorities.

Taxation arising from the above taxes are presented as "tax payable" in the statement of financial position.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 6 Net interest income

	Year ended 31 December	
	2015	2014
<b>Interest income arising from (Note (i)):</b>		
Deposits with central banks	7,502	7,554
Deposits with banks and non-bank financial institutions	1,325	4,963
Placements with and loans to banks and non-bank financial institutions	2,925	4,871
Financial assets held under resale agreements	3,998	12,194
Investment classified as receivables	45,638	31,087
Loans and advances to customers		
— corporate loans	97,956	96,338
— personal loans	34,907	30,855
— discounted bills	3,214	3,782
Investments in debt securities	18,190	13,992
Others	6	3
Subtotal	215,661	205,639
<b>Interest expense arising from:</b>		
Borrowings from central banks	(994)	(350)
Deposits from banks and non-bank financial institutions	(35,792)	(36,624)
Placements from banks and non-bank financial institutions	(742)	(1,194)
Financial assets sold under repurchase agreements	(561)	(839)
Deposits from customers	(64,749)	(67,268)
Debt securities issued	(8,382)	(4,616)
Others	(8)	(7)
Subtotal	(111,228)	(110,898)
Net interest income	104,433	94,741

Note:

- (i) Interest income includes interest income accrued on individually assessed impaired financial assets of RMB656 million for the year ended 31 December 2015 (2014: RMB527 million).

### 7 Net fee and commission income

	Year ended 31 December	
	2015	2014
<b>Fee and commission income</b>		
Bank card fees	13,419	8,358
Consultancy and advisory fees	6,972	5,638
Commission for wealth management services	5,808	3,958
Agency fees and commission (Note (i))	3,711	1,795
Guarantee fees	3,131	3,178
Commission for custodian business and other fiduciary	2,228	1,522
Settlement and clearance fees	1,747	2,213
Others	623	310
Total	37,639	26,972
Fee and commission expense	(1,965)	(1,659)
Net fee and commission income	35,674	25,313

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 Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 8 Net trading gain

	Year ended 31 December	
	2015	2014
Debt securities	1,531	913
Foreign currencies	1,288	827
Derivatives	576	1,658
Financial instrument designated at fair value through profit or loss	240	39
<b>Total</b>	<b>3,635</b>	<b>3,437</b>

### 9 Net gain from investment securities

	Year ended 31 December	
	2015	2014
Net gain from sale of available-for-sale securities	60	2
Net gain from rediscounted bills	906	852
Others	226	(20)
<b>Total</b>	<b>1,192</b>	<b>834</b>

### 10 Net hedging gain/(loss)

	Year ended 31 December	
	2015	2014
Net gain/(loss) of fair value hedge	1	(2)

### 11 Operating expenses

	Year ended 31 December	
	2015	2014
Staff costs		
— salaries and bonuses	15,260	15,149
— welfare expenses	1,296	1,259
— social insurance	1,057	933
— housing fund	1,211	1,023
— labour union expenses and employee education expenses	636	631
— housing allowance	439	377
— other short-term benefits	165	134
— post-employment benefits – defined contribution plans	2,291	1,622
— post-employment benefits – defined benefit plans	11	8
— other long-term benefits	21	20
<b>Subtotal</b>	<b>22,387</b>	<b>21,156</b>
Property and equipment expenses		
— rent and property management expenses	4,523	3,971
— depreciation	1,540	1,382
— amortisation expenses	914	812
— electronic equipment operating expenses	821	688
— maintenance	618	615
— others	347	314
<b>Subtotal</b>	<b>8,763</b>	<b>7,782</b>
Business tax and surcharges	10,033	8,827
Other general and administrative expenses		
— audit services	16	18
— non-audit services	3	4
— auditors' remuneration	19	22
— others	9,400	9,009
<b>Subtotal</b>	<b>9,419</b>	<b>9,031</b>
<b>Total</b>	<b>50,602</b>	<b>46,796</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 11 Operating expenses (Continued)

#### (a) Individuals with highest emoluments

For the year ended 31 December 2015, of the 5 individuals with the highest emoluments in the Bank, there was no director (2014: Nil) and four were supervisor (2014: two), whose emoluments are disclosed in Note 67. The aggregate of the emoluments before individual income tax in respect of the other one (2014: three) highest paid individuals of the Bank were as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	584	2,140
Discretionary bonuses	2,007	6,350
Retirement scheme contributions	158	482
<b>Total</b>	<b>2,749</b>	<b>8,972</b>

The emoluments before individual income tax of the one (2014: three) individuals of the Bank with the highest emoluments are within the following bands:

	Year ended 31 December	
	2015	2014
RMB2,000,001 – RMB3,000,000	1	1
RMB3,000,001 – RMB3,500,000	—	2

### 12 Impairment losses on assets

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Loans and advances to customers	35,120	22,074
Deposits with banks and non-bank financial institutions	—	(8)
Placements with and loans to banks and non-bank financial institutions	—	(27)
Interest receivable	2,941	1,286
Available-for-sale financial assets	57	—
Held-to-maturity investments	(4)	(7)
Investment classified as receivables	729	156
Repossessed assets	41	82
Off-balance sheet items	(95)	4
Others	1,248	113
<b>Subtotal</b>	<b>4,917</b>	<b>1,599</b>
<b>Total</b>	<b>40,037</b>	<b>23,673</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 13 Income tax

#### (a) Recognised in the statement of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2015	2014
Current tax			
— Mainland China		12,992	15,318
— Hong Kong		304	410
— Overseas		41	20
Deferred tax	33(b)	(91)	(2,628)
<b>Income tax</b>		<b>13,246</b>	<b>13,120</b>

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

	Year ended 31 December	
	2015	2014
Profit before tax	54,986	54,574
Income tax calculated at statutory tax rate	13,747	13,644
Effect of different tax rates in other regions	(196)	(268)
Tax effect of non-deductible expenses	431	508
Tax effect of non-taxable income		
— interest income arising from PRC government bonds	(699)	(703)
— others	(37)	(61)
<b>Income tax</b>	<b>13,246</b>	<b>13,120</b>

### 14 Earnings per share

Earnings per share information for the year ended 31 December 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 year. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year ended 31 December 2015 and 2014.

	Year ended 31 December	
	2015	2014
Net profit attributable to equity holders of the Bank	41,158	40,692
Weighted average number of shares (in million shares)	46,787	46,787
<b>Basic and diluted earnings per share (in RMB)</b>	<b>0.88</b>	<b>0.87</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 15 Other comprehensive gain, net of tax

	Year ended 31 December	
	2015	2014
<b>Items that may be reclassified subsequently to profit or loss when specific conditions are met</b>		
Other comprehensive income of available-for-sale financial assets		
— net changes in fair value recognised during the year	6,578	6,486
— net amount transferred to profit or loss	(865)	490
Income tax relating to other comprehensive income of available-for-sale financial assets	(1,438)	(1,742)
Other comprehensive income for available-for-sale financial assets, net of tax	4,275	5,234
Exchange differences on translation	1,364	(43)
Others	3	(1)
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial loss on defined benefit plans	(8)	(7)
Income tax relating to changes on the measurement of defined benefit plans	2	(3)
Changes on the measurement of defined benefit plans, net of tax	(6)	(10)
Others	8	—
<b>Other comprehensive income, net of tax</b>	<b>5,644</b>	<b>5,180</b>

## 16 Cash and balances with central banks

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Cash		7,355	7,232	7,158	7,022
Balances with central banks					
— statutory deposit reserve funds	(i)	432,965	457,233	432,207	456,219
— surplus deposit reserve funds	(ii)	63,656	70,166	63,273	69,715
— fiscal deposits	(iii)	3,797	3,855	3,797	3,855
— foreign exchange reserve	(iv)	3,416	—	3,416	—
<b>Total</b>		<b>511,189</b>	<b>538,486</b>	<b>509,851</b>	<b>536,811</b>

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 31 December 2015, the statutory deposit reserve placed with the PBOC was calculated at 15% (2014: 18%) of eligible Renminbi deposits for domestic branches of the Bank. The Bank was also required to deposit an amount equivalent to 5% (2014: 5%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve. The statutory RMB deposit reserve rates applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited, a subsidiary of the Group, was at 9.5% (31 December 2014: 14%). The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by respective 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) Fiscal deposits placed with the PBOC that are not available for use in the Group's daily operations, and are non-interest bearing.
- (iv) The foreign exchange reserve is maintained with the PBOC in accordance with the related notice issued by the PBOC on 31 August 2015. The reserve is payable on a monthly basis at 20% of the total contract amount of customers driven forward transactions in the previous month. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the Notice.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 17 Deposits with banks and non-bank financial institutions

#### (a) Analysed by types and locations of counterparties

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China					
— banks		36,194	37,348	33,370	36,731
— non-bank financial institutions		12,766	3,834	12,766	3,834
Subtotal		48,960	41,182	46,136	40,565
Outside Mainland China					
— banks		22,668	43,767	18,664	41,124
— non-bank financial institutions		9,175	9,042	—	—
Subtotal		31,843	52,809	18,664	41,124
Gross balance		80,803	93,991	64,800	81,689
Less: Allowances for impairment losses	35	—	—	—	—
Net balance		80,803	93,991	64,800	81,689

#### (b) Analysed by remaining maturity

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Demand deposits		57,323	70,434	42,057	56,859
Time deposits with remaining maturity					
— within one month		12,005	4,552	11,664	4,387
— between one month and one year		11,475	17,495	11,079	18,933
— over one year		—	1,510	—	1,510
Subtotal		23,480	23,557	22,743	24,830
Gross balance		80,803	93,991	64,800	81,689
Less: Allowances for impairment losses	35	—	—	—	—
Net balance		80,803	93,991	64,800	81,689

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 18 Placements with and loans to banks and non-bank financial institutions

#### (a) Analysed by types and locations of counterparties

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China					
— banks		<b>15,320</b>	21,071	<b>974</b>	4,243
— non-bank financial institutions		<b>77,262</b>	32,601	<b>77,462</b>	32,601
Subtotal		<b>92,582</b>	53,672	<b>78,436</b>	36,844
Outside Mainland China					
— banks		<b>26,202</b>	14,516	<b>17,910</b>	9,729
— non-bank financial institutions		—	—	<b>1,938</b>	1,245
Subtotal		<b>26,202</b>	14,516	<b>19,848</b>	10,974
Gross balance		<b>118,784</b>	68,188	<b>98,284</b>	47,818
Less: Allowances for impairment losses	35	<b>(8)</b>	(8)	<b>(8)</b>	(8)
Net balance		<b>118,776</b>	68,180	<b>98,276</b>	47,810

#### (b) Analysed by remaining maturity

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within one month		<b>57,439</b>	39,466	<b>48,197</b>	31,399
Between one month and one year		<b>61,298</b>	28,693	<b>50,057</b>	16,390
Over one year		<b>47</b>	29	<b>30</b>	29
Gross balance		<b>118,784</b>	68,188	<b>98,284</b>	47,818
Less: Allowances for impairment losses	35	<b>(8)</b>	(8)	<b>(8)</b>	(8)
Net balance		<b>118,776</b>	68,180	<b>98,276</b>	47,810



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 19 Financial assets at fair value through profit or loss

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Held for trading purpose					
— debt trading financial assets	(a)	8,536	12,746	8,357	12,740
— certificates of interbank deposit	(b)	15,226	13,923	15,226	13,923
— investment funds		1	2	—	—
Financial assets designated at fair value through profit or loss	(c)	2,457	838	1,766	838
<b>Total</b>		<b>26,220</b>	<b>27,509</b>	<b>25,349</b>	<b>27,501</b>

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

#### (a) Held for trading purpose – debt trading financial assets

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Issued by				
In Mainland China				
— governments	386	1,012	386	1,012
— policy banks	2,581	1,365	2,581	1,365
— banks and non-bank financial institutions	2,073	3,503	2,045	3,503
— corporates	3,371	6,823	3,345	6,823
Subtotal	8,411	12,703	8,357	12,703
Outside Mainland China				
— governments	39	—	—	—
— banks and non-bank financial institutions	44	43	—	37
— corporates	42	—	—	—
Subtotal	125	43	—	37
<b>Total</b>	<b>8,536</b>	<b>12,746</b>	<b>8,357</b>	<b>12,740</b>
Listed in Hong Kong	697	832	648	832
Listed outside Hong Kong	7,737	11,302	7,709	11,296
Unlisted	102	612	—	612
<b>Total</b>	<b>8,536</b>	<b>12,746</b>	<b>8,357</b>	<b>12,740</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

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

- (b) Held for trading purpose – certificates of interbank deposit held for trading were measured at fair value

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Issued by Banks in Mainland China	15,226	13,923	15,226	13,923
Listed outside Hong Kong	15,226	13,923	15,226	13,923

- (c) Financial assets designated at fair value through profit or loss – debt trading financial assets

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Issued by In Mainland China				
— banks	1,766	268	1,766	268
— corporates	—	570	—	570
Subtotal	1,766	838	1,766	838
Outside Mainland China				
— corporates	691	—	—	—
Total	2,457	838	1,766	838
Listed outside Hong Kong	2,457	838	1,766	838

Debt securities traded on the China Domestic Inter-bank Bond Market are included in “Listed outside Hong Kong”.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 20 Derivatives

Derivatives 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 derivatives for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivatives, except for those which are designated as hedging instruments (Note 20(c)), are held for trading. Derivatives 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 of derivatives provide a basis for comparison with fair values of derivatives 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 derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

	The Group					
	31 December 2015			31 December 2014		
	Nominal amount	Assets	Liabilities	Nominal amount	Assets	Liabilities
Hedging instruments (Note (c))						
— interest rate derivatives	11,144	237	38	8,128	238	30
Non-Hedging instruments						
— interest rate derivatives	593,379	1,054	957	290,833	739	724
— currency derivatives	1,600,764	11,489	10,119	978,918	6,406	6,208
— precious metal derivatives	18,763	1,008	304	29,762	843	385
— other derivatives	5,222	—	—	21,007	—	—
<b>Total</b>	<b>2,229,272</b>	<b>13,788</b>	<b>11,418</b>	<b>1,328,648</b>	<b>8,226</b>	<b>7,347</b>

	The Bank					
	31 December 2015			31 December 2014		
	Nominal amount	Assets	Liabilities	Nominal amount	Assets	Liabilities
Non-Hedging Instruments						
— interest rate derivatives	575,624	1,042	954	257,469	723	713
— currency derivatives	1,234,722	8,334	7,181	671,630	4,072	3,902
— precious metal derivatives	18,763	1,008	304	29,762	843	385
— other derivatives	5,222	—	—	21,007	—	—
<b>Total</b>	<b>1,834,331</b>	<b>10,384</b>	<b>8,439</b>	<b>979,868</b>	<b>5,638</b>	<b>5,000</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 20 Derivatives (Continued)

#### (a) Nominal amount analyzed by remaining maturity

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within three months	814,085	536,387	596,230	392,527
Between three months and one year	1,299,448	590,341	1,148,841	481,812
Between one year and five years	113,995	198,783	88,580	105,450
Over five years	1,744	3,137	680	79
<b>Total</b>	<b>2,229,272</b>	<b>1,328,648</b>	<b>1,834,331</b>	<b>979,868</b>

#### (b) Credit risk weighted amounts

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Default risk of counter party				
— interest rate derivatives	683	732	529	490
— currency derivatives	7,960	11,252	4,026	6,006
— precious metal derivatives	911	601	911	601
— other derivatives	4,742	9,200	4,742	9,200
Credit valuation adjustment	4,412	11,064	3,751	9,827
<b>Total</b>	<b>18,708</b>	<b>32,849</b>	<b>13,959</b>	<b>26,124</b>

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.

#### (c) Fair value hedge

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

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 21 Financial assets held under resale agreements

#### (a) Analysed by types and locations of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— banks	136,959	131,083	136,959	131,083
— non-bank financial institutions	251	4,111	251	4,111
Subtotal	137,210	135,194	137,210	135,194
Outside Mainland China				
— banks	1,351	571	—	571
Subtotal	1,351	571	—	571
Gross balance	138,561	135,765	137,210	135,765
Less: Allowances for impairment losses	—	—	—	—
Net balance	138,561	135,765	137,210	135,765

#### (b) Analysed by types of collateral

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Discounted bills	70,788	84,350	70,788	84,350
Securities	67,232	48,481	65,882	48,481
Others	541	2,934	540	2,934
Gross balance	138,561	135,765	137,210	135,765
Less: Allowances for impairment losses	—	—	—	—
Net balance	138,561	135,765	137,210	135,765

#### (c) Analysed by remaining maturity

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within one month	135,200	124,067	135,200	124,067
Between one month and one year	3,261	10,710	1,910	10,710
More than one year	100	988	100	988
Gross balance	138,561	135,765	137,210	135,765
Less: Allowances for impairment losses	—	—	—	—
Net balance	138,561	135,765	137,210	135,765

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 22 Interest receivable

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Investment classified as receivables		12,963	11,190	12,963	11,190
Loans and advances to customers		10,343	8,667	10,026	8,431
Debt securities		7,882	6,485	7,657	6,352
Others		1,458	1,173	1,334	962
Gross balance		32,646	27,515	31,980	26,935
Less: Allowance for impairment losses	35	(2,134)	(1,390)	(2,131)	(1,389)
Net balance		30,512	26,125	29,849	25,546

### 23 Loans and advances to customers

#### (a) Analysed by nature

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Corporate loans					
— loans		1,749,543	1,564,766	1,627,573	1,465,078
— discounted bills		92,745	68,043	87,219	59,888
— finance lease receivables		17,879	552	—	—
Subtotal		1,860,167	1,633,361	1,714,792	1,524,966
Personal loans					
— residential mortgages		268,926	232,117	258,014	222,621
— business loans		105,770	108,927	104,795	108,726
— credit cards		175,801	126,133	175,443	125,851
— others		118,116	87,370	111,512	81,314
Subtotal		668,613	554,547	649,764	538,512
Gross balance		2,528,780	2,187,908	2,364,556	2,063,478
Less: Allowances impairment losses	35				
— individually assessed		(15,345)	(11,153)	(15,089)	(11,024)
— collectively assessed		(45,152)	(40,423)	(44,593)	(40,112)
Subtotal		(60,497)	(51,576)	(59,682)	(51,136)
Net balance		2,468,283	2,136,332	2,304,874	2,012,342



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

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

##### The Group

	31 December 2015				Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which allowance is collectively assessed	Identified impaired loans and advances (Note (i)) for which allowance is collectively assessed	for which allowance is individually assessed (Note (ii))	Total	
Gross loans and advances	2,492,730	8,011	28,039	2,528,780	1.43%
Less: Allowance for impairment losses	(39,306)	(5,846)	(15,345)	(60,497)	
Net balance	2,453,424	2,165	12,694	2,468,283	

	31 December 2014				Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which allowance is collectively assessed	Identified impaired loans and advances (Note (i)) for which allowance is collectively assessed	for which allowance is individually assessed (Note (ii))	Total	
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	

##### The Bank

	31 December 2015				Gross impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which allowance is collectively assessed	Identified impaired loans and advances (Note (i)) for which allowance is collectively assessed	for which allowance is individually assessed (Note (ii))	Total	
Gross loans and advances	2,329,782	8,003	26,771	2,364,556	1.47%
Less: Allowance for impairment losses	(38,754)	(5,839)	(15,089)	(59,682)	
Net balance	2,291,028	2,164	11,682	2,304,874	

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

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

The Bank (Continued)

	Loans and advances for which allowance is collectively assessed	31 December 2014			Gross impaired loans and advances as a % of gross total loans and advances
		Identified impaired loans and advances (Note (i)) for which allowance is collectively assessed	for which allowance is individually assessed (Note (ii))	Total	
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	

Notes:

- (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 31 December 2015, loans and advances of the Group for which impairment allowance was individually assessed amounted to RMB28,039 million (31 December 2014: RMB22,846 million). The secured and unsecured portion of these loans and advances were RMB7,322 million (31 December 2014: RMB5,923 million) and RMB20,717 million (31 December 2014: RMB16,923 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB13,748 million (31 December 2014: RMB11,050 million). The individual impairment allowance made against these loans and advances were RMB15,345 million (31 December 2014: RMB11,153 million).

