



China CITIC Bank Corporation Limited

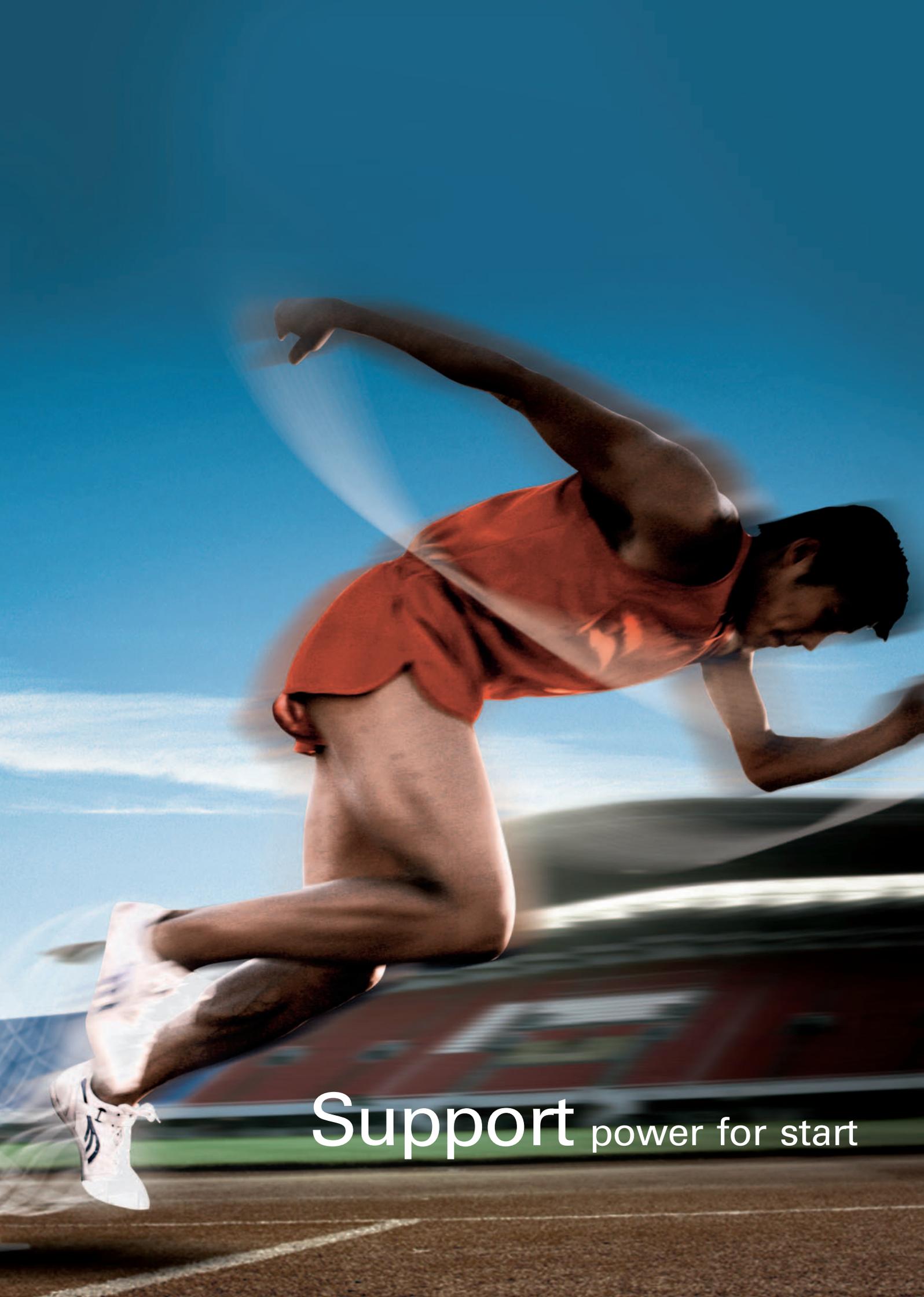
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 998



Interim Report

2007



Support power for start

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Financial Highlights

OPERATING PERFORMANCE

Unit: RMB million

ITEM	For the six months ended June 30, 2007	For the six months ended June 30, 2006	For the year ended December 31, 2006	Compared to the same period last year (%)
Operating income	11,915	8,016	17,927	48.64
Profit before taxation	5,610	3,129	7,002	79.29
Net profit attributable to shareholders	3,223	1,767	3,858	82.40
Per share				
Basic earning per share (RMB)	0.095	0.057	0.12	66.67
Diluted earning per share (RMB)	0.095	0.057	0.12	66.67
Net asset per share (RMB)	2.32	0.95	1.02	144.21
Net operating cash flow per share (RMB)	0.98	(0.43)	(0.24)	—

SCALE INDICATORS

Unit: RMB million

ITEM	June 30, 2007	December 31, 2006	December 31, 2005	June 30, 2007 compared to previous year end (%)
Total assets	868,431	706,723	594,602	22.88
Loans and advances to customers	535,519	463,167	370,260	15.62
Total liabilities	789,573	675,029	571,377	16.97
Deposits from customers	666,424	618,412	530,573	7.76
Shareholders' equity	78,853	31,689	23,220	148.83
Total net operating cash flow	33,414	(7,574)	(7,650)	—



PROFITABILITY INDICATORS

ITEM	June 30, 2007	December 31, 2006	June 30, 2006	June 30, 2007 compared to previous year end (%)
Return on average asset (<i>annualized</i>)	0.82%	0.59%	0.57%	0.23
Return on average equity (<i>annualized</i>)	11.66%	14.05%	13.42%	(2.39)
Cost/income	35.61%	39.67%	36.65%	(4.06)
Net interest spread	2.82%	2.53%	2.37%	0.29
Net interest margin	2.96%	2.62%	2.46%	0.34

ASSET QUALITY INDICATORS

ITEM	June 30, 2007	December 31, 2006	June 30, 2006	June 30, 2007 compared to previous year end (%)
Non-performing loan (NPL) ratio	1.84%	2.50%	2.92%	(0.66)
Provision coverage	85.19%	84.62%	84.97%	0.57
Allowance/total loans	1.56%	2.11%	2.48%	(0.55)

CAPITAL ADEQUACY INDICATORS

ITEM	June 30, 2007	December 31, 2006	June 30, 2006	June 30, 2007 compared to previous year end (%)
Capital adequacy ratio	15.99%	9.41%	9.52%	6.58
Core capital adequacy ratio	13.78%	6.57%	6.31%	7.21
Total equity/total assets	9.08%	4.48%	4.55%	4.60



Kong Dan
Chairman

Chairman's Statement

Year 2007 is a landmark in China CITIC Bank's development. On the 20th anniversary of its establishment, China CITIC Bank successfully became listed on both Shanghai Stock Exchange and Hong Kong Stock Exchange and became the second company in the world having simultaneous A and H-Share listing, while setting various Chinese share offering records.

Investor recognition and trust represent a confidence in the Bank, and also set a form of pressure and responsibility on us. By entering the domestic and international capital markets, the Bank faces stricter supervision by both domestic and overseas regulators as well as scrutiny on all fronts by domestic and overseas investors and all of its shareholders. As such, China CITIC Bank will, with a strong sense of responsibility and purpose, aim to create more value for its shareholders by achieving excellent business results, so as to maintain investor confidence in the Bank's future development.

It is my pleasure here, on behalf of the Board of Directors of China CITIC Bank, to report to all of the Bank's shareholders that the Bank has achieved encouraging interim results in 2007. By the end of June 2007, the Bank recorded an 82% yearly increase in net profit; owing to the enlarged capital, the annualized return on average assets (ROAA) was raised to 0.82%, while the annualized return on average equity (ROAE) was 11.66%. The Bank's capital adequacy ratio and core capital adequacy ratio have reached 16.0% and 13.8%, respectively. We believe the driving force from ample capital will provide us with continued energies and will furthermore enhance our internal investment value.

The listing of the Bank is a process for converging the management system of the Bank with the international practice. We have established an efficient corporate governance structure composed of Shareholders' General Meeting, Board of Directors, and Board of Supervisors, which independently perform their respective functions and coordinate on a "check and balance" basis to effectively safeguard the interests of the shareholders. Four special committees have started to function, providing expertise-backed decision

making support to the Board of Directors. In light of the New Basel Capital Accord, we have been enhancing our risk management and internal control, particularly in three aspects, i.e. risk culture, mechanism and techniques. We actively held many discussions with our strategic investor, BBVA on potential cooperation in sectors like auto financing, private banking, risk management, and staff training. We believe, the alliance with BBVA will further promote the Bank's value creating capacity and international participation.

Both Chinese and the world economy have been developing steadily, which have created an optimal external environment for the Bank. Having a senior management team that possesses international views, rich experiences, and the ability to execute efficiently is the core competency for us to grasp market opportunities, implement strategies, perform outstanding achievements, and improve our corporate governance. As the flagship company of the integrated financial business development of CITIC group, The Bank cooperates with other powerful subsidiaries of the CITIC group in stock, trust, fund, and insurance, etc. Such large-scale cooperation will definitely stimulate more growth potential in the future. We believe that the Bank will grasp new opportunities and become a modern financial enterprise with sound corporate governance, rapid growth momentum and strong earning ability, and will satisfy our shareholders and the public in economic terms as well as make more contributions to the country's economic prosperity and social welfare in the future.

Last but not least, I would like to extend sincerest thanks to all our clients, shareholders, peers and friends for their confidence and support and I hope that everyone can continue to witness and share China CITIC Bank's future success.



Chairman of the Board of Directors: Kong Dan
August 22, 2007



Chen Xiaoxian

President

President's Statement

In the first half of 2007, the Chinese economy experienced fast and healthy development. Reform of the Chinese banking sector has been spectacular and the opening up of the financial sector has attracted attention worldwide. Under the leadership of the Bank's Board of Directors, we have made use of this favorable opportunity and moved toward the domestic and international capital markets. This move has opened a new chapter in the Bank's development as a modern financial institution. Here, on behalf of the management, I would like to extend our sincere thanks to our investors, clients and our friends from all walks of life for their confidence and support.

By the first half of 2007, the Bank's total assets reached RMB868.4 billion, up by 23% from the previous year; total deposits amounted to RMB666.4 billion, up by 7.8% from the previous year; total loans amounted to RMB535.5 billion, up by 15.6% from the previous year; while net profit amounted to RMB3.2 billion, representing an 82.4% increase over the same period last year. Based on the outstanding performance, internationally well-known credit rating firms such as Moody's and Fitch have upgraded their respective ratings for the Bank. The credit ratings for the Bank are now in a leading position among those of other joint-stock commercial banks in China. The overall strength of the Bank has therefore risen to a new level, which can be viewed generally from the following five aspects:

Both interest and non-interest incomes increased significantly while profitability continuing to grow strongly. In the first half of 2007, the operating non-interest income accounted for 9.36% of operating income, up by 0.41 percentage points and increased by 60.94% compared to the same period last year. At the same time, net interest margin grew to 2.96%, up by 0.50 percentage points. Against the rising of RMB interest rate, the cost of deposit rate dropped remarkably by 0.06 percentage points to 1.88%.

Corporate deposits and loans grew strongly, which further secured the leading position of the Bank. The balance of corporate deposits reached RMB574.0 billion, up by 12.0% over the end of last year, and the balance of corporate loans RMB 478.6 billion, up by 15.4%. The international settlement business was US\$43.3 billion, and the Bank's market share rose to 5.1%, maintaining the leading position of the Bank in this business sector.



Retail banking maintained rapid growth, and contributed a larger portion to total profit.

In the first half of 2007, based on changes in the capital market and residents' wealth management practice, the Bank reinforced development and sales of wealth management products, with the sales amounted to RMB 54.4 billion, exceeding the total sales amount of last year. Consequently, our customer base was enlarged, and non-interest income grew significantly. The issuing number of credit cards, loan balance, and transaction volume respectively grew by 86%, 229%, and 183%, while profitability was maintained. The income from retail banking contributed 16.3% to total operating income, up by 3 percentage points compared to the same period of previous year.

Non-performing loans have realized "double falls", and risk management ability was further enhanced.

The first half of 2007 saw a further improvement of our risk management ability. By the end of June 2007, the proportion of non-performing loan was maintained below 2%. The Bank achieved "double falls" in NPL and NPL ratio during four consecutive years, and its asset quality has ranked the top among China's listed banks.

Through the cross-design and cross-selling of products, CITIC Group has further exerted the advantage of its comprehensive financial service platform.

In the first half of 2007, the third party custody and securities transfer business jointly developed by the Bank together with CITIC Group securities subsidiaries have brought us an additional 72,600 bank customers. The number and sales volume of wealth management products jointly developed with other CITIC Group financial services subsidiaries have increased by 3 folds and 7 folds respectively compared to the same period last year. In addition, we provided comprehensive financial solution schemes such as comprehensive credit, bonds undertaking, trust financing and financial counseling to our customers. Moreover, we have started sharing parts of our sales team resources and business network with those CITIC Group financial services subsidiaries.

After the entry into both international and domestic capital markets, the Bank now stands at a new historical point. However, we are fully aware that our successful entry into the international and domestic capital markets is not simply an achievement to be proud of, but it also places upon us heavy responsibilities. We, the management of China CITIC Bank, are confident in our ability to achieve better results, so as to reward our shareholders, our clients and our society as a whole.

At this moment, again I would like to extend sincere gratitude on behalf of the Bank's management, to the Board of Directors and the Board of Supervisors for their great help, to all the investors and clients for their trust and support, and to the staff for their endeavor and contribution to the Bank.

Thank you all!



President: Chen Xiaoxian
August 22, 2007

Team spirit



Join efforts to meet challenges
Sponsoring A1 World Cup Auto Racing



Corporate Information

Registered Name in Chinese:	中信銀行股份有限公司 (“the Bank”)
Short in Chinese:	中信銀行
Registered Name in English:	CHINA CITIC BANK CORPORATION LIMITED
English Abbreviation:	CNCB
Address:	Block C, Fuhua Mansion, No.8 Chaoyangmen Beidajie, Dongcheng District, Beijing, China
Telephone:	86-10-65541585
Fax:	86-10-65541230
Postal Code:	100027
Email:	ir_cncb@citicbank.com
Registered Address:	Block C, Fuhua Mansion, No.8 Chaoyangmen Beidajie, Dongcheng District, Beijing, China
Office Address:	Block C, Fuhua Mansion, No.8 Chaoyangmen, Beidajie, Dongcheng District, Beijing
Postal Code:	100027
Principal place of business in Hong Kong:	Room 2106, 21st Floor, Tower 2, Lippo Centre, No.89, Queensway, Hong Kong
Legal Representative:	Kong Dan
H share Authorized Representative:	Chen Xiaoxian Luo Yan
Secretary to the Board of Directors:	Luo Yan
Joint Company Secretary:	Luo Yan, KAM Mei Ha, Wendy, (ACS, ACIS)
Qualified Accountant:	Lu Wei, (MPA, CPA)
Compliance Advisor:	China International Capital Corporation (Hong Kong) Limited Citigroup Global Markets Asia Limited
Legal advisors to the Bank:	As to PRC law King & Wood PRC Lawyers As to Hong Kong law Freshfields Bruckhaus Deringer



CREDIT RATINGS:

Moody's:	Long-term deposit: Baa2; BFSR: D; Outlook: Stable
Fitch:	Individual: D; Support: 2
Website:	bank.ecitic.com

SELECTED NEWSPAPERS FOR DISCLOSURE:

A share:	China Securities Journal; Securities Times, Shanghai Securities News
H share:	South China Morning Post; Hong Kong Economic Times
Site of Depositing Interim Report:	Office of the Board of Directors
Website designated by the China Securities Regulatory Commission to Publish the Interim Report:	http://www.sse.com.cn
Website of Hong Kong Stock Exchange to publish the Interim Report:	http://www.hkex.com.hk

THE BANK SERVES AS A COMPONENT OF THE FOLLOWING INDEX

The Bank is a constituent
of the following indices:

SHSTOCK 180 Index
SHSTOCK 50 Index
Shanghai Composite Index
New Shanghai Composite Index
Shanghai-Shenzhen 300 Index
China Securities 100 Index
China Securities 800 Index
300 Industry Index (Finance)
China Securities Southern Well-Off Index
China Securities 800 Total Return Index



STOCK CODES:

A share	
Shanghai Stock Exchange	601998
Reuters:	601998.SS
Bloomberg:	601998 CH

H share	
Stock Exchange of Hong Kong Limited	0998
Reuters	998.HK
Bloomberg:	998 HK

SHARE REGISTRAR:

A share:	China Securities Depository & Clearing Corporation Limited Shanghai Branch 36th Floor, China Insurance Mansion, No.166, East Lu Jia Zui Road, Pudong New Area, Shanghai
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H share:	Computershare Hong Kong Investor Services Limited 46th floor, Hopewell Centre, No.183 Queen's Road East, Wan Chai, Hong Kong
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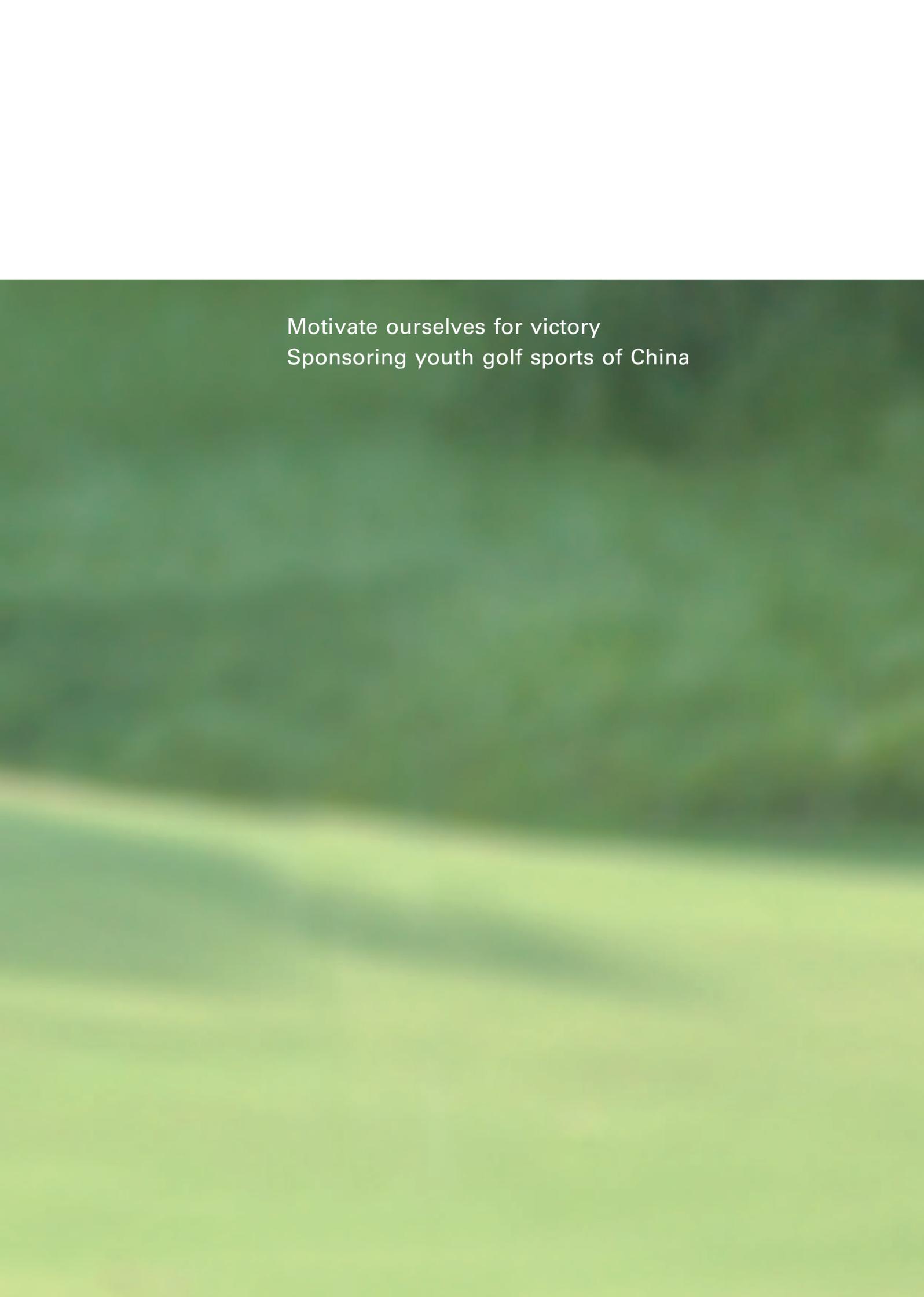
OTHER RELEVANT INFORMATION

Date of first registration:	7 April 1987
Date of changing registration:	31 December 2006
Authority of first registration:	State Administration for Industry and Commerce
Registration Number of Business License:	1000001000600
Institution Number of Finance License:	B0006H111000001
Tax Registration Number:	110105101690725
Domestic auditor:	KPMG Huazhen Accounting Firm
Address of domestic auditor:	8th Floor, Office Building Tower Two, Oriental Plaza, No.1 East Chang'an Street, Beijing
Postal Code:	100738
International auditor:	KPMG
Address of international auditor:	8th Floor, Prince's Building, No.10 Chater Road, Central, Hong Kong
Business scope:	deposit-taking; disbursement of short-term, medium-term and long-term loans; domestic and international settlements; acceptance and discount of bills; issuance of financial bonds; issuance and redemption as an agency and underwriting of government bonds; trading of government bonds and financial bonds; inter-bank lending; foreign exchange trading; bank cards business; services of letter of credit and guarantee; collection and advance of payment; safety-deposit box service; foreign exchange settlement and sales; the other businesses approved by banking regulatory authority under the State Council.

This Report is made in Chinese and English. Should there be any discrepancy in understanding to the two language versions, the Chinese version shall prevail.

Clearly-defined targets





Motivate ourselves for victory
Sponsoring youth golf sports of China

Report of the Board of Directors

1 ECONOMY, FINANCIAL AND REGULATORY ENVIRONMENT

In the first half of 2007, the Chinese economy continued to maintain its fast and steady growth momentum with a GDP growth rate of 11.5%. The profit of domestic enterprises rose dramatically and large-scale industrial enterprises saw a profit increase of more than 40%. The fixed assets investment maintained its trend of high-speed development with a period-to-period growth rate of 25.9%. During this period, export kept on expanding, economic structure was optimised, while people's income increased and consumption demand was strong.

In the first half of 2007, the government strengthened its macro-economic regulatory measures to control the excess liquidity in the financial sector. To this end, the People's Bank of China ("PBOC") raised the required deposit reserves rate five times to the current 11.5% and raised the benchmark interest rate twice by 0.54 percentage points and 0.45 percentage points in connection with one-year deposit and loan rate, respectively. Meanwhile PBOC issued directional instruments and provided window guidance in an attempt to tighten the liquidity in the banking system and credit scale.