As at 31 December 2015, the loans and advances of the Bank for which the impairment allowance was individually assessed amounted to RMB26,771 million (31 December 2014: RMB22,285 million). The secured portion and unsecured portion of these loans and advance was RMB6,977 million (31 December 2014: RMB5,547 million) and RMB19,794 million (31 December 2014: RMB16,738 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB13,715 million (31 December 2014: RMB10,558 million). The individual impairment allowance made against these loans and advances was RMB15,089 million (31 December 2014: RMB11,024 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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

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

The Group

	Year ended 31 December 2015			Total
	Loans and advances for which allowance is collectively assessed	Impaired loans and advances for which allowance is collectively assessed	for which allowance is individually assessed	
As at 1 January 2015	36,469	3,954	11,153	51,576
Impairment charges on loans	2,818	5,670	28,933	37,421
Reversal of impairment for the year	—	(358)	(1,943)	(2,301)
Unwinding of discount on allowance	—	—	(592)	(592)
Transfer out (Note (i))	19	—	13	32
Write-offs	—	(3,778)	(22,461)	(26,239)
Recovery of loans and advances written off in previous year	—	358	242	600
As at 31 December 2015	39,306	5,846	15,345	60,497

	Year ended 31 December 2014			Total
	Loans and advances for which allowance is collectively assessed	Impaired loans and advances for which allowance is collectively assessed	for which allowance is individually assessed	
As at 1 January 2014	29,632	2,656	8,966	41,254
Impairment charges on loans	6,836	2,764	15,820	25,420
Reversal of impairment for the year	—	(10)	(3,336)	(3,346)
Unwinding of discount on allowance	—	—	(460)	(460)
Transfer out (Note (i))	1	—	1	2
Write-offs	—	(1,466)	(10,144)	(11,610)
Recovery of loans and advances written off in previous year	—	10	306	316
As at 31 December 2014	36,469	3,954	11,153	51,576

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

#### (c) Movements of allowances for impairment losses (Continued)

##### The Bank

	Year ended 31 December 2015			Total
	Loans and advances for which allowances is collectively assessed	Impaired loans and advances for which allowances is collectively assessed	for which allowances is individually assessed	
As at 1 January 2015	36,164	3,948	11,024	51,136
Impairment charges on loans	2,590	5,645	28,478	36,713
Reversal of impairment for the year	—	(353)	(1,837)	(2,190)
Unwinding of discount on allowance	—	—	(582)	(582)
Transfer out (Note (i))	—	—	2	2
Write-offs	—	(3,754)	(22,218)	(25,972)
Recovery of loans and advances written off in previous year	—	353	222	575
As at 31 December 2015	38,754	5,839	15,089	59,682

	Year ended 31 December 2014			Total
	Loans and advances for which the allowances is collectively assessed	Impaired loans and advances for which allowances is collectively assessed	for which allowances is individually assessed	
As at 1 January 2014	29,373	2,653	8,835	40,861
Impairment charges on loans	6,791	2,746	15,690	25,227
Reversal of impairment for the year	—	(7)	(3,296)	(3,303)
Unwinding of discount on allowance	—	—	(457)	(457)
Transfer out (Note (i))	—	—	1	1
Write-offs	—	(1,451)	(10,038)	(11,489)
Recovery of loans and advances written off in previous year	—	7	289	296
As at 31 December 2014	36,164	3,948	11,024	51,136

Note:

(i) Transfer out includes the effect of exchange rate.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

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

##### The Group

	31 December 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	3,425	3,063	2,508	297	9,293
Guaranteed loans	8,907	5,285	5,105	230	19,527
Loans with pledged assets					
— loans secured by collateral	21,579	12,142	6,341	274	40,336
— pledged loans	3,087	1,595	1,000	62	5,744
<b>Total</b>	<b>36,998</b>	<b>22,085</b>	<b>14,954</b>	<b>863</b>	<b>74,900</b>

	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					
— loans secured by collateral	21,837	10,342	4,292	243	36,714
— pledged loans	4,982	1,277	845	37	7,141
<b>Total</b>	<b>43,034</b>	<b>22,153</b>	<b>9,767</b>	<b>990</b>	<b>75,944</b>

##### The Bank

	31 December 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	3,272	2,991	2,508	297	9,068
Guaranteed loans	7,794	5,181	5,083	230	18,288
Loans with pledged assets					
— loans secured by collateral	20,233	11,944	6,119	236	38,532
— pledged loans	2,554	1,584	1,000	62	5,200
<b>Total</b>	<b>33,853</b>	<b>21,700</b>	<b>14,710</b>	<b>825</b>	<b>71,088</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 23 Loans and advances to customers (Continued)

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

The Bank (Continued)

	Overdue within three months	31 December 2014		Overdue over three years	Total
		Overdue between three months and one year	Overdue between one year and 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					
— loans secured by collateral	20,922	10,033	4,291	161	35,407
— pledged loans	4,484	1,277	845	37	6,643
<b>Total</b>	<b>40,913</b>	<b>21,647</b>	<b>9,682</b>	<b>908</b>	<b>73,150</b>

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

#### (e) Finance lease receivables

Finance lease receivables transactions are attributable to the Group's subsidiaries, 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 leases. 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:

	31 December 2015		31 December 2014	
	Present value of minimum finance leases receivables	Minimum finance leases receivables	Present value of minimum finance leases receivables	Minimum finance leases receivables
Within one year (including one year)	3,543	4,388	117	133
One year to two years (including two years)	3,689	4,343	70	80
Two years to three years (including three years)	3,212	3,678	42	49
Over three years	7,435	8,171	323	368
<b>Gross balance</b>	<b>17,879</b>	<b>20,580</b>	<b>552</b>	<b>630</b>
Less: Allowance for impairment losses				
— individually assessed	(3)		(6)	
— collectively assessed	(214)		(1)	
<b>Net balance</b>	<b>17,662</b>		<b>545</b>	



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 24 Available-for-sale financial assets

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Debt securities	(a)	297,444	183,300	263,535	165,867
Certificates of deposit	(b)	75,314	23,888	64,945	20,650
Equity investments	(c)	580	1,769	162	1,700
— measured at fair value		446	1,637	48	1,586
— measured at cost		134	132	114	114
Investment funds	(d)	422	447	352	320
Wealth management products		10	—	—	—
<b>Total</b>		<b>373,770</b>	<b>209,404</b>	<b>328,994</b>	<b>188,537</b>

#### (a) Debt securities analysed by location of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— governments	97,953	32,786	97,338	32,687
— policy banks	32,675	25,762	32,675	25,762
— banks and non-bank financial institutions	64,060	56,203	59,141	54,384
— corporates	75,734	56,556	72,618	52,399
<b>Subtotal</b>	<b>270,422</b>	<b>171,307</b>	<b>261,772</b>	<b>165,232</b>
Outside Mainland China				
— governments	16,759	6,401	1,135	—
— banks and non-bank financial institutions	7,130	2,888	561	537
— public entities	—	49	—	—
— corporates	3,133	2,655	67	98
<b>Subtotal</b>	<b>27,022</b>	<b>11,993</b>	<b>1,763</b>	<b>635</b>
<b>Total</b>	<b>297,444</b>	<b>183,300</b>	<b>263,535</b>	<b>165,867</b>
Listed in Hong Kong	8,457	5,792	4,269	3,910
Listed outside Hong Kong	258,974	156,774	254,664	155,864
Unlisted	30,013	20,734	4,602	6,093
<b>Total</b>	<b>297,444</b>	<b>183,300</b>	<b>263,535</b>	<b>165,867</b>

#### (b) Certificates of deposit analysed by location of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— banks	72,053	22,772	64,945	20,650
Outside Mainland China				
— banks	3,261	1,116	—	—
<b>Total</b>	<b>75,314</b>	<b>23,888</b>	<b>64,945</b>	<b>20,650</b>
Listed outside Hong Kong	75,314	23,888	64,945	20,650

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 24 Available-for-sale financial assets (Continued)

#### (c) Equity investments analysed by location of counterparties

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China					
— corporates		115	1,666	114	1,662
Outside Mainland China					
— banks and non-bank financial institutions		126	38	48	38
— corporates		339	65	—	—
<b>Total</b>		<b>580</b>	<b>1,769</b>	<b>162</b>	<b>1,700</b>
Listed in Hong Kong		338	3	—	—
Listed outside Hong Kong	(i)	108	1,634	48	1,586
Unlisted		134	132	114	114
<b>Total</b>		<b>580</b>	<b>1,769</b>	<b>162</b>	<b>1,700</b>

Note:

(i) Debt securities traded on the China Domestic Inter-bank Bond Market are included in “Listed outside Hong Kong”.

#### (d) Investment funds analysed by location of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Outside Mainland China				
— banks and non-bank financial institutions	422	447	352	320
<b>Total</b>	<b>422</b>	<b>447</b>	<b>352</b>	<b>320</b>
Unlisted	422	447	352	320

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 25 Held-to-maturity investments

#### Debt securities analysed by location of counterparties

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China					
— governments		50,066	45,031	50,066	45,031
— policy banks		15,738	17,179	15,738	17,179
— banks and non-bank financial institutions		87,654	84,501	87,654	84,501
— corporates		26,469	31,199	26,469	31,199
Subtotal		179,927	177,910	179,927	177,910
Outside Mainland China					
— governments		—	28	—	28
— banks and non-bank financial institutions		40	41	40	41
— public entities		4	19	4	19
Subtotal		44	88	44	88
Gross balance		179,971	177,998	179,971	177,998
Less: Allowance for impairment losses	35	(41)	(41)	(41)	(41)
Total		179,930	177,957	179,930	177,957
Listed in Hong Kong		272	208	272	208
Listed outside Hong Kong	(i)	174,848	169,637	174,848	169,637
Unlisted		4,810	8,112	4,810	8,112
Total		179,930	177,957	179,930	177,957
Fair value		185,152	177,856	185,152	177,856
Of which: listed securities		180,341	169,845	180,341	169,845

Note:

(i) Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 26 Investment classified as receivables

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Investment management products managed by securities companies		825,016	452,319	822,616	451,979
Wealth management products issued by financial institutions		147,605	78,859	147,605	78,859
Trust investment plans		139,971	108,535	139,971	108,535
Corporate bonds		—	13,199	—	13,199
Others		500	500	500	500
Gross balance		1,113,092	653,412	1,110,692	653,072
Less: Allowance for impairment losses	35	(885)	(156)	(885)	(156)
Net balance		1,112,207	653,256	1,109,807	652,916

As of 31 December 2015, RMB75,639 million (31 December 2014: RMB39,286 million) of investment classified as receivables listed above were managed by related companies of CITIC Corporation Limited (CITIC Ltd.), the Bank's immediate parent company.

The underlying assets of investment classified as receivables primarily include investment in rediscounted bills, corporate loans, certificates of interbank deposit and wealth management products issued by other financial institutions.

### 27 Investments in associates

	Notes	The Group	
		31 December 2015	31 December 2014
Investments in associates	(a)-(c)	976	870
Total		976	870

(a) The Group holds its investment in an associate through CIFH and details of the associate as at 31 December 2015 was 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	HKD2,218 million

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

Name of Enterprise	As at or for the year ended 2015				
	Total assets	Total liabilities	Total net assets	Operating income	Net profit
CIAM	2,709	239	2,470	450	179

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 27 Investments in associates (Continued)

#### (c) Movement of the Group's interests in associates

	CIAM
Initial investment cost	893
As at 1 January 2015	870
Share of net profit of associates for the year	52
Share of other comprehensive income of associates for the year	6
Dividend received	(8)
Exchange difference	56
As at 31 December 2015	976

	CCHL Note (i)	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 year	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

Note:

- (i) CITC Capital Holdings Limited ("CCHL") was disposed during the year ended 31 December 2014.

### 28 Investment in subsidiaries

	Notes	The Bank	
		31 December 2015	31 December 2014
Investment in subsidiaries			
— CIFH	(i)	16,570	9,797
— CNCB (Hong Kong) Investment Limited ("CNCB Investment")	(ii)	1,577	87
— Zhejiang Lin'an CITIC Rural Bank Corporation Limited ("Lin'an Rural Bank")	(iii)	102	102
— CFLL	(iv)	4,000	—
Total		22,249	9,986

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 28 Investment in subsidiaries (Continued)

Major subsidiaries of the Group as at 31 December 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 (i))	Hong Kong	HKD7,503 million	Commercial banking and other financial services	100%	—	100%
CNCB Investment (Note (ii))	Hong Kong	HKD1,889 million	Lending services	99.05%	0.95%	100%
Lin'an Rural Bank (Note (iii))	Mainland China	RMB200 million	Commercial banking	51%	—	51%
CFL (Note (iv))	Mainland China	RMB4,000 million	Financial lease operations	100%	—	100%

Notes:

(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. The Bank completed the acquisition of the remaining 29.68% of CIFH's share from BBVA on 27 August 2015, making the Bank wholly-owned holding company of CIFH.

(ii) CNCB Investment, formerly named as China Investment and Finance Limited, was founded in Hong Kong in 1984 with registered capital of HKD25 million. Holding a money lending licence issued by the Hong Kong Company Registrar, CNCB Investment'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 CNCB Investment by HKD1,864 million. After the capital injection, the registered capital of CNCB Investment increased to HKD1,889 million, and the Bank holds 99.05% of CNCB Investment's shares. As at 27 August 2015, the Bank acquired 29.68% equity interest of CIFH held by BBVA, such that the Bank becomes the 100% equity holder of CIFH. Since CIFH holds the remaining 0.95% equity interest of CNCB Investment, as at 31 December 2015, the Bank effectively held 100% shareholding in CNCB Investment.

As at 15 June 2015, CNCB Investment acquired 100% interest in a new subsidiary, Asia Rock Capital Group Limited ("Asia Rock"), for a cash consideration of USD1.57 million. At the date of acquisition, the carrying amount of Asia Rock's net equity was USD0.03 million, resulting in a goodwill of USD1.54 million (Note 32).

(iii) Lin'an Rural Bank was founded in Zhejiang Province of Mainland China in 2011 with a registered capital of RMB200 million. Its principal activities are commercial banking related businesses. 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 RMB4 billion. Its principal business activities are financial leasing.



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 29 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	1,684	8,368	22,316
Additions	1,227	300	1,258	2,785
Transfers	863	(863)	—	—
Disposals	(10)	—	(216)	(226)
Exchange difference	28	—	58	86
As at 31 December 2015	14,372	1,121	9,468	24,961
Accumulated depreciation:				
As at 1 January 2015	(2,992)	—	(4,586)	(7,578)
Depreciation charges	(449)	—	(1,091)	(1,540)
Disposals	3	—	193	196
Exchange difference	(14)	—	(42)	(56)
As at 31 December 2015	(3,452)	—	(5,526)	(8,978)
Net carrying value:				
As at 1 January 2015	9,272	1,684	3,782	14,738
As at 31 December 2015 (Note (i))	10,920	1,121	3,942	15,983

	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	136	1,420	2,419
Disposals	(10)	—	(197)	(207)
Exchange difference	2	—	—	2
As at 31 December 2014	12,264	1,684	8,368	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	1,684	3,782	14,738

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 29 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	1,226	300	1,158	2,684
Transfers	863	(863)	—	—
Disposals	(10)	—	(196)	(206)
As at 31 December 2015	13,882	1,120	8,344	23,346
Accumulated depreciation:				
As at 1 January 2015	(2,776)	—	(3,869)	(6,645)
Depreciation charges	(440)	—	(990)	(1,430)
Disposals	3	—	174	177
As at 31 December 2015	(3,213)	—	(4,685)	(7,898)
Net carrying value:				
As at 1 January 2015	9,027	1,683	3,513	14,223
As at 31 December 2015 (Note (i))	10,669	1,120	3,659	15,448

	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 (Note (i))	9,027	1,683	3,513	14,223



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 30 Intangible assets (Continued)

	The Bank		Total
	Software	Others	
Cost or deemed cost			
As at 1 January 2015	938	42	980
Additions	526	—	526
As at 31 December 2015	1,464	42	1,506
Amortisation			
As at 1 January 2015	(560)	(13)	(573)
Charge for the year	(131)	(1)	(132)
As at 31 December 2015	(691)	(14)	(705)
Net carrying value			
As at 1 January 2015	378	29	407
As at 31 December 2015	773	28	801

	The Bank		Total
	Software	Others	
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

### 31 Investment properties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Fair value as at 1 January	280	277	—	—
Change in fair value	27	2	—	—
Exchange difference	18	1	—	—
Fair value as at 31 December	325	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 31 December 2015.

All investment properties of the Group were revalued at 31 December 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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 31 Investment properties (Continued)

#### (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	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Long term leases (over 50 years), held in Hong Kong	16	14	—	—
Medium term leases (10-50 years), held in Hong Kong	276	237	—	—
Medium term leases (10-50 years), held in Mainland China	33	29	—	—
<b>Total</b>	<b>325</b>	<b>280</b>	<b>—</b>	<b>—</b>

### 32 Goodwill

The goodwill brought forward from 31 December 2014 arose from CIFH's previous business combination of its subsidiaries not under common control. The additions during year ended 31 December 2015 was attributable to CNCB Investment's acquisition of a new subsidiary Rock Asia Capital Group Limited (Note 28(ii)).

	The Group	
	31 December 2015	31 December 2014
As at 1 January	795	792
Additions	10	—
Exchange difference	49	3
<b>As at 31 December</b>	<b>854</b>	<b>795</b>

Based on the result of impairment test, no impairment losses on goodwill were recognised as at 31 December 2015 (2014: Nil).

### 33 Deferred tax assets

	The Group	
	31 December 2015	31 December 2014
Deferred tax assets	7,981	9,317
Deferred tax liabilities	(10)	—
<b>Net</b>	<b>7,971</b>	<b>9,317</b>

	The Bank	
	31 December 2015	31 December 2014
Deferred tax assets	7,930	9,296
<b>Net</b>	<b>7,930</b>	<b>9,296</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 33 Deferred tax assets (Continued)

#### (a) Analysed by nature

	The Group			
	31 December 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	38,879	9,694	31,422	7,830
— fair value adjustments	(8,060)	(2,017)	(1,031)	(250)
— employee retirement benefits and salaries payable	2,818	704	7,595	1,899
— others	(1,647)	(400)	(684)	(162)
<b>Total</b>	<b>31,990</b>	<b>7,981</b>	<b>37,302</b>	<b>9,317</b>

	The Group			
	31 December 2015		31 December 2014	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities				
— fair value adjustments	(59)	(10)	—	—
— others	(1)	—	—	—
<b>Total</b>	<b>(60)</b>	<b>(10)</b>	<b>—</b>	<b>—</b>

	The Bank			
	31 December 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	38,511	9,628	31,110	7,778
— fair value adjustments	(8,093)	(2,023)	(941)	(235)
— employee retirement benefits and salaries payable	2,794	699	7,590	1,897
— others	(1,493)	(374)	(575)	(144)
<b>Total</b>	<b>31,719</b>	<b>7,930</b>	<b>37,184</b>	<b>9,296</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 33 Deferred tax assets (Continued)

#### (b) Movement of deferred tax

##### The Group

	Allowance for impairment losses	Fair value adjustments	Employee retirement benefits and accrued staff cost	Others	Total deferred tax assets
As at 1 January 2015	7,830	(250)	1,899	(162)	9,317
Recognised in profit or loss	1,861	(335)	(1,197)	(238)	91
Recognised in other comprehensive income	—	(1,438)	2	—	(1,436)
Exchange difference	3	(4)	—	—	(1)
As at 31 December 2015	9,694	(2,027)	704	(400)	7,971
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

##### The Bank

	Allowance for impairment losses	Fair value adjustments	Employee retirement benefits and accrued staff cost	Others	Total deferred tax assets
As at 1 January 2015	7,778	(235)	1,897	(144)	9,296
Recognised in profit or loss	1,850	(335)	(1,200)	(230)	85
Recognised in other comprehensive income	—	(1,453)	2	—	(1,451)
As at 31 December 2015	9,628	(2,023)	699	(374)	7,930
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

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



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 34 Other assets

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Prepayments for properties and equipment	(a)	12,555	11,447	12,412	11,406
Precious metal contracts		12,443	15,061	12,443	15,061
Fee and commission receivables		2,777	2,222	2,776	2,222
Leasehold improvements		1,793	1,595	1,793	1,591
Advanced payments and settlement accounts		1,355	2,299	1,328	2,299
Prepaid rent		1,072	898	1,065	891
Repossessed assets	(b)	960	739	960	739
Land use rights		851	876	851	876
Others	(c)	6,335	1,629	3,724	716
<b>Total</b>		<b>40,141</b>	<b>36,766</b>	<b>37,352</b>	<b>35,801</b>

#### (a) Prepayments for properties and equipment

Prepayments mainly represent payments that the Group made for office buildings and software equipment.

#### (b) Repossessed assets

	Note	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Premises		1,045	446	1,045	446
Others		85	458	85	458
Gross balance		1,130	904	1,130	904
Less: Allowance for impairment losses	35	(170)	(165)	(170)	(165)
<b>Net balance</b>		<b>960</b>	<b>739</b>	<b>960</b>	<b>739</b>

#### (c) Others

On 29 January 2016, the Bank made an announcement that its Lanzhou branch was involved in a risk incident in relation to its rediscounted bill business with an exposure of RMB969 million. The incident is currently under investigation by the local public security bureau. As 31 December 2015, the Bank prudently recorded a provision under impairment losses on assets in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 35 Movements of allowance for impairment losses

#### The Group

	Notes	Year ended 31 December 2015					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/(out) Note (i)	Write-offs	
Placements with and loans to banks and non-bank financial institutions	18	8	—	—	—	—	8
Interest receivable	22	1,390	3,398	(457)	26	(2,223)	2,134
Loans and advances to customers	23	51,576	37,421	(2,301)	40	(26,239)	60,497
Available-for-sale financial assets		97	63	(6)	6	—	160
Held-to-maturity investments	25	41	—	(4)	4	—	41
Investment classified as receivables	26	156	729	—	—	—	885
Other assets		882	1,379	(90)	6	(178)	1,999
<b>Total</b>		<b>54,150</b>	<b>42,990</b>	<b>(2,858)</b>	<b>82</b>	<b>(28,640)</b>	<b>65,724</b>

	Notes	Year ended 31 December 2014					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/(out) Note (i)	Write-offs	
Deposit with banks and non-bank financial institutions	17	—	—	(8)	8	—	—
Placements with and loans to banks and non-bank financial institutions	18	15	—	(27)	20	—	8
Interest receivable	22	688	1,460	(174)	(16)	(568)	1,390
Loans and advances to customers	23	41,254	25,420	(3,346)	(142)	(11,610)	51,576
Available-for-sale financial assets		157	10	(10)	(60)	—	97
Held-to-maturity investments	25	48	—	(7)	—	—	41
Investment classified as receivables	26	—	156	—	—	—	156
Other assets		750	265	(70)	(10)	(53)	882
<b>Total</b>		<b>42,912</b>	<b>27,311</b>	<b>(3,642)</b>	<b>(200)</b>	<b>(12,231)</b>	<b>54,150</b>

#### The Bank

	Notes	Years ended 31 December 2015					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/(out) Note (i)	Write-offs	
Placements with and loans to banks and non-bank financial institutions	18	8	—	—	—	—	8
Interest receivable	22	1,389	3,396	(457)	26	(2,223)	2,131
Loans and advances to customers	23	51,136	36,713	(2,190)	(5)	(25,972)	59,682
Available-for-sale financial assets		69	56	(5)	4	—	124
Held-to-maturity investments	25	41	—	(4)	4	—	41
Investment classified as receivables	26	156	729	—	—	—	885
Other assets		882	1,193	(90)	6	(178)	1,813
<b>Total</b>		<b>53,681</b>	<b>42,087</b>	<b>(2,746)</b>	<b>35</b>	<b>(28,373)</b>	<b>64,684</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 35 Movements of allowance for impairment losses (Continued)

#### The Bank (Continued)

	Notes	Years ended 31 December 2014					As at 31 December
		As at 1 January	Charge for the year	Reversal for the year	Transfer in/(out) Note (i)	Write-offs	
Deposit with banks and non-bank financial institutions	17	—	—	(8)	8	—	—
Placements with and loans to banks and non-bank financial institutions	18	15	—	(27)	20	—	8
Interest receivable	22	688	1,459	(174)	(16)	(568)	1,389
Loans and advances to customers	23	40,861	25,227	(3,303)	(160)	(11,489)	51,136
Available-for-sale financial assets		124	—	(10)	(45)	—	69
Held-to-maturity investments	25	48	—	(7)	—	—	41
Investment classified as receivables	26	—	156	—	—	—	156
Other assets		749	265	(69)	(10)	(53)	882
<b>Total</b>		<b>42,485</b>	<b>27,107</b>	<b>(3,598)</b>	<b>(203)</b>	<b>(12,110)</b>	<b>53,681</b>

Note:

- (i) Transfer in/(out) includes the effect of exchange rate and disposals during the year. Besides allowance for impairment losses above, the Group also charged impairment losses for off-balance sheet items. Details are disclosed in Note 12.

### 36 Deposits from banks and non-bank financial institutions

#### Analysed by types and locations of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— banks	<b>396,463</b>	299,416	<b>396,587</b>	299,436
— non-bank financial institutions	<b>655,307</b>	341,785	<b>655,338</b>	341,785
Subtotal	<b>1,051,770</b>	641,201	<b>1,051,925</b>	641,221
Outside Mainland China				
— banks	<b>16,722</b>	47,026	<b>17,704</b>	57,137
— non-bank financial institutions	<b>52</b>	65	<b>1</b>	4
Subtotal	<b>16,774</b>	47,091	<b>17,705</b>	57,141
<b>Total</b>	<b>1,068,544</b>	688,292	<b>1,069,630</b>	698,362

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 37 Placements from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— banks	31,494	9,834	16,497	9,858
— non-bank financial institutions	13,729	512	13,729	512
Subtotal	45,223	10,346	30,226	10,370
Outside Mainland China				
— banks	4,025	9,302	2,173	8,333
Subtotal	4,025	9,302	2,173	8,333
Total	49,248	19,648	32,399	18,703

### 38 Financial liabilities at fair value through profit or loss

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

### 39 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparties

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
In Mainland China				
— PBOC	8,917	6,460	8,917	6,460
— banks	60,223	34,218	60,223	34,218
— non-bank financial institutions	1,970	703	1,970	703
Subtotal	71,110	41,381	71,110	41,381
Outside Mainland China				
— banks	58	228	—	—
Subtotal	58	228	—	—
Total	71,168	41,609	71,110	41,381

(b) Analysed by type of collateral

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Discounted bills	27,492	6,460	27,492	6,460
Debt securities	43,676	35,149	43,618	34,921
Total	71,168	41,609	71,110	41,381

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 40 Deposits from customers

#### (a) Analysed by nature

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Demand deposits				
— corporate customers	1,187,929	963,292	1,156,445	938,909
— personal customers	178,917	147,658	160,207	133,223
Subtotal	1,366,846	1,110,950	1,316,652	1,072,132
Time and call deposits				
— corporate customers	1,446,939	1,365,914	1,366,291	1,300,408
— personal customers	362,433	366,491	305,328	320,838
Subtotal	1,809,372	1,732,405	1,671,619	1,621,246
Outward remittance and remittance payables	6,557	6,219	6,555	6,219
Total	3,182,775	2,849,574	2,994,826	2,699,597

#### (b) Analysed by type of collateral

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Bank acceptance	292,556	268,607	292,489	268,544
Guarantees	21,775	15,283	21,320	13,364
Letters of credit	9,241	23,634	9,241	23,626
Others	121,310	149,327	109,274	141,640
Total	444,882	456,851	432,324	447,174

### 41 Accrued staff costs

#### The Group

	Notes	Year ended 31 December 2015				As at 31 December
		As at 1 January	Additions during the year	Reductions during the year	Transfer out (Note (i))	
Short-term employee benefits	(a)	11,387	20,064	(19,512)	(3,781)	8,158
Post-employment benefits						
— defined contribution plans	(b)	16	2,291	(2,275)	—	32
Post-employment benefits						
— defined benefit plans	(c)	40	11	(2)	—	49
Other long-term benefits		78	21	(36)	—	63
Total		11,521	22,387	(21,825)	(3,781)	8,302

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 41 Accrued staff costs (Continued)

#### The Group (Continued)

	Notes	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)	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		81	20	(23)	78
<b>Total</b>		<b>10,500</b>	<b>21,157</b>	<b>(20,136)</b>	<b>11,521</b>

#### The Bank

	Notes	Year ended 31 December 2015				As at 31 December
		As at 1 January	Additions during the year	Reductions during the year	Transfer out (Note (i))	
Short-term employee benefits	(a)	10,737	18,677	(18,166)	(3,781)	7,467
Post-employment benefits						
— defined contribution plans	(b)	16	2,284	(2,269)	—	31
Post-employment benefits						
— defined benefit plans	(c)	40	11	(2)	—	49
Other long-term benefits		78	21	(36)	—	63
<b>Total</b>		<b>10,871</b>	<b>20,993</b>	<b>(20,473)</b>	<b>(3,781)</b>	<b>7,610</b>

	Notes	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 plans	(c)	34	9	(3)	40
Other long-term benefits		81	20	(23)	78
<b>Total</b>		<b>10,043</b>	<b>19,835</b>	<b>(19,007)</b>	<b>10,871</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 41 Accrued staff costs (Continued)

#### (a) Short-term employee benefits

##### The Group

	Year ended 31 December 2015				As at 31 December
	As at 1 January	Additions during the year	Reductions during the year	Transfer out (Note (i))	
Salaries and bonuses	10,589	15,260	(14,934)	(3,781)	7,134
Social insurance	19	1,057	(1,041)	—	35
Welfare expenses	—	1,296	(1,296)	—	—
Housing fund	25	1,211	(1,210)	—	26
Labor union expenses and employee education expenses	711	636	(432)	—	915
Housing allowance	28	439	(433)	—	34
Others	15	165	(166)	—	14
<b>Total</b>	<b>11,387</b>	<b>20,064</b>	<b>(19,512)</b>	<b>(3,781)</b>	<b>8,158</b>

	Year ended 31 December 2014				As at 31 December
	As at 1 January	Additions during the year	Reductions during the year		
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
Labor union expenses and employee education expenses	538	631	(458)		711
Housing allowance	36	377	(385)		28
Others	13	134	(132)		15
<b>Total</b>	<b>10,369</b>	<b>19,506</b>	<b>(18,488)</b>		<b>11,387</b>

##### The Bank

	Year ended 31 December 2015				As at 31 December
	As at 1 January	Additions during the year	Reductions during the year	Transfer out (Note (i))	
Salaries and bonuses	9,946	14,023	(13,738)	(3,781)	6,450
Social insurance	19	1,039	(1,025)	—	33
Welfare expenses	—	1,283	(1,283)	—	—
Housing fund	25	1,202	(1,200)	—	27
Labor union expenses and employee education expenses	709	631	(427)	—	913
Housing allowance	28	437	(431)	—	34
Others	10	62	(62)	—	10
<b>Total</b>	<b>10,737</b>	<b>18,677</b>	<b>(18,166)</b>	<b>(3,781)</b>	<b>7,467</b>



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 41 Accrued staff costs (Continued)

### (a) Short-term employee benefits (Continued)

The Bank (Continued)

	As at 1 January	Year ended 31 December 2014		As at 31 December
		Additions during the year	Reductions during the year	
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
Labor union expenses and employee education expenses	536	628	(455)	709
Housing allowance	36	375	(383)	28
Others	11	108	(109)	10
<b>Total</b>	<b>9,912</b>	<b>18,251</b>	<b>(17,426)</b>	<b>10,737</b>

Note:

- (i) This represents deferred emoluments payable to employees in respect of services provided to the Group. Such amount will be distributed according to plans. As at 31 December 2015, the deferred emolument payable amounted to RMB3,781 million and was included in "other liabilities" (Note 46).

### (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 have joined a defined contribution retirement scheme (the "Scheme") which was established by the Group and managed by the CITIC Group. The Bank has made annuity contributions at 5% (2014: 4%) of its employee's gross wages. In 2015, the Bank made annuity contribution amounting to RMB571 million (2014: RMB349 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.

### (c) Post-employment benefits – defined benefit plans

The Group offers supplementary retirement benefits for certain of its qualified employees in Mainland China. The retired staff can elect to join this supplementary retirement benefit plan. The amount that is recognised as at balance sheet day presents the discounted value of benefit obligation in the future.

The Group's obligations in respect of the supplementary retirement benefit plan as at the reporting date are based on the projected unit credit actuarial cost method and computed 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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 42 Taxes payable

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Income tax	2,248	3,662	2,134	3,529
Business tax and surcharges	2,563	2,308	2,556	2,301
Others	(118)	15	4	7
<b>Total</b>	<b>4,693</b>	<b>5,985</b>	<b>4,694</b>	<b>5,837</b>

### 43 Interest payable

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Deposits from customers	28,701	28,876	28,180	28,352
Debt securities issued	2,061	2,052	2,004	1,918
Others	7,397	6,383	7,238	6,289
<b>Total</b>	<b>38,159</b>	<b>37,311</b>	<b>37,422</b>	<b>36,559</b>

### 44 Provisions

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Litigation provisions	2	5	2	2
<b>Total</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>2</b>

#### (a) Movement of provisions:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
As at 1 January	5	71	2	71
Accruals	3	8	2	4
Reversals	(1)	(36)	(1)	(36)
Payments	(5)	(38)	(1)	(37)
<b>As at 31 December</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>2</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 45 Debt securities issued

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Long-term debt securities issued	(a)	31,295	16,302	31,472	16,479
Subordinated bonds issued:					
— by the Bank	(b)	70,434	75,427	70,434	75,427
— by CIFH	(c)	7,345	6,906	—	—
Certificates of deposit issued	(d)	8,705	11,167	—	—
Certificates of interbank deposit issued	(e)	171,356	23,686	171,356	23,686
<b>Total</b>		<b>289,135</b>	<b>133,488</b>	<b>273,262</b>	<b>115,592</b>

(a) As at the end of the reporting period, long-term debt securities issued by the Bank were as follows:

Bond Type	Issue Date	Maturity Date	Annual Interest Rate	Nominal Value RMB
Fixed rate bond	8 November 2013	12 November 2018	5.2%	15,000
Fixed rate bond	27 February 2014	27 February 2017	4.125%	1,500
Fixed rate bond	21 May 2015	25 May 2020	3.98%	7,000
Fixed rate bond	13 November 2015	17 November 2020	3.61%	8,000

(b) The carrying value of the Bank's subordinated bonds issued as at 31 December represents:

	Notes	31 December 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)	19,977	19,974
— in August 2024	(v)	36,957	36,953
<b>Total</b>		<b>70,434</b>	<b>75,427</b>

Notes:

- (i) The interest rate on the subordinated fixed rate bonds issued on 28 May 2010 is 4.00% per annum. The Bank redeemed the bonds through the exercise of an early redemption option on 28 May 2015.
- (ii) The interest rate on the subordinated fixed rate bonds issued on 22 June 2006 is 4.12% per annum. 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 on the subordinated fixed rate bonds issued on 28 May 2010 is 4.30% per annum. 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 on the subordinated fixed rate bonds issued on 21 June 2012 is 5.15% per annum. 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 on the subordinated fixed rate bonds issued on 26 August 2014 is 6.13% per annum. 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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 45 Debt securities issued (Continued)

- (c) The carrying value of CITIC Bank International Limited's subordinated bonds issued as at 31 December represents:

	Notes	31 December 2015	31 December 2014
Subordinated fixed rate bonds maturing on 24 June 2020	(i)	3,462	3,274
Subordinated fixed rate bonds maturing on 28 September 2022	(ii)	1,933	1,808
Subordinated fixed rate bonds maturing on 7 May 2024	(iii)	1,950	1,824
<b>Total</b>		<b>7,345</b>	<b>6,906</b>

(i) Subordinated bonds with nominal value of USD500 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.

(ii) Subordinated bonds with nominal value of USD300 million at interest rate of 3.875% per annum were issued on 27 September 2012 by CITIC Bank International Limited.

(iii) Subordinated bonds with nominal value of USD300 million at interest rate of 6.00% per annum were issued on 7 November 2013 by CITIC Bank International Limited.

- (d) These certificates of deposit were issued by CITIC Bank International Limited with interest rate ranging from 0.46% to 3.73% per annum.

- (e) As at 31 December 2015, the Bank had issued certain certificates of interbank deposits, totaling RMB171,356 million, with yield ranging from 2.75% to 4.77% per annum. The original expiry terms are between 1 month to 2 years.

### 46 Other liabilities

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Settlement and clearing accounts	23,718	10,848	21,396	10,422
Advances and deferred expenses	2,947	2,717	2,073	1,740
Precious metal contracts	2,935	7,747	2,935	7,747
Deferred emoluments payable (Note 41(i))	3,781	—	3,781	—
Payment and collection accounts	541	262	539	262
Accrued expenses	389	170	325	170
Dormant accounts	339	248	269	248
Others	7,002	4,074	4,545	3,847
<b>Total</b>	<b>41,652</b>	<b>26,066</b>	<b>35,863</b>	<b>24,436</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 47 Share capital

### The Group and the Bank

	Note	31 December 2015	
		Number of shares (millions)	Nominal Value
A-Share	(i)	34,053	34,053
H-Share		14,882	14,882
<b>Total</b>		<b>48,935</b>	<b>48,935</b>

	Note	31 December 2014	
		Number of shares (millions)	Nominal Value
A-Share	(i)	31,905	31,905
H-Share		14,882	14,882
<b>Total</b>		<b>46,787</b>	<b>46,787</b>

Note:

- (i) On 31 December 2015, the Bank through private placement issued 2,147,469,539 shares to China National Tobacco Corporation (CNTC), at an issuance price of RMB5.55 per share, raising RMB11,888 million in total after deduction of issuance expenses (including underwriting and sponsorship fees). Such issuance resulted in an increase in share capital and share premium by RMB2,148 million and RMB9,740 million, respectively. CNTC holds 4.39% shares of the Bank after the issuance. KPMG Huazhen issued related capital verification report (KPMG Huazhen Yan Zi No.1501428) on 31 December 2015.

## 48 Capital reserves

	Notes	The Group		The Bank	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Share premium	47(i)	58,555	49,214	61,359	51,619
Other reserves	(i)	81	82	—	—
<b>Total</b>		<b>58,636</b>	<b>49,296</b>	<b>61,359</b>	<b>51,619</b>

Note:

- (i) In August 2015, the Bank completed the acquisition of 29.86% of CIFH's shares from BBVA. The difference between the consideration and the related carrying amount of CIFH's net asset of RMB0.4 billion was debited to capital premium (Note 28(i) and (ii)).

## 49 Other comprehensive income/(loss)

Other comprehensive income/(loss) 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 41).

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 50 Surplus reserve

	The Group and the Bank	
	Year ended 31 December 2015	Year ended 31 December 2014
As at 1 January	19,394	15,495
Appropriations	3,968	3,899
As at 31 December	23,362	19,394

Under the relevant PRC Laws, the Bank and the Bank's subsidiaries in Mainland China are required to appropriate 10% of its net profit, as determined under regulations issued by the regulatory bodies of the PRC, 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.

### 51 General reserve

	The Group		The Bank	
	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
As at 1 January	50,447	44,340	50,350	44,250
Appropriations	14,108	6,107	14,000	6,100
As at 31 December	64,555	50,447	64,350	50,350

Pursuant to relevant Ministry of Finance ("MOF") notices, the Bank 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.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 52 Profit appropriations and retained earnings

### (a) Profit appropriations and distributions other than dividends declared during the year

	Notes	The Group		The Bank	
		Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
Appropriations to					
— surplus reserve	50	<b>3,968</b>	3,899	<b>3,968</b>	3,899
— general reserve	51	<b>14,108</b>	6,107	<b>14,000</b>	6,100
As at 31 December		<b>18,076</b>	10,006	<b>17,968</b>	9,999

In accordance with the approval from the Board of Directors dated 23 March 2016, the Bank appropriated RMB3,968 million to statutory surplus reserve fund and RMB14,000 million to general reserve for the year of 2015. The Group's subsidiaries Lin'an rural bank and CFLL made appropriations to general reserve in accordance with relevant regulatory requirements.

- (b) On 23 March 2016, the Board of Directors proposed a cash dividend of RMB2.12 per 10 shares in respect of the year ended 31 December 2015. Subject to the approval of the equity holders at the Annual General Meeting, approximately RMB10,374 million is payable to those on the register of equity holders as at the relevant record date. This proposal is a non-adjusting event after the reporting period and has not been recognised as liability at the reporting date.
- (c) As at 31 December 2015, the retained earnings included the statutory surplus reserves of certain subsidiaries of RMB50 million (31 December 2014: RMB34 million), of which RMB16 million (2014: RMB11 million) was the appropriation made by the subsidiaries for the year ended 31 December 2015. Such statutory surplus reserves in the retained earnings cannot be distributed.

## 53 Non-controlling interests

As at 31 December 2015, non-controlling interests included an amount of RMB1.83 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 USD300 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 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. These Capital Securities are classified as equity instruments.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 54 Notes to consolidated cash flow statement

### (a) Cash and cash equivalents

The Group

	31 December 2015	31 December 2014
Cash	7,355	7,232
Cash equivalents		
Surplus deposit reserve funds	63,656	70,166
Deposits with banks and non-bank financial institutions due within three months when acquired	70,826	86,284
Placements with and loans to banks and non-bank financial institutions due within three months when acquired	64,458	48,663
Investment securities due within three months when acquired	20,069	16,030
Total of cash equivalents	219,009	221,143
Total	226,364	228,375

### (b) Non-cash related investment and financing activities

In 2015, the Bank injected further capital of RMB1.49 billion into its wholly owned subsidiary CNCB Investment and established a wholly owned subsidiary CFLL with a capital of RMB4 billion. Such transactions had no cash outflows at the Group level.

## 55 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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 55 Commitments and contingent liabilities (Continued)

#### (a) Credit commitments (Continued)

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Contractual amount</b>				
Loan commitments				
— with an original maturity of within one year	130,985	141,614	58,612	80,787
— with an original maturity of one year or above	69,948	46,724	68,092	45,557
Subtotal	200,933	188,338	126,704	126,344
Guarantees	133,567	124,008	131,094	123,004
Letters of credit	92,164	134,766	90,373	130,002
Acceptances	631,431	712,985	628,790	711,552
Credit card commitments	149,138	124,106	141,993	117,409
Total	1,207,233	1,284,203	1,118,954	1,208,311

#### (b) Credit commitments analysed by credit risk weighted amount

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Credit risk weighted amount of contingent liabilities and commitments	391,878	455,254	387,825	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%.

#### (c) Capital commitments

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

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Contracted for	7,119	8,369	6,979	8,329
Authorised but not contracted for	113	44	113	44

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 55 Commitments and contingent liabilities (Continued)

### (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. As at 31 December, the Group's future minimum lease payments under non-cancellable operating leases were as follows:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within one year	2,864	2,583	2,649	2,392
After one year but within two years	2,553	2,396	2,373	2,233
After two years but within three years	2,173	2,143	2,036	2,005
After three years but within five years	3,510	3,417	3,311	3,204
After five years	3,699	3,545	3,586	3,375
Total	14,799	14,084	13,955	13,209

### (e) Outstanding contingencies including litigation and disputes

The Group has assessed and has made provision for any probable outflow of economic benefits in relation to commitments and contingent liabilities at the reporting date in accordance with its accounting policies including litigation and disputes. The Group believes that the final result of these lawsuits and other contingencies will not have material impact on the financial position or operations of the Group.

As at 31 December 2015, the Group was involved in certain pending litigation with gross claims of RMB394 million (as at 31 December 2014: RMB339 million). Based on the opinion of internal and external legal counsels, the Group had made a provision of RMB2 million (as at 31 December 2014: RMB5 million) against these litigation.

### (f) Bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold 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	
	31 December 2015	31 December 2014
Bonds redemption obligations	13,371	12,107

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 55 Commitments and contingent liabilities (Continued)

### (g) Commitment to share acquisition and disposal

On 26 May 2015, the Group and CTBC Financial Holding Co., Ltd (hereinafter referred to as “CTBC”) entered into a private placement agreement. The Group 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 RMB2,353 million. As at the reporting date, these two agreements were still subject to the approval of regulators in the relevant jurisdictions and are conditional on simultaneous completion.

## 56 Pledged assets

### (a) Financial assets pledged as collateral

The carrying amount of financial assets pledged as collateral in the Group’s ordinary course of businesses, including repurchase agreements, borrowings from central banks are disclosed as below:

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Debt securities	115,553	64,738	115,553	64,491
Discounted bills	27,492	6,414	27,492	6,414
Others	137	67	—	—
Total	143,182	71,219	143,045	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 31 December 2015, the fair values of collateral held by the Group under resale agreements for which the Group was permitted to sell or re-pledge in the absence of default for the transactions was nil (31 December 2014: RMB573 million).

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 57 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 does not take on credit risk in relation to these transactions, but 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	
	31 December 2015	31 December 2014
Entrusted loans	606,264	524,538
Entrusted funds	606,334	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 consolidated statement of profit or loss and other comprehensive income as commission income. The Group has entered into placements transactions at market interest rates with the wealth management products vehicles (Note 63(b)).

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 and the Bank	
	31 December 2015	31 December 2014
Underlying investments of wealth management products	659,118	393,413
Funds raised from investors of wealth management products	633,852	376,613

As at 31 December 2015, RMB72,549 million (as at 31 December 2014: RMB58,225 million) of these wealth management products invested in investments in which certain subsidiaries and associates of the CITIC Group acted as trustees.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 58 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 expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expenses". Interest income and expenses earned from third parties are referred to as "External net interest income/expenses".

Segment income, expense, 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 year to acquire assets (including both tangibles assets and intangible assets) whose estimated useful lives are over one year.

### (a) Business segments

The Group has 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 and guarantee 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 conducts capital markets operations, inter-bank operations, and investment banking businesses, which, specifically, includes inter-bank money market transactions, repurchase transactions, and investments and trading in debt instruments. Furthermore, treasury business segment also carries out derivatives instruments, derivatives and forex trading for customers; and manages the Group's liquidity position.

#### *Others and unallocated*

These represent non-banking businesses provided by the Group's subsidiaries (CIFH and CNCB Investment), along with head office assets, liabilities, income and expenses that are not directly attributable to a segment.