The change of economic, finance and regulatory environment has imposed more stringent requirements on the operation and management of commercial banks. In response to that, the Bank seized the favorable opportunities of rapid economic growth to accelerate the business expansion and achieved the result of steady growth in business scale and profit. The Bank actively took advantage of good opportunity created by integrated operation policy and engaged in providing the best financial service solution to corporate clients, and supplying more wealth management products and services to individual clients. In particular, the bullish stock market in China has resulted in the Bank providing various innovative wealth management products to consolidate and expand the relationship with individual clients. These efforts received good market response and promoted the fast growth of non-interest income. On the other hand, the Bank took initiative in implementing the macro-economic regulatory measures and strengthened the prospective analysis of macro economy and regulatory measures in order to respond in time. The Bank further improved the liquidity management in a scientific way, took reasonable control of the credit scale, and enhanced the efficiency of capital utilization. Thus, we effectively prevented the economic operational risk, and mitigated the impact of macro-economic and regulatory measures on the Bank.



2 FINANCIAL STATEMENT ANALYSIS

Overview

In the first half of 2007, the Bank had a sound financial position. As of June 30, 2007, total assets of the Bank reached RMB868.431 billion, an increase of RMB161.708 billion or 22.88% compared to previous year end. Total liabilities stood at RMB789.573 billion, an increase of RMB114.544 billion or 16.97% compared to previous year end. Shareholders' equity (excluding minority interests) totaled RMB78.853 billion, an increase of RMB47.164 billion or 148.83% compared to previous year end.

The Bank achieved a net profit of RMB3.223 billion in the first half of 2007, a period-on-period increase of RMB1.456 billion or 82.40% compared to the corresponding period last year.

Income Statement Analysis

Unit: RMB million

	For the six months ended June 30, 2007	For the six months ended June 30, 2006	For the year ended December 31, 2006
Net interest income	11,256	7,344	16,473
Net non-interest income	659	672	1,454
Operating income	11,915	8,016	17,927
Provisions for impairment losses	(1,162)	(944)	(1,666)
General and administrative expenses	(5,143)	(3,943)	(9,259)
Profit before taxation	5,610	3,129	7,002
Income tax	(2,387)	(1,362)	(3,144)
Net profit	3,223	1,767	3,858
Attributable to:			
Shareholders of the Bank	3,223	1,767	3,858
Minority interests	—	—	—



Net Interest Income

The net interest income of the Bank was affected by the difference between interest-earning asset yield and interest-bearing liability cost as well as the average balance of the interest-earning assets and interest-bearing liabilities. In the first half of 2007, the Bank achieved a net interest income of RMB11.256 billion, a period-on-period increase of RMB3.912 billion or 53.27%.

The average balance and average interest rate of the Bank's interest-earning assets and interest-bearing liabilities are shown in the table below:

Unit: RMB million

Items	Six months ended June 30, 2007			Six months ended June 30, 2006			Year ended December 31, 2006		
	Average Balance	Interest	Average Interest Rate (%)	Average Balance	Interest	Average Interest Rate (%)	Average Balance	Interest	Average Interest Rate (%)
Interest-earning assets									
Loans and advances to customers	506,005	14,655	5.79	417,154	10,740	5.15	437,124	23,288	5.33
Investment in securities	136,604	2,209	3.23	103,221	1,585	3.07	103,329	3,477	3.37
Due from central bank	76,174	596	1.57	57,377	410	1.43	62,446	964	1.54
Due from banks and other financial institutions	42,939	663	3.09	20,069	285	2.84	26,165	715	2.73
Sub-total	761,722	18,123	4.76	597,821	13,020	4.36	629,064	28,444	4.52
Interest-bearing liabilities									
Deposits from customers	613,536	5,772	1.88	539,539	5,240	1.94	551,871	10,790	1.96
Due to banks and other financial institutions	81,060	817	2.01	25,600	280	2.18	38,898	745	1.91
Other ⁽¹⁾	12,079	278	4.60	6,437	156	4.85	9,330	436	4.67
Sub-total	706,675	6,867	1.94	571,576	5,676	1.99	600,099	11,971	1.99
Net interest income		11,256			7,344			16,473	
Net interest spread⁽²⁾			2.82			2.37			2.53
Net interest margin⁽³⁾			2.96			2.46			2.62

Note:

- (1) This includes payables to PBOC and subordinated debt and bonds issued.
- (2) This equals the difference between average yield of interest-earning assets and average cost of interest-bearing liabilities.
- (3) This is calculated based on net interest income / Average balance of interest-earning assets.

The following table illustrates changes in the Bank's net interest income arising from changes in scale factor and interest rate factor. Variances caused by changes in both scale factor and interest rate factor are attributed to changes in interest rate factor.

Unit: RMB million

	Six months ended June 30, 2007 compared to six months ended June 30, 2006			Year 2006 compared to year 2005		
	Volume	Interest rate	Total	Volume	Interest rate	Total
Assets						
Loans and advances						
to customers	2,288	1,627	3,915	4,827	662	5,489
Investment in securities	512	112	624	141	327	468
Due from central bank	134	52	186	241	10	251
Due from banks and other financial institutions	325	53	378	(35)	143	108
Changes of interest income	3,259	1,844	5,103	5,174	1,142	6,316
Liabilities						
Deposits from customers	718	(186)	532	1,757	521	2,278
Due to banks and other financial institutions	605	(68)	537	83	16	99
Others	137	(15)	122	151	(25)	126
Changes of interest expense	1,460	(269)	1,191	1,991	512	2,503
Changes of net interest income	1,799	2,113	3,912	3,183	630	3,813

Interest income

The Bank's interest income was RMB18.123 billion in the first half of 2007, a period-on-period increase of RMB5.103 billion or 39.19%. The growth of interest income is mostly attributable to the size expansion of interest-earning assets (especially loans and advances to customers) as well as the increase of average interest rate of interest-earning assets. The average balance of interest-earning assets increased by RMB163.901 billion, or 27.42%, from RMB597.821 billion as of June 30, 2006 to RMB761.722 billion as of June 30, 2007. The average interest rate of interest-earning assets climbed from 4.36% in the first half of 2006 to 4.76% in the first half of 2007, up 0.40 percentage points.

Interest income from loans and advances to customers

Interest income from loans and advances to customers has been the biggest portion of the Bank's interest income. It accounted for 80.86% of the Bank's total interest income in the first half of 2007.

The following table shows the average balance, interest income, and average yield of each part of loans and advances to customers in the periods shown below.

Unit: RMB million

	Six months ended June 30, 2007			Six months ended June 30, 2006			Year ended December 31, 2006		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	401,582	12,128	6.04	321,105	8,849	5.51	340,606	19,320	5.67
Discounted bills	53,297	987	3.70	56,768	788	2.78	54,750	1,571	2.87
Personal loans	51,126	1,540	6.02	39,281	1,103	5.62	41,768	2,397	5.74
Total loans and advances to customers	506,005	14,655	5.79	417,154	10,740	5.15	437,124	23,288	5.33



The Bank achieved a loan and advance interest income of RMB14.655 billion in the first half of 2007 which represented an increase of 36.45% from RMB10.740 billion in the first half of 2006. The major reason was the increase of average balance and the other reason was that the average yield of loans increased from 5.15% to 5.79%.

The growth of average yield is mainly due to (1) upward adjustment of the benchmark interest rate of customer loans by PBOC in August 2006, March 2007, and May 2007; (2) the Bank's measures to control low-yield discounted bills business, while expand the high-yield loan business; (3) the Bank's enhancement of management on product price determination.

Interest income from investment in securities

In the first half of 2007, the Bank achieved an interest income of RMB2.209 billion from investment in securities, a period-on-period increase of RMB0.624 billion or 39.37%. The main reason is that the average balance of debt securities soared by 32.34% from RMB103.221 billion in the first half of 2006 to RMB136.604 billion in the first half of 2007, and the average yield of securities increased from 3.07% in the first half of 2006 to 3.23% in the first half of 2007. The increase in average balance is primarily due to the continuous increase in each type of deposits and funds raised in the initial public offering of the Bank. The Bank invested the funds not used as loans in debt securities, which have higher yield than deposits with the banks and other financial institutions. The increase in average yield of debt securities is primarily due to the following factors:(1) the increase in interest rates by PBOC led to the increase of Renminbi market return rate. The floating rate bonds and rolling investment yield of the Bank continued to increase;(2) the Bank flexibly adjusted the strategies of debt securities investment such as extending dollar duration, enhancing the degree of dynamic operation, keeping the strategy of short duration investment in Renminbi debt securities, and circumventing interest rate risk while increasing yield.



Interest income from receivables from central bank

The Bank achieved an interest income of RMB0.596 billion from receivables from the central bank in the first half of 2007, a period-on-period increase of RMB0.186 billion or 45.37%. The increase is mainly due to the increases of average balance and average yield, in which, the average balance of the deposit with the central bank climbed from RMB57.377 billion in the first half of 2006 to RMB76.174 billion in the first half of 2007. It is mainly due to: (1) the statutory deposit reserve ratio was raised to 11.5% at the end of the reported term from 7.5% in July 2006; and (2) statutory deposit reserve balance increased as a result of increasing customer deposits. Average yield climbed from 1.43% in the first half of 2006 to 1.57% in the first half of 2007 because, with a precondition of ensuring liquidity of the Bank, the proportion of average balance of excess deposit reserve in the average balance with the central bank was lower than that in the same period last year.

Interest income from receivables from banks and other financial institutions

The Bank achieved an interest income of RMB663 million from receivables from banks and other financial institutions in the first half of 2007, which increased by 132.63% from RMB285 million in the first half of 2006. The primary reason is that the average balance went up by RMB22.870 billion and the average yield went up from 2.84% to 3.09%, in which, the increased average yield of receivables from banks and other financial institutions is due to the increase of interest rate in Renminbi market. The growth of average balance reflected the increase of different kinds of deposits of the Bank and the cash flow of the Bank was abundant after funds raised in the initial public offering of the Bank was collected.

Interest Expense

In the first half of 2007, the Bank's interest expense was RMB6.867 billion, a period-on-period increase of RMB1.191 billion or 20.98%. The growth is attributable to the size expansion of interest-bearing liabilities. The decrease of the average cost of interest-bearing liabilities partially offset the increase of interest expense. The average balance of interest-bearing liabilities of the Bank increased by 23.64% from RMB571.576 billion in the first half of 2006 to RMB706.675 billion in the first half of 2007, and the average cost of interest-bearing liabilities dropped from 1.99% in the first half of 2006 to 1.94% in the same period of 2007.

Interest expense for customer deposits

Customer deposits have been the main capital source of the Bank. The proportions of customer deposit interest expense in the total interest expense of the Bank in the first half of 2007 and the same period of 2006 were 84.05% and 92.32% respectively.

The following table shows the average balance, interest expenses, and average cost of corporate deposits and personal deposits by product type.

Unit: RMB million

	Six months ended June 30, 2007			Six months ended June 30, 2006			Year ended December 31, 2006		
	Average balance	Interest expense	Average Cost (%)	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposit									
Time	270,132	3,530	2.61	260,088	3,452	2.65	252,889	6,854	2.71
Demand	257,602	1,259	0.98	201,035	959	0.95	214,347	2,116	0.99
Sub-total	527,734	4,789	1.81	461,123	4,411	1.91	467,236	8,970	1.92
Personal deposit									
Time	67,782	916	2.70	67,508	788	2.33	72,299	1,727	2.39
Demand	18,020	67	0.75	10,908	41	0.75	12,336	93	0.75
Sub-total	85,802	983	2.29	78,416	829	2.11	84,635	1,820	2.15
Total customer deposits	613,536	5,772	1.88	539,539	5,240	1.94	551,871	10,790	1.96

The interest expense for customer deposits was RMB5.772 billion in the first half of 2007 which increased by 10.15% from RMB5.240 billion in the first half of 2006. The increase is mainly due to RMB73.997 billion increase in the average balance of customer deposits, which is partially offset by the decrease (6 basis points) in deposit cost.

The decrease in average cost of deposits is primarily due to the fact that the proportion of RMB negotiated deposit daily balance (average cost of which was higher than other deposits) in the daily corporate deposits dropped from 10.37% in the first half of 2006 to 7.59% in the first half of 2007 and the increase of the proportion of demand deposits, which is partially offset by the increase of benchmark interest rate in March and May 2007 by PBOC.

Payables to banks and other financial institutions

The interest expense for payables to banks and other financial institutions was RMB0.817 billion in the first half of 2007 which increased by 191.79% from RMB0.280 billion in the first half of 2006. The growth is primarily due to the fact that the average balance of payables to banks and other financial institutions increased by 216.64% and the average cost of payables to banks and other financial institutions decreased from 2.18% to 2.01%. The increase of average balance reflects that the deposits of some securities firms increased because of the active capital market activities. The decrease of average cost is primarily due to the increased proportion of the balances with other financial institutions which are of lower cost of funding.

Other borrowings

In the first half of 2007, the Bank's interest expense for the borrowings from the central bank and bonds issued was RMB0.278 billion, a period-on-period increase of RMB0.122 billion or 78.21%. The growth is mainly due to the increase of average balance. The average balance increased by 87.65% from RMB6.437 billion in the first half of 2006 to RMB12.079 billion in the first half of 2007. At the same time, the average interest rate dropped from 4.85% in the first half of 2006 to 4.60% in the first half of 2007.

Net interest margin and net interest spread

The Bank's net interest margin rose from 2.46% in the first half of 2006 to 2.96% in the first half of 2007.

The Bank's net interest spread in the first half of 2007 was 2.82%, increased from 2.37% in the same period in 2006. It is mainly because the Bank's average yield of interest-earning assets went up while average cost of interest-bearing liabilities went down.



Net non-interest income

In the first half of 2007, the Bank achieved a net non-interest income of RMB0.659 billion, a period-on-period decrease of RMB13 million. The proportion of the non-interest net income in the first half of 2007 and the first half of 2006 in the Bank's operating income was 5.53% and 8.38%, respectively.

If the effect brought by the exchange losses of RMB503 million in the first half of 2007 and RMB50 million in the first half of 2006 are excluded respectively, the net non-interest operating income in the first half of 2007 was RMB1.162 billion, a period-on-period increase of RMB440 million or 60.94%. The proportion of the net non-interest operating income in the first half of 2007 in the Bank's operating income increased to 9.36% from 8.95% in the first half of 2006.

Unit: RMB million

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Net fee and commission income	605	326	759
Net gain/(loss) from trading securities	(77)	235	454
Net gain/(loss) from trading investment securities	42	5	45
Other operating income	89	106	196
Total net non-interest income	659	672	1,454



Net fee and commission income

Unit: RMB million

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Net fee and commission income			
Agency fees	158	88	186
Bank card fees	148	77	199
Guarantee fees	144	94	215
Consulting, advising, and wealth management products income	132	16	61
Settlement fees	111	101	214
Others	22	26	90
Sub-total	715	402	965
Fee and commission expense	(110)	(76)	(206)
Net fee and commission income	605	326	759

In the first half of 2007, the Bank achieved a net fee and commission income of RMB0.605 billion, a period-on-period increase of RMB0.279 billion or 85.58%, in which, the fees of the Bank in the first half of 2007 was RMB0.715 billion, a period-on-period increase of 77.86%. The increase was mainly attributable to the Bank's intensified efforts to drive the growth of intermediary business. As a result, significant growth was recorded in agency business, bank card fees, consulting, advising and wealth management products income.

The agency fee income was RMB0.158 billion in the first half of 2007, increased by RMB0.070 billion over RMB 0.088 billion in the first half of 2006. The growth is mainly attributable to the increase in sales of products and services such as treasury bonds, investment funds, and insurance. Agency fee income of investment funds recorded a relatively larger increase and the period-on-period increase was RMB0.051 billion.

The Bank's bank card business income was RMB0.148 billion in the first half of 2007, increased by RMB0.071 billion or 92.21% over RMB0.077 billion in the first half of 2006. The growth is mainly attributable to the intensified efforts of the Bank on promoting bank card business, which is in line with market changes and customer demand, and the increased usage of bank cards leads to the increase of transaction volume.

The Bank's guarantee fee income was RMB0.144 billion in the first half of 2007, increased by 53.19% over RMB0.094 billion in the first half of 2006. The proportion of the guarantee fee income in the total fee income in the first half of 2007 was 20.14%. The continued growth of guarantee fee income in the period stated above reflects the increase of business volume, which results from the increase of market needs for such services.

In the first half of 2007, the Bank achieved a consulting, advising, and wealth management service income of RMB0.132 billion, over RMB0.016 billion in the first half of 2006. The reasons for the fast increase of the above business is due to the fact that the Bank made great efforts on the development of investment banking business such as financial advisory and the fast development of wealth management product business.

The proportion of the Bank's settlement fees in the total fee income in the first half of 2007 was 15.52%. Most of the Bank's settlement fees were international settlement fees and the international settlement fees in the first half of 2007 were RMB0.100 billion, a period-on-period increase of 9.87%. The increase of the international settlement fees is primarily due to the increase of settlement business volume.

The Bank's fee and commission expense was RMB0.110 billion in the first half of 2007, increased by 44.74% over RMB0.076 billion in the first half of 2006. The growth is mainly attributable to: (1) the increase of transaction volume in bank cards. Therefore, the corresponding expenses paid increased; and (2) the Bank's foreign exchange transaction volume increased. Therefore, the transaction expenses paid to Chinese foreign exchange trading centre increased accordingly.

Net trading income / (loss)*Unit: RMB million*

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Net gains from foreign exchange transactions	46	219	503
Bonds	(23)	16	10
Derivative instruments	(173)	(317)	(60)
Financial liabilities at fair value through income statement	73	317	1
Total	(77)	235	454

The Bank suffered a net trading loss of RMB77 million in the first half of 2007, a period-on-period decline of RMB312 million. The principal reason was that the appreciation of Renminbi led to an increase of net loss of foreign exchange by RMB 0.453 billion, apart from that, the net gain from the transactions reached RMB 0.580 billion, a period-on-period increase of RMB0.295 billion or 103.51%.

In the first half of 2007, the Bank achieved a net gain from foreign exchange transactions of RMB46 million, declined by RMB0.173 billion over RMB0.219 billion in the first half of 2006. If the exchange loss of RMB0.503 billion in the first half of 2007 and RMB0.05 billion in the first half of 2006 which were resulted from the financing were excluded, the net gains from foreign exchange transactions of the Bank in the first half of 2007 was RMB0.549 billion, a period-on-period increase of RMB0.280 billion or 104.09%.

In the first half of 2007, the Bank suffered a net loss of RMB0.123 billion from trading bonds, derivative instruments and financial liabilities at fair value through income statement, declined by RMB0.139 billion over a net gain of RMB16 million in the first half of 2006. The loss primarily arose from the revaluation loss of market value of bonds and derivatives which were held with the purpose of trading.



Net income / (loss) from investment in securities

In the first half of 2007, the Bank achieved a net income from investing securities of RMB42 million, which increased by RMB37 million over RMB5 million in the first half of 2006.

Other operating income

The Bank's other operating income was RMB89 million in the first half of 2007, decreased by RMB17 million from RMB 0.106 billion in the first half of 2006.

Provision for impairment losses on loans

The following table shows the various impairment losses in the period.

Unit: RMB million

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Loans and advances to customers	1,144	819	1,481
Off-balance sheet credit asset	22	44	54
Investment in securities	—	11	(4)
Due from banks and other financial institutions	—	—	(3)
Others	(4)	70	138
Total provisions for impairment losses on loans	1,162	944	1,666

Provision for impairment losses mainly included impairment loss on loans and impairment loss on other assets. The Bank's impairment loss increased from 0.944 billion in the first half of 2006 to RMB1.162 billion in the first half of 2007, a period-on-period increase of 23.09%.



General and administrative expenses

Unit: RMB million

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Staff cost	1,603	1,156	2,914
Property and equipment expenses and amortization	966	704	1,595
Other general and administrative expenses	1,674	1,078	2,602
Sub-total	4,243	2,938	7,111
Business tax and surcharges	900	630	1,398
CITIC group management fee	—	375	750
Total general and administrative expenses	5,143	3,943	9,259
Income-cost ratio	43.16%	49.19%	51.65%
Adjusted income-cost ratio (excluding CITIC management fee, business tax and surcharge)	35.61%	36.65%	39.67%

In the first half of 2007, the Bank's general and administrative expenses totaled RMB5.143 billion, a period-on-period increase of RMB1.200 billion or 30.43%. The growth mainly resulted from the fact that the Bank increased the input to human resources, which led to an increase in average salary, bonus and welfare cost per employee in response to the market competition for talents. Also, the business development expense increased along with the expansion of business scale. However, since we are exempted from management fees to the CITIC group this year, the increase of general and administrative expenses has been partially offset.

In the first half of 2007, the Bank's cost / income ratio stood at 35.61%, down by 1.04 percentage points compared to the first half of 2006 (excluding the payment of CITIC group management fee), thanks to the efficient cost control and rapid growth of operational income.

The Bank's business tax and surcharges in the first half of 2007 was RMB0.900 billion, a period-on-period increase of 42.86%. The growth resulted from the increase of taxable income.

Income tax analysis

Unit: RMB million

	Six months ended June 30, 2007	Six months ended June 30, 2006	Year ended December 31, 2006
Profit before tax	5,610	3,129	7,002
Chinese income tax calculated at a statutory rate 33%	1,851	1,033	2,311
Tax impact on non-deductible expenses:			
— Staff cost	365	257	654
— Other	287	173	375
Tax impact on non-taxable income:			
— Interest income from Chinese government bonds	(100)	(92)	(168)
— Others	(16)	(9)	(28)
Income tax	2,387	1,362	3,144

In the first half of 2007, the Bank's income tax expense was RMB2.387 billion, a period-on-period increase of RMB1.025 billion or 75.26%. The Bank's effective tax rate was 42.55% and declined by 0.98 percentage points, compared to 43.53% in the first half of 2006.

According to the new Income Tax Law of the People's Republic of China passed at National People's Congress in March 2007, corporate income tax rate will be reduced to 25% as of January 1, 2008. As of June 30, 2007, the Bank expected that the deferred income assets will be reduced by RMB275 million. According to relevant rules, such impact has been recognized as an income tax expense in the first half of 2007.

On August 6, 2007, the State Administration of Taxation (SAT) replied to the Bank (in SAT Circular [2007] 866) that it, in accordance with the Notice on the Policy Adjustment Concerning Pre-tax Deduction of Salaries issued by the Ministry of Finance and the SAT, approved in principle the Bank can deduct the staff costs that are available as deductible expenses by taking reference to the policies granted to those offshore listed financial corporations and the tax deductible amount for staff costs will be linked to staff's work efficiency. The particulars of the deductions of the income tax expense will be based on the actual staff costs to be incurred in 2007 and will be decided upon by the SAT and the Ministry of Finance.