During the year, the Group changed the allocation basis for corporate foreign currency deposits between the corporate banking segment and the treasury business segment; and its internal funding pricing to better reflect the resources deployed by each segment. The related comparative figures have been restated accordingly.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 58 Segment reporting (Continued)

#### (a) Business segments (Continued)

	Year ended 31 December 2015				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income/(expense)	44,326	27,199	36,248	(3,340)	104,433
Internal net interest income/(expense)	20,981	(10,924)	(8,710)	(1,347)	—
Net interest income	65,307	16,275	27,538	(4,687)	104,433
Net fee and commission income	6,010	17,077	12,837	(250)	35,674
Other net income (Note (i))	(17)	657	4,674	124	5,438
<b>Operating income</b>	<b>71,300</b>	<b>34,009</b>	<b>45,049</b>	<b>(4,813)</b>	<b>145,545</b>
<b>Operating expenses</b>					
— depreciation and amortisation	(881)	(295)	(918)	(360)	(2,454)
— others	(22,015)	(21,275)	(4,714)	(144)	(48,148)
Impairment losses	(28,518)	(8,142)	(2,440)	(937)	(40,037)
Revaluation gain on investment properties	—	—	—	27	27
Share of gain of associates	—	—	—	53	53
<b>Profit/(loss) before tax</b>	<b>19,886</b>	<b>4,297</b>	<b>36,977</b>	<b>(6,174)</b>	<b>54,986</b>
Income tax					(13,246)
<b>Net profit/(loss)</b>					<b>41,740</b>
<b>Capital expenditure</b>	<b>1,261</b>	<b>407</b>	<b>1,344</b>	<b>300</b>	<b>3,312</b>

	31 December 2015				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
<b>Segment assets</b>	<b>1,999,792</b>	<b>635,043</b>	<b>2,057,056</b>	<b>421,444</b>	<b>5,113,335</b>
Interest in associate	—	—	—	976	976
Deferred tax assets					7,981
<b>Total asset</b>					<b>5,122,292</b>
<b>Segment liabilities</b>	<b>2,553,460</b>	<b>572,089</b>	<b>1,577,136</b>	<b>99,911</b>	<b>4,802,596</b>
Deferred tax liabilities					10
<b>Total liabilities</b>					<b>4,802,606</b>
Off-balance sheet credit commitments	965,931	149,138	92,164	—	1,207,233



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 58 Segment reporting (Continued)

### (a) Business segments (Continued)

	Year ended 31 December 2014				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income/(expense)	50,200	20,385	25,661	(1,505)	94,741
Internal net interest income/(expense)	9,559	(5,589)	(2,660)	(1,310)	—
Net interest income	59,759	14,796	23,001	(2,815)	94,741
Net fee and commission income	5,431	10,306	9,546	30	25,313
Other net income (Note (i))	80	131	3,704	870	4,785
<b>Operating income</b>	<b>65,270</b>	<b>25,233</b>	<b>36,251</b>	<b>(1,915)</b>	<b>124,839</b>
<b>Operating expenses</b>					
— depreciation and amortisation	(952)	(344)	(725)	(173)	(2,194)
— others	(21,918)	(18,805)	(3,234)	(645)	(44,602)
Impairment losses	(17,028)	(4,760)	(828)	(1,057)	(23,673)
Revaluation gain on investment properties	—	—	—	2	2
Share of gain of associates	—	—	—	202	202
<b>Profit/(loss) before tax</b>	<b>25,372</b>	<b>1,324</b>	<b>31,464</b>	<b>(3,586)</b>	<b>54,574</b>
Income tax					(13,120)
<b>Net profit</b>					<b>41,454</b>
<b>Capital expenditure</b>	<b>1,215</b>	<b>442</b>	<b>912</b>	<b>91</b>	<b>2,660</b>

	31 December 2014				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
<b>Segment assets</b>	<b>1,953,573</b>	<b>673,290</b>	<b>1,458,938</b>	<b>42,827</b>	<b>4,128,628</b>
Interest in associate	—	—	—	870	870
Deferred tax assets					9,317
<b>Total asset</b>					<b>4,138,815</b>
<b>Segment liabilities</b>	<b>2,168,473</b>	<b>545,031</b>	<b>1,036,166</b>	<b>121,799</b>	<b>3,871,469</b>
<b>Total liabilities</b>					<b>3,871,469</b>
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, net hedging gain/(loss) and other operating income.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 58 Segment reporting (Continued)

### (b) Geographical segments

The Group operates principally in Mainland China with branches and sub-branches located in 31 provinces, autonomous regions and municipalities directly under the central government. The Bank's principal subsidiaries, CNCB Investment and CIFH are registered and operating in Hong Kong. The other subsidiaries, 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, Jinan and 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, Yinchuan and Lhasa;
- “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 CNCB Investment, CIFH and its subsidiaries.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 58 Segment reporting (Continued)

### (b) Geographical segments (Continued)

	Year ended 31 December 2015									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
External net interest income	18,909	11,853	14,581	14,734	14,491	2,273	24,808	2,784	—	104,433
Internal net interest income/(expense)	1,751	3,030	6,689	285	(1,158)	55	(10,754)	102	—	—
Net interest income	20,660	14,883	21,270	15,019	13,333	2,328	14,054	2,886	—	104,433
Net fee and commission income	4,920	2,776	4,857	3,197	3,173	504	15,274	973	—	35,674
Other net income (Note (i))	1,326	556	653	437	402	79	844	1,141	—	5,438
<b>Operating income</b>	<b>26,906</b>	<b>18,215</b>	<b>26,780</b>	<b>18,653</b>	<b>16,908</b>	<b>2,911</b>	<b>30,172</b>	<b>5,000</b>	<b>—</b>	<b>145,545</b>
<b>Operating expense</b>										
— depreciation and amortisation	(391)	(262)	(429)	(285)	(317)	(93)	(468)	(209)	—	(2,454)
— others	(9,255)	(6,009)	(8,734)	(6,484)	(6,002)	(1,310)	(8,243)	(2,111)	—	(48,148)
Impairment losses	(7,833)	(12,101)	(6,263)	(3,604)	(4,734)	(1,310)	(3,642)	(550)	—	(40,037)
Revaluation gain on investment properties	—	—	—	—	—	—	—	27	—	27
Share of gain of associates	—	—	—	—	—	—	—	53	—	53
<b>Profit before tax</b>	<b>9,427</b>	<b>(157)</b>	<b>11,354</b>	<b>8,280</b>	<b>5,855</b>	<b>198</b>	<b>17,819</b>	<b>2,210</b>	<b>—</b>	<b>54,986</b>
Income tax										(13,246)
<b>Net profit</b>										<b>41,740</b>
Capital expenditure	342	131	451	225	1,057	38	970	98	—	3,312

	31 December 2015									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
<b>Segment assets</b>	1,099,815	752,965	1,114,688	617,426	557,507	93,262	2,622,096	240,435	(1,984,859)	5,113,335
Interest in associate	—	—	—	—	—	—	—	976	—	976
Deferred tax assets										7,981
<b>Total assets</b>										<b>5,122,292</b>
<b>Segment liabilities</b>	1,090,635	751,135	1,099,277	609,986	551,901	92,311	2,354,458	215,502	(1,962,609)	4,802,596
Deferred tax liabilities										10
<b>Total liabilities</b>										<b>4,802,606</b>
Off-balance sheet credit commitment	256,116	164,181	226,170	178,355	126,693	27,043	141,993	86,682	—	1,207,233

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 58 Segment reporting (Continued)

### (b) Geographical segments (Continued)

	Year ended 31 December 2014									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
External net interest income	15,608	11,359	10,632	11,456	12,158	2,683	28,046	2,799	—	94,741
Internal net interest income/(expense)	2,654	978	6,635	1,964	(71)	(126)	(12,536)	502	—	—
Net interest income	18,262	12,337	17,267	13,420	12,087	2,557	15,510	3,301	—	94,741
Net fee and commission income	3,842	2,428	3,746	2,371	2,565	535	9,058	768	—	25,313
Other net income (Note (i))	935	349	777	293	251	57	1,256	867	—	4,785
<b>Operating income</b>	<b>23,039</b>	<b>15,114</b>	<b>21,790</b>	<b>16,084</b>	<b>14,903</b>	<b>3,149</b>	<b>25,824</b>	<b>4,936</b>	<b>—</b>	<b>124,839</b>
<b>Operating expense</b>										
— depreciation and amortisation	(349)	(238)	(416)	(257)	(257)	(75)	(416)	(186)	—	(2,194)
— others	(8,898)	(5,729)	(8,354)	(5,867)	(5,399)	(1,343)	(7,042)	(1,970)	—	(44,602)
Impairment losses	(7,324)	(6,887)	(4,504)	(2,244)	(931)	(1,400)	(231)	(152)	—	(23,673)
Revaluation gain on investment properties	—	—	—	—	—	—	—	2	—	2
Share of gain of associates	—	—	—	—	—	—	—	202	—	202
<b>Profit before tax</b>	<b>6,468</b>	<b>2,260</b>	<b>8,516</b>	<b>7,716</b>	<b>8,316</b>	<b>331</b>	<b>18,135</b>	<b>2,832</b>	<b>—</b>	<b>54,574</b>
Income tax										(13,120)
<b>Net profit</b>										<b>41,454</b>
Capital expenditure	321	181	237	598	240	446	564	73	—	2,660

	31 December 2014									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
<b>Segment assets</b>	832,355	567,700	916,047	510,466	468,004	89,173	1,946,061	198,628	(1,399,806)	4,128,628
Interest in associate	—	—	—	—	—	—	—	870	—	870
Deferred tax assets										9,317
<b>Total assets</b>										<b>4,138,815</b>
<b>Segment liabilities</b>	828,692	564,494	906,031	503,804	460,468	88,544	1,742,187	178,132	(1,400,883)	3,871,469
<b>Total liabilities</b>										<b>3,871,469</b>
Off-balance sheet credit commitment	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, net hedging gain and other operating income.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 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 credit business. In respect of treasury businesses, credit risk mainly represents impairment losses of debt securities due to default by issuers, and, inability of derivative counterparties in fulfilling their obligations.

#### *Credit business*

In addition to underwriting standards, the principal means of managing credit risk are credit limit management, 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 credit business, both actual and potential, on a regular basis.

The Group adopts a credit risk classification approach to manage the portfolio risk. Credit businesses 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 credit businesses classified as impaired. The allowance for impairment loss on impaired credit businesses is collectively or individually assessed as appropriate.

The Group applies a series of criteria in determining the classification of credit business. The credit business classification criteria focuses on a number of factors, including (i) the financier's ability to repay the credit business, (ii) the financier's repayment history, (iii) the financier'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 credit business are overdue.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 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 credit business facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers' application for credit businesses.

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 credit business is diversified along 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	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Balances with central banks	503,834	531,254	502,693	529,789
Deposits with bank and non-bank financial institutions	80,803	93,991	64,800	81,689
Placements with and loans to banks and non-bank financial institutions	118,776	68,180	98,276	47,810
Financial assets at fair value through profit or loss	26,219	27,507	25,349	27,501
Positive fair value of derivatives	13,788	8,226	10,384	5,638
Financial assets held under resale agreements	138,561	135,765	137,210	135,765
Interest receivables	30,512	26,125	29,849	25,546
Loans and advances to customers	2,468,283	2,136,332	2,304,874	2,012,342
Available-for-sale financial assets	372,758	207,188	328,480	186,517
Held-to-maturity investments	179,930	177,957	179,930	177,957
Investment classified as receivables	1,112,207	653,256	1,109,807	652,916
Other financial assets	36,222	21,615	33,439	20,815
Subtotal	5,081,893	4,087,396	4,825,091	3,904,285
Credit commitments	1,207,233	1,284,203	1,118,954	1,208,311
Maximum credit risk exposure	6,289,126	5,371,599	5,944,045	5,112,596

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (a) Credit risk (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 investment classified as receivable are as follows:*

#### The Group

	Notes	31 December 2015				Investments classified as receivables
		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	
<b>Impaired</b>						
Individually assessed						
Gross balance		28,039	30	—	128	—
Allowance for impairment losses		(15,345)	(8)	—	(120)	—
Net balance		12,694	22	—	8	—
Collectively assessed						
Gross balance		8,011	—	—	—	—
Allowance for impairment losses		(5,846)	—	—	—	—
Net balance		2,165	—	—	—	—
<b>Overdue but not impaired</b>						
	(i)					
— less than three months		35,118	—	—	—	—
— three months to one year		6,418	—	—	—	—
Gross balance		41,536	—	—	—	—
Allowance for impairment losses		(5,544)	—	—	—	—
Net balance		35,992	—	—	—	—
<b>Neither overdue nor impaired</b>						
Gross balance		2,451,194	703,391	138,561	578,956	1,113,092
Allowance for impairment losses	(ii)	(33,762)	—	—	(57)	(885)
Net balance		2,417,432	703,391	138,561	578,899	1,112,207
<b>Net balance of total assets</b>		<b>2,468,283</b>	<b>703,413</b>	<b>138,561</b>	<b>578,907</b>	<b>1,112,207</b>



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (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 investment classified as receivable are as follows (Continued):*

#### The Group (Continued)

		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
<b>Impaired</b>						
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	—	—	—	—
<b>Overdue but not impaired</b>						
	(i)					
— less than three months		42,313	—	—	—	—
— three months to one year		5,285	—	—	—	—
Gross balance		47,598	—	—	—	—
Allowance for impairment losses		(5,538)	—	—	—	—
Net balance		42,060	—	—	—	—
<b>Neither overdue nor impaired</b>						
Gross balance		2,111,856	693,404	135,765	412,568	653,412
Allowance for impairment losses	(ii)	(30,931)	—	—	—	(156)
Net balance		2,080,925	693,404	135,765	412,568	653,256
<b>Net balance of total assets</b>		<b>2,136,332</b>	<b>693,425</b>	<b>135,765</b>	<b>412,652</b>	<b>653,256</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (a) Credit risk (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 investment classified as receivable are as follows (Continued):*

#### The Bank

	Notes	31 December 2015				
		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
<b>Impaired</b>						
Individually assessed						
Gross balance		26,771	30	—	116	—
Allowance for impairment losses		(15,089)	(8)	—	(108)	—
Net balance		11,682	22	—	8	—
Collectively assessed						
Gross balance		8,003	—	—	—	—
Allowance for impairment losses		(5,839)	—	—	—	—
Net balance		2,164	—	—	—	—
<b>Overdue but not impaired</b>						
	(i)					
— less than three months		32,287	—	—	—	—
— three months to one year		6,226	—	—	—	—
Gross balance		38,513	—	—	—	—
Allowance for impairment losses		(5,513)	—	—	—	—
Net balance		33,000	—	—	—	—
<b>Neither overdue nor impaired</b>						
Gross balance		2,291,269	665,747	137,210	533,808	1,110,692
Allowance for impairment losses	(ii)	(33,241)	—	—	(57)	(885)
Net balance		2,258,028	665,747	137,210	533,751	1,109,807
<b>Net balance of total assets</b>		<b>2,304,874</b>	<b>665,769</b>	<b>137,210</b>	<b>533,759</b>	<b>1,109,807</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (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 investment classified as receivable are as follows (Continued):*

#### The Bank (Continued)

		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
<b>Impaired</b>						
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	—	—	—	—
<b>Overdue but not impaired</b>						
	(i)					
— less than three months		40,208	—	—	—	—
— three months to one year		5,152	—	—	—	—
Gross balance		45,360	—	—	—	—
Allowance for impairment losses		(5,524)	—	—	—	—
Net balance		39,836	—	—	—	—
<b>Neither overdue nor impaired</b>						
Gross balance		1,990,233	659,267	135,765	391,967	653,072
Allowance for impairment losses	(ii)	(30,640)	—	—	—	(156)
Net balance		1,959,593	659,267	135,765	391,967	652,916
<b>Net balance of total assets</b>		<b>2,012,342</b>	<b>659,288</b>	<b>135,765</b>	<b>391,975</b>	<b>652,916</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (a) Credit risk (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 investment classified as receivable are as follows (Continued):

Notes:

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

As at 31 December 2015, the corporate loans and advances of the Group which were overdue but not impaired were RMB30,741 million (as at 31 December 2014: RMB39,141 million). The secured and unsecured portion of these loans and advances were RMB17,988 million (as at 31 December 2014: RMB21,634 million) and RMB12,753 million (as at 31 December 2014: RMB17,507 million), respectively. The fair value of collateral held against these loans and advances amounted to RMB23,701 million (as at 31 December 2014: RMB30,187 million).

As at 31 December 2015, the corporate loans and advances of the Bank which were overdue but not impaired were RMB28,521 million (2014: RMB36,906 million). The secured and unsecured portion of these loans and advances were RMB16,701 million (2014: RMB20,237 million) and RMB11,820 million (2014: RMB16,669 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB19,282 million (2014: RMB25,143 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.

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

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

	The Group					
	31 December 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
— manufacturing	414,273	16.4	201,490	384,521	17.6	171,481
— wholesale and retail	260,675	10.3	161,575	290,107	13.3	168,279
— real estate	254,892	10.1	216,414	179,677	8.2	152,514
— rental and business services	147,798	5.8	87,060	83,809	3.8	47,054
— transportation, storage and postal services	147,535	5.8	72,340	138,230	6.3	67,508
— water, environment and public utility management	127,435	5.0	64,321	111,524	5.1	53,463
— construction	102,532	4.1	47,940	101,834	4.7	46,484
— production and supply of electric power, gas and water	54,704	2.2	20,219	51,828	2.4	16,480
— public management and social organizations	20,835	0.8	4,880	19,304	0.9	4,624
— others	236,743	9.4	95,296	204,484	9.3	78,505
Subtotal	1,767,422	69.9	971,535	1,565,318	71.6	806,392
Personal loans	668,613	26.4	478,582	554,547	25.3	406,778
Discounted bills	92,745	3.7	—	68,043	3.1	—
Gross loans and advances to customers	2,528,780	100.0	1,450,117	2,187,908	100.0	1,213,170

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (Continued)

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

	The Bank					
	31 December 2015			31 December 2014		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
— manufacturing	403,285	17.0	196,107	377,992	18.3	169,657
— wholesale and retail	245,419	10.4	157,118	275,963	13.4	164,742
— real estate	224,873	9.5	201,943	160,821	7.8	140,107
— rental and business services	146,115	6.2	85,812	83,514	4.0	47,026
— transportation, storage and postal services	144,453	6.1	71,676	136,345	6.6	66,841
— water, environment and public utility management	120,704	5.1	57,661	111,466	5.4	53,454
— construction	101,188	4.3	47,267	100,456	4.9	46,053
— production and supply of electric power, gas and water	49,086	2.1	15,022	51,468	2.5	16,390
— public management and social organizations	20,835	0.9	4,880	19,304	0.9	4,624
— others	171,615	7.2	75,263	147,749	7.2	64,852
Subtotal	1,627,573	68.8	912,749	1,465,078	71.0	773,746
Personal loans	649,764	27.5	461,262	538,512	26.1	391,971
Discounted bills	87,219	3.7	—	59,888	2.9	—
Gross loans and advances to customers	2,364,556	100.0	1,374,011	2,063,478	100.0	1,165,717

As at 31 December, 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

	31 December 2015				
	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	10,338	5,378	8,894	9,176	(7,871)
Wholesale and retail	12,127	7,475	6,313	14,140	(12,174)
Real estate	249	54	2,505	(20)	—

	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)

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (a) Credit risk (Continued)

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

##### The Bank

	31 December 2015				
	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	10,169	5,340	8,821	9,166	(7,877)
Wholesale and retail	11,901	7,406	6,238	14,016	(12,213)
Real estate	223	54	2,503	(17)	—

	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

	31 December 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)	680,886	26.9	315,863	576,598	26.4	258,442
Yangtze River Delta	553,616	21.9	330,052	512,214	23.4	288,924
Pearl River Delta and West Strait	396,853	15.7	298,743	319,360	14.6	230,554
Central	348,882	13.8	205,182	306,274	14.0	176,516
Western	340,226	13.5	201,975	292,793	13.4	172,627
Northeastern	68,949	2.7	42,845	64,071	2.9	41,980
Outside Mainland China	139,368	5.5	55,457	116,598	5.3	44,127
Total	2,528,780	100.0	1,450,117	2,187,908	100.0	1,213,170

##### The Bank

	31 December 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)	660,803	28.0	297,929	573,158	27.8	257,823
Yangtze River Delta	550,812	23.3	328,263	509,464	24.7	287,069
Pearl River Delta and West Strait	394,884	16.7	297,817	317,718	15.4	229,702
Central	348,882	14.7	205,182	306,274	14.8	176,516
Western	340,226	14.4	201,975	292,793	14.2	172,627
Northeastern	68,949	2.9	42,845	64,071	3.1	41,980
Total	2,364,556	100.0	1,374,011	2,063,478	100.0	1,165,717

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (Continued)

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

As at 31 December, 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

	31 December 2015		
	Impaired loans and advance	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	8,869	3,354	12,624
Yangtze River Delta	8,838	4,124	9,398
Pearl River Delta and West Strait	7,685	3,440	8,361
Central	5,212	1,873	7,380
Western	2,443	1,281	5,795

	31 December 2014		
	Impaired loans and advance	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

#### The Bank

	31 December 2015		
	Impaired loans and advance	Individually assessed impairment allowance	Collectively assessed impairment allowance
Bohai Rim (including Head Office)	8,869	3,354	12,414
Yangtze River Delta	8,789	4,113	9,384
Pearl River Delta and West Strait	7,482	3,388	8,355
Central	5,212	1,873	7,380
Western	2,443	1,281	5,795

	31 December 2014		
	Impaired loans and advance	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



## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (Continued)

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

	The Group		The Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Unsecured loans	492,822	392,960	467,932	368,639
Guaranteed loans	493,095	513,735	435,395	469,234
Secured loans				
— loans secured by collateral	1,169,587	953,053	1,113,612	917,020
— pledged loans	280,531	260,117	260,398	248,697
Subtotal	2,436,035	2,119,865	2,277,337	2,003,590
Discounted bills	92,745	68,043	87,219	59,888
Gross loans and advances to customers	2,528,780	2,187,908	2,364,556	2,063,478

##### (vi) Rescheduled loans and advances to customers

###### The Group

	31 December 2015		31 December 2014	
	Gross balance	% of total loans and advances	Gross balance	% of total loans and advances
Rescheduled loans and advances	8,482	0.34%	13,724	0.63%
Less:				
— rescheduled loans and advances overdue more than 3 months	5,310	0.21%	6,901	0.32%
— rescheduled loans and advances overdue less than 3 months	3,172	0.13%	6,823	0.31%

###### The Bank

	31 December 2015		31 December 2014	
	Gross balance	% of total loans and advances	Gross balance	% of total loans and advances
Rescheduled loans and advances	8,472	0.36%	13,204	0.64%
Less:				
— rescheduled loans and advances overdue more than 3 months	5,310	0.22%	6,901	0.33%
— rescheduled loans and advances overdue less than 3 months	3,162	0.14%	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.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (a) Credit risk (Continued)

##### (vii) Debt instruments analysed by credit rating

The Group adopts a credit rating approach to manage credit risk of its debt securities portfolio. The ratings are obtained from major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by rating as at the end of the reporting period are as follows:

#### The Group

	31 December 2015					Total
	Unrated (Note (i))	AAA	AA	A	Below A	
Debt securities issued by:						
— governments	126,538	27,025	4,694	6,818	127	165,202
— policy banks	50,416	—	578	—	—	50,994
— public entities	4	—	—	—	—	4
— banks and non-bank financial institutions	75,632	143,357	16,040	13,040	5,314	253,383
— corporates	1,714	87,681	13,887	4,181	1,861	109,324
<b>Total</b>	<b>254,304</b>	<b>258,063</b>	<b>35,199</b>	<b>24,039</b>	<b>7,302</b>	<b>578,907</b>

	31 December 2014					Total
	Unrated (Note (i))	AAA	AA	A	Below A	
Debt securities issued by:						
— governments	85,200	6	52	—	—	85,258
— policy banks	43,301	—	1,005	—	—	44,306
— public entities	19	—	—	49	—	68
— banks and non-bank financial institutions	117,288	48,142	11,348	6,646	2,136	185,560
— corporates	11,711	77,178	3,032	3,546	1,993	97,460
<b>Total</b>	<b>257,519</b>	<b>125,326</b>	<b>15,437</b>	<b>10,241</b>	<b>4,129</b>	<b>412,652</b>

#### The Bank

	31 December 2015					Total
	Unrated (Note (i))	AAA	AA	A	Below A	
Debt securities issued by:						
— governments	126,462	22,461	—	—	—	148,923
— policy banks	50,416	—	578	—	—	50,994
— public entities	4	—	—	—	—	4
— banks and non-bank financial institutions	74,513	143,357	10,929	1,778	762	231,339
— corporates	526	87,578	12,713	1,487	195	102,499
<b>Total</b>	<b>251,921</b>	<b>253,396</b>	<b>24,220</b>	<b>3,265</b>	<b>957</b>	<b>533,759</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (a) Credit risk (Continued)

#### (vii) Debt instruments analysed by credit rating (Continued)

##### The Bank (Continued)

	31 December 2014					Total
	Unrated (Note (i))	AAA	AA	A	Below A	
Debt securities issued by:						
— governments	78,706	—	52	—	—	78,758
— policy banks	43,300	—	1,005	—	—	44,305
— public entities	19	—	—	—	—	19
— banks and non-bank financial institutions	115,747	48,142	11,348	1,725	841	177,803
— corporates	10,582	77,056	2,599	792	61	91,090
<b>Total</b>	<b>248,354</b>	<b>125,198</b>	<b>15,004</b>	<b>2,517</b>	<b>902</b>	<b>391,975</b>

Note:

- (i) Unrated debt investments held by the Group and the Bank are bonds issued primarily by the Chinese government, policy banks, banks, and non-bank financial institutions.