Balance sheet analysis

Unit: RMB million

	As of June 30, 2007	As of December 31, 2006	As of December 31, 2005
Total loans and advances to customers	535,519	463,167	370,260
Provision for impairment losses	(8,377)	(9,786)	(12,230)
Net loans and advances to customers	527,142	453,381	358,030
Investment in securities	170,242	104,424	104,416
Cash and due from central banks	96,446	90,620	84,453
Due from banks and other financial institutions , net	59,973	43,250	31,352
Other assets ⁽¹⁾	14,628	15,048	16,351
Total assets	868,431	706,723	594,602
Customer deposits	666,424	618,412	530,573
Due to banks and other financial institutions	99,529	36,166	28,021
Issued subordinated bonds	12,000	12,000	6,000
Other liabilities ⁽²⁾	11,620	8,451	6,783
Total liabilities	789,573	675,029	571,377

Notes:

- (1) includes property and equipment, deferred income tax assets, interest receivable, repossessed assets, derivative which its fair value is positive, land use right, intangible assets, and other assets.
- (2) includes due to central bank, current tax liabilities, deferred income tax liabilities, and other liabilities.



Most assets of the Bank are in the form of loans and advances to customers. As of June 30, 2007, the loans and advances to customers deducting impairment losses accounted for 60.70% of the total assets of the Bank.

As of June 30, 2007, the Bank's customer loans and advances accumulated to RMB535.519 billion, up by 15.62% over the RMB463.167 billion as of December 31, 2006.

Loan business

Loans by types of customers

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	432,903	80.9	369,156	79.7	282,275	76.3
Personal loans	56,885	10.6	48,375	10.4	37,834	10.2
Discounted bills	45,731	8.5	45,636	9.9	50,151	13.5
Total loans and advances to customers	535,519	100.0	463,167	100.0	370,260	100.0

Corporate loans have been the largest proportion of loans provided by the Bank. Corporate loans of the Bank reached RMB432.903 billion as of June 30, 2007, an increase of 17.27% amounting to RMB63.747 billion compared to RMB369.156 billion as of December 31, 2006.

As of June 30, 2007, the Bank's personal loan amounts to RMB56.885 billion, an increase of RMB8.510 billion, or 17.59%, compared to RMB48.375 billion as of December 31, 2006.

Discounted bills is an important part in total loans of the Bank, and it is also an important instrument of liquidity management. Discounted bills of the Bank reached RMB45.731 billion as of June 30, 2007, which is roughly equal to the corresponding balance as of December 31, 2006.

Loans and advances to customers by geographical location

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Yangtze River Delta	173,544	32.4	146,784	31.7	120,026	32.4
Bohai Rim ⁽¹⁾	156,118	29.2	138,310	29.9	115,706	31.2
Pearl River Delta and West Strait	81,217	15.2	68,230	14.7	52,885	14.3
Central region	53,756	10.0	46,704	10.1	36,255	9.8
Western region	51,531	9.6	43,820	9.5	32,029	8.7
Northeast region	19,107	3.6	19,141	4.1	13,207	3.6
Hong Kong	246	—	178	—	152	—
Total loans and advances to customers	535,519	100.0	463,167	100.0	370,260	100.0

Notes:

(1) includes the headquarter.

The Bank has been placing strong emphasis the east coast regions where the economy is most developed, such as Yangtze River Delta, Bohai region, and Pearl River Delta. As of December 31, 2005, December 31, 2006 and June 30, 2007, the proportions of total loans in these three areas in the Bank's total loans and advances to customers were 77.9%, 76.3%, and 76.8%, respectively.

Breakdown of Loans by Sectors

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	134,317	31.0	108,539	29.4	81,537	28.9
Transport, Storage and Post Service	45,278	10.5	35,933	9.7	23,633	8.4
Production and supply of electric power, gas and water	38,723	9.0	38,022	10.3	26,559	9.4
Wholesale and retail	38,290	8.8	33,468	9.1	29,902	10.5
Real Estate	36,322	8.4	28,796	7.8	22,957	8.1
Rent and business service	35,451	8.2	29,375	8.0	18,566	6.6
Water, environmental and public utility management	28,285	6.5	26,915	7.3	20,811	7.4
Construction	25,189	5.8	23,364	6.3	15,963	5.7
Financing	3,589	0.8	3,107	0.8	9,188	3.3
Public management and social organizations	11,911	2.8	10,468	2.8	7,858	2.8
Others	35,548	8.2	31,169	8.5	25,301	8.9
Sub-total of Corporate loans	432,903	100.0	369,156	100.0	282,275	100.0

As of December 31, 2005 and 2006, and June 30, 2007, the proportion of the top five industries which loaned most in the Bank's total loans was 65.3%, 66.5% and 67.7%, respectively. In order to improve the integrated quality of the Bank's assets, the Bank actively optimized and adjusted credit structures. And the emphases of credit policies from 2005 have been on "excellent industry, excellent corporation" and "mainstream market, mainstream customer".



Currency Composition of Loan

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
RMB	506,523	94.6	444,812	96.0	349,536	94.4
Foreign Currencies	28,996	5.4	18,355	4.0	20,724	5.6
Total	535,519	100.0	463,167	100.0	370,260	100.0

Breakdown by Ways of Guarantee

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured Loans	140,056	26.15	129,411	27.94	92,253	24.92
Guaranteed Loans	169,779	31.71	142,321	30.73	113,348	30.61
Loans secured by monetary assets and other tangible assets	179,953	33.60	145,799	31.48	114,508	30.93
Subtotal	489,788	91.46	417,531	90.15	320,109	86.46
Discounted bills	45,731	8.54	45,636	9.85	50,151	13.54
Total	535,519	100.00	463,167	100.00	370,260	100.00



Concentration Degree of Borrowers

In accordance with applicable Chinese banking laws and regulations, the loan of the Bank to any single borrower is limited to be not more than 10% of regulatory capital of the Bank. The Bank defines single borrower as a clear legal entity. Therefore, one borrower may be a related party of another borrower.

The following form gives the information of loans of the biggest ten single borrowers as of June 30, 2007.

Unit: RMB million

Borrower	Industry	June 30, 2007		
		Amount	As percentage to the Total Amount of Loans	As percentage to Regulatory Capital
Borrower A	Information Transmission, Computer Service and Software Industry	3,000	0.56%	3.32%
Borrower B	Public Management and Social Organization	2,450	0.46%	2.71%
Borrower C	Transportation, Warehousing and Postal Services	2,425	0.45%	2.68%
Borrower D	Transportation, Warehousing and Postal Services	2,400	0.45%	2.65%
Borrower E	Electricity, Gas, and Water Production and Supply	2,360	0.44%	2.61%
Borrower F	Manufacture	2,318	0.43%	2.56%
Borrower G	Electricity, Gas, and Water Production and Supply	2,300	0.43%	2.54%
Borrower H	Manufacture	2,250	0.42%	2.49%
Borrower I	Transportation, Warehousing and Postal Services	2,000	0.37%	2.21%
Borrower J	Transportation, Warehousing and Postal Services	1,950	0.37%	2.16%
Total		23,453	4.38%	25.93%

Due Dates of Loan Portfolio

The following form gives information about loan products as of June 30, 2007 based on the remaining period prior to the due dates.

Unit: RMB million

	Due Within One Year	Due Within One to Five Years	Due in at least Five Years	Overdue ⁽¹⁾	No Specific Repayment Date ⁽²⁾	Total
Corporate loans	289,525	93,266	38,232	927	10,953	432,903
Discounted bills	45,731	—	—	—	—	45,731
Personal loans	10,127	12,852	30,673	1,919	1,314	56,885
Loans and advances to customers	345,383	106,118	68,905	2,846	12,267	535,519

Notes:

- (1) All or part of the principal overdue for within 30 days (inclusive).
- (2) Includes all NPLs, loans with all or part of the principal overdue for more than 30 days, and loans with interests overdue for more than 90 days while the principals are not due yet.

Analysis of Loan Quality

Five-Category Classification of Loans

The amount of NPLs of the Bank totaled RMB9.833 billion as of June 30, 2007 based on the regulatory classification standard of loans, a decrease of RMB1.732 billion compared to that as of the previous year end with a non-performing loan rate of 1.84%, 0.66 percentage points lower than that as of December 31, 2006.

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Normal	514,082	96.00	440,352	95.07	339,708	91.75
Special mention	11,604	2.16	11,250	2.43	15,241	4.11
Substandard	2,119	0.40	1,981	0.43	2,685	0.73
Doubtful	7,459	1.39	7,404	1.60	8,781	2.37
Loss	255	0.05	2,180	0.47	3,845	1.04
Total loans and advances to customers	535,519	100.00	463,167	100.00	370,260	100.00
Performing loans	525,686	98.16	451,602	97.50	354,949	95.86
NPL	9,833	1.84	11,565	2.50	15,311	4.14



Change of provisions for impairment losses

The following form shows the movement of provisions for impairment losses of the Bank in the respective duration of time as specified.

Unit: RMB million

	By June 30, 2007	By December 31, 2006
Balance at the Beginning of the Period	9,786	12,230
Accrual of the Period/Year ⁽¹⁾	1,144	1,481
Unwinding of discount ⁽²⁾	(104)	(210)
Transfer Out ⁽³⁾	(21)	(153)
Write-offs	(2,428)	(3,685)
Recoveries of loans and advances previously written off	—	123
Closing Balance	8,377	9,786

Notes:

- (1) Equals to net provision for impairment losses in the consolidated income statement of the Bank.
- (2) Equals to accretion of loan value for which provision for impairment losses was provided in the past. The Bank recognized such accretion as interest income.
- (3) Includes release of provisions for impairment losses arising from the transfer of non-performing loan assets to repossessed assets.

Balance of provisions for impairment losses has decreased from RMB9.786 billion as of December 31, 2006 to RMB8.377 billion as of June 30, 2007. The main reason for this is due to loan write-offs.

The coverage rates of provisions for impairment losses on the total amount of NPL and total amount of loans of the clients have been 85.19% and 1.56% respectively as of June 30, 2007. The coverage rates of provisions for impairment losses on the total amount of NPL and total amount of loans and advances to customers had been 84.62% and 2.11% respectively as of December 31, 2006.



Composition of Clients of NPLs

Unit: RMB million

	June 30,2007			December 31,2006			December 31,2005		
	Balance	Percentage (%)	NPL ratio (%)	Balance	Percentage (%)	NPL ratio (%)	Balance	Percentage (%)	NPL ratio (%)
Corporate Loans	9,383	95.4	2.17	11,151	96.4	3.02	14,918	97.4	5.28
Personal Loans	450	4.6	0.79	414	3.6	0.85	393	2.6	1.04
Discounted bills	—	—	—	—	—	—	—	—	—
Total	9,833	100.0	1.84	11,565	100.0	2.50	15,311	100.0	4.14

NPL by geographical locations

Unit: RMB million

	June 30,2007			December 31,2006			December 31,2005		
	Amount	Percentage (%)	NPL ratio (%)	Amount	Percentage (%)	NPL ratio (%)	Amount	Percentage (%)	NPL ratio (%)
Yangtze River Delta	821	8.4	0.47	756	6.5	0.52	925	6.0	0.77
Bohai Rim ⁽¹⁾	5,235	53.2	3.35	5,091	44.0	3.68	6,029	39.4	5.21
Pearl River Delta and West Strait	2,077	21.1	2.56	3,977	34.4	5.83	6,467	42.3	12.23
Central region	841	8.6	1.56	816	7.1	1.75	754	4.9	2.08
Western region	434	4.4	0.84	497	4.3	1.13	660	4.3	2.06
Northeast region	425	4.3	2.22	428	3.7	2.24	476	3.1	3.60
Hong Kong	—	—	—	—	—	—	—	—	—
Total	9,833	100.0	1.84	11,565	100.0	2.50	15,311	100.0	4.14

Notes:

(1) Includes the headquarter.

NPL Distribution Based on Industries

Unit: RMB million

	June 30,2007			December 31,2006			December 31,2005		
	Amount	Percentage (%)	NPL ratio (%)	Amount	Percentage (%)	NPL ratio (%)	Amount	Percentage (%)	NPL ratio (%)
Manufacturing	4,115	43.9	3.06	4,780	42.9	4.40	5,041	33.8	6.18
Transportation, storage and post Services	95	1.0	0.21	156	1.4	0.43	523	3.5	2.21
Production and supply of electric power, gas and water	12	0.1	0.03	16	0.1	0.04	110	0.7	0.41
Wholesale and Retail	1,641	17.5	4.29	2,383	21.4	7.12	2,956	19.8	9.89
Real Estate	944	10.1	2.60	1,330	11.9	4.62	2,274	15.2	9.91
Rent and business service	540	5.8	1.52	829	7.4	2.82	1,203	8.1	6.48
Water, Environment and Public utility management	18	0.2	0.06	18	0.2	0.07	24	0.2	0.12
Construction	31	0.3	0.12	48	0.4	0.21	129	0.9	0.81
Financing	860	9.2	23.96	240	2.2	7.72	355	2.4	3.86
Public management and social organizations	37	0.4	0.31	102	0.9	0.97	106	0.7	1.35
Other Clients ⁽¹⁾	1,090	11.5	3.07	1,249	11.2	4.01	2,197	14.7	8.69
Total	9,383	100.0	2.17	11,151	100.0	3.02	14,918	100.0	5.28

Notes:

- (1) Clients in this sector include agriculture, forestry, animal husbandry, mining, hotel, food and beverage, resident service, education, sanitation, social security and welfare, culture, sports and entertainment, telecommunications and international organization; also include loans offered by Hong Kong branch of the Bank.

The Bank tries to reduce credit loans to industries, which have high NPL rates. Overall corporate NPL rate decreased in general for each industry.

Investment in securities

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Held-to-maturity debt securities	115,366	67.8	68,196	65.3	67,727	64.9
Available-for-sale debt securities	48,020	28.2	31,166	29.9	31,564	30.2
Bonds measured at fair value through income statement	6,404	3.7	4,725	4.5	4,813	4.6
Total debt securities	169,790	99.7	104,087	99.7	104,104	99.7
Available-for-sale equity investment	452	0.3	337	0.3	312	0.3
Total investment	170,242	100.0	104,424	100.0	104,416	100.0



Debt securities

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Government	26,993	15.9	23,106	22.2	26,162	25.1
People's Bank of China	67,794	39.9	23,721	22.8	27,417	26.4
Policy banks	26,340	15.5	24,917	23.9	18,660	17.9
Banks and other financial institutions	19,588	11.6	15,650	15.1	15,428	14.8
Public sector overseas	13,922	8.2	8,988	8.6	9,172	8.8
Enterprise sector	15,153	8.9	7,705	7.4	7,265	7.0
Total debt tools	169,790	100.0	104,087	100.0	104,104	100.0
Domestic	131,852	77.7	74,760	71.8	71,616	68.8
Overseas	37,938	22.3	29,327	28.2	32,488	31.2
Total debt tools	169,790	100.0	104,087	100.0	104,104	100.0

Equity Investment

As of June 30, 2007, the Bank's equity investments that were available for sale included: (i) the Bank's subsidiary - China Investment and Finance Limited with equity investment amount of RMB0.338 billion; and (ii) the equity investment in China UnionPay with investment amount of RMB0.114 billion.



Liability Business

Customer Deposits

Unit: RMB million

	June 30, 2007	December 31, 2006	December 31, 2005
Corporate deposits			
Demand Deposits	286,399	260,971	232,933
Time Deposits	287,618	251,580	226,388
Contracted	32,070	46,080	48,180
Not Contracted	255,548	205,500	178,208
Subtotal	574,017	512,551	459,321
Personal deposits			
Demand Deposits	25,518	26,053	10,110
Time Deposits	66,889	79,808	61,142
Subtotal	92,407	105,861	71,252
Total customer deposits	666,424	618,412	530,573

The total amount of customer deposits reached RMB666.424 billion as of June 30, 2007, an increase of RMB48.012 billion compared to RMB618.412 billion as of December 31, 2006. There has been an increase in corporate deposits compared to previous year end, but contracted deposits decreased by RMB14.010 billion from RMB46.080 billion as of December 31, 2006 to RMB32.070 billion as of June 30, 2007. This is mainly because the Bank took the initiative to reduce contracted deposits whose average cost is higher than that of overall corporate deposits. The percentage of personal deposits over the total amount of deposits decreased as of June 30, 2007 when compared to June 30, 2006, because the Bank made efforts to develop personal wealth management products and commissioned wealth management deposits had exceeded RMB40 billion.

Currency Composition of Customer Deposits

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
RMB	615,552	92.4	562,106	90.9	463,068	87.3
Foreign Currencies	50,872	7.6	56,306	9.1	67,505	12.7
Total	666,424	100.0	618,412	100.0	530,573	100.0

Customer Deposits by Geographical Locations

The Bank classifies deposits based on the locations of banks which accept deposits. The district where the depositor is in is closely related to the location of the bank which collects the deposit. The following table shows the geographical distribution of customers.

Unit: RMB million

	June 30, 2007		December 31, 2006		December 31, 2005	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Bohai Rim ⁽¹⁾	238,871	35.9	218,259	35.3	208,142	39.3
Yangtze River Delta	197,355	29.6	179,751	29.1	146,579	27.6
Pearl River Delta and West Straits	96,731	14.5	89,082	14.4	72,855	13.7
Central region	63,860	9.6	59,844	9.7	47,214	8.9
Western region	47,428	7.1	48,181	7.8	39,204	7.4
Northeastern region	22,179	3.3	23,295	3.7	16,579	3.1
Total	666,424	100.0	618,412	100.0	530,573	100.0

Notes:

(1) Includes the headquarter.

Deposit Breakdown by Remaining Term before the Maturity Date

The following table shows deposit breakdown by remaining term before maturity date as of June 30, 2007

Unit: RMB million

	Overdue/ Demand deposit		3-month time deposit		3-12 month time deposit		1-5 year time deposit		Time deposit longer than 5 years		Total	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Corporate deposits	294,873	44.24	139,090	20.87	95,685	14.36	39,169	5.88	5,200	0.78	574,017	86.13
Personal deposits	27,095	4.07	36,786	5.52	24,671	3.70	3,854	0.58	1	0.00	92,407	13.87
Total	321,968	48.31	175,876	26.39	120,356	18.06	43,023	6.46	5,201	0.78	666,424	100.00

Shareholders' Equity

Unit: RMB million

	June 30, 2007	December 31, 2006	December 31, 2005
Shareholders' Equity	78,853	31,689	23,220
Minority Interests	5	5	5
Total	78,858	31,694	23,225



Shareholders' Equity Change in the Reporting Period

Unit: RMB million

	Equity Capital	Capital Reserves	Investment Revaluation Reserve	Property Revaluation Reserve	Retained Earnings	Minority Interests	Total Equity
December 31, 2006	31,113	(391)	(14)	102	879	5	31,694
Shares issued	7,920	36,916	–	–	–	–	44,836
Net Profit	–	–	–	–	3,223	–	3,223
Net Change in Fair Value of Available-for-Sale Investments	–	–	(169)	–	–	–	(169)
Profit appropriation	–	–	–	–	(726)	–	(726)
June 30, 2007	39,033	36,525	(183)	102	3,376	5	78,858

Major Off-Balance Sheet Items

As at June 30, 2007, major off-balance sheet items and their balances are as follows:

Unit: RMB million

	June 30, 2007	December 31, 2006
Bank Acceptance	171,907	132,000
Guarantee Issued	27,040	23,930
Issued Letters of Credit	27,931	25,536
Loan Commitment	15,869	14,106
Total	242,747	195,572



Supplementary Financials of the three years prior to the end of the reporting period

The Bank submitted multi-operational ratios to the People's Bank of China (PBOC) and China Banking Regulatory Commission (CBRC) in 2004 and 2005 in accordance with Commercial Bank Asset Liability Ratio Management, Regulation, Detection Indicators and Inspection Method (Inspection Method) promulgated by PBOC in 1996 and other relevant regulations. Details are as follows:

Regulatory Index		Regulatory Standard	December 31	
			2005	2004
Capital Adequacy ratio (%)		≥8	8.11	NA
Core Capital Adequacy ratio (%)		≥4	5.72	NA
Liquidity Ratio (%)	RMB	≥25	60.69	61.28
	Foreign Currency	≥60	68.00	74.52
Deposit Loan Ratio (%)	RMB	≤75	66.43	71.86
	Foreign Currency	≤85	37.77	35.90
Proportions of Inter-Bank				
Borrowing and Lending (%)	Proportion of Borrowing	≤4	—	—
	Proportion of Lending	≤8	0.08	0.14
NPL Rate (%) based on the criteria of "Five-Category" Classification		—	4.14	6.29
Provision Coverage Ratio (%)		≥60	79.88	77.58
Percentage of the Loan of the Single largest Customer of Regulatory Capital ⁽¹⁾ (%)		≤10	8.49	13.59
Percentage of the loan of the ten major customers of the Regulatory Capital (%)		≤50	46.41	66.94

Note:

- (1) Regulatory capital of the Bank as of December 31 of 2004 and 2005 was calculated in accordance with guidelines of CBRC.

Core Indicators for Risk Surveillance by Commercial Banks (provisional) (Core Indicator (provisional)) which came into force on January 1, 2006, amended Inspection Method and introduced several new ratios. The following table shows the ratios of the Bank as of June 30, 2007 and December 31, 2006 calculated in accordance with Core Indicator (provisional).

Risk Level Indicator	December 31, 2006		Standard requirements (%)	Data of The Bank (%)	
	Primary Indicator	Secondary Indicator		June 30, 2007	December 31, 2006
Risk Level					
Liquidity Risk	Liquidity Ratio		≥25	RMB: 42.70 Foreign Currency: 225.78	RMB: 38.66 Foreign Currency: 99.98
	Core Liabilities Ratio		≥60	54.91	56.17
	Liquidity Gap Ratio		≥(10)	9.71	10
Credit Risk	Non-Performing Assets Ratio		≤4	1.07	2.45
		NPL Ratio	≤5	1.84	2.50
	Credit Concentration to a Single Group Customer		≤15	3.51	6.9
		Loan Concentration to a Single Customer	≤10	3.32	6.7
	Overall Credit Exposure to Connected Parties		≤50	2.29	10.12
Market Risk	Cumulative Foreign Currency Exposure Ratio		≤20	1.82	6.19
Risk Cushion					
Profitability	Cost to Income Ratio		≤45	35.79	43.85
	Return on assets		≥0.6	0.81	0.61
	Return on capital		≥11	11.57	13.07
Reserve Adequacy	Allowance Adequacy Ratio for Asset Impairment		>100	177.92	160.84
		Allowance Adequacy Ratio for Loan Impairment	>100	182.02	148.21
Capital Adequacy	Capital Adequacy Ratio		≥8	15.99	9.41
		Core Capital Adequacy Ratio	≥4	13.78	6.57

Capital Adequacy Rate (CAR)

The Bank calculates and discloses capital adequacy rate in accordance with Management Methods of Capital Adequacy Rate of Commercial Banks (Decree NO.2 of China Banking Supervision and Regulation Commission (2004))promulgated by Banking Regulatory Commission on February 23, 2004. Since 2005, the Bank has calculated market risk capital in accordance with Notice of Office of China Banking Supervision and Regulation Commission on the Issuing of Required Calculation Form and Calculation Statement of Market Risk Capital of Commercial Banks (BRC Issuance No. 374 [2004]).

Since 2001, the bank has taken various initiatives to improve CAR. CITIC Group injected RMB2.5 billion, RMB8.6 billion and RMB7.4 billion to the bank in 2004, 2005 and 2006, respectively. In addition, the Bank issued RMB6 billion worth of subordinate debts in 2004 and subordinate bonds in 2006 with face value of RMB6 billion each. At the end of April 2007, the Bank went public successfully both in Shanghai and Hong Kong and raised RMB44.8 billion.

As of June 30, 2007, capital adequacy ratio of the Bank was 15.99%, an increase of 6.58 percentage points compared to the previous year end; core capital adequacy ratio was 13.78%, an increase of 7.21 percentage points compared to the previous year end; net capital of the Bank was RMB90.452 billion as of June 30, 2007, an increase of RMB46.041 billion compared to the previous year end. Net core capital had totaled RMB77.904 billion, increasing by RMB46.956 billion compared to the previous year end. Total weighted capital of the Bank was RMB565.789billion (market risk excluded), an increase of RMB93.832 billion compared to the previous year end. Market risk capital of the Bank was RMB330 million and conversion risk capital was RMB4.12 billion.



Unit: RMB million

	June 30, 2007	December 31, 2006	December 31, 2005
Core Capital:			
Paid up ordinary share capital	39,033	31,113	26,661
Reserves	38,974	(7)	(5,321)
Total core capital	78,007	31,106	21,340
Supplementary capital:			
Allowance for bad debts	2,933	2,663	2,961
Subordinate debt ⁽¹⁾	9,780	10,800	6,000
Negative revaluation of investment	(165)	—	—
Total supplementary capital	12,548	13,463	8,961
Total capital base before deduction	90,555	44,569	30,301
Deductions:			
Unconsolidated equity investments	103	158	142
Total capital base after deductions	90,452	44,411	30,159
Risk-weighted assets	565,789	471,957	372,000
Core capital adequacy ratio	13.78%	6.57%	5.72%
Capital adequacy ratio	15.99%	9.41%	8.11%

Note:

- (1) Refers to RMB6 billion subordinate debt issued by the Bank in 2004 and RMB6 billion subordinate bonds issued by the Bank in 2006.



Segment Reporting

Segment report by geographic region

Currency unit: RMB million

	Six months ended June 30, 2007									
	Pearl River		Bohai Rim	Central region	Western region	Northeastern region	Head			Total
	Yangtze River Delta	Delta and West Straits					Office	Hong Kong	Elimination	
Net interest income	3,387	1,587	3,109	1,005	935	377	860	(4)	–	11,256
Net non interest income	256	81	348	67	44	20	(171)	14	–	659
Operating income	3,643	1,668	3,457	1,072	979	397	689	10	–	11,915
General and administrative cost	(1,494)	(743)	(1,138)	(426)	(381)	(132)	(826)	(3)	–	(5,143)
Impairment losses charge	(271)	(104)	(343)	(127)	(50)	(35)	(232)	–	–	(1,162)
Profit / (loss) before taxation	1,878	821	1,976	519	548	230	(369)	7	–	5,610
	June 30, 2007									
Segment assets	269,328	124,276	317,158	80,753	70,070	45,925	596,231	1,281	(636,591)	868,431
Segment liabilities	299,521	138,059	403,613	86,179	65,592	40,139	391,878	1,183	(636,591)	789,573
Off-balance sheet credit commitments	82,760	27,201	64,397	32,946	17,164	8,202	10,077	–	–	242,747

Six months ended June 30, 2006										
	Pearl River		Bohai Rim	Central region	Western region	Northeastern region	Head Office	Hong Kong	Elimination	Total
	Yangtze River Delta	Delta and West Straits								
Net interest income	2,334	1,006	2,186	703	671	236	208	–	–	7,344
Net non interest income	215	65	209	46	32	(12)	101	16	–	672
Operating income	2,549	1,071	2,395	749	703	224	309	16	–	8,016
General and administrative expenses	(986)	(486)	(843)	(280)	(264)	(100)	(981)	(3)	–	(3,943)
Impairment losses charge	(66)	49	(473)	(129)	(198)	(89)	(38)	–	–	(944)
Profit/(loss) before tax	1,497	634	1,079	340	241	35	(710)	13	–	3,129

December 31, 2006										
Segment assets	203,715	104,489	261,135	68,851	59,631	32,561	264,594	1,107	(289,360)	706,723
Segment liabilities	200,377	108,868	262,736	68,438	58,904	31,953	232,103	1,010	(289,360)	675,029
Off-balance sheet credit commitments	64,557	20,318	54,203	26,801	14,593	6,688	8,412	–	–	195,572

Yangtze River Delta, Pear River Delta and West Strait, and Bohai Rim have always been the most important contributors to the Bank's revenue and profit, accounting for 81.84% of the total assets as of June 30, 2007 and 83.33% of the total profit before taxation in the first half of 2007. Branches in Central China, Western China and Northeastern China have been rapidly developing in 2007. The contribution to profit before taxation of the Bank from those places increased by 3.43 percentage points in the six months ended June 30, 2007 when compared to the same period in 2006.

Segment report by business segment

Currency unit: RMB million

	Six months ended June 30, 2007				Total
	Corporate banking	Personal banking	Treasury business	Others and unallocated items	
Net interest income / (expense)	9,118	1,694	849	(405)	11,256
Net non interest income / (expense)	679	245	243	(508)	659
Operating income / (expense)	9,797	1,939	1,092	(913)	11,915
General and administrative expenses	(3,143)	(1,542)	(269)	(189)	5,143
Impairment losses charge	(1,108)	(54)	—	—	(1,162)
Profit / (loss) before taxation	5,546	343	823	(1,102)	5,610
	Jun 30, 2007				
Segment assets	554,804	68,203	239,706	5,718	868,431
Segment liabilities	578,831	93,513	112,084	5,145	789,573
Off-balance sheet credit commitments	232,670	10,077	—	—	242,747



	Six months ended June 30, 2006				total
	Corporate banking	Personal banking	Treasury business	Others and unallocated items	
Net interest income / (expense)	6,008	993	573	(230)	7,344
Net non interest income	394	73	157	48	672
Operating income / (expense)	6,402	1,066	730	(182)	8,016
General and administrative expenses	(2,154)	(912)	(228)	(649)	(3,943)
Impairment losses charge	(881)	(24)	(11)	(28)	(944)
Profit / (loss) before taxation	3,367	130	491	(859)	3,129

	December 31, 2006				
Segment assets	462,757	58,695	179,180	6,091	706,723
Segment liabilities	515,135	106,826	48,706	4,362	675,029
Off-balance sheet credit commitments	187,160	8,412	—	—	195,572

The Bank has been able to maintain a leading position in the corporate banking sector. For the six months ended June 30, 2007, corporate banking contributed a profit before taxation of RMB5.546 billion to the Bank. Since the Bank has been increasing its focus on private banking sector, the personal banking business grew quickly in the first half of 2007, with a profit before taxation of up by 163.85% compared to the same period last year. In the first 6 months of 2007, the world experienced a depression in debt market, and China faced excess liquidity in its domestic market. With the PBOC tightening the liquidity using different types of measures, the Bank accurately captured the market and government policy trends, and flexibly adjusted its investment structures, thereby effectively controlling portfolio risks and leading to a 67.62% growth in operating profit contributed by treasury business in the first half of 2007 when compared to the same period last year.



3 BUSINESS REVIEW

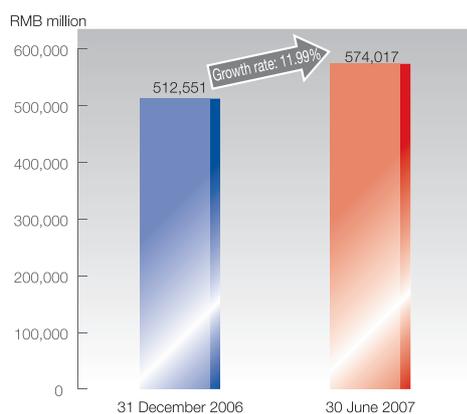
(1) Corporate Banking Services

The Bank always attaches great importance to developing the corporate banking services. In the first half of 2007, guided by the development strategy of “constructing the mainstream small and medium-sized joint stock commercial bank in corporate business regionally” and the client policy of seeking “high quality industries and high quality enterprises” and pursuing “mainstream markets and mainstream customers”, the Bank continued to develop a business platform of corporate financing, investment banking, industry finance and small enterprise financing business and kept on strengthening the cross-selling with other financial subsidiaries of CITIC Group. The Bank made full use of its excellent assets business, aggressive loan business diversified intermediary business and flexible off-balance-sheet business to develop its corporate banking services steadily and rapidly. Thus, the integrated competitive advantage of the Bank was further consolidated and improved.

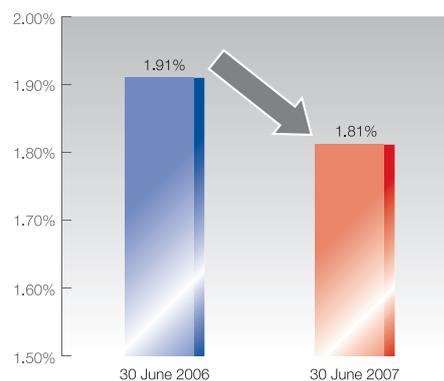
Corporate Deposits

The Bank continued to enhance the marketing of corporate deposits sector, which maintained a relatively rapid growth rate. In the first half of 2007, due to the fast development of corporate Internet Banking, cash management business, and third party depository business, the Bank enjoyed large amounts of current deposits and therefore the interest cost had been further reduced. At the same time, the negotiated loan of RMB14.01 billion absorbed in previous years matured and the liability business structure was further optimized. As of June 30, 2007, deposit balance of the Bank reached RMB574.017 billion, increased by 11.99% compared to 2006 year end; the proportion of average daily balance of current deposit climbed to 48.81%, 2.93% higher than last year; the capital cost of corporate deposit was reduced to 1.81%.

Balance of corporate deposits



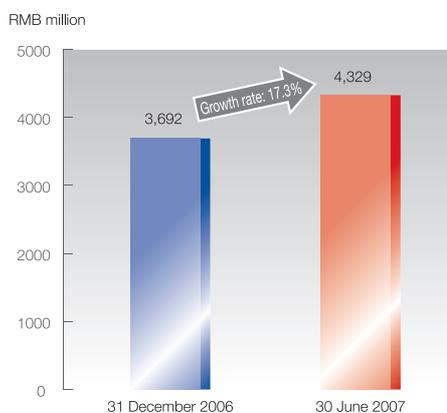
Cost of capital for corporate deposit



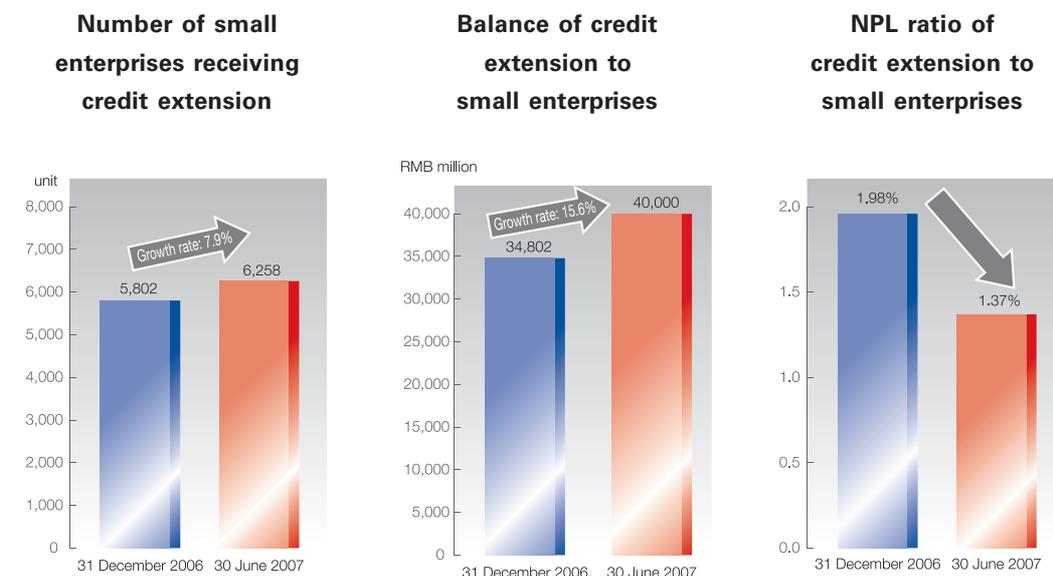
Corporate Loans

The Bank implemented the differentiated business management and service policy. The loans of the Bank were extended to the following main industries: manufacturing industry; transport storage and postal service industry; electric power, fuel gas and water production and supply industry. The assets business was developing steadily. As of June 30, 2007, the balance of corporate loans was RMB432.9 billion (excluding discounted bills), representing an increase of 17.3% from the end of last year.

Balance of corporate Loans



As a strategic adjustment for optimizing assets business structure, the Bank made active efforts to carry out the business of credit extension to the small enterprises in areas with big market potential and good credit environment. We extended the original 4 pilot branches to 7 official branches, including the business operational department of the headquarters and the branches in Hangzhou, Nanjing, Suzhou, Ningbo, Fuzhou and Xiamen. In response to the growth cycle and business operation features of small enterprises, the Bank introduced the financing program of “CITIC • Partner for Small Business Growth” to provide series of innovative products and services, which further improved the quality of financial services for small enterprises. The Bank had expanded the small enterprises business unit, with the number of credited clients reaching 6,258, up by 7.9% compared to 2006 year end; moreover, the credit balance reached RMB40 billion, increasing by 15.6% compared to 2007 year end; and NPL ratio was as low as 1.37%.



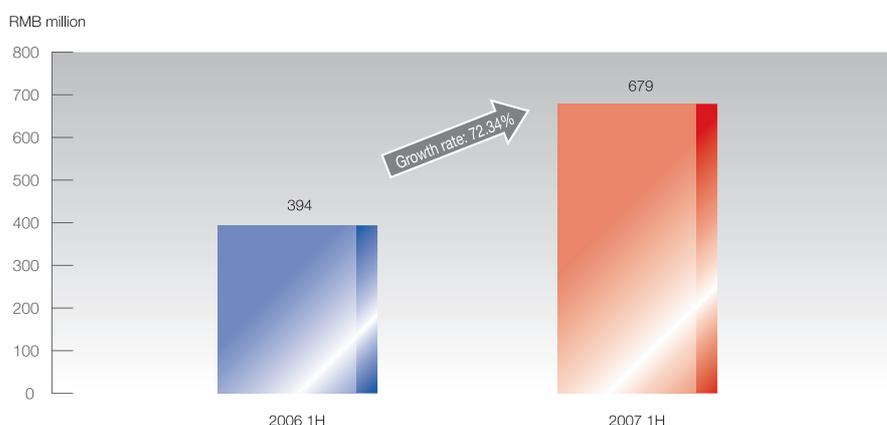
The logistics finance business of the Bank continued to maintain its leading position in the industry, with the number of automobile-financing cooperative distributors reaching 1,003, and the steel-financing cooperative distributors hitting 247. The Bank has issued bank acceptance note, which was worth RMB41.4 billion, to the automobile distributors and steel distributors.



Non-Interest Income Products and Services

The Bank continued to advance the business diversification and strive for increasing the proportion of non-interest income. In the first half of 2007, while continuing to maintain the advantage of traditional non-interest income business, such as domestic and international settlement and guarantee, etc, the Bank made vigorous efforts to develop investment banking services, such as the short-term financing bonds, assets management and financial advisory; Internet banking and cash management; and the government-oriented financial services, etc. at the same time, the Bank continued to strengthen the cross-selling with other financial subsidiaries of CITIC Group, which largely promoted the development of various banking services, including the investment banking, etc. By the end of June 2007, net non-interest income of corporate banking had reached RMB679 million, accounting for 58.43% of the total net operating non-interest income, up by 72.34% compared to the same period last year.

Net non-interest income from corporate banking

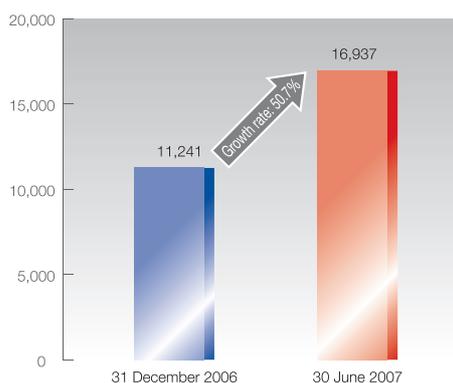




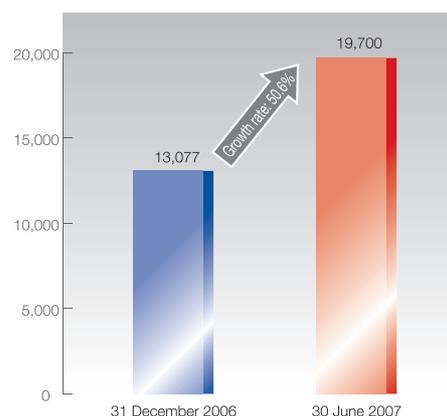
Internet Banking and Cash Management Services

As a comprehensive banking business platform which provided cash management, investment services, etc. to the conglomerate customers, the Bank put a strong emphasis on the development of corporate Internet banking platform, constantly improved the functionalities of the platform, and strengthened the marketing of corporate Internet banking services to corporate customers. By June 30, 2007, the Bank had 16,937 Internet banking clients and 19,700 accounts, up 50.7% and 50.6% respectively compared to previous year end. Also, as of June 30, 2007, transaction amount of corporate Internet banking clients reached RMB1,159.5 billion, an increase of 657.3% compared to the same period last year. Substitution rate of Internet banking transaction amount reached 21.2%, up by 12.6 percentage points compared to previous year. In addition, we have provided group account cash management services to 231 conglomerate customers, among which 112 conglomerate customers were added in the first half of 2007.

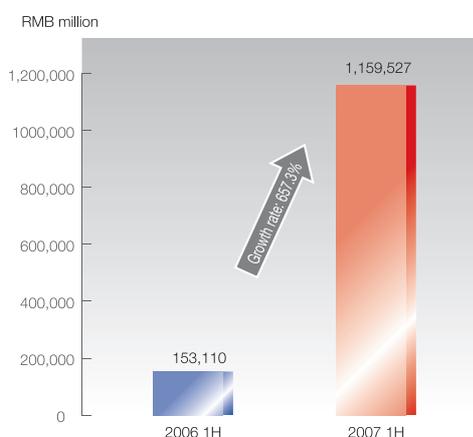
Number of Internet Banking Clients



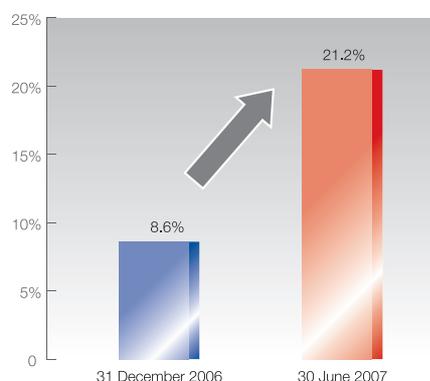
Accounts Number of Internet Banking Clients



Transaction Amount of Internet Banking



Substitution ratio of Internet-Based Transaction Amount of the Company



International settlement business

The international settlement business of the Bank includes the international letter of credit, international trade remittance, export collection, import collection, letter of guarantee etc. The rich array of products offered by the Bank and the flexible use and combination of those products were able to meet the customers' needs. As of June 30, 2007, the Bank reached the international settlement business amount of US\$43.3 billion, increased by 23% compared to the same period last year. The market share increased from 4.8% of previous year end to 5.1% as of current period end.

Within the period covered by this report, the "New-Generation International Business System" (EE System) and International Business Internet banking V4.0 and SWIFT Message Processing System were put into operation. The Bank is the only domestic PRC bank that provides the value-added services, such as SIM message notification, fax advice, etc in EE system. Our customers may receive the real-time customized information, such as the accounts settlement, etc. The international business Internet banking V4.0 provided powerful real-time inquiry function for business processes and details, which realized the quick and safe transmission of business application and business inquiry between banks and enterprises. The advanced technology platform will provide strong support to the international business expansion of the Bank. It further enhanced our competitive advantage while increasing the operational efficiency.

Investment banking

The investment banking business of the Bank regards strategic clients as the key service targets and structured finance business as the business basis. The investment banking business of the Bank laid emphasis on the development of loan syndication, export credit, off-balance-sheet financing products, etc. Meanwhile, the investment banking made big efforts to develop innovative products such as the bonds underwriting, financial advisor, assets management, etc. with the emphasis on the direct financing business to consolidate and foster the growth areas of investment banking business. In order to further push forward the development of investment banking business and construct more highly-efficient and perfect investment banking system, the Bank will establish an investment banking center in charge of the planning, management and systematic marketing of the investment banking business of the Bank as a whole. As of June 30, 2007, the Bank recorded an investment banking income of RMB90 million, accounting for 13.3% of the net non-interest income to corporate business.

The Bank is one of the first few domestic PRC commercial banks underwriting short-term financing bonds. Since the Chinese government approved the business of underwriting short-term financing bonds in May 2005, the Bank laid strong emphasis on expanding this business area. So far, the Bank has underwritten the short-term financing bonds with a total amount of RMB49.56 billion for 27 enterprises, ranking the 4th among the domestic PRC banks and the 2nd among other nation-wide domestic PRC commercial banks in respect of underwriting amount.

In the first half of 2007, structured financing business grew rapidly with the asset amount reaching RMB13.291 billion, increasing by 53.8% compared to the same period last year. The Bank participated in a number of relatively influential bank syndication projects, including the bank loan syndication project with project size exceeding US\$1.00 billion for China Oil & Gas Fund, and a bank syndication loan project of RMB60 billion for Shanghai World Expo Land Holding Co., Ltd. In addition, our export credit projects for military equipment sector and electric wire and cable business had exceeded US\$130 million in total.