### (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 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 limits and exposure, and; supervise, manage and report on a regular basis.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

##### Interest rate risk (Continued)

The following tables summarise the effective interest rates, and the next re-pricing dates or contractual maturity date whichever is earlier for the assets and liabilities as at the end of each reporting date.

##### The Group

	Effective interest rate (Note (i))	Total	31 December 2015				
			Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
<b>Assets</b>							
Cash and balances with central bank	1.47%	511,189	14,567	496,622	—	—	—
Deposits with banks and non-bank financial institutions	1.22%	80,803	—	74,077	6,726	—	—
Placements with and loans to banks and non-bank financial institutions	2.59%	118,776	22	78,139	40,120	—	495
Financial assets held under resale agreements	3.90%	138,561	—	138,320	141	100	—
Investment classified as receivables	5.20%	1,112,207	3,583	452,100	461,183	183,372	11,969
Loans and advances to customers (Note (ii))	5.85%	2,468,283	310	1,035,127	990,598	428,157	14,091
Investments (Note (iii))	3.86%	580,896	1,991	107,371	121,567	216,221	133,746
Others		111,577	109,416	444	1,717	—	—
<b>Total assets</b>		<b>5,122,292</b>	<b>129,889</b>	<b>2,382,200</b>	<b>1,622,052</b>	<b>827,850</b>	<b>160,301</b>
<b>Liabilities</b>							
Borrowing from central banks	3.50%	37,500	—	13,500	24,000	—	—
Deposits from banks and non-bank financial institutions	3.80%	1,068,544	1,632	536,885	528,017	1,010	1,000
Placements from banks and non-bank financial institutions	1.81%	49,248	—	37,039	11,874	335	—
Financial assets sold under repurchase agreements	2.43%	71,168	—	67,976	3,192	—	—
Deposits from customers	2.16%	3,182,775	16,263	2,137,461	665,174	362,891	986
Debt securities issued	4.65%	289,135	—	82,007	96,899	39,795	70,434
Others		104,236	101,302	606	2,328	—	—
<b>Total liabilities</b>		<b>4,802,606</b>	<b>119,197</b>	<b>2,875,474</b>	<b>1,331,484</b>	<b>404,031</b>	<b>72,420</b>
<b>Interest rate gap</b>		<b>319,686</b>	<b>10,692</b>	<b>(493,274)</b>	<b>290,568</b>	<b>423,819</b>	<b>87,881</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

#### The Group (Continued)

	Effective interest rate (Note (i))	Total	31 December 2014				
			Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
<b>Assets</b>							
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 and loans to 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 receivables	6.17%	653,256	—	165,430	370,548	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	—	—
<b>Total assets</b>		<b>4,138,815</b>	<b>90,307</b>	<b>2,040,792</b>	<b>1,465,226</b>	<b>436,593</b>	<b>105,897</b>
<b>Liabilities</b>							
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 securities issued	4.55%	133,488	—	21,008	13,519	20,260	78,701
Others		88,808	80,147	3,513	4,575	573	—
<b>Total liabilities</b>		<b>3,871,469</b>	<b>94,871</b>	<b>2,583,078</b>	<b>815,383</b>	<b>295,701</b>	<b>82,436</b>
<b>Interest rate gap</b>		<b>267,346</b>	<b>(4,564)</b>	<b>(542,286)</b>	<b>649,843</b>	<b>140,892</b>	<b>23,461</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

##### Interest rate risk (Continued)

##### The Bank

	Effective interest rate (Note (i))	Total	31 December 2015				
			Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
<b>Assets</b>							
Cash and balances with central bank	1.47%	509,851	14,371	495,480	—	—	—
Deposits with banks and non-bank financial institutions	1.52%	64,800	—	58,421	6,379	—	—
Placements with and loans to banks and non-bank financial institutions	2.94%	98,276	22	60,693	37,066	—	495
Financial assets held under resale agreements	3.91%	137,210	—	136,969	141	100	—
Investment classified as receivables	5.20%	1,109,807	3,583	452,100	461,123	182,032	10,969
Loans and advances to customers (Note (ii))	5.99%	2,304,874	—	895,992	969,669	425,132	14,081
Investments (Note (iii))	3.95%	556,522	22,763	84,013	114,866	203,565	131,315
Others		102,955	102,831	35	89	—	—
<b>Total assets</b>		<b>4,884,295</b>	<b>143,570</b>	<b>2,183,703</b>	<b>1,589,333</b>	<b>810,829</b>	<b>156,860</b>
<b>Liabilities</b>							
Borrowing from central banks	3.50%	37,400	—	13,500	23,900	—	—
Deposits from banks and non-bank financial institutions	3.83%	1,069,630	596	539,007	528,017	1,010	1,000
Placements from banks and non-bank financial institutions	1.73%	32,399	—	28,540	3,859	—	—
Financial assets sold under repurchase agreements	2.43%	71,110	—	67,918	3,192	—	—
Deposits from customers	2.21%	2,994,826	6,555	1,983,706	641,107	362,472	986
Debt securities issued	4.82%	273,262	—	79,598	90,758	32,472	70,434
Others		94,030	91,096	606	2,328	—	—
<b>Total liabilities</b>		<b>4,572,657</b>	<b>98,247</b>	<b>2,712,875</b>	<b>1,293,161</b>	<b>395,954</b>	<b>72,420</b>
<b>Interest rate gap</b>		<b>311,638</b>	<b>45,323</b>	<b>(529,172)</b>	<b>296,172</b>	<b>414,875</b>	<b>84,440</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

#### The Bank (Continued)

	Effective interest rate (Note (i))	Total	31 December 2014				
			Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
<b>Assets</b>							
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 and loans to 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	—	165,430	370,348	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	—	—
<b>Total assets</b>		<b>3,962,636</b>	<b>93,033</b>	<b>1,887,267</b>	<b>1,451,333</b>	<b>425,784</b>	<b>105,219</b>
<b>Liabilities</b>							
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 securities issued	5.03%	115,592	—	14,433	9,253	16,479	75,427
Others		83,278	74,617	3,513	4,575	573	—
<b>Total liabilities</b>		<b>3,706,913</b>	<b>81,062</b>	<b>2,479,239</b>	<b>777,888</b>	<b>289,562</b>	<b>79,162</b>
<b>Interest rate gap</b>		<b>255,723</b>	<b>11,971</b>	<b>(591,972)</b>	<b>673,445</b>	<b>136,222</b>	<b>26,057</b>

Notes:

- (i) Effective interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities during the year.
- (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 RMB50,079 million as at 31 December 2015 (as at 31 December 2014: RMB43,496 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 RMB46,872 million as at 31 December 2015 (as at 31 December 2014: RMB43,486 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.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 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 as at 31 December 2015 and 31 December 2014.

	31 December 2015		31 December 2014	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(2,753)	(906)	(552)	(686)
-100 basis points	2,753	906	552	686

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain assumptions as discussed below. The analysis measures only the impact of changes in 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 the three months bracket, and the after three months but within one year bracket are both reprice or mature at the beginning of the respective periods, (ii) it does not reflect the potential impact of unparalleled yield curve movements, 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 and other comprehensive 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 Group, 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 instruments, mainly foreign exchange swaps, to manage its exposure.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

##### Currency risk (Continued)

The exposures at the reporting date were as follows:

##### The Group

	31 December 2015				Total
	RMB	USD	HKD	Others	
<b>Assets</b>					
Cash and balances with central bank	465,281	45,102	613	193	511,189
Deposits with banks and non-bank financial institutions	37,835	29,019	9,860	4,089	80,803
Placements with and loans to banks and non-bank financial institutions	79,776	29,751	6,615	2,634	118,776
Financial assets held under resale agreements	137,210	1,351	—	—	138,561
Investment classified as receivables	1,109,612	2,595	—	—	1,112,207
Loans and advances to customers	2,227,366	168,536	63,532	8,849	2,468,283
Investments	527,396	24,883	15,299	13,318	580,896
Others	98,924	8,541	3,885	227	111,577
<b>Total assets</b>	<b>4,683,400</b>	<b>309,778</b>	<b>99,804</b>	<b>29,310</b>	<b>5,122,292</b>
<b>Liabilities</b>					
Borrowings from central banks	37,500	—	—	—	37,500
Deposits from banks and non-bank financial institutions	1,028,229	34,148	847	5,320	1,068,544
Placements from banks and non-bank financial institutions	38,814	9,714	—	720	49,248
Financial assets sold under repurchase agreements	71,168	—	—	—	71,168
Deposits from customers	2,854,718	192,475	99,888	35,694	3,182,775
Debt securities issued	273,085	14,350	1,700	—	289,135
Others	89,850	6,748	3,257	4,381	104,236
<b>Total liabilities</b>	<b>4,393,364</b>	<b>257,435</b>	<b>105,692</b>	<b>46,115</b>	<b>4,802,606</b>
<b>Net on-balance sheet position</b>	<b>290,036</b>	<b>52,343</b>	<b>(5,888)</b>	<b>(16,805)</b>	<b>319,686</b>
Credit commitments	1,053,858	110,380	35,143	7,852	1,207,233
Derivatives (Note (i))	(26,270)	8,141	1,257	27,960	11,088

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

Currency risk (Continued)

The Group (Continued)

	31 December 2014				Total
	RMB	USD	HKD	Others	
<b>Assets</b>					
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 and loans to 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
<b>Total assets</b>	<b>3,773,206</b>	<b>273,930</b>	<b>74,180</b>	<b>17,499</b>	<b>4,138,815</b>
<b>Liabilities</b>					
Borrowings 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 securities issued	117,576	10,824	2,488	2,600	133,488
Others	80,839	2,379	3,181	2,409	88,808
<b>Total liabilities</b>	<b>3,485,047</b>	<b>274,550</b>	<b>84,879</b>	<b>26,993</b>	<b>3,871,469</b>
<b>Net on-balance sheet position</b>	<b>288,159</b>	<b>(620)</b>	<b>(10,699)</b>	<b>(9,494)</b>	<b>267,346</b>
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

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

##### Currency risk (Continued)

##### The Bank

	31 December 2015				Total
	RMB	USD	HKD	Others	
<b>Assets</b>					
Cash and balances with central bank	464,442	44,817	415	177	509,851
Deposits with banks and non-bank financial institutions	34,439	26,301	650	3,410	64,800
Placements with and loans to banks and non-bank financial institutions	76,912	19,945	1,419	—	98,276
Financial assets held under resale agreements	137,210	—	—	—	137,210
Investment classified as receivables	1,107,212	2,595	—	—	1,109,807
Loans and advances to customers	2,190,187	105,614	2,779	6,294	2,304,874
Investments	529,093	10,594	16,570	265	556,522
Others	94,148	8,123	19	665	102,955
<b>Total assets</b>	<b>4,633,643</b>	<b>217,989</b>	<b>21,852</b>	<b>10,811</b>	<b>4,884,295</b>
<b>Liabilities</b>					
Borrowings from central banks	37,400	—	—	—	37,400
Deposits from banks and non-bank financial institutions	1,029,474	34,059	777	5,320	1,069,630
Placements from banks and non-bank financial institutions	23,025	8,654	—	720	32,399
Financial assets sold under repurchase agreements	71,110	—	—	—	71,110
Deposits from customers	2,815,265	147,624	6,019	25,918	2,994,826
Debt securities issued	273,262	—	—	—	273,262
Others	87,209	5,194	7	1,620	94,030
<b>Total liabilities</b>	<b>4,336,745</b>	<b>195,531</b>	<b>6,803</b>	<b>33,578</b>	<b>4,572,657</b>
<b>Net on-balance sheet position</b>	<b>296,898</b>	<b>22,458</b>	<b>15,049</b>	<b>(22,767)</b>	<b>311,638</b>
Credit commitments	1,048,159	61,845	1,594	7,356	1,118,954
Derivatives (Note (i))	(26,277)	8,172	1,227	27,967	11,089

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (b) Market risk (Continued)

Currency risk (Continued)

The Bank (Continued)

	31 December 2014				Total
	RMB	USD	HKD	Others	
<b>Assets</b>					
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 and loans to 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 receivables	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
<b>Total assets</b>	<b>3,742,453</b>	<b>204,286</b>	<b>4,264</b>	<b>11,633</b>	<b>3,962,636</b>
<b>Liabilities</b>					
Borrowings 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 securities issued	115,592	—	—	—	115,592
Others	76,598	4,463	191	2,026	83,278
<b>Total liabilities</b>	<b>3,456,868</b>	<b>227,486</b>	<b>7,466</b>	<b>15,093</b>	<b>3,706,913</b>
<b>Net on-balance sheet position</b>	<b>285,585</b>	<b>(23,200)</b>	<b>(3,202)</b>	<b>(3,460)</b>	<b>255,723</b>
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.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 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 or loss. The following table sets forth, as at 31 December 2015 and 31 December 2014, the results of the Group's foreign exchange rate sensitivity analysis.

	31 December 2015		31 December 2014	
	Profit before tax	Other comprehensive income	Profit before tax	Other comprehensive income
1% appreciation	407	(18)	139	(3)
1% depreciation	(407)	18	(139)	3

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain assumptions as follows: (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 does not take into account the correlation effect of changes in different foreign currencies, and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, foreign exchange derivative instruments, 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.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (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 and 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 whole 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 indicators (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.

#### Analysis of the remaining contractual maturity of assets and liabilities

##### The Group

	31 December 2015						Total
	Repayable on demand	Within 3 months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	
<b>Assets</b>							
Cash and balances with central banks	71,059	—	3,416	—	—	436,714	511,189
Deposits with banks and non-bank financial institutions	57,103	16,974	6,726	—	—	—	80,803
Placements with and loans to banks and non-bank financial institutions	—	81,118	37,620	16	—	22	118,776
Financial assets held under resale agreements	—	138,320	141	100	—	—	138,561
Investment classified as receivables	—	452,100	461,183	186,955	11,969	—	1,112,207
Loans and advances to customers (Note (ii))	19,429	504,373	892,359	602,310	418,369	31,443	2,468,283
Investments (Note (iii))	296	63,979	113,642	261,416	139,919	1,644	580,896
Others	23,220	14,711	25,133	8,984	8,952	30,577	111,577
<b>Total assets</b>	<b>171,107</b>	<b>1,271,575</b>	<b>1,540,220</b>	<b>1,059,781</b>	<b>579,209</b>	<b>500,400</b>	<b>5,122,292</b>
<b>Liabilities</b>							
Borrowings from central banks	—	13,500	24,000	—	—	—	37,500
Deposits from banks and non-bank financial institutions	225,398	312,518	528,022	1,010	1,000	596	1,068,544
Placements from banks and non-bank financial institutions	—	37,039	11,874	335	—	—	49,248
Financial assets sold under repurchase agreements	—	67,976	3,192	—	—	—	71,168
Deposits from customers	1,334,115	819,432	665,351	362,891	986	—	3,182,775
Debt securities issued	—	80,028	97,281	41,392	70,434	—	289,135
Others	57,151	13,821	19,673	7,926	938	4,727	104,236
<b>Total liabilities</b>	<b>1,616,664</b>	<b>1,344,314</b>	<b>1,349,393</b>	<b>413,554</b>	<b>73,358</b>	<b>5,323</b>	<b>4,802,606</b>
<b>(Short)/long position</b>	<b>(1,445,557)</b>	<b>(72,739)</b>	<b>190,827</b>	<b>646,227</b>	<b>505,851</b>	<b>495,077</b>	<b>319,686</b>



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (c) Liquidity risk (Continued)

Analysis of the remaining contractual maturity of assets and liabilities (Continued)

#### The Group (Continued)

	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	Undated (Note (i))	
<b>Assets</b>							
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 and loans to 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	370,548	117,278	—	—	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
<b>Total assets</b>	<b>189,793</b>	<b>901,462</b>	<b>1,276,827</b>	<b>810,193</b>	<b>433,511</b>	<b>527,029</b>	<b>4,138,815</b>
<b>Liabilities</b>							
Borrowings 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 securities 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
<b>Total liabilities</b>	<b>1,456,871</b>	<b>1,174,723</b>	<b>818,150</b>	<b>313,717</b>	<b>104,482</b>	<b>3,526</b>	<b>3,871,469</b>
<b>(Short)/long position</b>	<b>(1,267,078)</b>	<b>(273,261)</b>	<b>458,677</b>	<b>496,476</b>	<b>329,029</b>	<b>523,503</b>	<b>267,346</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (c) Liquidity risk (Continued)

Analysis of the remaining contractual maturity of assets and liabilities (Continued)

#### The Bank

	31 December 2015						Total
	Repayable on demand	Within 3 months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	
<b>Assets</b>							
Cash and balances with central banks	70,431	—	3,416	—	—	436,004	509,851
Deposits with banks and non-bank financial institutions	42,056	16,365	6,379	—	—	—	64,800
Placements with and loans to banks and non-bank financial institutions	—	63,688	34,566	—	—	22	98,276
Financial assets held under resale agreements	—	136,969	141	100	—	—	137,210
Investment classified as receivables	—	452,100	461,123	185,615	10,969	—	1,109,807
Loans and advances to customers (Note (ii))	17,123	467,133	842,534	548,856	399,482	29,746	2,304,874
Investments (Note (iii))	296	42,285	106,262	247,772	137,488	22,419	556,522
Others	19,813	14,657	25,099	8,484	7,444	27,458	102,955
<b>Total assets</b>	<b>149,719</b>	<b>1,193,197</b>	<b>1,479,520</b>	<b>990,827</b>	<b>555,383</b>	<b>515,649</b>	<b>4,884,295</b>
<b>Liabilities</b>							
Borrowings from central banks	—	13,500	23,900	—	—	—	37,400
Deposits from banks and non-bank financial institutions	225,789	313,218	528,017	1,010	1,000	596	1,069,630
Placements from banks and non-bank financial institutions	—	28,540	3,859	—	—	—	32,399
Financial assets sold under repurchase agreements	—	67,918	3,192	—	—	—	71,110
Deposits from customers	1,283,922	706,340	641,106	362,472	986	—	2,994,826
Debt securities issued	—	79,598	90,758	32,472	70,434	—	273,262
Others	54,143	11,499	19,611	7,652	557	568	94,030
<b>Total liabilities</b>	<b>1,563,854</b>	<b>1,220,613</b>	<b>1,310,443</b>	<b>403,606</b>	<b>72,977</b>	<b>1,164</b>	<b>4,572,657</b>
<b>(Short)/long position</b>	<b>(1,414,135)</b>	<b>(27,416)</b>	<b>169,077</b>	<b>587,221</b>	<b>482,406</b>	<b>514,485</b>	<b>311,638</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 59 Financial risk management (Continued)

### (c) Liquidity risk (Continued)

Analysis of the remaining contractual maturity of assets and liabilities (Continued)

#### The Bank (Continued)

	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	Undated (Note (i))	
<b>Assets</b>							
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 and loans to 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	370,348	117,138	—	—	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
<b>Total assets</b>	<b>171,337</b>	<b>844,985</b>	<b>1,232,736</b>	<b>765,430</b>	<b>416,781</b>	<b>531,367</b>	<b>3,962,636</b>
<b>Liabilities</b>							
Borrowings 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 securities 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
<b>Total liabilities</b>	<b>1,415,896</b>	<b>1,087,968</b>	<b>795,487</b>	<b>309,081</b>	<b>97,576</b>	<b>905</b>	<b>3,706,913</b>
<b>(Short)/long position</b>	<b>(1,244,559)</b>	<b>(242,983)</b>	<b>437,249</b>	<b>456,349</b>	<b>319,205</b>	<b>530,462</b>	<b>255,723</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 59 Financial risk management (Continued)

#### (c) Liquidity risk (Continued)

Credit Commitments include loan commitment, bank acceptance, credit card commitments, guarantees and letters of credit. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

#### The Group

	31 December 2015			Total
	Less than 1 year	1-5 years	Over 5 years	
Bank Acceptance	631,431	—	—	631,431
Credit Card Commitments	149,138	—	—	149,138
Guarantees	81,573	50,887	1,106	133,566
Loan Commitments	90,501	62,712	47,720	200,933
Letter of Credit	91,406	759	—	92,165
<b>Total</b>	<b>1,044,049</b>	<b>114,358</b>	<b>48,826</b>	<b>1,207,233</b>

	31 December 2014			Total
	Less than 1 year	1-5 years	Over 5 years	
Bank Acceptance	712,985	—	—	712,985
Credit Card Commitments	124,106	—	—	124,106
Guarantees	96,815	25,560	1,633	124,008
Loan Commitments	87,223	62,412	38,703	188,338
Letter of Credit	133,009	1,757	—	134,766
<b>Total</b>	<b>1,154,138</b>	<b>89,729</b>	<b>40,336</b>	<b>1,284,203</b>

#### The Bank

	31 December 2015			Total
	Less than 1 year	1-5 years	Over 5 years	
Bank Acceptance	628,790	—	—	628,790
Credit Card Commitments	141,993	—	—	141,993
Guarantees	80,215	49,773	1,106	131,094
Loan Commitments	20,646	58,342	47,716	126,704
Letter of Credit	89,683	690	—	90,373
<b>Total</b>	<b>961,327</b>	<b>108,805</b>	<b>48,822</b>	<b>1,118,954</b>

	31 December 2014			Total
	Less than 1 year	1-5 years	Over 5 years	
Bank Acceptance	711,552	—	—	711,552
Credit Card Commitments	117,409	—	—	117,409
Guarantees	95,884	25,487	1,633	123,004
Loan Commitments	27,668	59,978	38,698	126,344
Letter of Credit	129,922	80	—	130,002
<b>Total</b>	<b>1,082,435</b>	<b>85,545</b>	<b>40,331</b>	<b>1,208,311</b>

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 59 Financial risk management (Continued)

### (c) Liquidity risk (Continued)

Notes:

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

### (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:

- establishing matrix and centralised authorization mechanism, strict prohibition of unauthorised activities;
- through consistent legal responsibility framework, taking strict disciplinary actions against non compliance in order to ensure accountability;
- promoting operational risk management culture throughout the organization; building a team of operational risk management professionals. Through formal training and performance appraisal system in raising risk management awareness;
- strengthening cash and account management in accordance with the relevant policies and procedures, intensifying the monitoring of suspicious transactions. Ensure our staff are well-equipped with the necessary knowledge and basic skills on anti money laundering through continuous training;
- backup systems and disaster recovery plans covering all the major activities, especially back office operations in order to minimise any unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain disruptive 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 operational 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.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 60 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.