Government Focused Financial Services

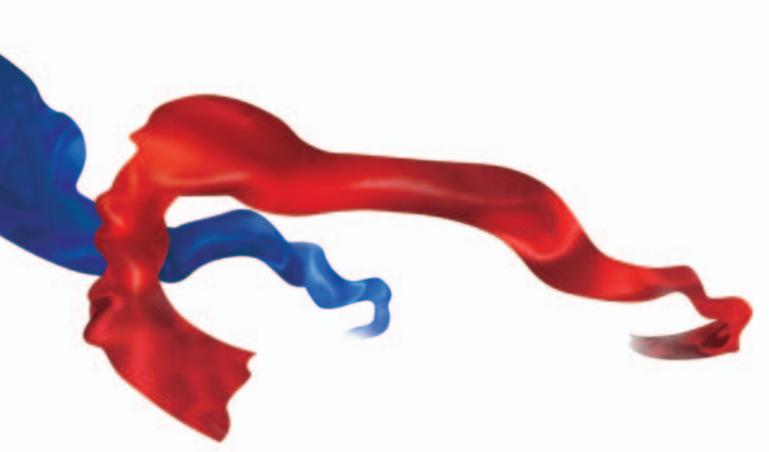
The Bank has formed a long-term and good cooperation with the government authorities. The Bank acted as the agent for 29 central government authorities for collecting non-tax income and provided the business of depositary of the funds to the State Administration of Taxation. By the end of June 2007, the Bank has opened 240 accounts for the funds under depositary. The Bank intensified the stability of the deposit and lowered the cost of the capital.

(2) Retail Banking

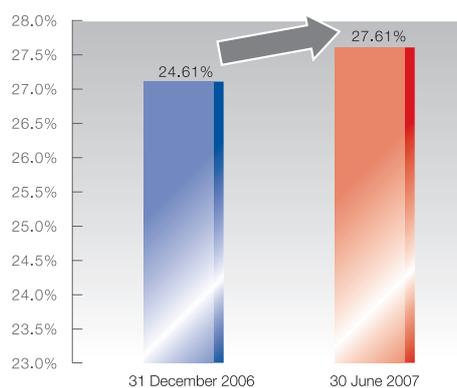
In the first half of 2007, the retail banking business of the Bank maintained fast growth momentum, and the liabilities business was adjusted flexibly in response to the market changes. The assets business grew steadily under the sound risk control, the non-interest income increased dramatically, the overall business structure became more reasonable.

Retail Asset Management

In the first half of 2007, the Bank actively responded to the market changes and greatly put forward the development and sales of wealth management products through product innovation in order to attract customers and obtain more profit via all-round provision of financial services. By the end of June 2007, the balance of retail asset management (savings deposit + wealth management products) totaled RMB139.89 billion, up by RMB28.16 billion over previous year end, an increase of 25.2%. Meanwhile, the proportion of balance of retail demand deposits over the balance of retail savings deposits increased to 27.61% and the cost of retail deposits was relatively lower.



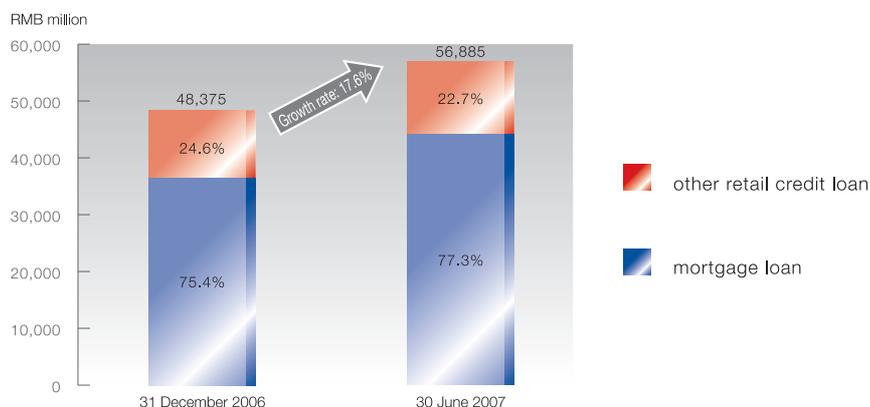
Proportion of balance of retail current deposits



Retail Consumer Credit

By June 30, 2007, the balance of retail consumer credit of the Bank was RMB56.885 billion, up by 17.6% compared to the previous year end, in which the balance of housing mortgage loan was RMB43.948 billion, up by 20.5% compared to the previous year end and accounting for 77.3% in retail consumer credit, up by 1.9 percentage points compared to the previous year end.

Retail Consumer Credit Balance

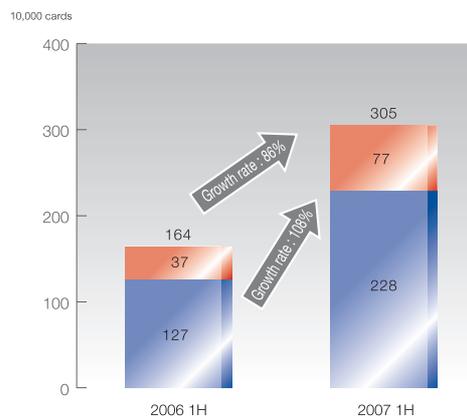


In the first half of 2007, the Bank further strengthened the establishment of branch-level personal loan management center. The Bank had set up personal loan management centers in branches and in the localities of the branches. This move effectively reinforced centralized risk control functions. Meanwhile, the Bank increased in efforts to market the retail assets business and carried out the publicity of the “CITIC Home” program for housing mortgage loan. The Bank made active efforts to develop new products and functions, such as the housing mortgage credit extension, self-service loan and optimisation of loan repayment, etc. and carried out the marketing activities supported by business assessment plan.

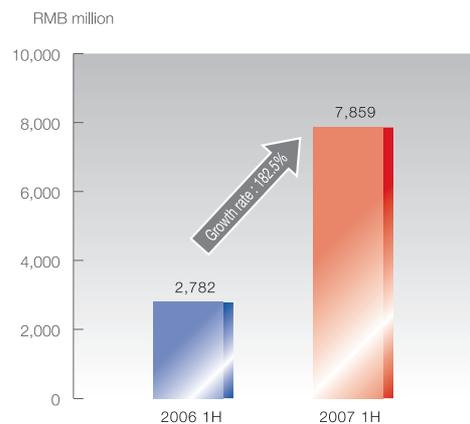
Credit Card

Since this year, our credit card business developed rapidly. The client scale further expanded. The credit card business had entered into a continued profit cycle since December 2006 when it started to generate profits. The accumulated number of credit cards issued by the Bank exceeded 3 million at the end of June, in which 772 thousand cards were issued in the first half of 2007, up by 108.5% compared to the same period of last year; in the first half of 2007, the accumulated trading volume of the Bank’s credit cards reached RMB7.86 billion, up by 182.5% compared to the same period of last year; the balance of credit card loans and business revenues maintained a significant growth of RMB2.157 billion and RMB166 million, 3.29 times and 2.94 times, respectively, of that of the same period of last year, credit card NPL ratio reduced to 1.49%.

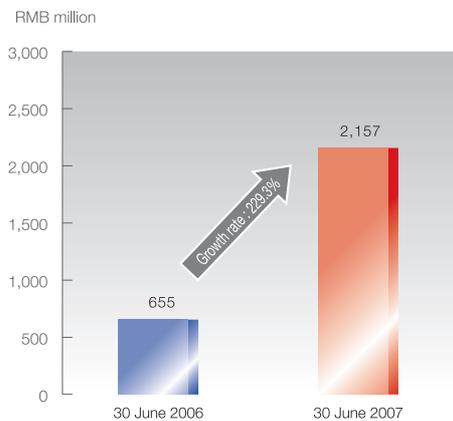
Aggregate Number of Credit Cards Issued



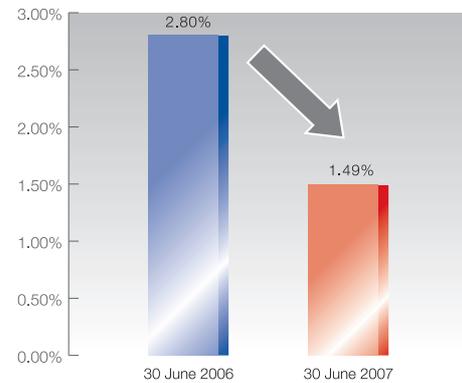
Total Trade Volume of Credit Cards



Balance of Credit Card Loan



Bad Credit Card Ratio



The Bank centralized the resources for fostering the credit card installment business and cross-selling business as the important profit-making areas, the income structure was further optimized and earning capacity improved continuously. By the end of the report period, the NPL ratio of credit card loan and bad debts was further reduced compared to the same period last year, the assets quality maintained a good level. At the end of January 2007, the Bank obtained CBRC's approval to prepare for the establishment of a credit card institution.

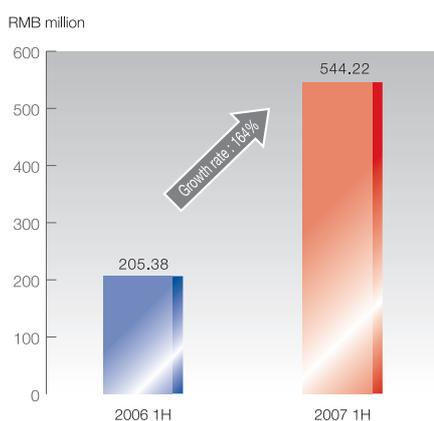


In the first half of 2007, the Bank achieved new progress in credit card product innovation and clients development. In May 2007, the Bank introduced the CITIC magic platinum card to their female clients, in return the Bank became the credit issuing bank in PRC with the richest variety of female credit card products series and supporting services. In June, the Bank joined with “Coca Cola” successfully in issuing the first co-branded credit card – China Citic Bank-Coca Cola Co-Branded Credit Card.” In the first half of 2007, the Bank has issued new card products such as China Citic Bank-Volkswagen Co-Branded Credit Card” and “China CITIC Bank – China Automobile Network Co-Branded Credit Card”, etc. As a result, the Bank achieved a breakthrough in penetrating the target group of customers who owned cars.

Since this year, the core competitiveness of the customer services of credit card of the Bank has been further enhanced. In May, the platinum credit card service updated in an all-round way. Following the successful passage of the annual check by ISO international Certification, the credit card call center of the Bank once again won the honorable title of “China Best Call Center 2007” awarded by Client Relationship Management Committee under China Information Promotion Union.

Wealth Management

Sales of wealth management products





In the first half of 2007, the Bank, to meet the increasing demand of customer financing, introduced a series of wealth management products relating to securities, trust, funds, foreign exchange, QDII and other investment fields by leveraging on the advantages of overall financial platform of CITIC Group. In the first half of 2007, the Bank sold a total of 89 local and foreign currency wealth managements products, the sales being RMB54.422 billion, up by 164% compared to the same period of last year, in which the sales of RMB wealth management products are RMB48.299 billion, 696.3% of that of the same period of last year; the sales of foreign currency denominated wealth management products were US\$804 million, 119.6% of that of the same period of last year. Wealth management products not only met the financing needs of vast customers, but also created lots of non-interest income and become the largest source of non-interest income in retail banking.

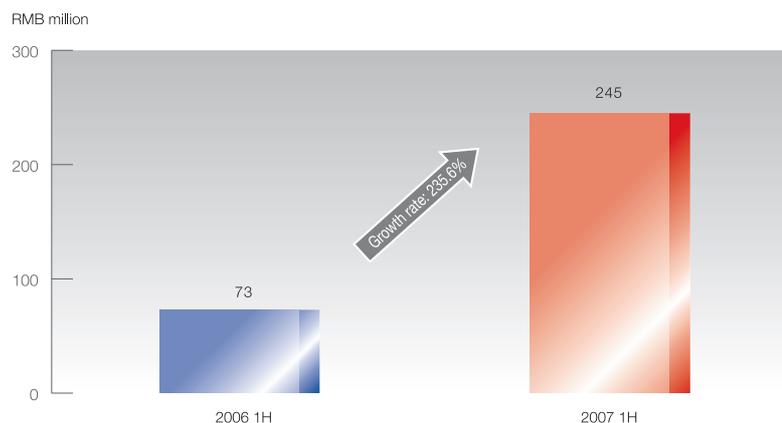
By the end of June 2007, the number of VIP clients of the Bank reached 48,476, representing an increase of 9,950 clients, up 25.8% compared to previous year end. The number of the client managers serving these VIP clients* has exceeded 1,000. At the same time, the Bank introduced the 12 types of value-added services for VIP clients, which included golf, airport boarding, legal consulting and automobile rescuing services, etc, and successfully hosted the 2nd "China CITIC Bank Teenager Golf Challenge"; the Bank was appraised as "Chinese Teenager Golf Best Enterprise 2006~2007" by the magazine "Golf Master". Private banking service for high-end clients was launched in August 2007.

* VIP clients: Clients with assets equal to or over RMB500,000 under management by the Bank

Non-Interest Income

The Bank actively advanced the development of non-interest income business, and the non-interest income of retail banking of the Bank experienced rapid growth. At the end of June, 2007, the net non-interest income of the Bank reached RMB245 million, representing 21.08% of the operating non-interest income of the Bank, up by 235.6% compared to the same period of last year, among which the income of bank card commission reached RMB148 million, up by 92.2% than the same period of last year; the income of fund agent fee reached RMB53 million, up by 5,330% compared to the same period of last year; the income of wealth planning fee reached RMB56 million, up by 1,674% compared to the same period of last year.

Retail banking non-Interest Income Analysis



Channel Construction and Service Quality Management

In the first half of 2007, the Bank kept on accelerating the construction of electronic retail banking. Now the Internet banking system has been updated successfully, the flow of transaction and its efficiency continued to improve and high-end clients doubled. In addition, the telephone banking system of the Bank had been updated; its main function had been expanded from inquiry to the external sales calling and online trading. Overall e-banking transactions accounted for 70% of the total transaction of the Bank. At the same time, the Bank strengthened the training to the service quality and standard of the counter service personnel; introduces the third-party system of investigating into the "secret clients" and "client satisfaction survey" and found out and rectified the service problem. Owing to the excellent performance of the Bank in its efforts to strengthen the channel construction of the branches and improve service quality, the Bank won the "Channel Innovation New Achievement Award" in the contest of "Asia-Pacific Retail Finance Service Excellent Award" hosted by "Asian Bankers".

(3) Business of Money and Capital Market

The Bank engaged in the business of proprietary trading, and provided capital products and services to corporate and individual customers. In terms of foreign exchange capital business, the Bank maintained a leading position in the domestic commercial banking sector. As of June 30, 2007, the net non-interest income of the Bank's money and capital market business is RMB243 million, accounting for 20.91% of net operating non-interest income of the Bank, up 54.78% from the same period of last year.

The Bank conducted investment business covering domestic and foreign currency bonds, monetary market and derivative products; trading business covering foreign exchange trading, foreign exchange swap, foreign exchange settlement and sales, foreign currency option trading, foreign currency bond and derivative trading and home currency bond trading; agency business covering foreign exchange trading, foreign exchange swap, foreign currency option, foreign exchange settlement and sales, foreign currency bonds and derivatives, and home currency bonds. The Bank employed a wealth of well-experienced dealers and risk management personnel of money and capital market business. While seeking profits, the Bank kept capital risk under control.

In the first half of 2007, in response to the domestic interest rate and exchange rate reform and the development trends of the direct financing market and under the circumstances of heightened market volatility, the Bank has effectively managed risks, increased marketing efforts and actively developed money and capital market business for customer accounts. Consequently, it has achieved higher growth in terms of trading volume, customer quantity and profits.

- (1) Trading volume and profits of foreign exchange grew rapidly. As of June 30, 2007, the trading volume of foreign exchange settlement and sale reached US\$30.6 billion, up by 24.3% compared with the same period of last year; the trading volume of market making for foreign exchange increased rapidly.
- (2) Bond underwriting, a traditional strength of the Bank, made a breakthrough in 2007. In June 2007, regardless of a series of negative factors, the Bank jointly led the issuance of financial bonds of RMB12 billion for China Minsheng Bank in success, thus become the second commercial bank leading an issuance of financial bonds for other financial institutions after ICBC.



Design and development of capital products, pricing capability and risk management were our major strength in discretionary account management. In response to the fast growing domestic foreign exchange and accelerating market-orientation of interest rate, the Bank continuously put the business forward by strengthening foreign exchange product design and enhancing the marketing of interest rate derivatives. Since the beginning of 2007, faced with the increasing competition in retail financing products, the Bank has strengthened the R&D of structured financing products and put forward a series of financing products such as credit linked products, stock linked products and fund linked products which received good market response. Later, the Bank put forward fund linked overseas financing products to reflect the regulatory authority's intentions to adjust investment scope of overseas discretionary account management by commercial banks.

In the first half of 2007, in the face of sophisticated interest rate and credit market condition, the Bank has successfully ensured the safety and profitability of RMB and foreign currency bond assets and minimized the adverse impact of market change on its bond investment.

(4) Information Technology

Considering the importance of information technology to the business development and management in the first half of 2007, the Bank accelerated the construction of 3rd-generation information system, providing technical support for various businesses and management tasks.

Regarding the transaction processing system, the Bank has centralized the data of 8 branches (the concentration of the data of whole branches was scheduled to be accomplished in August 2007), the new version national concentrated international business system has been put into operation throughout the Bank.

Regarding the electronic channel, the new version of call center system and telephone banking system has been put into use. The corporate and retail banking version 5.0 was under development.



In respect of management information system, the development of corporate strategic client management system and client rating system has been accomplished. The management accounting and other items were being implemented. In respect of security emergency response mechanism, the Bank has upgraded the performance of back-up function in case of disaster, perfected the contingency flow and carried out the system switch drill for many times.

The Bank attached great importance to the effective information management and intensified IT management. In the first half of 2007, the Bank strengthened the construction of information technology organization system and institutions, conducted the information technology risk assessment and electronic banking risk assessment and other independent audit.

(5) Progress on Cooperation with Banco Bilbao Vizcaya Argentaria SA (BBVA)

After the Bank was successfully listed on both A-share and H-share capital market, the Bank and its strategic investor BBVA conducted active consultation and preparations for the next-step cooperation and defined the key contents and means of cooperation. The corporate banking service cooperation covered the investment banking, strategic clients management, loan for small business, cash management and client relationship management system, etc. In terms of international business, the two parties will provide better settlement, liquidation and trade financing services to the clients in South America and China. The retail banking cooperation includes the personal banking, wealth management and automobile finance. The capital market business cooperation covers the capital products trading, capital risk control, and appraisal and pricing technique. The risk management cooperation will be guided by the objective of “being one of the first domestic banks implementing the New Basle Capital Accord”. The information technology cooperation includes the information technology system and data warehouse, etc relating to the business. In respect of training, studying and exchanging of human resource, the two parties will establish working teams to jointly discuss and formulate the annual training plan between the two.

4 RISK MANAGEMENT

Summary

Sound risk management is a guarantee for a sustainable, healthy and fast development of the Bank. By adhering to the principle of prudential risk management, the Bank committed itself to building an independent, all-round, vertical and professional risk management system and fostering a risk management culture of “seeking genuine risk-free benefits” and practicing the risk management strategy of “high quality industries and enterprises” and “mainstream market and customers” for active control of the business risks at all levels. The Bank made continuous efforts to enhance the risk management level.

In the first half of 2007, in face of increasingly complex macro economic situation and gradually tightened macro control, the Bank adopted a series of measures to continue improving and strengthening risk management for the purpose of further improving its risk management ability and optimizing its credit extension structure. As a result, the NPL maintained the trend of “double drops” and the credit assets quality continued to improve significantly, following the fundamental improvement in 2006.

Risk Management Structure

The Board of Directors of the Bank and its subordinated risk management committee, audit and related party transactions control committee, and the risk management committee (including the credit risk subcommittee, market risk subcommittee and operational risk subcommittee) and internal audit committee under the management level formed the main structure of risk management. The Bank has established the risk officer system and appointed chief risk officer in the headquarters of the Bank, and assigned the risk officers to the branches of the Bank.

(1) Credit Risk Management

The credit risk means the risk of inability to fulfill the obligation prescribed in the agreement by the borrower or the opposite party of the transaction. The main credit risk of the Bank lies in the loan portfolio, investment portfolio, guarantee, pledge and other off and on-balance-sheet risk exposures, etc.

The procedure for the credit risk management can be divided into three steps: (1) credit extension and analysis; (2) Credit examination and approval; (3) Loan release operation and post-credit management.

Corporate Credit Extension

In the first half of 2007, the Bank, in active response to the state macro economic policy adjustment, adjusted its credit portfolio and put forward the business principle of “highlighting high quality industries and enterprises, steady growth, optimal combination, enhancing economic benefits, concentrating on key business development, law-compliance operation, active innovation and intensifying the advantages” for defining the industries, areas, products and clients of the credit extension and controlling the credit extended to the high energy-consuming, highly polluted and industries with over-capacity. In the first half of 2007, the Bank focused on actively adjusting credit portfolio and guarding against macro economic adjustment risk. It formulated 2007 general credit policy to conduct quantitative assessment for approximately 100 industries and around 20 regions as well as credit policies for 9 industries and 8 industry entry criteria to strengthen policy guidance and optimize loan extension.

The bank has strengthened structure adjustment, accelerating entry and exit and optimizing client structure. The Bank had 3,099 newly entered clients in the first half of 2007, accounting for about 20% of the total number of clients as at the beginning of the year; there were 723 voluntary-exits or compressed non-bad accounts, accounting for 6% of the number of clients as at the beginning of the year.

The Bank actively extended the loan reviewing process to different industries, by combining risk factors of different industries, the Bank established 5 loan reviewing teams for the sectors of traffic communications and energy, heavy industry, light industry, real estate, innovative products and financial institutions in accordance with the features of the risks of these sectors so that the level of loan reviewing can be further improved.



The Bank adopted a series of measures to continuously strengthen credit management. It has set out to establish an independent credit management department to strengthen post-credit management. In response to the increasing risk of the group clients, the Bank intensified the classification of group clients and exercised the uniform credit extension and stepped up the efforts to deal with and defuse the risk and set up the independent group client management office at the headquarter and branches of the Bank. These efforts and measures further strengthened the credit risk management on the group clients and prevented the over credit extension to the group clients. In the first half of 2007, the Bank conducted focused monitoring on over 300 key group clients. It strengthened grant center management by putting major and complicated projects under the centralized acceptance of the independent grant center and strengthening grant operation risk control. The Bank also continuously perfecting the risk management system for retail business and improving authorization management system and the approval system with dedicated staff in charge. The Bank strengthened the retail bank risk management and checked the key clients after the credit was granted, revealed the risk and formed the practice of reporting the risk. The Bank strengthened the management on housing mortgage loan in order to prevent any fraud mortgage.

The Bank attached importance to the improvement of risk management technology level. To this end, the Bank steadily pushed forward the cooperation with Moody's Corporation for constructing the business credit rating system. The system was designed in accordance with the requirements of internal rating method of "Basel Capital Accord II", the main part included 21 scoring cards and one PD measurement pattern. The System covered over 90% of the corporate clients of the Bank and set 15 ratings, ratings from 1-12 were normal clients and the ratings from 13-15 were the breaching clients. The technical level of the System took leading position among the domestic peers; the system had been put into use throughout the Bank since the end of June. The Bank had started project cooperation with BBVA in implementing New Basel Capital Accord, and with in this year will formulate and implement the first domestic programs for New Basel Capital Accord In China prior to 2013.