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)". According to the requirements, for credit risk, the capital requirement was measured using the weighting method. The market risk was measured by adopting the standard approach and the operational risk was measured by using the basic indicator approach.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 60 Capital Adequacy Ratio (Continued)

Relevant requirements promulgated by the CBRC are listed as below.

	31 December 2015	31 December 2014
<b>Core tier-one capital adequacy ratio</b>	<b>9.12%</b>	8.93%
<b>Tier-one capital adequacy ratio</b>	<b>9.17%</b>	8.99%
<b>Capital adequacy ratio</b>	<b>11.87%</b>	12.33%
Components of capital base		
Core tier-one capital:		
Paid-in capital		
Share capital	48,935	46,787
Qualified portion of capital reserve	58,636	49,296
Other comprehensive income/(loss)	3,584	(1,833)
Surplus reserve	23,362	19,394
General reserve	64,555	50,447
Retained earnings	118,668	95,586
Qualified portion of non-controlling interests	75	4,311
Total core tier-one capital	317,815	263,988
Core tier-one capital deductions:		
Goodwill (net of related deferred tax liability)	(854)	(795)
Other intangible assets other than land use right (net of related deferred tax liability)	(802)	(407)
Net core tier-one capital	316,159	262,786
Other tier-one capital (Note (i))	1,828	1,796
Tier-one capital	317,987	264,582
Tier-two capital:		
Qualified portion of tier-two capital instruments issued and share premium	69,299	73,618
Surplus allowance for loan impairment	24,447	23,123
Qualified portion of non-controlling interests	7	1,525
Net capital base	411,740	362,848
Total risk-weighted assets	3,468,135	2,941,627

Note:

- (i) As at 31 December 2015, the Group's other tier-one capital is the qualified portion of non-controlling interests, mainly represents the Capital Securities (Note 53).



# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 61 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 identical 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 also includes a majority of OTC derivative contracts, the evaluation method of which 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 techniques. The model incorporate unobservable parameters such as discount rate and market price volatilities.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;
- If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there were no available observable current market transactions prices for similar instruments, quoted prices from counterparty is used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

The Group has established an independent valuation process for financial assets and financial liabilities. The Risk Management Department performs an independent review of the valuation methodologies, inputs, assumptions and valuation results. The Operations Department records the accounting for these items according to the result generated from the valuation process and accounting policies. The Finance and Accounting Department prepares the disclosure of the financial assets and financial liabilities, based on the independently reviewed valuation.

The Group's valuation policies and procedures for different types of financial instruments are approved by the Risk Management Committee. Any change to the valuation policies, or the related procedures, must be reported to the Risk Management Committee for approval before they are implemented.

For the year ended 31 December 2015, there was no significant change in the valuation techniques or inputs used to determine fair value measurements.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (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 and loans to 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, Borrowings 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 securities issued.

Except for the items shown in the tables below, the maturity dates of aforesaid 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.

#### The Group

	Carrying values		Fair values	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Financial assets:</b>				
Held-to-maturity investments	179,930	177,957	185,152	177,856
Investment classified as receivables	1,112,207	653,256	1,124,181	656,435
<b>Financial liabilities:</b>				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	8,705	11,167	8,706	11,193
— debt securities issued	31,295	16,302	32,381	16,656
— subordinated bonds issued	77,779	82,333	83,181	83,715
— certificates of interbank deposit issued	171,356	23,686	171,501	24,978

#### The Bank

	Carrying values		Fair values	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Financial assets:</b>				
Held-to-maturity investments	179,930	177,957	185,152	177,856
Investment classified as receivables	1,109,807	652,916	1,121,853	656,088
<b>Financial liabilities:</b>				
Debt securities issued				
— debt securities issued	31,472	16,479	32,558	16,834
— subordinated bonds issued	70,434	75,427	75,566	76,566
— certificates of interbank deposit issued	171,356	23,686	171,501	24,978

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (a) The 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

	31 December 2015			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Held-to-maturity investments	833	184,319	—	185,152
Investment classified as receivables	—	1,124,181	—	1,124,181
<b>Financial liabilities:</b>				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	—	8,706	—	8,706
— debt securities issued	—	32,381	—	32,381
— subordinated bonds issued	7,615	75,566	—	83,181
— certificates of interbank deposit issued	—	171,501	—	171,501
	31 December 2014			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Held-to-maturity investments	1,365	176,491	—	177,856
Investment classified as receivables	—	656,435	—	656,435
<b>Financial liabilities:</b>				
Debt securities 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

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (a) The 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: (Continued)

#### The Bank

	31 December 2015			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Held-to-maturity investments	833	184,319	—	185,152
Investment classified as receivables	—	1,121,853	—	1,121,853
<b>Financial liabilities:</b>				
Debt securities issued				
— debt securities issued	—	32,558	—	32,558
— subordinated bonds issued	—	75,566	—	75,566
— certificates of interbank deposit issued	—	171,501	—	171,501
	31 December 2014			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Held-to-maturity investments	1,365	176,491	—	177,856
Investment classified as receivables	—	656,088	—	656,088
<b>Financial liabilities:</b>				
Debt securities issued				
— debt securities issued	—	16,834	—	16,834
— subordinated bonds issued	—	76,566	—	76,566
— certificates of interbank deposit issued	—	24,978	—	24,978

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 61 Fair value (Continued)

#### (b) The year-end fair value of financial assets and financial liabilities measured at fair value

The Group	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2015				
Recurring fair value measurements				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading financial assets				
— debt securities	479	8,057	—	8,536
— investment funds	—	—	1	1
— certificates of interbank deposit	—	15,226	—	15,226
Financial assets designed at fair value through profit or loss				
— debt securities	—	2,457	—	2,457
Derivative financial assets				
— interest rate derivatives	—	1,288	3	1,291
— currency derivatives	17	11,472	—	11,489
— precious metals derivatives	—	1,008	—	1,008
Available-for-sale financial assets				
— debt securities	40,313	257,120	11	297,444
— investment funds	—	352	70	422
— certificates of deposit and certificates of interbank deposit	671	74,643	—	75,314
— wealth management products	—	10	—	10
— equity instruments	424	—	22	446
<b>Total financial assets measured at fair value</b>	<b>41,904</b>	<b>371,633</b>	<b>107</b>	<b>413,644</b>
<b>Liabilities</b>				
Derivative financial liabilities				
— interest rate derivatives	—	(992)	(3)	(995)
— currency derivatives	(1)	(10,118)	—	(10,119)
— precious metals derivatives	—	(304)	—	(304)
<b>Total financial liabilities measured at fair value</b>	<b>(1)</b>	<b>(11,414)</b>	<b>(3)</b>	<b>(11,418)</b>

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

#### The Group (Continued)

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2014				
Recurring fair value measurements				
<b>Assets</b>				
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 designed 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
<b>Total financial assets measured at fair value</b>	<b>24,998</b>	<b>219,863</b>	<b>146</b>	<b>245,007</b>
<b>Liabilities</b>				
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 metals derivatives	—	(385)	—	(385)
<b>Total financial liabilities measured at fair value</b>	<b>(574)</b>	<b>(7,336)</b>	<b>(10)</b>	<b>(7,920)</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 61 Fair value (Continued)

#### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

##### The Bank

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2015				
Recurring fair value measurements				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading financial assets				
— debt securities	300	8,057	—	8,357
— certificates of interbank deposit	—	15,226	—	15,226
Financial assets designed at fair value through profit or loss				
— debt securities	—	1,766	—	1,766
Derivative financial assets				
— interest rate derivatives	—	1,039	3	1,042
— currency derivatives	—	8,334	—	8,334
— precious metals derivatives	—	1,008	—	1,008
Available-for-sale financial assets				
— debt securities	7,030	256,497	8	263,535
— investment funds	—	352	—	352
— certificates of deposit and certificates of interbank deposit	—	64,945	—	64,945
— equity instruments	48	—	—	48
<b>Total financial assets recurringly measured at fair value</b>	<b>7,378</b>	<b>357,224</b>	<b>11</b>	<b>364,613</b>
<b>Liabilities</b>				
Derivative financial liabilities				
— interest rate derivatives	—	(951)	(3)	(954)
— currency derivatives	—	(7,181)	—	(7,181)
— precious metals derivatives	—	(304)	—	(304)
<b>Total financial liabilities measured at fair value</b>	<b>—</b>	<b>(8,436)</b>	<b>(3)</b>	<b>(8,439)</b>



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

#### The Bank (Continued)

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2014				
Recurring fair value measurements				
<b>Assets</b>				
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 designed 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
<b>Total financial assets measured at fair value</b>	<b>8,479</b>	<b>213,069</b>	<b>14</b>	<b>221,562</b>
<b>Liabilities</b>				
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 metals derivatives	—	(385)	—	(385)
<b>Total financial liabilities measured at fair value</b>	<b>(573)</b>	<b>(4,990)</b>	<b>(10)</b>	<b>(5,573)</b>

Notes:

- (i) During the current year, there were no significant transfer between Level 1 and Level 2 of the fair value hierarchy.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

Notes: (Continued)

- (ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy:

#### The Group

	Assets						Liabilities		
	Trading financial assets Investment funds	Financial assets designed at fair value through profit or loss Debt securities	Derivative financial assets Interest rate derivatives	Available-for-sale financial assets			Derivative financial liabilities Interest rate derivatives	Total	
				Debt securities	Investment funds	Equity instruments			
									Total
As at 1 January 2015	2	—	5	12	127	—	146	(10)	(10)
Total gains or losses									
— in profit or loss	—	—	(2)	—	—	22	20	7	7
— in other comprehensive income	—	—	—	—	(17)	—	(17)	—	—
Purchase	—	—	—	—	(40)	—	(40)	—	—
Settlements	(1)	—	—	(1)	—	—	(2)	—	—
As at 31 December 2015	1	—	3	11	70	22	107	(3)	(3)
Total gain or loss for the year included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	(2)	—	—	22	20	7	7

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

Notes: (Continued)

- (ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy: (Continued)

#### The Group (Continued)

	Assets					Liabilities		
	Trading financial assets Investment funds	Financial assets designed at fair value through profit or loss Debt securities	Derivative financial assets Interest rate derivatives	Available-for-sale financial assets		Derivative financial liabilities Interest rate derivatives	Total	Total
				Debt securities	Investment funds			
As at 1 January 2014	2	40	12	13	290	357	(17)	(17)
Total gains or losses								
— in profit or loss	—	—	(8)	—	—	(8)	12	12
— in other comprehensive income	—	—	—	(1)	(25)	(26)	—	—
Purchase	—	—	—	—	15	15	—	—
Settlements	—	(40)	1	—	(153)	(192)	(5)	(5)
As at 31 December 2014	2	—	5	12	127	146	(10)	(10)
Total gain or loss for the year included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	(8)	—	—	(8)	12	12

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 61 Fair value (Continued)

### (b) The year-end fair value of financial assets and financial liabilities measured at fair value (Continued)

Notes: (Continued)

- (ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy: (Continued)

#### The Bank

	Assets		Total	Liabilities	
	Derivative financial assets	Available-for-sale financial assets		Derivative financial liabilities	Total
	Interest rate derivatives	Debt securities		Interest rate derivatives	
As at 1 January 2015	5	9	14	(10)	
Total gains or losses					
— in profit or loss	(2)	—	(2)	7	7
— in other comprehensive income	—	(1)	(1)	—	—
As at 31 December 2015	3	8	11	(3)	(3)
Total gain or loss for the year included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	—	5	5

	Assets		Total	Liabilities	
	Derivative financial assets	Available-for-sale financial assets		Derivative financial liabilities	Total
	Interest rate derivatives	Debt securities		Interest rate derivatives	
As at 1 January 2014	12	9	21	(17)	
Total gains or losses					
— In profit or loss	(8)	1	(7)	12	12
— In other comprehensive income	—	(1)	(1)	—	—
Settlements	1	—	1	(5)	(5)
As at 31 December 2014	5	9	14	(10)	(10)
Total gain or loss for the year included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	—	4	4

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 62 Related parties

### (a) Relationship of related parties

- (i) The Group is controlled by CITIC Corporation Limited (incorporated in Hong Kong), which owns 67.13% of the company's shares. The ultimate parent of the Group is CITIC Group (incorporated in China).
- (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 3.12% and 9.60% interests in the Bank as at 31 December 2015 and 31 December 2014, respectively.

For the year ended 31 December 2015, the financial statements of the principal subsidiaries stated above were audited by the firms within the worldwide network of PricewaterhouseCoopers.

### (b) Related party transactions

During the relevant years, the Group entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer, wealth management, investment, deposit, settlement and clearing; and off-balance sheet transactions. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

In addition, transactions during the relevant year and the corresponding balances outstanding at the reporting dates are as follows:

	Year ended 31 December 2015		
	Ultimate holding company and fellow entities	BBVA	Associates
<b>Profit and loss</b>			
Interest income	268	—	—
Fee and commission income and other operating income	154	—	—
Interest expense	(649)	—	—
Net trading gain/(loss)	66	383	8
Other service fees	(673)	—	—

	Year ended 31 December 2014		
	Ultimate holding company and fellow entities	BBVA	Associates
<b>Profit and loss</b>			
Interest income	385	—	—
Fee and commission income and other operating income	423	—	—
Interest expense	(1,595)	(2)	—
Net trading gain/(loss)	380	(124)	—
Other service fees	(848)	—	—

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 62 Related parties (Continued)

#### (b) Related party transactions (Continued)

	31 December 2015		
	Ultimate holding company and fellow entities	BBVA	Associates
<b>Assets</b>			
Interest receivable	69	—	—
Gross loans and advances to customers	14,793	1,094	—
Less: collectively assessed allowance for impairment loss	(151)	—	—
Loans and advances to customers (net)	14,642	1,094	—
Placements with and loans to banks and non-bank financial institutions	22	—	—
Derivative financial assets	61	100	—
Investments	406	—	976
Other assets	9,271	988	—
<b>Liabilities</b>			
Deposits from customers	49,555	—	22
Derivative financial liabilities	11	112	—
Deposits from banks and non-bank financial institutions	21,887	—	—
Interest payable	110	—	—
Other liabilities	1,550	—	—
<b>Off-balance sheet items</b>			
Guarantees and letters of credit	968	255	—
Acceptances	90	—	—
Guarantees received	8,574	—	—
Nominal amount of derivatives	2,780	39,755	—

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 62 Related parties (Continued)

#### (b) Related party transactions (Continued)

	31 December 2014		
	Ultimate holding company and fellow entities	BBVA	Associates
<b>Assets</b>			
Gross loans and advances to customers	6,588	—	—
Less: collectively assessed allowance for impairment loss	(51)	—	—
Loans and advances to customers (net)	6,537	—	—
Gross amount of deposits with banks and non-bank financial institutions	183	673	—
Placements with and loans to banks and non-bank financial institutions	28	—	—
Less: Allowance for impairment losses	(7)	—	—
Placement with banks and non-bank financial institutions (net)	21	—	—
Investments	252	—	870
Other assets	7,759	152	—
<b>Liabilities</b>			
Deposits from customers	26,359	—	30
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	—
Interest payable	194	—	—
Other liabilities	26	—	—
<b>Off-balance sheet items</b>			
Guarantees and letters of credit	204	307	—
Acceptances	258	—	—
Guarantees received	10	33	—
Nominal 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.

#### (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 jointly controlled by them in the normal course of business. Other than those disclosed below, there are no material transactions and balances between the Group and these individuals, their close family members or those companies controlled or jointly controlled by them.



# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 62 Related parties (Continued)

### (c) Key management personnel and their close family members and related companies (Continued)

The aggregate amount of relevant loans outstanding as at 31 December 2015 to Directors, Supervisors and Executive officers amounted to RMB11.63 million (as at 31 December 2014: RMB12.74 million).

The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Salaries and other emoluments	13,669	13,051
Discretionary bonuses	17,042	19,601
Contributions to defined contribution retirement schemes	2,729	2,279
	<b>33,440</b>	<b>34,931</b>

### (d) Contributions to defined contribution retirement schemes and supplementary retirement benefits

The Group has established a supplementary defined contribution plan for its qualified employees which is administered by CITIC Group (Note 41(b)).

### (e) Transactions with 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 (collectively referred to as “state-owned entities”).

Transactions with state-owned entities include but are not limited to the following:

- lending and deposit taking;
- taking and placing of inter-bank balances;
- derivative transactions;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by 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 regard to 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 Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 63 Structured entities

#### (a) Unconsolidated 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 by other entities for investment return. 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 table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2015 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:

	31 December 2015			Total	Maximum loss exposure
	Held-to-maturity investments	Available for sale financial assets	Investment classified as receivables		
Wealth management products	—	10	147,605	147,615	147,615
Investment management products managed by securities companies	—	—	825,016	825,016	825,016
Trust investment plans	—	—	139,971	139,971	139,971
Asset-backed securities	5,306	8	—	5,314	5,314
Investment funds	—	70	—	70	70
<b>Total</b>	<b>5,306</b>	<b>88</b>	<b>1,112,592</b>	<b>1,117,986</b>	<b>1,117,986</b>

	31 December 2014			Total	Maximum loss exposure
	Held-to-maturity investments	Available for sale financial assets	Investment classified as receivables		
Wealth management products	—	—	78,859	78,859	78,859
Investment management products managed by securities companies	—	—	452,319	452,319	452,319
Trust investment plans	—	—	108,535	108,535	108,535
Asset-backed securities	7,110	9	—	7,119	7,119
Investment funds	—	127	—	127	127
<b>Total</b>	<b>7,110</b>	<b>136</b>	<b>639,713</b>	<b>646,959</b>	<b>646,959</b>

The maximum exposures to risk in the above wealth management products, trust investment plans, investment management products managed by securities companies and investment funds are the fair value or the carrying value (whichever is higher) of the assets held by the Group at the reporting date. The maximum exposures to risk in the asset-backed financings are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the statement of financial positions.

# Notes to the Financial Statements

*(Amounts in millions of Renminbi unless otherwise stated)*

## 63 Structured entities (Continued)

### (b) Unconsolidated structured entities sponsored by the Group

Unconsolidated structured entities sponsored by the Group mainly include non-principal or interest guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services.

During the year of 2015, the amount of fee and commission income earned from the above mentioned structured entities by the Group was RMB5,808 million (2014: RMB3,958 million), the amount of interest income earned from the placements by the Group to the above mentioned structured entities is RMB390 million (2014: RMB401 million). As at 31 December 2015, the carrying amounts of management fee and interest receivables being recognised in the statement of financial position was RMB387 million (31 December 2014: RMB857 million).

As at 31 December 2015, the amount of assets held by the unconsolidated non-principal or interest guaranteed wealth management products which are sponsored by the Group was RMB659,118 million (31 December 2014: RMB393,413 million).

As at 31 December 2015, the amount of the placements from the Group with non-principal or interest guaranteed wealth management products sponsored by the Group is RMB252,66 million (31 December 2014: RMB16,800 million). During the year of 2015, the maximum exposure of the placements from the Group with non-principal or interest guaranteed wealth management products sponsored by the Group is RMB36,675 million (2014: RMB39,420 million). The transactions were conducted under normal business terms and conditions.

The aggregated amount of the non-principal or interest guaranteed wealth management products sponsored and issued by the Group after 1 January 2015 and matured before 31 December 2015 was RMB604.2 billion (2014: RMB393.9 billion).

## 64 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 based on the extent of risks and rewards retained. In 2015, the Group has derecognised loans and advances of RMB7.52 billion in the asset-backed securitisation transactions (2014: RMB6.20 billion). As at December 2015, the Group neither transferred nor retained substantially all risks and rewards of ownership of certain transferred assets and retained the control of the transferred assets. The management recognised RMB0.29 billion in both assets and liabilities representing its continuing involvement in this connection (31 December 2014: Nil). In addition, the Group also disposed of its loans and advances to customers in the ordinary course of business during the year ended 31 December 2015.

## 65 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").

As at 31 December 2015, the Group did not enter into enforceable master netting arrangements with counterparties and therefore there were no offsettings of any assets and liabilities in the consolidated statement of financial position.

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 66 Statements of financial position and changes in equity of the Bank

#### Statement of financial position

	31 December 2015	31 December 2014
<b>Assets</b>		
Cash and balances with central banks	509,851	536,811
Deposits with banks and non-bank financial institutions	64,800	81,689
Precious metals	1,191	411
Placements with and loans to banks and non-bank financial institutions	98,276	47,810
Financial assets at fair value through profit or loss	25,349	27,501
Derivative financial assets	10,384	5,638
Financial assets held under resale agreements	137,210	135,765
Interest receivable	29,849	25,546
Loans and advances to customers	2,304,874	2,012,342
Available-for-sale financial assets	328,994	188,537
Held-to-maturity investments	179,930	177,957
Investment classified as receivables	1,109,807	652,916
Interests in subsidiaries	22,249	9,986
Property, plant and equipment	15,448	14,223
Intangible assets	801	407
Deferred tax assets	7,930	9,296
Other assets	37,352	35,801
<b>Total assets</b>	<b>4,884,295</b>	<b>3,962,636</b>
<b>Liabilities</b>		
Borrowings from central banks	37,400	50,000
Deposits from banks and non-bank financial institutions	1,069,630	698,362
Placements from banks and non-bank financial institutions	32,399	18,703
Financial liabilities at fair value through profit or loss	—	573
Derivative financial liabilities	8,439	5,000
Financial assets sold under repurchase agreements	71,110	41,381
Deposits from customers	2,994,826	2,699,597
Accrued staff costs	7,610	10,871
Taxes payable	4,694	5,837
Interest payable	37,422	36,559
Provisions	2	2
Debt securities issued	273,262	115,592
Other liabilities	35,863	24,436
<b>Total liabilities</b>	<b>4,572,657</b>	<b>3,706,913</b>
<b>Equity</b>		
Share capital	48,935	46,787
Capital reserve	61,359	51,619
Other comprehensive income	4,790	435
Surplus reserve	23,362	19,394
General reserve	64,350	50,350
Retained earnings	108,842	87,138
<b>Total equity</b>	<b>311,638</b>	<b>255,723</b>
<b>Total liabilities and equity</b>	<b>4,884,295</b>	<b>3,962,636</b>

## Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

### 66 Statements of financial position and changes in equity of the Bank (Continued)

#### Statement of changes in equity

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2015	46,787	51,619	435	19,394	50,350	87,138	255,723
(i) Net profit	—	—	—	—	—	39,672	39,672
(ii) Other comprehensive income	—	—	4,355	—	—	—	4,355
Total comprehensive income	—	—	4,355	—	—	39,672	44,027
(iii) Proceeds from shares issuance	2,148	9,740	—	—	—	—	11,888
(iv) Profit appropriations							
— Appropriations to surplus reserve	—	—	—	3,968	—	(3,968)	—
— Appropriations to general reserve	—	—	—	—	14,000	(14,000)	—
As at 31 December 2015	48,935	61,359	4,790	23,362	64,350	108,842	311,638
As at 1 January 2014	46,787	51,619	(4,732)	15,495	44,250	69,937	223,356
(i) Net profit	—	—	—	—	—	38,990	38,990
(ii) Other comprehensive income	—	—	5,167	—	—	—	5,167
Total comprehensive income	—	—	5,167	—	—	38,990	44,157
(iii) Profit appropriations							
— Appropriations to surplus reserve	—	—	—	3,899	—	(3,899)	—
— Appropriations to general reserve	—	—	—	—	6,100	(6,100)	—
— Appropriations to equity holders of the Bank	—	—	—	—	—	(11,790)	(11,790)
As at 31 December 2014	46,787	51,619	435	19,394	50,350	87,138	255,723

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 67 Benefits and interests of directors and supervisors

### (a) Directors and supervisors' emoluments

The remuneration of every director and supervisor is set out below:

For the year ended 31 December 2015:

Name	Emoluments paid or receivable in respect of a person's services as a director and supervisor of the Bank							Emoluments paid or receivable in respect of director and supervisor's other services in connection with the management of the affairs of the Bank	Total
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000		
<b>Executive directors</b>									
Li Qingping (Note (i))	—	—	—	—	—	—	—	—	—
Sun Deshun	—	700	691	—	392	195	—	—	1,978
<b>Non-executive directors</b>									
Chang Zhenming (Note (i))	—	—	—	—	—	—	—	—	—
Zhu Xiaohuang (Note (i))	—	—	—	—	—	—	—	—	—
Zhang Xiaowei	—	—	—	—	—	—	—	—	—
<b>Independent non-executive Directors</b>									
Li Zheping	300	—	—	—	—	—	—	—	300
Wu Xiaoping	300	—	—	—	—	—	—	—	300
Wong Luen Cheung Andrew	300	—	—	—	—	—	—	—	300
Yuan Ming	275	—	—	—	—	—	—	—	275
<b>Supervisors</b>									
Cao Guoqiang	—	600	632	—	378	190	—	—	1,800
Shu Yang (Note (i))	—	—	—	—	—	—	—	—	—
Wang Xiuhong	300	—	—	—	—	—	—	—	300
Jia Xiangsen	100	—	—	—	—	—	—	—	100
Zheng Wei	175	—	—	—	—	—	—	—	175
Cheng Pusheng	—	300	1,999	—	227	140	—	—	2,666
Wen Shuping	—	290	1,277	—	25	217	—	—	1,809
Ma Haiqing	—	223	2,202	—	282	191	—	—	2,898
<b>Former Directors and Supervisors resigned in 2015</b>									
Dou Jianzhong (Note (i))	—	—	—	—	—	—	—	—	—
Gonzalo Jose Torano Vallin	—	—	—	—	—	—	—	—	—
Ouyang Qian	—	583	549	—	329	163	—	—	1,624
Zheng Xuexue (Note (i))	—	—	—	—	—	—	—	—	—
Li Gang	—	328	2,071	—	316	164	—	—	2,879
Deng Yuewen	—	290	1,768	—	254	189	—	—	2,501

Note:

- (i) Mrs. Li Qingping, Mr. Chang Zhenming, Mr. Zhu Xiaohuang, Mr. Dou Jianzhong, Mr. Shu Yang, Mr. Zheng Xuexue did not receive any fees from the Group. Their emoluments were borne by the major Equity Holders of the Bank.

# Notes to the Financial Statements

(Amounts in millions of Renminbi unless otherwise stated)

## 67 Benefits and interests of directors and supervisors (Continued)

### (a) Directors and supervisors' emoluments (Continued)

For the year ended 31 December 2014 (restated):

Certain of the comparative information of directors and supervisors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

Emoluments paid or receivable in respect of a person's services as a director and supervisor of the Bank

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000	Emoluments paid or receivable in respect of director and supervisor's other services in connection with the management of the affairs of the Bank RMB'000	Total RMB'000
<b>Executive Directors</b>									
Li Qingping	—	257	406	—	110	71	—	—	844
Sun Deshun	—	658	1,229	—	419	199	—	—	2,505
<b>Non-executive Directors</b>									
Chang Zhenming	—	—	—	—	—	—	—	—	—
Dou Jianzhong	—	—	—	—	—	—	—	—	—
Zhang Xiaowei	—	—	—	—	—	—	—	—	—
Gonzalo Jose Torano Vallin	—	—	—	—	—	—	—	—	—
Zhu Xiaohuang	—	257	406	—	116	70	—	—	849
<b>Independent non-executive Directors</b>									
Li Zheping	300	—	—	—	—	—	—	—	300
Wu Xiaoqing	300	—	—	—	—	—	—	—	300
Wong Luen Cheung Andrew	300	—	—	—	—	—	—	—	300
Yuan Ming	75	—	—	—	—	—	—	—	75
<b>Supervisors</b>									
Ouyang Qian	—	700	1,328	—	409	195	—	—	2,632
Zheng Xuexue	—	—	—	—	—	—	—	—	—
Deng Yuewen	—	251	1,856	—	262	147	—	—	2,516
Li Gang	—	300	2,020	—	278	153	—	—	2,751
Wang Xiuhong	275	—	—	—	—	—	—	—	275
<b>Former Directors and Supervisors resigned in 2014</b>									
Zhuang Yumin	25	—	—	—	—	—	—	—	25
Liu Shulan	225	—	—	—	—	—	—	—	225
Chen Xiaoxian	—	—	—	—	—	—	—	—	—
Guo Ketong	—	—	—	—	—	—	—	—	—
Xing Tiancai	250	—	—	—	—	—	—	—	250
Luo Xiaoyuan	225	—	—	—	—	—	—	—	225

### (b) Other benefits and interests

No direct or indirect retirement benefits and termination benefits were paid to directors as at 31 December 2015 (2014: Nil).

For the year ended 31 December 2015 and 31 December 2014, the balance of loans and advances from the Group to Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors was not significant.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year 2015 (2014: Nil).



# Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the audited financial statements, and is included herein for information purposes only.

## 1 Difference between the financial report prepared under IFRSs and that prepared in accordance with PRC GAAP

China CITIC Bank Corporation (the “Bank”) prepares consolidated financial statements, which includes the financial statements of the Bank and its subsidiaries (collectively the “Group”), in accordance with International Financial Reporting Standards (“IFRSs”) and its interpretations promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People’s Republic of China (the “PRC”) and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the year ended 31 December 2015 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively “PRC GAAP”).

There is no difference in the net profit for the year ended 31 December 2015 or total equity as at 31 December 2015 between the Group’s consolidated financial statements prepared in accordance with IFRSs and those prepared in accordance with PRC GAAP respectively.

## 2 Liquidity coverage ratio

	31 December 2015	31 December 2014
Liquidity coverage ratio	87.78%	111.64%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk management of Commercial Banks (Provisional) issued by the CBRC and applicable calculation requirements, and based on the data determined under the PRC GAAP.

## 3 Currency concentrations

	31 December 2015			
	US Dollars	HK Dollars	Others	Total
Spot assets	309,778	99,804	29,310	438,892
Spot liabilities	(257,435)	(105,692)	(46,115)	(409,242)
Forward purchases	716,892	54,444	95,056	866,392
Forward sales	(729,696)	(53,203)	(66,922)	(849,821)
Options	20,945	16	(174)	20,787
Net (short)/long position	60,484	(4,631)	11,155	67,008

	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 Non-Bank Financial Institutions, Placements with and Loans to Banks and Non-Bank 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 Investment 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.

	31 December 2015			Total
	Banks	Official sector	Non-bank private sector	
Asia Pacific excluding Mainland China	16,894	7,706	44,586	69,186
— of which attributed to Hong Kong	7,430	964	30,177	38,571
Europe	2,971	3,078	10,110	16,159
North and South America	73,887	27,920	121,678	223,485
Africa	1	—	70	71
<b>Total</b>	<b>93,753</b>	<b>38,704</b>	<b>176,444</b>	<b>308,901</b>

	31 December 2014			Total
	Banks	Official sector	Non-bank private sector	
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
<b>Total</b>	<b>87,837</b>	<b>46,722</b>	<b>171,911</b>	<b>306,470</b>

## Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

### 5 Overdue loans and advances to customers by geographical sectors

	31 December 2015		
	Gross loans and advances	Loans and Advances overdue over 3 months	Impaired loans
Bohai Rim (include Head Office)	680,886	10,056	8,869
Yangtze River Delta	553,615	9,194	8,838
Pearl River Delta and West Strait	396,853	7,110	7,685
Central	348,882	6,363	5,212
Western	340,226	3,185	2,668
Northeastern	68,949	1,698	1,753
Outside Mainland China	139,369	296	1,025
<b>Total</b>	<b>2,528,780</b>	<b>37,902</b>	<b>36,050</b>

	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
<b>Total</b>	<b>2,187,908</b>	<b>32,910</b>	<b>28,454</b>

Impaired loans and advances to customers include loans and advances for which objective evidence of impairment exists and has been identified:

- individually; or
- collectively: for portfolios of homogeneous loans and advances.

### 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

	31 December 2015	31 December 2014
Gross amounts due from banks and other financial institutions which have been overdue	30	29
As a percentage of total gross amounts due from banks and other financial institutions	0.04%	0.02%

## Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

### 6 Gross amount of overdue amounts due from banks and other financial institutions and overdue loans and advances to customers (Continued)

#### (b) Gross amounts of overdue loans and advances to customers

	31 December 2015	31 December 2014
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
— between 3 and 6 months	9,794	8,986
— between 6 and 12 months	12,291	13,167
— over 12 months	15,817	10,757
<b>Total</b>	<b>37,902</b>	<b>32,910</b>
As a percentage of total gross loans and advances to customers:		
— between 3 and 6 months	0.38%	0.41%
— between 6 and 12 months	0.49%	0.60%
— over 12 months	0.63%	0.49%
<b>Total</b>	<b>1.50%</b>	<b>1.50%</b>

- 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 31 December 2015, the loans and advances to customers of RMB31,601 million (2014: RMB26,681 million) and RMB6,301 million (2014: RMB6,229 million) of the above overdue loans and advances were subject to individual assessment and collective assessment for impairment respectively. The covered portion and uncovered portion of these individually assessed loans were RMB5,985 million (2014: RMB8,668 million) and RMB25,616 million (2014: RMB18,013 million) respectively. The fair value of collateral held against these individually assessed loans and advances was RMB11,946 million (2014: RMB14,099 million). The fair value of collateral was estimated by management based on the latest available external valuations adjusted by taking into account the current realization experience as well as market situation. The impairment allowance made against these individually assessed loans and advances were RMB19,509 million (2014: RMB11,442 million).

### 7 Non-bank Mainland China exposures

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in Mainland China. As of 31 December 2015, the majority of the Bank's non-bank exposures 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 consolidated financial statements.

# Reference for Shareholders

## | Information on Shares

### IPOs

On 27 April 2007 the Bank was concurrently listed on SSE and SEHK.

### Ordinary Shares

As at the end of the reporting period, the number of issued shares of the Bank was 46,787,327,034, including 31,905,164,057 A shares and 14,882,162,977 H shares.

With regard to the Bank's private offering of 2,147,469,539 A shares to China Tobacco Corporation. Please refer to "Changes in Share Capital and Shareholdings of Substantial Shareholders" of this report for details.

### Dividends

The Board of Directors proposed to pay a cash dividend of RMB2.12 (pre-tax) every 10 shares for 2015.

Please refer to "Management Discussion and Analysis" of this report for detailed information about dividends distribution.

### Stock Code and Stock Name:

<b>A-share</b>	
SSE	601998 CNCB
Reuters	601998.SS
Bloomberg	601998 CH
<b>H-share</b>	
SEHK	0998 CITIC BANK
Reuters	998.HK
Bloomberg	998 HK

## | Shareholders' Inquiry

If shareholders have any inquiry about their shareholdings, such as share transfer, "street name" shares, address redirecting and loss of share certificate, please post letters to the following addresses:

### A-share

China Securities Depository and Clearing Corporation Limited Shanghai Branch  
3/F, China Insurance Building, No. 166 Lu Jia Zui East Road, Pudong New District, Shanghai  
Tel: +86-21—68870587

### H-share

Computershare Hong Kong Investor Services Limited  
Room 1712-16, 17/F, Hopewell Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong  
Tel: +852-2862 8555  
Fax: +852-2865 0990  
E-mail: hkinfo@computershare.com.hk

## Reference for Shareholders

### Credit Rating

As at the end of the reporting period, the Bank had the following ratings:

Ratings by Moody's Investors Service: (1) Baa1 for long-term rating, (2) P-2 for short-term rating, (3) ba1 for basic credit rating, and (4) neutral for rating prospect.

Ratings by Fitch ratings: (1) BBB for default rating, (2) 2 for support rating, (3) BBB for support bottom line rating, (4) b+ for survival rating, and (5) neutral for rating prospect.

### Index Constituent Stock

A-share Index of SSE

SSE 50 Index

SSE 180 Index

SSE Composite Index

SSE Corporate Governance Index

New SSE Composite

Index Shanghai-Shenzhen 300 Index

China Securities Index 100 Index

China Securities Index 800 Index

### Investors' Inquiry

For any inquiry, investors may contact:

Investor Relations Team of China CITIC Bank Corporation Limited

Address: No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing

Tel: +86-10-85230010

Fax: +86-10-85230079

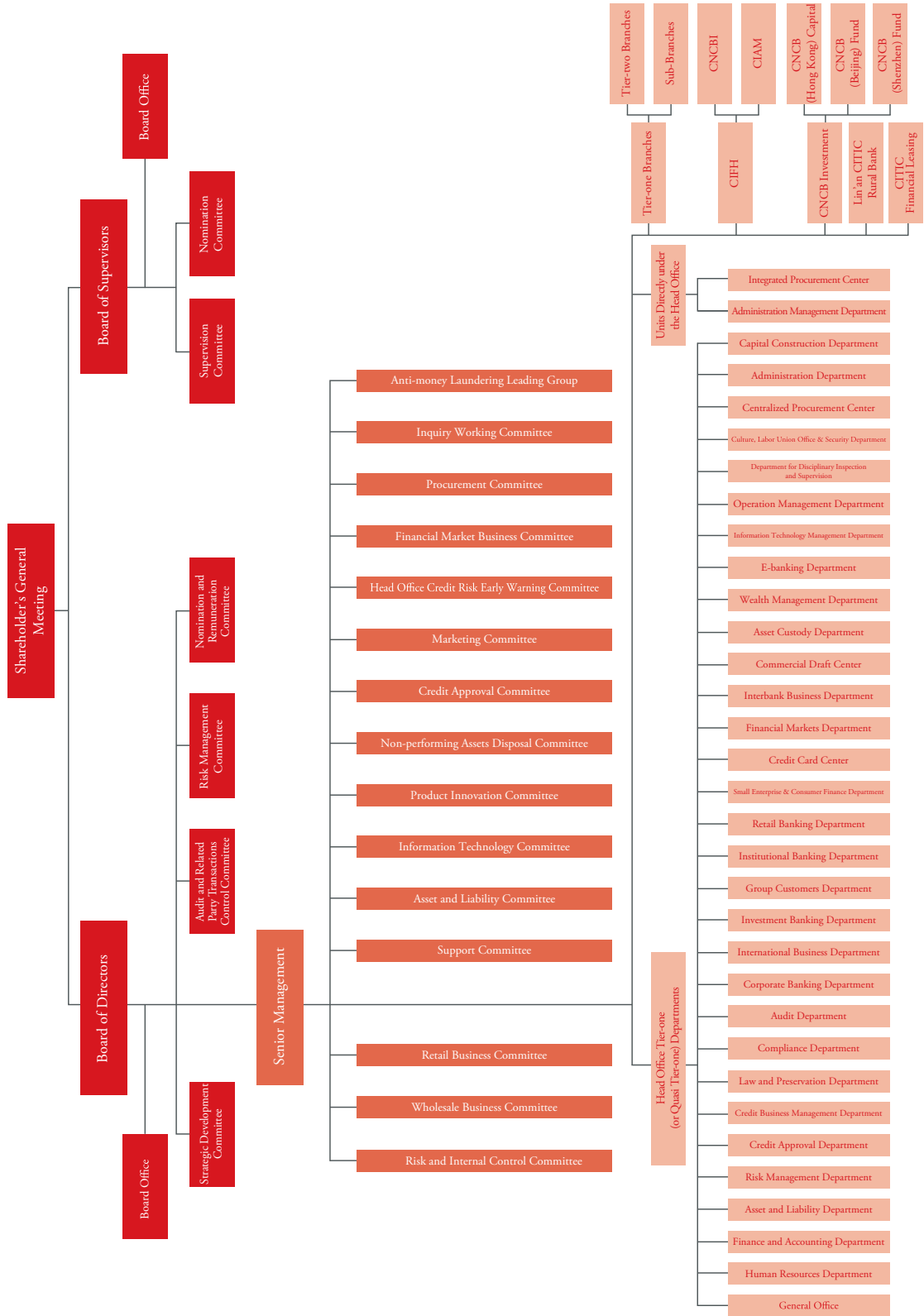
E-mail: [ir@citicbank.com](mailto:ir@citicbank.com)

### Other Information

This annual report is available in both the Chinese and English languages. To obtain copies of the annual report prepared in accordance with the international accounting standards, please write to Computershare Hong Kong Investor Services Limited, the Bank's H-share Registrar. For copies of the annual report prepared in accordance with the PRC accounting standards, please visit places of business of the Bank. This annual report is also available (in both the Chinese and English languages) on the following websites: [bank.ecitic.com](http://bank.ecitic.com), [www.sse.com.cn](http://www.sse.com.cn), [www.hkexnews.hk](http://www.hkexnews.hk).

Should you have any queries about how to obtain copies of this annual report or how to access the annual report on the Bank's website, please call the Bank's hotline at +86-10-85230010.

# Corporate Structure



Note: The corporate structure of the Bank as at the end of the reporting period is illustrated in the above chart. In February 2016, the Bank set up its Asset Management Business Center, and will cancel its Wealth Management Department after organizational completion and official operation of the Asset Management Business Center. In March 2016, the Bank's "Small Enterprise & Consumer Finance Department" was renamed "Consumer Finance Department".



## List of Domestic and Overseas Affiliates

As at the end of the reporting period, the Bank had 1,353 outlets in 128 large and medium-sized cities in China, consisting of 38 tier-one branches (directly managed by the Head Office), 88 tier-two branches, 8 out-of-town sub-branches, and 1,219 other business outlets. CITIC Bank International (CNCBI), an affiliate of the Bank, had 41 outlets in Hong Kong, Macao, New York, Los Angeles, Singapore and mainland China.

Head Office		Address: No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing Postal Code: 100010 Website: bank.ecitic.com Tier-one Branches		Tel: 4006800000 Fax: 010-85230002/3 Hotline: 95558 Tier-two branches (out-of-town sub-branches)				
Region	Province	Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
Bohai Rim	Beijing	Beijing branch	72	Address: Tower A, Investment Plaza, No. 27, Financial Street, Xicheng District, Beijing Postal Code: 100033	010-66211769 010-66211770		—	
	Tianjin	Tianjin Branch	32	Address: F/3-8 Tianjin Global Financial Center, No. 2, North Dagu Road, Heping District, Tianjin Postal Code: 300020	022-23028888 022-23028800	Binhai New Area Branch	Address: No.16, Third Avenue, Tianjin Economic Development Zone Postal Code: 300457	022-25206823 022-25206631
Hebei	Shijiazhuang Branch	68	Address: CITIC Tower, No. 10, Ziqiang Road, Shijiazhuang, Hebei Province Postal Code: 050000	0311-87033788 0311-87884483	Tianjin Pilot Free Trade Zone Branch	Address: 102-202, No. 2 Building, Financial Center, No. 158, Xisandao, Airport Logistic Industry Area, Tianjin	022-24895003 022-84908313	
					Tangshan Branch	Address: No. 46, Xinhua West Road, Tangshan, Hebei Province Postal Code: 063000	0315-3738508 0315-3738522	
					Baoding Branch	Address: No.178, Middle Swan Road, Baoding City, Hebei Province Postal Code: 071000	0312-2081598 0312-2081510	
					Handan Branch	Address: Jinlin Building, No. 408 Renmin Road, Congtai District, Handan, Hebei Province Postal Code: 056002	0310-7059688 0310-2076050	
					Cangzhou Branch	Address: Yihe Mansion, intersection of West Jiefang Road and Jing'er Avenue, Canal District, Cangzhou City, Hebei Province Postal Code: 061001	0317-5588001 0317-5588018	
					Chengde Branch	Address: No.107 Fuhua New World Plaza, Xinhua Road, Shuangjiao District, Chengde City, Hebei Province Postal Code: 067000	0314-2268838 0314-2268839	
					Shandong	Jinan Branch	47	Address: CITIC Plaza, No. 150, Leyuan Street, Jinan, Shandong Province Postal Code: 250011
Jining Branch	Address: No. 28, Gongxiao Road, Jining, Shandong Province Postal Code: 272000	0537-2338888 0537-2338888						
Dongying Branch	Address: No. 128, Fuqian Avenue, Dongcheng, Dongying, Shandong Province Postal Code: 257091	0546-7922255 0546-8198666						
Linyi Branch	Address: No.138 Linyi Road, Linyi Economic Development Zone, Shandong Province Postal Code: 276034	0539-8722768 0539-8722768						