The corporate credit management system of the Bank had been put into operation in a lump in November 2006. The System covered the assets business of the corporate clients and the whole process of assets business management. The successful operation of the System provided a powerful foundation management platform for the entire Bank. In the first half of 2007, the Bank advanced all-round application of the system and perfection of relevant functions and the development of follow-up interfaces and relevant systems, etc. By the end of June, the System had been applied to the entire workflow of the Bank.



Personal Loan

The Bank kept on perfecting the retail bank risk management system, improving the authorization management and approval policy. The Bank strengthened the retail banking risk management and checked the key clients after the credit was granted, revealed the risk and formed the practice of reporting the risk. The Bank strengthened the management on housing mortgage loan in order to prevent any fraud mortgage.

(2) Market Risk Management

Market risk is the risk of off and on-balance-sheet loss resulting from the fluctuation of market price, and can be attributed to the fluctuations of interest rate, exchange rate, stock price and commodity price and other observable market variables. When managing the market risk, the Bank practiced strict authorization quota management system to control the loss of potential market risk within the acceptable level so as to ensure the stability of the yields.

The market risk committee of the Bank was responsible for formulating the market risk management policies and flow, approving new products and the limit of risks. The planning and finance department of the Bank was responsible for the daily work of market risk management. The capital market of the Bank was responsible for executing the market risk management policies and flow to ensure that the risk level was under the level set by the market risk committee.

Interest Rate Risk Management

Interest rate risk is the unfavorable fluctuations of interest rate against the financial conditions of the Bank. The interest rate risk of the Bank comes from the mismatch between the revaluation period with the assets and liabilities of the Bank, as a result, interest income or the value of the assets is likely to be affected by the current interest rate fluctuation.

The Bank evaluated the interest rate risk of its balance sheet through gap analysis, and then correspondingly adjusted the frequency of re-pricing, and resets the maturity levels of corporate deposits, so as to reduce the mismatch of maturity in re-pricing.

For the capital market business, the Bank, based on duration analysis, adopted the interest rate sensitivity, pressure testing and scene simulation and other means for measuring and supervising the interest rate risk, and set up risk-based limits, including rate sensitivity, duration and exposure. The Bank supervised and managed the execution of the limits. The capital market business of the Bank was traded through derivatives, such as swap, deferred futures and option, etc. to hedge the interest rate risk exposure of the balance sheet and investment mix of the Bank. The Bank, by relying on the advanced risk management system and independent internal control platform, was able effectively monitor and report the market risk.

Analysis on repricing gap:

Unit: RMB million

Item	Non-interest bearing	Within 3 months	3 months-1 year	1-5 years	Over 5 years
Total assets	17,960	489,675	306,604	33,787	20,405
Total liabilities	16,335	597,222	122,667	44,466	8,883
Interest gap	1,625	(107,547)	183,937	(10,679)	11,522

Exchange Rate Risk Management

The exchange rate mainly comes from the mismatch of currencies of on and off-balance sheet assets and liabilities and the mismatch of foreign currency position resulting from foreign exchange trading.

The foreign exchange exposure of the Bank is placed under the concentrated management by capital market department. The foreign exchange position of all branches must have back-to-back trades with the head office of the Bank. The capital market department of the Bank, through trading on the market or derivatives trading, controls exchange rate risk exposure within the limit set by the market risk commission. Considering the big pressure of RMB revaluation, since the end of 2004, the Bank took the following measures for strengthening the exchange rate risk management:

- The Bank set up the trading system at the headquarter and branches so that the head office can gather the positions of the whole Bank and impose the concentrated management;

- The Bank set up the high-efficient price transmission mechanism at the headquarter, branches and sub-branches for exercising effective management on the exchange rate;
- The Bank controlled the foreign exchange exposure of the whole Bank within the limit set by market risk commission and monitor the foreign exchange exposure on real time.

Unit: RMB million

Analysis on foreign exchange exposure:

Item	USD	HKD	Others	Total
On-balance net position	26,605	(2,892)	826	24,539
Off-balance net position	10,785	2,507	(882)	12,410
Total	37,390	(385)	(56)	36,949

As the scale of trading account was quite small, we mainly appeal to stop-loss limit, total volume control and periodical valuation, etc. to effectively lower the possibility of loss caused by the uncertainties of the market in terms of market risk management.

(3) Liquidity Risk Management

The objective of liquidity management of the Bank is to follow the set target of the assets and liabilities and guidelines of the liquid risk management, fulfill the obligation of payment of the Bank and satisfy the needs of the investment and loan, at the same time keep the appropriate financing ability to ensure that the needed capital can be acquired at reasonable costs.



The Bank adopts the concentrated management of the risk mode featuring uniform management and level-based responsibilities. The contents of liquidity management include: set liquidity management objective of the Bank, identify, measure and dynamically supervise the liquidity risk through duration exposure analysis, and set up reasonable current assets mix through diversified assets arrangements, such as the deposit at the central bank, central bank notes, short-term national debts, financial bonds, bank acceptance, etc, and uses the financing on monetary market and currency swaps and other tools to acquire necessary liquidity support. The Bank implements the orderly and active liquidity risk management strategy through periodical assessment, pressure testing and emergency response plan, etc.

In the first half of 2007, in the amidst of frequent unveiling of monetary policies, the successive listing of domestic commercial banks and emerging financing market and various changes and impacts, the liquidity risk management of the Bank was steady and high efficient, which created good basic conditions for the development of the business of assets and liabilities of the whole bank. By the end of the report period, the relevant indicators reflecting the liquidity status is set out as follows:

Liquid Supervision Indicators:

		Supervision Standard	June 30, 2007	December 31, 2006	December 31, 2005
Liquid Ratio (%) ⁽¹⁾	RMB	≥25.0	42.70	38.66	60.69
	Foreign Currency	≥60.0	225.78	99.98	68.00
Deposit-Loan Ratio (%) ⁽²⁾	Total of home and foreign currency	≤75.0	73.69	68.11	63.33
Call Loans Ratio (%)	Ratio of loan from other banks ⁽³⁾	≤4.0	—	0.34	—
	Ratio of loans to other banks ⁽⁴⁾	≤8.0	1.07	0.46	0.08

Notes:

- (1) The term-end balance of current assets is divided by the term-end balance of current liabilities
- (2) The term-end balance of the loan is divided by term-end balance of the deposit • term-end balance of loans (not including the discounted note) • deposit balance (not including fiscal deposit and outward remittance);



- (3) Inter-bank borrowing and other financial institutions RMB capital balance is divided by RMB deposit balance;
- (4) Inter-bank offered and other financial institution RMB capital balance (the reserve fund is deducted) is divided by RMB deposit balance.

(4) Internal Control and Operation Risk Management

Internal Control

The Bank all along adhered to the principle of “internal control first” in the continuous improvement of internal control, and constructed three defense lines of internal control composed of business lines, functional department and internal audit from the levels of system, culture and technology for healthy development of the business and accomplishment of the business objective.

Regarding the internal control system, the Bank perfected the internal control management framework composed of internal control decision-making level, construction execution level and supervision and appraisal level, thoroughly review and perfect the rules and regulations regime and defined the duties and responsibilities of the departments and jobs in the internal control management. At the same time, the Bank perfected the job check and balance mechanism, such as separation of incompatible jobs, compulsory vacation, job shift and economic responsibilities audit during the office term, etc and increased frequency and coverage of internal control examination to ensure the effective execution of internal control system.

Regarding the internal control culture, the Bank made vigorous efforts to carry out the law-compliance education and advocated law-compliance business operation idea; perfected the assessment mechanism and increased the contents of law-compliance assessment; formulated the codes of behaviours for the employees to improve the employees’ professional ethnics; set up stern accountability system for investigating into the acts violating the rules and regulations of internal control.

Regarding the internal control technology, the Bank actively developed and popularized credit management information system, financial management system, assets and liabilities management system and client rating system for continuous improvement of the digitalized and electronic level of internal control.

Operation Risk

In the first half of 2007, the Bank proceeded from some key points, such as recruiting and removing accounting staff, perfecting bank-enterprise accounts checking, advancing the concentrated management of accounting, etc, for preventing the operation risk. At the same time, the Bank continues to check the accounting over the counter for consolidating the foundation of risk prevention. Recently, China Banking Regulatory Commission promulgated the Guideline for Operation Risk Management of Commercial Banks. The Bank is making active efforts to put the Guideline in place and to build up operation risk management system in compliance to the operational level of the Bank so as to better prevent the operation risk.

5 INTERNAL AUDIT

The Bank improved the independence, authority and efficiency of internal audit by way of enhancing the management mode, report procedures, operation flow and technical means. The audit personnel of the Bank were placed under joint supervision by the headquarters and the branches, a centralized management system was established whereby all the auditing assignments would be dispatched by the headquarters, and those assignments dispatched by branches would be supplementary. The headquarters of the Bank formulated the uniform audit plan and standards, delivered the uniform audit report and rectification; The Bank popularized on-spot audit operation system to realize the flow-based, standard and paperless operation. The Bank made great efforts to develop non-spot audit system and further developed the means of technology

Stepping up the efforts to conduct on-spot checking. In the first half of 2007, the Bank, guided by the objective of “preventing the case and operational risk”, carried out a large-scale accounting and on-spot financial audit, the coverage of this audit had reached 100% of the Bank’s operational outlets, which significantly lowered the operational risk of the Bank.

Reform of the rectification measures by intensifying the inspections. The Bank set up a file storage for keeping the problems discovered through auditing and established the mechanism for continuous tracing of the rectification measures by assigning dedicated person, strengthening the rectification measure and tightening the accountability system. In recent years, the percentage of discovered problems which has been successfully rectified has risen to over 85%, showing remarkable improvement of the Bank in preventing operation risk effectively.

6 CAPITAL MANAGEMENT

The Bank, in accordance with the relevant laws and regulations promulgated by China Banking Regulatory Commission and in view of the development objective of the Bank, pushed forward the construction of capital management system of the Bank step by step so that the capital of the Bank could achieve the goal of maximizing the rewards for the shareholders through introducing “economic profit” and “venture capital return rate”, while ensuring the compliance of the regulatory requirements, expectation of credit rating agencies and self risks compensation.

7 INVESTMENTS

(1) Use of proceeds

According to the Reply of CBRC on CITIC Bank Co., Ltd.’s Listing and Issuing Stocks domestically and abroad and the Circular of CSRC on Approving the Initial Public Offer of CITIC Bank Co., Ltd. and the Circular of CSRC on Approving CITIC Bank Co., Ltd. to Issue Oversea-listed Shares for Foreign Investors, the Bank, during the report period, issued 2.302 billion A shares at RMB5.80 per share and 5.618 billion H shares at HK\$5.86 per share; after the exchange rate adjustment, the issue prices of A share and H share were the same. The proceeds from the IPO of A shares and H shares (excluding listing fees) were about RMB44.836 billion in total.

All funds raised have been used to enrich the Bank’s capital fund, and improve the Bank’s capital adequacy ratio and the capacity of risk resistance.

(2) The progress and earning situation of material investments with Non-raised funds

The Bank has not undertaken any significant investments with Non-raised funds within the report period.



8 OUTLOOK

In the second half of 2007, we believe the Chinese economy will maintain the fast growth momentum, the economic structure will be further adjusted, and the infrastructure industries will continue to grow quickly. Looking at the situation as a whole, the Bank's operation environment is still steady and is conducive for us to maintain high profitability. Centering on the objective of maximizing the value of the shareholders and building a bank striving for leading position among the Chinese and overseas commercial banks, the Bank will adopt the following measures to ensure accomplishment of our development targets set at the beginning of the year. First, the Bank will further consolidate the existing advantages of its corporate business, international business and capital business, expand the sources of non-interest income, increase efforts to develop the strategic clients, lower the capital cost and improve the quality of corporate business; Second, the Bank will further strengthen its late-development advantage. To achieve this, the Bank will maintain the fast development of retail banking by accelerating the development of private banking, VIP financing, and credit card business, so as to further increase the operational percentage of the retail sector. Third, the Bank will further popularize the usage of credit management system and the system of customer rating to increase overall risk management level. Fourth, the Bank will further utilize the special advantages of the integrated financial platform of CITIC Group, and the emphasis will be put on the businesses of third-party depositary, short-term financing bonds, asset securitization, financial advisor and medium and long-term financing for the enterprises, etc. The Bank will strengthen the cooperation with other financial subsidiaries of the Group in product development, cross-selling and business extension sharing, etc and overall services to the strategic clients. Fifth, we will deepen the substantive reform. The Bank will advance the technology-intensive development mode in an all-round way from Internet banking, telephone banking and self-service banking. Sixth, we will push forward the expansionary development and accelerate the pace of building up new branches and subsidiaries, explore new development opportunities in the deregulated fields of investment banking, financial leasing, automobile financing, supplementary pension and financial corporation, etc. Seventh, we should enhance the value of the shareholders, strengthen the cooperation with strategic investors and relations with the investors and effectively utilize capital.



Changes in Share Capital and Shareholding of the Substantial Shareholders

(1) CHANGES IN SHARE CAPITAL

	Before the change		New shares issued	Increase/ decrease (+, -)				After the change	
	Number of shares (10,000 shares)	Percentage		Bonus shares	Shares converted from reserves	Others	Subtotal	Number of shares (10,000 shares)	Percentage
1. Shares subject to restrictions on sale	3,111,311.14	100%	296,197.07			-56,183	240,014.07	3,351,325.21	85.86%
(1) Shares held by the state	.00							.00	
(2) Shares held by state-owned entities	2,639,420.22	84.83%	72,201.5			-206,459.33	-134,257.83	2,505,162.39	63.66%
(3) Shares held by other domestic investors	.00		63,305.17				63,305.17	63,305.17	1.62%
Including: Shares held by domestic non-state-owned legal entities	.00		63,305.17				63,305.17	63,305.17	1.62%
Shares held by domestic natural persons	.00							.00	
(4) Shares held by foreign investors	471,890.92	15.17%	160,690.4			150,276.33	310,966.73	782,857.65	20.58%
Including: Shares held by foreign legal entities	471,890.92	15.17%	160,690.4			150,276.33	310,966.73	782,857.65	20.58%
Shares held by foreign natural persons									
2. Shares not subject to restrictions on sale	.00		495,826.2			56,183	552,009.2	552,009.2	14.14%
(1) RMB-dominated ordinary shares	.00		115,164.3				115,164.3	115,164.3	2.95%
(2) Domestically-listed foreign shares	.00								
(3) Overseas listed foreign shares	.00		380,661.9			56,183	436,844.9	436,844.9	11.19%
(4) Others	.00							.00	
Total	3,111,311.14	100%						3,903,334.41	100%

1. Upon the in principle consent of the State Council, and approval of the Reply of the Ministry of Finance on the Plan for the Administration of State-owned Shares of CITIC Bank (Cai Jin [2006] No.121) and Reply of the China Banking Regulatory Commission on Issues Concerning the Reconstruction of CITIC Bank into a Joint-stock Company (Yin Jian Fu [2006] No.455), CITIC Group and CIFH, as sponsors, reconstructed the Bank into China CITIC Bank Co., Ltd. The joint-stock company was established on December 31, 2006, with total shares of 31,113,111,400, including 26,394,202,200 shares held by CITIC Group, representing 84.83% of the Bank's shares, and 4,718,909,200 shares held by CIFH, representing 15.17% of the Bank's shares. CIFH also entered into a top-up agreement with the Bank and CITIC Group on November 22, 2006, under which CIFH agreed to acquire further H shares of the Bank.
2. CITIC Group transferred its 1,502,763,281 shares in the Bank to foreign strategic investor BBVA, on March 1, 2007. After the completion of this transfer, shares of the Bank held by CITIC Group, CIFH and BBVA were 24,891,438,919, 4,718,909,200 and 1,502,763,281 respectively. This represents 80.00%, 15.17% and 4.83%, respectively of issued shares before the listing of the Bank.
3. The Bank was listed concurrently on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on April 27, 2007. The over-allotment option of H Shares was fully exercised on May 10, 2007. The Bank issued 2,301,932,654 A Shares and 5,618,300,000 H Shares (including the state-owned shares that CITIC Group transferred to the National Council for Social Security Fund and the anti-dilution right and the top-up right exercised respectively by BBVA and CIFH). After completion of the initial public offering, the Bank had 39,033,344,054 shares in total, comprising 26,631,541,573 A Shares and 12,401,802,481 H Shares.

4. The Bank allotted 517,238,000 of A Shares to Strategic Investors at the time of the listing in April 2007. At the end of report period, these allotted A shares were still restricted from trading in stock market due to 12-month lock-up period restriction. However, since the Bank could not identify, one by one, the identities of these shareholders holding the A shares, we were only informed from public available sources that these 20 strategic investors were all state-owned enterprises. Therefore, these allotted A shares have been temporarily listed into the column titled “Shares subject to restrictions on sale-Shares held by state-owned entities” in the above table.
5. The Bank allotted 633,051,654 A shares to off-line subscribers at the time of the public listing in April 2007. At the end of this report period, these allotted A shares were still restricted from trading in stock market due to the 3 month lock-up period restriction. However, since the Bank could not know the identities of these shareholders holding A shares, these allotted A shares have been temporarily listed into the column titled “Shares subject to restrictions on sale-Shares held by domestic non-state-owned legal entities” in the above table.
6. The Bank allotted 273,036,000 H shares to 5 cornerstone investors at the time of the listing in April 2007. At the end of this report period, these allotted H shares were still restricted from trading in the stock market due to the 12-month lock-up period restriction. Among which, the shares held by PRC National Council for Social Security Fund, PICCP&C, China Life Insurance (Group), and China Life Insurance Co., Ltd are State-owned shares.



(2) NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS

The number of shares held by H Share shareholders are those recorded in the Register of Members as kept by the H Share Registrar of the Bank.

Total number of shareholders at the end of the report period 407,759 (including 342,147 A share shareholders and 65,612 H share shareholders).

Shareholding of the top 10 shareholders

No.	Name of Shareholder	Nature of Shareholder	Type of Shares	Shareholding at the end of report period	Percentage In Total Share Capital(%)	Shares Being Pledged or Frozen
1	CITIC Group	State-owned	A Share	24,329,608,919	62.33%	0
2	CIFH	Foreign	H Share	5,855,002,200	15.00%	N/A
3	Hong Kong Securities Clearing Company (Nominees) Limited	Foreign	H Share	4,830,224,000	12.37%	N/A
4	BBVA	Foreign	H Share	1,885,311,281	4.83%	N/A
5	Mizuho Corporate Bank	Foreign	H Share	68,259,000	0.17%	N/A
6	National Council for Social Security Fund	State-owned	H Share	68,259,000	0.17%	N/A
7	PICC Property And Casualty Company Limited	State-owned	H Share	68,259,000	0.17%	N/A
8	China Life Insurance (Group) Company Limited	State-owned	H Share	34,129,000	0.09%	N/A
9	China Life Insurance Company Limited	State-owned	H Share	34,129,000	0.09%	N/A
10	China State Shipbuilding Corporation	State-owned	A Share	29,310,000	0.08%	0

The Bank is not aware whether the shares of the above shareholders have been pledged or frozen. Until March 1, 2007, CITIC Group held 55.19% shares in CIFH, and was its controlling shareholder; BBVA held 14.52% shares in CIFH. Except for the above disclosure, the Bank is not aware of any other connected relations among the above shareholders.



Shareholding of the Top 10 shareholders that are not subject to restrictions on sale at the end of the report period

No.	Name of shareholder	Shares not subject to restrictions on sale	Type of shares
1	Hong Kong Securities Clearing (Nominees) Company Limited	4,830,224,000	H share
2	China Ping An Life Insurance Company Limited – self-owned funds	6,246,000	A share
3	China Ping An Life Insurance Company Limited – Universal – Universal insurance	6,242,000	A share
4	China Construction Bank – BOSHI FTSE	5,523,850	A share
5	China Life Insurance Company Limited – traditional – ordinary insurance product – 005L – CT001 Hu	4,405,549	A share
6	IFC – Standard Chartered – CITIGROUP GLOBAL MARKETS LIMITED	4,197,907	A share
7	Bank of China - Harvest SHSE – SZSE 300 Indexed Fund	4,061,787	A share
8	Beijing Noke Investment Management Company Limited	3,193,250	A share
9	Agricultural Bank Of China – Da Cheng SHSE-SZSE 300 Indexed Fund	2,820,000	A share
10	Liu Weiwen	2,800,000	A share

The Bank is not aware of any connected or in concert actions of the aforesaid shareholders.

Shareholding of the top 10 shareholders that are subject to restrictions on sale at the end of the report period

No.	Names of shareholders that are subject to restrictions on sale	Shares that are subject to restrictions on sale	Trade information of shares that are subject to restrictions on sale		
			The time when these shares become tradable in market	The amount of newly increased tradable shares	Conditions on restrictions on sale
1	CITIC Group	24,329,608,919	2010.4.28	24,329,608,919	Note: 1
2	CIFH	5,855,002,200	2008.4.28	5,855,002,200	Note: 2
3	BBVA	1,885,311,281	2008.4.28	382,548,000	Note: 3
4	Mizuho Corporate Bank	68,259,000	2008.4.28	68,259,000	Note: 4
5	Social Security Fund	68,259,000	2008.4.28	68,259,000	Note: 4
6	PICC	68,259,000	2008.4.28	68,259,000	Note: 4
7	China Life Insurance (Group) Company	34,129,000	2008.4.28	34,129,000	Note: 4
8	China Life Insurance Company Limited	34,129,000	2008.4.28	34,129,000	Note: 4
9	China State Shipbuilding Corporation	29,310,000	2008.4.28	29,310,000	Note: 5
10	Baosteel Group Company Limited	25,862,000	2008.4.28	25,862,000	Note: 5

Notes:

1. CITIC Group undertakes that within 36 months from the listing date of the Bank's A shares on the Shanghai Stock Exchange, it will not transfer or entrust others to manage the shares directly or indirectly held by it in CITIC Bank, nor will it offer A shares to CITIC Bank for purchase. If CITIC Group obtains the consent of CSRC or other securities regulatory authorities authorized by the State Council to convert its A shares in the Bank into H shares, the converted H shares will not be subject to the 36-month locked-up period.
2. CIFH undertakes not to transfer, or entrust others with the shares of the Bank it holds directly or indirectly within a year after the listing date of the Bank, nor will it offer shares to CITIC Bank for purchase.

3. BBVA undertakes not to transfer the shares it purchased in the initial closings (March 1, 2007), and any shares it purchased based on call options prior to the third anniversary of date of the purchase of the related shares. The additional shares BBVA holds according to Anti-dilution Provision cannot be transferred before the first anniversary of the listing date.
4. The four cornerstone investors of H share undertakes not to sell any H shares purchased pursuant to placing agreement directly or indirectly within the lock-up period or 12 months after the listing date unless they obtain a prior written consent from the Bank and joint Global Co-coordinators.
5. The lock-up period of 20 A share strategic investors is 12 months following the listing date.

(3) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Bank pursuant to Section 336 of the Securities and Futures Ordinance of the laws of Hong Kong, as of June 30, 2007, the following substantial shareholders and other persons had the following interests and short positions in shares and underlying shares of the Bank:

Name of shareholder	Number of shares held	Type of shares	Shareholding percentage (A Share) (%)	Shareholding percentage (H Share) (%)	Total shareholding percentage (%)	Capacity
CITIC Group	24,329,608,919	A Share	91.36%		62.33%	Beneficial owner
CIFH	5,855,002,200	H Share		47.21%	15.00%	Beneficial owner
BBVA	1,885,311,281	H Share		15.20%	4.83%	Beneficial owner

Save as disclosed above, as at June 30, 2007, no other interests or short positions of any person or company in shares or underlying shares of the Bank were recorded in the register maintained by the Bank under sections II and III of Part XV of the Securities and Futures Ordinance.

(4) CHANGE OF CONTROLLING SHAREHOLDERS AND REAL CONTROLLING PARTIES

There were no change of the shareholders and real controlling parties of the Bank during the report period.



Directors, Supervisors, Senior Management and Staff

1. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Board of Directors

Name	Title	Sex	Age
Mr. Kong Dan	Chairman, Non-executive Director	Male	60
Mr. Chang Zhenming	Vice Chairman, Non-executive Director	Male	50
Mr. Wang Chuan	Non-executive Director	Male	59
Dr. Chen Xiaoxian	Executive Director, President	Male	53
Mr. Dou Jianzhong	Non-executive Director	Male	52
Mr. Wu Beiyong	Executive Director, Executive Vice President	Male	56
Ms. Chan Hui Dor Lam Doreen	Non-executive Director	Female	53
Mr. Ju Weimin	Non-executive Director	Male	44
Mr. Zhang Jijing	Non-executive Director	Male	51
Mr. Jose Ignacio Goirigolzarri	Non-executive Director	Male	53
Dr. Bai Chong-En	Independent Non-executive Director	Male	43
Dr. John Dexter Langlois	Independent Non-executive Director	Male	64
Dr. Ai Hongde	Independent Non-executive Director	Male	52
Dr. Xie Rong	Independent Non-executive Director	Male	54
Mr. Wang Xiangfei	Independent Non-executive Director	Male	55



Board of Supervisors

Name	Title	Sex	Age
Mrs. Liu Chongming	Chief Supervisor	Female	61
Mr. Wang Shuanlin	External Supervisor	Male	57
Dr. Zhuang Yumin	External Supervisor	Female	44
Mr. Li Qianxin ⁽¹⁾	Supervisor	Male	60
Mr. Guo Ketong	Supervisor	Male	53
Mr. Lin Zhengyue	Employee Supervisor	Male	44
Mr. Deng Yuewen	Employee Supervisor	Male	43
Mr. Li Gang	Employee Supervisor	Male	38

(1) The Bank made an announcement on August 2, 2007 that Mr. Li Qianxin resigned as the supervisor of the Bank due to his retirement since August 2, 2007. Mr. Zheng Xuexue was elected supervisor in 2006 Annual Shareholders' General Meeting on August 20, 2007.

Senior Management

Name	Title	Sex	Age
Dr. Chen Xiaoxian	Executive Director, President	Male	53
Mr. Wu Beiyong	Executive Director, Executive Vice President, person in charge of risk management	Male	56
Dr. Ouyang Qian	Vice President	Male	51
Dr. Zhao Xiaofan	Vice President, General Manager of operational sector of the headquarter of the Bank	Male	43
Mr. Wang Lianfu	Secretary to the Committee for Discipline Inspection	Male	53
Mr. Su Guoxin	Vice President	Male	40
Mr. Cao Tong	Vice President	Male	39
Mr. Cao Guoqiang	Assistant President, Person in charge of finance	Male	42
Mr. Zhang Qiang	Assistant President	Male	44
Mr. Luo Yan	Secretary to the Board of Directors	Male	38

Changes in shares of the Bank held by directors, supervisors, and senior management

The directors, supervisors, and senior management of the Bank did not hold any shares of the Bank during the report period.

Engagement or removal of the Bank's directors, supervisors, and senior management

1. Mr. Xi Bolun resigned as the independent non-executive director since January 2007;
2. In January 2007, Mr. Su Guoxin was appointed as the Vice President of the Bank at the second meeting of the first Board of Directors of the Bank. He is no longer Secretary to the Board of Directors. Mr. Luo Yan was appointed as Secretary to the Board of Directors;
3. In the Bank's first interim shareholders' meeting in February 2007, Mr. Ju Weimin, Mr. Jose Ignacio Goirigolzarri and Mr. Zhang Jijing were elected as non-executive directors of the Bank, Mr. Xie Rong and Mr. Ai Hongde were elected as independent non-executive directors;
4. In the third interim shareholders' meeting of 2007 in March 2007, Ms. Zhuang Yumin was elected as external supervisor of the Bank.

(2) BACKGROUNDS OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

Mr. Kong Dan, 60, Chinese nationality

Board Chairman and Non-executive Director of the Bank. He became a member of the Board of Directors of the Bank in December 2005. Mr. Kong concurrently holds the positions of chairman of CITIC Group, CIFH, CITIC Hong Kong Group, CITIC Shenzhen Group, and CITIC United Asia Investment Limited, and non-executive director of CITIC Ka Wah Bank Limited, or CKWB. Mr. Kong was the vice chairman and general manager of CITIC Group from July 2000 to July 2006. During the period from November 2002 to October 2006, he assumed the position of Board Chairman of CKWB. Before joining CITIC Group, he had served with China Everbright Group Limited, another financial holding company, for a long period of time, and used to hold the senior management posts including executive director and vice general manager, and vice chairman and general manager. Mr. Kong used to work at the Office of State Councilor and Directors of the National Economic Commission. Mr. Kong is a Senior Economist. He graduated from the Graduate School of Chinese Academy of Social Sciences with a master's degree in Economics.

Mr. Chang Zhenming, 50, Chinese nationality

Vice Chairman and Non-executive Director of the Bank. He became a member of the Board of Directors of the Bank in December 2006. Mr. Chang is also a vice chairman and a director of CIFH and a non-executive director of CKWB. Mr. Chang has served as vice chairman and general manager of CITIC Group and director of CITIC Pacific Limited since August 2006, and chairman of CITIC International Assets Management Limited since October 2006. Mr. Chang was vice chairman and president of China Construction Bank Corporation from September 2004 to July 2006, an executive director and vice general manager of CITIC Group from August 1995 to July 2004, assistant president of CITIC Group from January 1994 to August 1995, 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 received his master's degree in business administration from New York College of Insurance.



**Mr. Wang Chuan, 59,
Chinese nationality**

Non-executive Director of the Bank. He joined the Board of Directors of the Bank in December 2005. Mr. Wang is also vice chairman of CITIC Group and vice chairman and president of CITIC Holdings Company Limited, or CITIC Holdings. Prior to joining CITIC Group, Mr. Wang was vice chairman of China Everbright Group Limited and vice chairman and president of China Everbright Bank Company Limited from October 2001 to July 2004. He also worked at Agricultural Bank of China for more than 20 years and held multiple positions including vice president of head office, general manager of Jilin Branch, general manager of the credit department, and deputy manager of the research department and the human resources department of head office. Mr. Wang is a Senior Economist, and graduated from the Renmin University of China with an associate's degree.

**Dr. Chen Xiaoxian, 53,
Chinese nationality**

Executive Director and President of the Bank. He joined the Bank in November 2004. He also serves as an executive director and vice general manager of CITIC Group and a non-executive director of CIFH and CKWB. Dr. Chen is a mentor of doctoral student and visiting professor of Dongbei University of Finance and Economics, as well as visiting professor of Renmin University of China. Dr. Chen was a vice president, executive vice president and director of China Merchants Bank from March 2000 to October 2004, president of Beijing branch of China Merchants Bank from December 1993 to March 2000; Vice dean, dean, president assistant and vice president of Beijing branch of the People's Bank of China ("PBOC") from September 1982 to December 1993. He is a Senior Economist. Dr. Chen has 25 years of banking experience in China. Dr. Chen graduated from Renmin University of China with a bachelor's degree in finance. He received his master's degree in Finance from Xi'nan University of Finance and Economics and his doctor's degree in finance from Dongbei University of Finance and Economics. In 2005 and 2006, Dr. Chen received the "China's Top Ten Finance Figures of the Year Award" from "The Chinese Banker" magazine. He also received the "Top Ten New Leaders in Finance of the Year Award" from the China International Finance Forum in 2006.



**Mr. Dou Jianzhong, 52,
Chinese nationality**

Non-executive Director of the Bank. Mr. Dou is also an executive director and vice general manager of CITIC Group, a director and chief executive officer of CIFH, chairman of CKWB, a director and executive vice chairman of CITIC International Assets Management Limited and a director of China Investment and Finance Limited. He joined CITIC Group in 1980 and joined the bank in April 1987, and served as vice president from 1987 to 1994 and president from 1994 to 2004. Mr. Dou graduated from University of International Business and Economics and received his master's degree in economics from Liaoning University. Mr. Dou is a Senior Economist. Mr. Dou has extensive experience in the financial industry.

**Mr. Wu Beiying, 56,
Chinese nationality**

Executive Director and Executive Vice President of the Bank. Mr. Wu joined the bank in August 1987 and has worked at the bank since then. He was our vice president from July 1995 to December 2001, and served concurrently as president of our Beijing Branch from July 1996 to September 1999, and president of our Guangzhou Branch from September 1999. Mr. Wu served as our assistant president from December 1993 to July 1995. He is a Senior Economist. Mr. Wu graduated from Central College of Finance and Economics with a master's degree in money and banking.

**Ms. Chan Hui Dor Lam Doreen, 53,
Chinese nationality**

Non-executive Director of the Bank. She became a member of the Board of Directors in December 2006. Ms. Chen joined CIFH in 1998 as a vice executive president, and then was appointed a director of CIFH in May 2001. She has been the managing director and alternate chief executive officer of CIFH, a director and chief executive officer of CKWB and chairman of HKCB Finance Limited since 2002. Ms. Chen has rich experience in credit, risk management, human resources and strategic development. Ms. Chan is also a member of the Hong Kong Banking Advisory Committee, Board of Trustees of Hong Kong Baptist University and the Financial Committee of HKBU. Before joining CIFH, Ms. Chen was in charge of the retail banking department of Standard Chartered Bank (Hong Kong) Limited. Ms. Chan has over 30 years of extensive experience in the banking industry.

**Mr. Ju Weimin, 44,
Chinese nationality**

Non-executive Director of the Bank. He became a member of the Board of Director in February 2007. He also serves as a director and chief financial officer of CITIC Group, a non-executive director of CIFH and CKWB, and chairman of the board of CITIC Trust and Investment Co., Ltd.. Since August 1987, Mr. Ju served at multiple positions including vice director and director of the financial affairs department, chief accountant, chief financial officer and director of CITIC Group, project manager of China International Economic Consultants Co., Ltd, manager of financial affairs of Zhongxing Iron & Steel Co., Ltd. and managing director of Shortridge Co., Ltd., etc. He graduated from Renmin University of China and received his master's degree in accounting.

**Mr. Zhang Jijing, 51,
Chinese nationality**

Non-executive Director of the Bank. He joined the Board of Directors of the Bank in February 2007. He also serves as a director, assistant general manager and head of the Strategy and Planning Department of CITIC Group and a director of CITIC Resources Holdings Limited and CITIC Securities Co., Ltd. Mr. Zhang served as a director, head of the Strategy and Planning Department and head of the Integrated Planning Department of CITIC Group, as well as deputy general manager and general manager of CITIC Australia Pty. Ltd. and deputy manager of the Mineral Resources Division of the Overseas Investment Department of CITIC Group since December 1984. Mr. Zhang is a Senior Economist. He graduated from Graduate University of Chinese Academy of Social Sciences and received his master's degree in quantitative and technical economics.

**Mr. José Ignacio Goirigolzarri, 53,
Spanish nationality**

Non-executive Director of the Bank, He became a member of the Board of Directors in February 2007. Mr. Goirigolzarri is also president and chief operating officer of BBVA, and chairman of Spain USA Counsel Foundation. He has been a director of BBVA Bancomer since 2000 and president and chief operating officer of BBVA since 2001. After BBV and Argentaria merged into BBVA in 1999, he has been a member of BBVA's Executive Committee and was in charge of all the Group's businesses in Latin America. He previously served as a member of the Executive Committee and general manager of BBV and was in charge of retail banking and business in America and responsible for business development in Latin America. Mr. Goirigolzarri graduated from University of Deusto with a bachelor's degree in economics. He also studied finance and strategic planning in the University of Leeds, the United Kingdom.



**Dr. Bai Chong-En, 43,
Chinese nationality**

Independent Non-executive Director of the Bank and joined the Board of Directors in December 2006. Dr. Bai is dean of the School of Economics and Management of Tsinghua University. He has been Mansfield Freeman Chair Professor of Economics and a mentor of doctoral student, Distinguished Professor at the School of Economics and Management of Tsinghua University and assistant professor and associate professor at the School of Economics and Finance of University of Hong Kong since 1999. He previously taught at Boston College in the United States. Dr. Bai graduated from the University of Science and Technology of China with a bachelor's degree in mathematics, and then a master's degree from the Institute of Mathematics, Chinese Academy of Sciences, and a doctor's degree in mathematics from the University of California, San Diego and a doctor's degree in economics from Harvard University.

Dr. Bai has achieved great accomplishments in fields like institutional economics, development and transition economics, corporate governance, finance and industrial economics. In 2006, he won the National Science Fund for Distinguished Young Scholars, and was honored as a Cheung Kong Scholarship by the Ministry of Education of the People's Republic of China in 2007. He also holds many social positions, including member on the editorial board of World Bank Economic Review and Chinese Business Review, and joint editor-in-chief of China Journal of Economics of Tsinghua University, a non-resident senior research fellow at the Brookings Institution, member of the IPDTaskforce on Corporate Governance at Columbia University, a research fellow at the William Davidson Institute at University of Michigan, and used to be an advisor for the World Bank.



**Dr. John Dexter Langlois, 64,
American nationality**

Independent Non-executive Director of the Bank, and became a member of the Board of Directors in December 2006. Dr. Langlois has been managing director of the Countrywide Capital Markets Asia (HK) Limited since March 2006, and served as a director of the Bank of Shanghai, a director of Nanjing Commercial Bank, a non-executive chairman and director of Shenzhen Development Bank. During the period from September 2002 to August 2005, he served as chairman of Morgan Stanley Properties (China). Dr. Langlois previously served as vice president of the International Financial Management Department in New York of J.P. Morgan, managing director of Japan branch of J.P. Morgan Guaranty Trust, head of the properties division of the investment banking department of Japan Branch, head of the properties division of the investment banking department of London Branch, head of the Chinese businesses division of the investment banking department of Hong Kong Branch, head of the Asian customers division of the investment banking department of New York Branch, and chief representative of Beijing Representative Office. Dr. Langlois graduated from Princeton University with a doctor's degree in East Asia studies, then he got his master's degree in arts from Harvard University and master's degree in business administration from New York University.

**Dr. Ai Hongde, 52,
Chinese nationality**

Independent Non-executive Director of the Bank. He became a member of the Board of Directors in February 2007, and now is president of Dongbei University of Finance & Economics. Dr. Ai served as vice president of Dongbei University of Finance & Economics from January 1, 1999 to May 2005, vice director of Dalian High-Tech Park from March 1998 to December 1998, vice secretary general in Dalian Municipal Government from December 1997 to February 1998, assistant president of Dongbei University of Finance & Economics from July 1996 to November 1997, and vice dean of the finance department of Dongbei University of Finance & Economics from January 1993 to June 1996. Dr. Ai is a professor and mentor of doctoral student. He has been awarded the special government allowance by the State Council since 2000. Dr. Ai graduated from Dongbei University of Finance and Economics with a doctor's degree in money and banking.

Dr. Ai has made tremendous achievements in such fields like currency policy and theory, management of financial institutions, international finance, financial market, regional finance and credit systems. He has led and completed 16 research projects funded by national or provincial government. Dr. Ai's academic opinions and policy proposals have been adopted and implemented by the PBOC, the State Council, the Standing Committee of the National People's Congress, Liaoning provincial government and Dalian Municipal government. Dr. Ai also holds many social positions, including member of the standing committee of China Society for Finance and Banking, member of the academic committee of China Society for Finance and Banking, member of the academic committee of China Society for International Finance, vice chairman of Liaoning Society for Price and vice chairman of Liaoning Society for International Economic Law. In addition, he used to be an independent director of Liaoning Trust and Investment Co., Ltd. Dr. Ai is currently an independent director of Dalian Sun Asia Tourism Holding Co., Ltd. and Liaoning Chengda Co., Ltd.

Dr. Xie Rong, 54, Chinese nationality

Independent Non-executive Director of the Bank. He joined in the Board of Directors in February 2007. He serves as the vice president of Shanghai National Accounting Institute. Dr. Xie served as a partner of KPMG from December 1997 to October 2002, and vice dean of the Accounting Department, a mentor of doctoral student, a professor, an associated professor and a lecturer of Shanghai University of Finance and Economics from December 1985 to December 1997. Dr. Xie was a senior visiting scholar at Warwick University, the United Kingdom for one year. He was also a part-time certified public accountant at Dahua Accounting Firm and PwC Dahua Accounting Firm. Dr. Xie graduated from Shanghai University of Finance and Economics and received his doctor's degree in economics.

Dr. Xie has made tremendous achievements in fields like accounting, audit and internal control of financial enterprises. He has led or participated in many research projects funded by the PRC government, Ministry of Finance and the Chinese Institute of Certified Public Accountants. He also holds many social positions, including member of the accounting master's degree education and guidance subcommittee of the Degree Committee of Chinese Government, member of China Audit Society, member of the standing committee of the education division of China Accounting Society, vice chairman of Shanghai Institute for Cost Research. He also serves as an independent director of Shanghai Automotive Co., Ltd., China Shipping Development Co., Ltd., China Eastern Airlines Co., Ltd., Shanghai Industrial Pharmaceutical Investment Co., Ltd. and Bright Dairy and Food Co., Ltd..

Mr. Wang Xiangfei, 55, Chinese nationality

Independent Non-executive Director of the Bank, and joined the Board of Directors in December 2006. Mr. Wang serves as vice chief financial officer of SONANGOL SINOPEC International Limited and financial advisor of China SONANGOL International Holding Limited, director of China Beiye ESCOM International Ltd., independent non-executive director of Shenzhen Rural Commercial Bank Company Limited. Mr. Wang has served as an independent non-executive director of two H and A Share companies, Tianjin Capital Environmental Protection Co., Ltd. and Chongqing Iron and Steel Company Limited and an non-executive director of SEEC Media Group Limited. During the period from 1996 to 2002, he was a director and assistant general manager of China Everbright Holdings Co Ltd. ("China Everbright") and held multiple senior management positions in various listed companies owned by China Everbright, and held senior management positions in companies engaging in banking and related financial services businesses. Mr. Wang is a Senior Accountant. He graduated from Renmin University of China with a bachelor's degree in economics. Mr. Wang taught as an associate professor for finance at the Department of Finance in Renmin University of China.



**Mrs. Liu Chongming, 61,
Chinese nationality**

Chairwoman of Board of Supervisors of the Bank. During the period from March 2003 to December 2006, Mrs. Liu was chief auditor of CITIC Group and vice chairman of CITIC Holdings. Before joining CITIC Group, Ms. Liu served as secretary to the party committee and general manager of Tianjin branch of the PBOC from January 1999 to March 2003, and director of the audit bureau of the headquarter of the PBOC and head of the first section of the regulatory department of the PBOC from May 1996 to December 1998. She was vice president, president and secretary to the party committee of Hubei branch of the PBOC from 1985 to 1996. During the period, she was also an adjunct professor of Huazhong University of Science and Technology, Wuhan University and Zhongnan University of Finance and Economics. Ms. Liu has been qualified as senior economist. She graduated from Hubei University (currently known as Zhongnan University of Finance and Economics).

**Mr. Wang Shuanlin, 57,
Chinese nationality**

External Supervisor of the Bank. Mr. Wang has served as a full-time supervisor of the supervisory committee of CITIC Group since January 2003. Before that, Mr. Wang held multiple positions in finance industry, including deputy general manager of China Government Bond Depository and Clearance Limited, director and deputy general manager of China Securities Trading System Limited, section head of the audit department and office manager of head office of the PBOC. Mr. Wang is a Senior Economist. He graduated from Renmin University of China with a bachelor's degree.



**Ms. Zhuang Yumin, 44,
Chinese nationality**

External Supervisor of the Bank. Ms. Zhuang currently is the head, a professor and mentor of doctoral student at the monetary finance department of the Finance School, Renmin University of China. Before that she has worked at the finance department as a deputy head of the finance study unit and head of finance department since 1995. From 1984 to 1995, Ms. Zhuang was the deputy head of a study unit of the Fiscal Department of Renmin University of China. She graduated from the Finance Department of Renmin University of China with a master's degree in economics and doctor's degree in economics.

**Mr. Li Qianxin, 60,
Chinese nationality**

Supervisor of the Bank. Mr. Li was a manager of the audit department of CITIC Group from March 2002 to May 2007. Before that, he was deputy manager of CITIC Group's audit department, section chief, assistant manager and deputy general manager of CITIC Industrial Company. By July 2007, Mr. Li had been a supervisor and member of the audit committee of CITIC Holdings, chairman of the supervisory committee of CITIC East (Group) Limited, chairman of the supervisory committee of CITIC Assets Management Limited, and a supervisor of CITIC Network Technology Limited. Mr. Li is a senior economist. He graduated from Beihang University with a bachelor's degree.

**Mr. Guo Ketong, 53,
Chinese nationality**

Supervisor of the Bank. Mr. Guo is also manager of the human resources department of CITIC Group. He has served as a director of CITIC Australia Pty. Ltd. since November 2003, and a director of CITIC Real Estate Company since October 1999. Mr. Guo was deputy manager, assistant manager, section head, and deputy section head of the human resources department of CITIC Group. Mr. Guo is an Economist. He graduated from Renmin University of China with an associate's degree.

**Mr. Lin Zhengyue, 44,
Chinese nationality**

Supervisor of the Bank. Mr. Lin has been deputy general manager of the audit department of our head office since March 2006. He was assistant general manager of the audit department of our head office from June 2005 to March 2006 and deputy manager of the audit department of our Nanjing Branch from March 2004 to June 2005. Prior to joining the Bank, Mr. Lin worked at Nanjing branch of Industrial and Commercial Bank of China. Mr. Lin has 23 years of banking experience in China. He received his bachelor's degree in finance from Jiangsu TV University.