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)					
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax		
Liaoning	Qingdao	Qingdao Branch	59	Address: No. 22, Mid Hong Kong Road, Qingdao, Shandong Province Postal Code: 266071	0532-85022889 0532-85022888	Weihai Branch	Address: No. 2, North Qingdao Road, Weihai, Shandong Province Postal Code: 264200	0631-5336802 0631-5314076		
						Yantai Branch	Address: 77 Changjiang Road, Economic and Technological Development Area, Yantai City, Shandong Province Postal Code: 264006	0535-6611030 0535-6611032		
						Weifang Branch	Address: No. 246 East Shengli Street, Kuiwen District, Weifang, Shandong Province Postal Code: 261041	0536-8056002 0536-8056002		
						Rizhao Branch	Address: 66 Qinhuangdao Road, Economic Development Area, Rizhao City, Shandong Province Postal Code: 276800	0633-7895558 0633-8519177		
	Dalian	Dalian Branch	41	Address: No. 29, Renmin Road, Zhongshan District, Dalian City, Liaoning Province Postal Code: 116001	0411-82821868 0411-82815834	Branch of Dalian Economic Development Zone	Address: No.223 Jinma Road, Dalian Economic Development Zone, Liaoning Province Postal Code: 116600	0411-87625961 0411-87615093		
						Anshan Branch	Address: No.35 Wuyi Road, Tiedong District, Anshan City, Liaoning Province Postal Code: 114000	0412-2230815 0412-2230815		
						Yingkou Branch	Address: No.8 Yinggang Road, Bayu Quan, Yingkou City, Liaoning Province Postal Code: 115007	0417-8208939 0417-8208989		
						Shanghai Pudong Branch	1/F Tomson Finance Tower, 710 Oriental Road, Shanghai Postal Code:200122	021-68752833 021-68751178		
						Shanghai Pilot Free Trade Zone Branch	Address: CNCB, No.1 Jilong Road, Waigaoqiao Bonded Area, Shanghai Postal Code: 200131	021-58693053 021-58691213		
						Wuxi Branch	Address: No. 187, Zhongshan Road, Wuxi, Jiangsu Province Postal Code: 214001	0510-82707177 0510-82709166		
Jiangsu	Nanjing	Nanjing Branch	86	Address: No. 348, Zhongshan Road, Nanjing, Jiangsu Province Postal Code: 210008	025-83799181 025-83799000	Changzhou Branch	Address: Boai Plaza, No.72, Boai Road, Changzhou, Jiangsu Province Postal Code: 213003	0519-88108833 0519-88107020		
						Yangzhou Branch	Address: No. 171, Weiyang Road, Yangzhou, Jiangsu Province Postal Code: 225300	0514-87890717 0514-87890531		
						Taizhou Branch	Address: No. 15, Gulou Road, Taizhou Postal Code: 225300	0523-86399111 0523-86399120		
						Nantong Branch	Address: Nantong Tower, No. 20, Central Renmin Road, Nantong, Jiangsu Province Postal Code: 226001	0513-81120909 0513-81120900		
						Zhenjiang Branch	Address: Building No. 66, Shenhua Guancheng International, No.8, Tanshan Road, Zhenjiang, Jiangsu Province Postal Code: 212003	0511-89886271 0511-89886200		
						Yancheng Branch	Address: No.188, South Yingbin Road, Yancheng, Jiangsu Province Postal Code: 224000	0515-89089958 0515-89089900		
						Suzhou Branch	28	Address: No. 258, Zhuhui Road, Suzhou, Jiangsu Province Postal Code: 215006	0512-65190307 0512-65198570	—

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)						
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax			
Zhejiang	Hangzhou Branch	85	Address: No. 88, Yan'an Road, Hangzhou, Zhejiang Province Postal Code: 310002	0571-87032888 0571-87089180	Jiaxing Branch	Address: No. 639, East Zhongshan Road, Jiaxing, Zhejiang Province Postal Code: 314000	0573-82097693 0573-82093454				
					Shaoxing Branch	Address: No. 289, West Renmin Road, Shaoxing, Zhejiang Province Postal Code: 312000	0575-85227222 0575-85110428				
					Wenzhou Branch	Quarter, Nature City Garden Phase II, Shifu Road, Wenzhou Postal Code: 325000	0577-88858466 0577-88858575				
					Yiwu Branch	Address: No. 100, Huangyuan Road, Yiwu, Zhejiang Province Postal Code: 322000	0579-85378838 0579-85378817				
					Huzhou Branch	Address: No. 318, Huancheng West Road, Huzhou, Zhejiang Province Postal Code: 313000	0572-2226078 0572-2226001				
					Taizhou Branch	Address: No. 489, Shifu Avenue, Taizhou, Zhejiang Province Postal Code: 318000	0576-81889666 0576-88819916				
					Lishui Branch	Address: No.1, Zijin Road, Lishui, Zhejiang Province Postal Code: 323000	0578-2082977 0578-2082985				
					Zhoushan Branch	Address: F/1-5, East Side Building of Zhongchang International Mansion, No.31 Hexing Road, Lincheng, Dinghai District, Zhoushan City, Zhejiang Province Postal Code: 316021	0580-8258288 0580-8258655				
					Ningbo Branch	27	Address: CITIC Tower, No. 36, Zhenming Road, Haishu District, Ningbo, Zhejiang Province Postal Code: 315010	0574-87733226 0574-87733060	—		
					Pearl River Delta and West Strait	Fuzhou Branch	43	Address: Hengli Financial Center, No. 6, Guanfengting Street, Gulou District, Fuzhou, Fujian Province Postal Code: 350001	0591-87613100 0591-87537066	Quanzhou Branch	Address: F/1-3, Kaixiang Building, No. 336, Fengze Street, Quanzhou, Fujian Province Postal Code: 362000
Putian Branch	Address: 1/F & 2/F, Phoenix Building, No. 81, Licheng Avenue, Chengxiang District, Putian, Fujian Province Postal Code: 351100	0594-2853280 0594-2853260									
Zhangzhou Branch	Address: 1/F -4/F, Yiqun Building, West Shengli Road, Zhangzhou Postal Code: 363000	0596-2995568 0596-2995207									
Ningde Branch	Address: No.70 South Jiaocheng Road, Ningde, Fujian Province Postal Code: 352100	0593-8991918 0593-8991901									
Xiamen Branch	17	Address: CITIC Bank Building (Huijing City), No. 81, West Hubin Road, Xiamen, Fujian Province Postal Code: 361001	0592-2385088 0592-2389000	Longyan Branch						Address: F/1-3, No. 153, East Fushan International Center, Denggao West Road, Xinluo District, Longyan, Fujian Province Postal Code: 364000	0597-2956510 0597-2956500

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)						
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax			
Guangdong	Guangzhou Branch	63	Address: CITIC Plaza, No. 233, North Tianhe Road, Guangzhou, Guangdong Province Postal Code: 510613	020-87521188 020-87520668	Foshan Branch	Address: A Tower, Caifu Plaza, No. 37, Fenjiang South Road, Chancheng District, Foshan, Guangdong Province Postal Code: 528000	0757-83994912 0757-83998273				
					Zhongshan Branch	Address: No. 82, Dixing Plaza 2, Zhongshansi Road, Zhongshan, Guangdong Province Postal Code: 528400	0760-88668311 0760-88668383				
					Jiangmen Branch	Address: CNCB Tower, No. 131, Yingbin Avenue, Jiangmen, Guangdong Province Postal Code: 529000	0750-3939098 0750-3939029				
					Huizhou Branch	Address: 1/F & 5/F, Dalong Building (Phase II), No. 2 Wenhua 1st Road, Jiangbei, Huizhou, Guangdong Province Postal Code: 516000	0752-2898862 0752-2898851				
					Zhuhai Branch	Address: No. 1, Guanhaijingju Floor 1&2, Jidajingshan Road, Xiangzhou District, Zhuhai, Guangdong Province Postal Code: 519015	0756-3292968 0756-3292956				
					Zhaoqing Branch	Address: No.06, 07 & 08, F/1, and C1, C2 and C3, Mall 2, F/3, Integrated Building for Self Use, No. 9 Hengyu Bay, Xinghu Avenue, Zhaoqing City, Guangdong Province Postal Code: 526040	0758-2312888 0758-2109113				
					Shantou Branch	Address: 102 Glorious Century Plaza, Time Square, Longhu District, Shantou, Guangdong Province Postal Code: 515000	020-89997888 020-89997829				
					Shenzhen Branch	41	Address: Phase II Time Square, No.8 Third Central Road, Shenzhen, Guangdong Province Postal Code: 518048	0755-25941266 0755-25942028	Shenzhen Qianhai Branch	Address: F/1, 2 and 3, Building 11A, and F/1, 2 and 3, Building 11B, 1 Qianwan Road, Qianhai Shenzhen-Hong Kong Cooperation District, Shenzhen, Guangdong Province Postal Code: 518067	0755-26869310 0755-26867195
					Dongguan Branch	28	Address: Nanfeng Center, No. 106, Hongfu Road, Nancheng District, Dongguan, Guangdong Province Postal Code: 523070	0769-22667888 0769-22667999	—		
					Hainan	Haikou Branch	7	Address: F/1-3, Banshan Hua Yuan, No.1 Middle Jinmao Road, Longhua District, Haikou, Hainan Province Postal Code: 570125	0898-68578310 0898-68578364	Sanya Branch	Address: Building G, Juxinyuan, No.180 Phoenix Road, Jiyang District, Sanya, Hainan Province Postal Code: 572000

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)				
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax	
Central Region Western Region	Anhui	Hefei Branch	36	Address: No. 396, Huizhou Avenue, Baohe District, Hefei, Anhui Province Postal Code: 230001	0551-62898328 0551-62896226	Wuhu Branch	Address: X1-X4, West Jing Street, No. 8, Jinghu Road, Wuhu Postal Code: 241000	0553-3888685 0553-3888685	
						Anqing Branch	Address: No. 1, Zhongxing Road, Anqing, Anhui Province Postal Code: 246005	0556-5280606 0556-5280605	
						Bengbu Branch	Address: No. 1859, Caifu Plaza, Tushan East Road, Bengbu, Anhui Province Postal Code: 233000	0552-2087001 0552-2087001	
						Chuzhou Branch	Address: No.79 West Langya Road, Chuzhou City, Anhui Province Postal Code: 239000	0550-3529558 0550-3529559	
						Maonshan Branch	Address: No.1177 Central Huxi Road, Maonshan City, Anhui Province Postal Code: 243000	0555-2773228 0555-2773225	
		Henan	Zhengzhou Branch	72	Address: CITIC Mansion, No.1 Business Inner Ring Road, Zhengdong New District, Zhengzhou, Henan Province Postal Code: 450018	0371-55588888 0371-55588555	Luoyang Branch	Address: No.405 Middle Zhongzhou Road, West Industrial Area, Luoyang, Henan Province Postal Code: 471000	0379-69900958 0379-69900139
							Jiaozuo Branch	Address: No. 1736, Tanan Road, Jiaozuo, Henan Province Postal Code: 454000	0391-8768282 0391-8789969
							Nanyang Branch	Address: Intersection of Meixi Road & Zhongzhou Road, Nanyang, Henan Province Postal Code: 473000	0377-61626896 0377-61628299
							Anyang Branch	Address: F/1, Anyang Workers' Cultural Palace, No. 30, Jiefang Avenue, Anyang, Henan Province Postal Code: 455000	0372-5998026 0372-5998086
							Pingdingshan Branch	Address: F/1-2, Phase II of Pingan Yi Yuan, Middle Miners' Road, Pingdingshan City, Henan Province Postal Code: 467000	0375-2195563 0375-2195519
						Xinxiang Branch	Address: F/1-2, Xinghairuyi Building, intersection of Xinzhong Avenue & East Renmin Road, Xinxiang, Henan Province Postal Code: 453000	0373-5891022 0373-5891055	

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)												
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax									
Hubei	Wuhan Branch	43	Address: No. 747, Hankou Construction Avenue, Wuhan, Hubei Province Postal Code: 430015	027-85355111 027-85355222	Huangshi Branch	Address: F/1-3, No.71 West Hangzhou Road, Tuanchengshan, Huangshi City, Hubei Province Postal Code: 453000	0714-6226555 0714-6226555										
					Xiangyang Branch	Address: 1/F, Special No.1 Nanpaopu Street, People's Square, Xiangyang City, Hubei Province Postal Code: 441000	0710-3454199 0710-3454166										
					Ezhou Branch	Address: 1/F, Hongchen Mansion, No. 91 Gucheng Road, Ezhou District, Ezhou, Hubei Province Postal Code: 436000	0711-3835776 0711-3835789										
					Yichang Branch	Address: No. 2 Meianchangdi Office Wing, Floor 1 & 2, Xilinyi Road, Xilin District, Yichang, Hubei Province Postal Code: 443000	0717-6495558 0717-6433698										
					Shiyan Branch	Address: F/1-2, Hua Fu Ming Di Project, No.3 Middle Beijing Road, Maojian District, Shiyan City, Hubei Province Postal Code: 442000	0719-8106678 0719-8106606										
					Hunan	Changsha Branch	43	Address: Beichen Times Square, No.1500 North Xiangjiang Road, Kaifu District, Changsha, Hunan Province Postal Code: 410000	0731-84582008 0731-84582008	Zhuzhou Branch	Address: Building No.2 Yaohua Jinyuan Mansion, North Yangtze Road, Tianyuan District, Zhuzhou, Hunan Province Postal Code: 412000	0731-22822800 0731-22822829					
										Xiangtan Branch	Address: No. 19, Middle Furong Road, Yuetang District, Xiangtan, Hunan Province Postal Code: 412000	0731-52350999 0731-55571058					
										Hengyang Branch	Address: No. 38, Jiefangdadao, Huaxin Development Zone, Hengyang, Hunan Province Postal Code: 421001	0734-8669859 0734-8669899					
										Yueyang Branch	Address: No. 366, Jianxiang Road, Yueyanglou District, Yueyang, Hunan Province Postal Code: 414000	0730-8923077 0730-8923078					
										Jiangxi	Nanchang Branch	19	Address: Tower A, No. 16, Hengmao Guoji Huacheng, No. 333, South Square Road, Nanchang Postal Code: 330003	0791-6660107 0791-6660107	Pingxiang Branch	Address: Yun Yuan Building, No.16, East Jianshe Road, Pingxiang, Jiangxi Province Postal Code: 337000	0799-6890078 0799-6890005
															Jiujiang Branch	Address: Tower B, Jinxuanyijun Hotel, No. 276, Changhong Avenue, Lushan District, Jiujiang City, Jiangxi Province Postal Code: 332000	0792-8193526 0792-8193596
					Ganzhou Branch	Address: B Tower, Caifu Plaza, No.16, Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province Postal Code: 341000	0797-2136885 0797-2136863										

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)			
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
Shanxi	Taiyuan Branch	25	Address: Block A, Princes' Palace Commercial Building, No. 9, Fuxi Street, Taiyuan, Shanxi Province Postal Code: 030002	0351-3377040	Lvliang Branch	Address: No.1, Lijing Road, Lishi District, Lvliang, Shanxi Province Postal Code: 033000	0358-8212615 0358-8212630	
				0351-3377000	Datong Branch	Address: 1/F-3/F, 19-21 Podium Building, Yu Hua Di Jing, Intersection of Yuhe West Road & Pingcheng East Street, Datong, Shanxi Province Postal Code: 037008	0352-2513779 0352-2513800	
					Changzhi Branch	Address: Office Building, Upper City No.2, Binhe City, No.288 Chengdong Road, Changzhi, Shanxi Province Postal Code: 046000	0355-8590000 0355-8590956	
					Linfen Branch	Address: F/1-3 Hongjing International Building, West Xiangyang Road, Yaodu District, Shanxi Province Postal Code: 041000	0357-7188008 0357-7188010	
Western Region	Chongqing	Chongqing Branch	28	Address: No. 5 Chengxi Avenue, Jiangbei District, Chongqing Postal Code: 400024	023-63107677 023-63107527		—	
Guangxi	Nanning Branch	18	Address: No. 36-1, Shuangyong Road, Nanning, Guangxi Zhuang Autonomous Region Postal Code: 530021	0771-5569881 0771-5569889	Liuzhou Branch	Address: No. 7, South Side of Guizhong Avenue, Liuzhou, Guangxi Zhuang Autonomous Region Postal Code: 545006	0772-2083609 0772-2083622	
					Qinzhou Branch	Address: No. 10, Yongfu West Road, Qinzhou, Guangxi Postal Code: 535000	0777-2366139 0777-3253388	
					Guilin Branch	Address: China Software•Modern City F/1,3,4, No.28 Wangjiang Road, Qixing District, Guilin, Guangxi Postal Code: 541000	0773-3679878 0773-3679819	
					Zunyi Branch	Address: Tian'an Hotel, Xiamen Road, Huichuan District, Zunyi, Guizhou Province Postal Code: 563000	0852-8322999 0852-8627318	
Inner Mongolia	Hohhot Branch	33	Address: CITIC Building, Jintai Center, Ruyi Avenue, Ruyi Development Area, Hohhot, Inner Mongolia Autonomous Region Postal Code: 010020	0471-6664933 0471-6664933	Baotou Branch	Address: No. 64, Youyi Avenue, Rare-Earth Hi-Tech Industrial Development Zone, Baotou, Inner Mongolia Autonomous Region Postal Code: 014010	0472-5338930 0472-5338909	
					Erdos Branch	Address: Anxijayuan, Tianjiao Road, Dongsheng District, Erdos, Inner Mongolia Autonomous Region Postal Code: 017000	0477-8188031 0477-8187016	
					Chifeng	Address: No. 128, West Hada Street, Hongshan District, Chifeng, Inner Mongolia Autonomous Region Postal Code: 024000	0476-8867021 0476-8867022	
Ningxia	Yinchuan Branch	7	Address: No.160 Middle Beijing Road, Yinchuan, Ningxia Hui Autonomous Region Postal Code:750002	0951-7653000 0951-7653000		—		

## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)			
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
	Qinghai	Sining Branch	8	Address: No.1 Jiaotong Lane, Xining, Qinghai Province Postal Code:810008	0971-8812658 0971-8812616		—	
	Shaanxi	Xi'an Branch	38	Address: No. 1, Middle Zhuque Road, Xi'an, Shaanxi Province Postal Code: 710061	029-89320050 029-89320054	Xianyang Branch	Address: Lvyuan Building, No.108 Middle Qinhuang Road, Xianyang, Shaanxi Province Postal Code: 712000	029-33192679 029-33192691
						Baoji Branch	Address: No 50, Caifu Plaza B, Gaoxindadao, Baoji, Shaanxi Province Postal Code: 721013	0917-3158980 0917-3158809
						Weinan Branch	Address: Xinda Plaza, Shijimingzhu Plaza, Chaoyangdajie, Weinan, Shaanxi Province Postal code: 714000	0913-2089622 0913-2089606
						Yulin Branch	Address: No.248 Changxing Road, Yulin Economic Development Zone, Shaanxi Province Postal code: 719000	0912-6662063 0912-6662052
	Sichuan	Chengdu Branch	41	Address: La Défense Tower, No.1480 Tianfu Avenue, High-Tech Area, Chengdu, Sichuan Province Postal Code: 610041	028-85258881 028-85258898	Yibin Branch	Address: No.4 West Guangchang Road, Yibin, Sichuan Province Postal Code: 644001	0831-2106910 0831-2106915
						Dazhou Branch	Address: F/1-5 Building No.8, Tongjin International New City, Middle Jinlong Avenue, Tongchuan District, Dazhou, Sichuan Province Postal Code: 635000	0818-3395590 0818-3395599
	Xinjiang	Urumqi Branch	9	Address: CITIC Bank Tower, No.165, North Xinhua Road, Urumqi Postal Code: 830002	0991-2365936 0991-2365888		—	
	Yunnan	Kunming Branch	33	Address: Fulin Square, No. 81, Baoshan Street, Kunming, Yunnan Province Postal Code: 650021	0871-63648555 0871-63648667	Qujing Branch	Jinsui Phase III, No. 310, West Nanning Road, Qilin District, Qujing, Yunnan Province Postal Code: 655000	0874-3119086 0874-3118526
						Dali Branch	Address: Mansion of the Disaster Relief Materials Center of the Bureau of Civil Affairs, Wanhua Road, Xiaguan District, Dali, Yunan Province Postal Code: 671000	0872-3035229 0872-3035228
	Gansu	Lanzhou Branch	16	Address: No. 638, West Donggang Road, Lanzhou, Gansu Province Postal Code: 730000	0931-8890699 0931-8890699		—	
	Tibet	Lhasa Branch	1	Address: No. 22 Jianguo Road, Chengguan District, Lhasa City, Tibet Autonomous Region Postal Code: 850000	0891-6599106 0891-6599103		—	



## List of Domestic and Overseas Affiliates

Region	Province	Tier-one Branches			Tier-two branches (out-of-town sub-branches)			
		Name of branch	Number of outlets	Address/Postal Code	Telephone/Fax	Name of branch	Address/Postcode	Telephone/Fax
Northeastern Region	Heilongjiang	Harbin Branch	19	Address: No. 233, Hongqi Avenue, Xiangfang District, Harbin, Heilongjiang Province Postal Code: 150090	0451-55558112 0451-53995558	Mudanjiang Branch	Address: No. 80 Xisantiao Road, Xi'an District, Mudanjiang City, Heilongjiang Province Postal Code: 157099	0453-6313011 0453-6313016
	Jilin	Changchun Branch	16	Address: No. 1177, Changchun Avenue, Changchun, Jilin Province Postal Code: 130041	0431-81910011 0431-81910123	Jilin Branch	Address: No. 818 East Jiefang Road, Changyi District, Jilin, Jilin Province Postal Code: 132001	0432-65156111 0432-65156100
	Liaoning	Shenyang Branch	40	Address: No. 336, Daxi Road, Shenhe District, Shenyang, Liaoning Province Postal Code: 110014	024-31510456 024-61510234	Fushun Branch	Address: No. 10, Xinhua Avenue, Shuncheng District, Fushun, Liaoning Province Postal Code: 113006	024-53886701 024-53886711
						Huludao Branch	Address: No. 50, Xinhua Avenue, Lianshan District, Huludao, Liaoning Province Postal Code: 125001	0429-2808185 0429-2800885
Subsidiaries and Overseas Representative Office								
China	HongKong	CIFH	—	Address: Room 2701-9, 27/F, CITIC Tower 1 Tim Mei Avenue, Central, Hong Kong	+852-36073000 +852-25253303	CNCBI	Address: 61-65 Des Voeux Road Central Hong Kong	+852 3603 6633 +852 3603 4000
						CIAM	Address: 23/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	+852 2843 0280 +852 2537 7083
		CNCB Investment		Address: Room 2106, 21/F, Tower 2, Lippo Centre, No. 89, Queensway, Hong Kong	+852-25212353 +852-28017399	CNCB (Hong Kong) Capital Limited	Address: Room 2801, 28/F, Tower 2, Lippo Centre, No. 89, Queensway, Hong Kong	+852-25212353 +852-28017399
						CIF Investment Fund Management (Beijing) Co., Ltd.	Address: 18/F, Tower C, Fuhua Mansion, No.8 Chaoyangmen Beidajie, Dongcheng District, Beijing	010-65558028 010-65550809
						CIF Investment Fund Management (Shenzhen) Co., Ltd.	Address: 20/F, North Tower, Excellence Time Square Phase II, No.8 Central 3 Road, Futian District, Shenzhen, Guangdong Province	0755-8277-4986 0755-83204967
China	Zhejiang	Lin'an CITIC Rural Bank	2	Address: No. 777, Shijing Street, Jincheng Road, Lin'an, Zhejiang Province Postal Code: 311300	0571-61109006 0571-61106889	Gaohong Sub-branch of Zhejiang Lin'an CITIC Rural Bank	Address: Building 2-3, Xuexiyuan, Industrial Function Area, Gaohong Town, Lin'an City, Zhejiang Province Postal Code: 11300	0571-61130886 0571-61130886
China	Tianjin	CITIC Financial Leasing Co., Ltd.	—	Address: 2-310 Kuangshi Guoji Dasha, CBD, Binhai New Area, Tianjin Postal Code: 300450	4006800000 010-85230072		—	
Europe	UK	London Representative Office	1	Second Floor, 34 Threadneedle Street, London, EC2R 8AY	+44-28-3824 9269		—	



No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing  
Postal Code : 100010

<http://bank.ecitic.com>