**Mr. Deng Yuewen, 43,
Chinese nationality**

Supervisor of the Bank. Mr. Deng has been general manager of the Operational Department and Risk Management Department of our head office since February 2007. Mr. Deng has also been in charge of the Risk Management Department of our head office from October 2005 to February 2007. He was deputy general manager of the Risk Management Department of our head office from February 2004 to October 2005. Prior to that position, he worked at the Credit Department of our head office, the personal banking department of our head office and the Credit Department of our Shenzhen Branch from April 1996 to February 2004. Mr. Deng has worked at the Bank since April 1996. Mr. Deng graduated from Wuhan Technology Institute with a bachelor's degree and received his master's degree in money and banking from PBOC Finance Research Institute.

**Mr. Li Gang, 38,
Chinese nationality**

Supervisor of the Bank. Mr. Li has served as assistant general manager of the Budget and Finance Department and general manager of Assets and Liabilities Management Department of the Bank since June 2006. Mr. Li was head of the Treasury Management Section of the Budget and Finance Department of the Bank, general manager of the Budget and Finance Department of our Beijing Branch from June 2000 to June 2006. He also served as assistant manager and deputy manager of the Finance Department of CITIC Daxie Development Limited, and vice section head and section head of the Treasury Section of the Finance and Taxation Bureau. Mr. Li graduated from China Finance Institute.

**Dr. Chen Xiaoxian, 53,
Chinese nationality**

He has served as the Executive Director and President of the Bank since October 2004. See Directors of the Bank for his Resume.

**Mr. Wu Beiyong, 56,
Chinese nationality**

He has been the Executive Director, Executive Vice President and person in charge of risk management of the Bank since December 2001. See Directors of the Bank for his Resume.

**Dr. Ouyang Qian, 51,
Chinese nationality**

Vice President of the Bank. Mr Ouyang has been working with the Bank since 1988. Since 2005, he has also been working with Zhenhua International Finance Co., Ltd. as the company's chairman. Mr Ouyang was appointed vice president of the Bank in July 1995. Before that he had been the assistant to the Bank's governor from April 1994 to July 1995. Mr Ouyang was in charge of research and design for inner bank risk control system in 1991. In January 1989, he worked in the Capital Department of the Bank engaged in foreign exchange transaction, bond transaction and gold deal. In September of the same year, Mr Ouyang took up investment management of portfolio. Mr. Ouyang is a Senior Economist. He graduated from Tsinghua University with a master's degree in hydraulic machinery, and then got a doctor's degree in aeronautical engineering from University of Manchester in Britain.



**Dr. Zhao Xiaofan, 43,
Chinese nationality**

Vice President of the Bank. He is also general manager of our Beijing Branch since April 2006. Dr. Zhao was our assistant president from August 1998 to December 2001. He has worked at the Bank since July 1986. Dr. Zhao is a Senior Accountant. He graduated from Renmin University of China with a bachelor's degree in financial accounting, and received his master's degree in international finance from Liaoning University and a doctor's degree in finance from the Graduate School of Peking University.

**Mr. Wang Lianfu, 53,
Chinese nationality**

Secretary to the Committee for Discipline Inspection and the director of human resources (vice president level). Mr. Wang also held the position of general manager of Human Resources Department of the Bank from January 2005 to March 2006. He was an assistant president of the Bank from June 1995 to February 1999, and has worked at the Bank since May 1987. During the period from December 1984 to May 1987, he worked at the Personal Distribution Division of the Human Resources Department of CITIC Group. Mr. Wang is a Senior Economist, and got a bachelor's degree in politics and law from Beijing Normal University and a master's degree in money and banking from Dongbei University of Finance and Economics.



**Mr. Su Guoxin, 40,
Chinese nationality**

Vice President of the Bank. Mr. Su is a deputy director of Office of CITIC Group, secretary to chairman of CITIC Group and chairman of the Bank. He has been secretary to chairman of CITIC Group since June 1997. He worked in CITIC Group in charge of corporate communications from October 1993 to May 1997. He worked in financial companies including SBC and UBS from January 1996 to January 1997. Mr. Su graduated from Tianjin Foreign Studies University with a bachelor's degree in arts. He was graduate student studied in United Nations Interpretation Training program of Beijing Foreign Studies University. Mr. Sun received his master's degree in business administration from the Open University of Hong Kong.

**Mr. Cao Tong, 39,
Chinese nationality**

Vice President of the Bank. Mr. Cao was our assistant president from December 2004 to December 2006 and concurrently served as general manager of the Personal Banking Department of the Bank from January 2005 to March 2006. Prior to joining the Bank, Mr. Cao worked at China Merchants Bank and served as deputy manager of the Planning and Treasury Department, manager of the Business Department, assistant president and vice president of Beijing branch, general manager of the Personal Banking Department of head office and deputy director and acting head of Shenzhen Administrative Department. He also worked at the Planning Department of Beijing branch of the PBOC from July 1990 to January 1994. Mr. Cao has 17 years of banking experience in China. He is a Senior Economist and graduated from Renmin University of China with a bachelor's degree in finance. He received his master's degree in finance from the same university.

**Mr. Cao Guoqiang, 42,
Chinese nationality**

Assistant President and General Manager of the Budget and Finance Department of the Bank. He served as the general manager of the Budget and Finance Department of the Bank from April 2005 to April 2006. Mr. Cao served as the deputy general manager and general manager of the planning and treasury department of the head office of China Merchants Bank, general manager of the treasury department of China Merchants Bank Shenzhen administrative department, director and deputy general manager in charge of China Merchant Bank Pawn Co., Ltd., director of Shenzhen Speed International Investment Co., Ltd., and assistant manager of the treasury department of China Merchants Bank. Mr. Cao also worked at the planning and treasury department of the Sha'anxi Branch of the PBOC as a senior staff member and vice section head from July 1988 to June 1992. He has worked in China's banking industry for 18 years. Mr. Cao is a Senior Economist. He graduated from Hunan College of Finance & Economics with a bachelor's degree in money and banking. He received his master's degree in money and banking from Shaanxi College of Finance and Economics.

**Mr. Zhang Qiang, 44,
Chinese nationality**

Assistant President of the Bank. He was deputy general manager, executive deputy general manager and general manager of our Beijing Branch from January 2000 to April 2006. From September 1990 to March 2000, he held various positions in the Credit Department of our head office, our Jinan Branch and Qingdao Branch, including deputy general manager and general manager of Credit Department of our head office, vice president and president of branch. Mr. Zhang has worked at the Bank since September 1990. Mr. Zhang is a Senior Economist. He graduated from Zhongnan University of Economics and Law with a bachelor's degree in planning and statistics, and received his master's degree in finance from Liaoning University.

Mr. Luo Yan, 38, Chinese nationality

Deputy Director of our office of general affairs and Secretary to the Board of Directors. Mr. Luo joined the Bank in October 2004. He served as assistant director in charge of our Office of General Affairs from June 2005 to March 2006, and the assistant to the general manager of our Administrative Department from October 2004 to June 2005. Prior to joining the Bank, Mr. Luo worked at China Merchants Bank from March 1996 to October 2004, and Yangzhou Branch of Bank of Communications from July 1990 to March 1996. Mr. Luo is an Economist. He graduated from Inner-Mongolia Finance and Economics College with a B.A. in industrial accounting.

Human Resources and Management

Number of institutions and employees:

At the end of June 2007, the Bank had 457 branch outlets, increased by 11 compared to the beginning of the year. Tangshan Branch of the Bank officially opened on July 18. Taiyuan Branch officially opened August 21.

At the end of June 2007, the Bank had 13,264 employees, 689 more than at the beginning of this year.

Human resources management: The Bank continuously optimized its human resources management system according to the principle of combination of effective incentive and strict restriction. The Bank has actively promoted the re-organization of the management of its branches and the departments of its headquarter, perfected the appraisal, appointment and dismissal mechanism, and fulfilled the talent reserve pool. The Bank also took initiatives to standardize the employee system and the job titles throughout the Bank and to introduce a professional hierarchy, formulate a professional human resources plan, strengthen control over the staff structure and quantity, continuously optimize the staff structure, set up a uniform employment platform across the Bank to employ excellent talents from multiple channels, improve and perfect the remuneration distribution system based on performance and improve the remuneration system, start up and design a long-term incentive plan for the management to link the interests of the management with those of shareholders, as well as to make use of advanced information technologies to strengthen human resources management across the Bank through SAP-HR system platform.



Human resources cultivation and development: The Bank further deepened and strengthened all aspects of the development of the mid-level and senior management, cooperated with foreign universities to hold various management trainings and arranged visits. The Bank actively carried out professional trainings in terms of audit, accounting, risk management, proprietary trading and information technology to mid-level management, in order to provide sufficient knowledge resources and intelligent support to business development. The Bank also made use of network school of the Bank, and implemented the online study and exchanges of students across the Bank, with 12,659 staff logging in and class hours reaching 112,771 hours in total.

Corporate culture: The Bank further strengthened the development of corporate culture, generated an enterprising, excellence-pursuing, harmonious and win-win atmosphere, and gradually formed a corporate culture system consisting of innovation culture, performance culture, team culture, risk culture, institutional culture, service culture, marketing culture and brand culture, etc.

Set to capitalize on opportunities

Geared to win our way
Sponsoring football sports of China

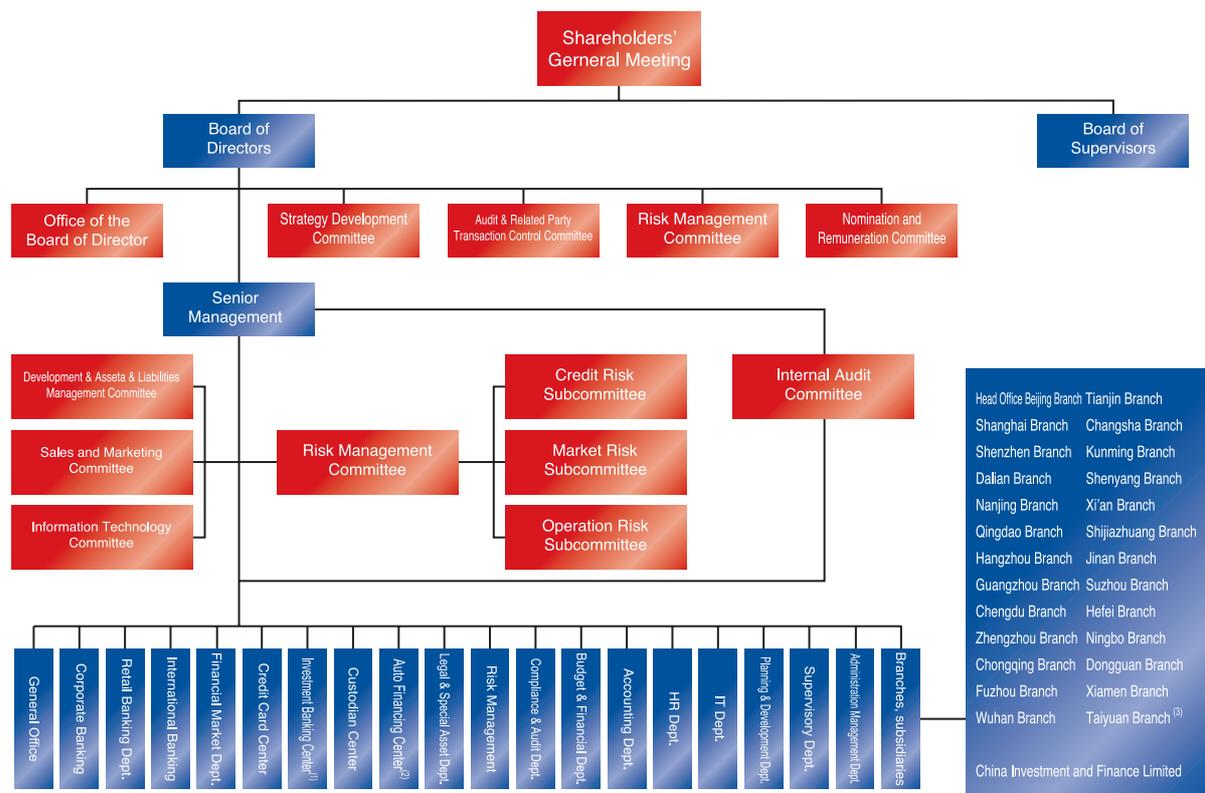






Corporate Governance

1. THE CORPORATE GOVERNANCE STRUCTURE OF THE BANK



Note:

- (1) The Investment Banking Center was officially established on July 23, 2007.
- (2) The Auto Financing Center was officially established on July 23, 2007.
- (3) Taiyuan Branch officially opened on August 21, 2007.

We deeply believe that perfecting the Bank's corporate governance structure is an important basis upon which we can protect the interests of our investors and ensure that the Bank continues sustained high-quality development the Bank has strictly in accordance with Mainland and Hong Kong laws and regulations, as well as the requirements of regulatory authorities and taking into account the Bank's own practicalities, set up a relatively comprehensive corporate governance structure. The Bank is committed to continuously improving its corporate governance according to the international best practices.

The Bank has, following the requirements of relevant laws and regulations, such as the Company Law of the People's Republic of China (the Company Law) and the Securities Law of the People's Republic of China (the Securities Law), organized the Shareholders' Meeting, Board of Directors, Board of Supervisors and senior management etc. as its main organizational structure and has put

in place institutional arrangements to guarantee that these groups can operate independently and that there are effective checks and balances. The Board of Directors has four special Committees: the Strategy Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee and the Nomination and Compensation Committee. The Shareholders' Meeting, Board of Directors, special committees set up under the Board of Directors, Board of Supervisors and senior management all have formulated detailed rules of procedure to ensure that they can operate independently and efficiently.

Save as disclosed below, the Bank is in compliance with the Company Law, Security Law, and provisions of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited — Code of Corporate Governance Practices, and is dedicated to continuously improving its corporate governance.

2. SHAREHOLDERS' MEETING, BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

Up to June 30, 2007, the Bank convened one Shareholders' Meeting, three interim Shareholders' Meetings, six Board of Directors meetings and one Board of Supervisors meeting, all following the procedures set out in the Bank's articles of association.

(1) Shareholders' Meeting

During the period covered by this report, the Bank convened three interim Shareholders' Meetings. These Shareholders' Meetings decided significant matters of the Bank according to law, and discussed such issues as distributing dividends before listing, the plan for distributing dividends after listing, the plan for listing, introducing strategic investors, amending the articles of association, and electing directors and supervisors. In doing so, the Shareholders' Meetings managed to safeguard the legal rights and interests of shareholders, and ensured that it could exercise its duties and enforce its procedures according to law.

(2) Board of Directors and special committees

During the report period, the Bank added five directors, including two independent directors. By the end of June 2007, the Board of Directors consisted of 15 members, including two Executive Directors, eight Non-executive Directors and five Independent Non-executive Directors. Except for Independent Non-executive Directors who are restricted to hold office for a maximum of three years, other directors are elected by the Shareholders' Meeting for a term of three years and may serve for multiple terms if re-elected and re-appointed.

During the same period, the Board of Directors convened six meetings, discussing the revision of articles of association, distribution of dividends before listing, plan for distributing dividends after listing, plan for listing, introduction of strategic investors, election of additional directors, election of chairman and members in the special committee of the Board of Directors, appointment of senior management and the company secretary, approval of the procedure for meeting of the special committee, setting up new bank branches, directors and



supervisors' liability insurance and allowance schemes, as well as the appointment of auditors. All members of the Board of Directors performed their duties conscientiously as required by the articles of association and in accordance with the provisions of the Company Law. They actively participated in deciding issues such as the IPO, significant investments, financing, guarantees and related-party transactions, effectively acting their functions in decision-making while safeguarding the interests of the Bank and its shareholders.

In accordance with the relevant Chinese laws and regulations as well as the corporate governance code imposed by the Listing Rules, four special committees were set up under the Board of Directors: the Strategy Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee and the Nomination and Compensation Committee – all of which members and chairmen were appointed on March 8, 2007. By 30 June, 2007, the Nomination and Compensation Committee has held one meeting to discuss the allowance scheme for independent directors and external supervisors.

The members and responsibilities of the special committees set up under the Board of Directors are set out below:

i Strategy Development Committee

The Bank's Strategy Development Committee comprises six directors, Mr. Chang Zhenming, Mr. Wang Chuan, Mr. Chen Xiaoxian, Mr. Dou Jianzhong, Mr. Zhang Jijing and Mr. Jose Ignacio Goirigolzarri. Mr. Chang Zhenming was appointed the chairman of the Strategy Development Committee. The committee's major responsibilities are to formulate and appraise the Bank's business targets and long-term development strategies, business and organization development plans, main investment and financing plans of the Bank and other important matters that would affect the Bank's development. The Committee has been authorized by the Board of Directors to supervise, and conduct spot tests on, the execution of annual business and investment plans, as well as to put forward suggestions to the Board.



ii. Audit and Related Party Transactions Control Committee

The Bank's Audit and Related Party Transactions Control Committee comprises six directors, Mr. Ai Hongde, Mr. Ju Weimin, Mr. Xie Rong, Mr. Bai Chongen, Mr. Wang Xiangfei, and Mr. John Dexter Langlois. Mr. Ai Hongde was appointed the chairman of the Audit and Related Party Transactions Control Committee. The committee's major responsibilities include supervising the Bank's internal controls, financial information and internal audit matters; identifying the Bank's related parties; and reviewing and filing the records of the Bank's related party transactions.

iii. Risk Management Committee

The Bank's Risk Management Committee comprises five directors, Mr. Chen Xiaoxian, Mr. Ju Weimin, Mr. Wu Beiyong, Mr. Ai Hongde and Mr. Bai Chongen. Mr. Chen Xiaoxian was appointed the chairman of the Risk Management Committee. The committee's major responsibilities are to formulate the Bank's risk

management strategies, policies and measures, and the Bank's internal control procedures, as well as to supervise and evaluate the risk management activities conducted by the relevant senior management and risk management departments.

iv. Nomination and Compensation Committee

The Bank's Nomination and Compensation Committee comprises five directors, Mr. Wang Xiangfei, Mr. Ju Weimin, Mr. Ai Hongde, Mr. Xie Rong, and Mr. Bai Chongen. Mr. Wang Xiangfei was appointed the chairman of the Nomination and Compensation Committee. The committee's major responsibilities are to formulate the nomination procedure and candidacy standards for directors and senior management, preliminarily review and discuss the qualifications and other experiences of directors and senior management, formulate and supervise the implementation of the compensation scheme for directors, supervisors and senior management, as well as to appraise the performance of directors and senior management.

(3) Board of Supervisors

During the period covered by this report, the Bank added an external supervisor. As of June 30, the Board of Supervisors of the Bank comprises eight members, including two external supervisors. The number and composition of the Board of Supervisors comply with regulatory requirements as well as the articles of association. Besides the employee representative supervisors who are elected by the Bank's employees, supervisors are generally elected at the Shareholders' Meeting and hold office for three years. Supervisors may serve multiple terms if re-nominated and re-elected.

During the period covered by this report, the Bank convened the second meeting of the first Board of Supervisors. The meeting considered and passed a resolution approving the 2006 work report of the Board of Supervisors. In addition, the Board of Supervisors supervised and examined the Bank's operations and management by attending Board of Directors meetings, convening meetings, considering various documents and receiving reports from management.

(4) Senior management

There is strict delineation between the respective responsibilities and powers of the Bank's senior management and the Board of Directors. The Board of Directors determines their respective scope of authority for operational management and decision-making. The Board also appraises the performance of senior management, and uses this as the basis for determining their remuneration and other incentive arrangements. The Bank has adopted an annual salary system for senior management, comprising basic annual salary and performance-based annual salary. Senior management's salaries are determined according to the extent of completion of the annual business plan and their work performance.

3. MANAGEMENT OF INVESTOR RELATIONS

During the report period, the Bank successfully exhibited to investors the rapid development and huge potential for growth of such areas as its business operations, risk management and integrated operations through the use of communication activities such as road shows and investor introductory meetings, thereby successfully achieving its simultaneous listing in Shanghai and Hong Kong.

The Bank attaches great importance to the management of investor relations, and has improved it in the following ways:

(1) System building

The Bank reinforces its system building regarding the investor relations management, which further clarifies the purpose, principles, contents, responsibilities and methods of managing investor relations to provide guidance and to regulate investor relations management activities.

(2) Management team

Since its establishment, the Board of Directors has organized an Investor Relations Department to be responsible for the overall organizational planning and coordination of managing investor relations and information disclosure.

(3) Comprehensive communication platform

The Bank has made full use of modern information technologies to advance the building of its investor relations platform. It has built a comprehensive communication platform, which includes networks, a specialized telephone line and fax line for investors, etc., to ensure that investor and analyst enquiries can be answered promptly.

In future, the Bank will continue to improve its investor relations management, using domestic and overseas investor relations management experience as a basis for reference, to optimize its communication and interaction with domestic and foreign investors, to safeguard the legitimate rights and interests of the Bank's investors and to create greater value for its investors.



Significant Events

1. PROFIT DISTRIBUTIONS AND IMPLEMENTATION OF THE PLAN FOR TRANSFERRING RESERVE FUNDS INTO SHARE CAPITAL OR PLAN FOR ISSUING NEW SHARES DURING THE REPORT PERIOD

(1) Profit distribution in 2006

According to resolutions of the interim shareholders' meeting of the Bank convened on March 8, 2007, the distributable profits realized during the period from December 31, 2005 to the establishment date December 31, 2006 were transferred to CITIC Group in cash according to relevant regulations of the Ministry of Finance and provisions stipulated in the Sponsor's Agreement. This distribution plan has been implemented.

(2) Profit distribution policies from 1 January 2007 to the listing date of the Bank

According to resolutions of the interim shareholders' meeting of the Bank convened on March 8, 2007, the distributable profits realized during the period from January 1, 2007 to the listing date of the Bank (April 27, 2007) will be shared by both the old and new shareholders. This distribution plan has not been implemented.

(3) Profit distribution in the first 6-month period of 2007

The Bank has no distribution plan in the first 6-month period of 2007.



2. PARTICULARS OF A SHARE AND H SHARE LISTING

On April 27, 2007, shares of the Bank were successfully listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange simultaneously. A total of 2,301,932,654 A shares and 5,618,300,000 H shares (including the state-owned shares that CITIC Group transferred to the National Council for Social Security Fund and the anti-dilution right and the top-up right exercised respectively by BBVA and CIFH) were issued as part of the initial public offering. Following the completion of the listing, the Bank had 39,033,344,054 shares in total in its share capital, comprising 26,631,541,573 A shares and 12,401,802,481 H shares. The issue prices for A shares and H shares are RMB 5.80 and HK\$ 5.86 respectively, which equated to the same price upon the adjustment of exchange rate.

Funds raised from the initial public offering of A shares and H shares (before deduction of listing costs) were RMB45.818 billion in total, RMB13.351 billion of which was raised by A shares, and about RMB32,467 billion from H shares if denominated in RMB.

3. REPURCHASE, SALE OR REDEMPTION OF SHARES

The Bank issued 4,885,479,000 H shares in the Hong Kong Stock Exchange on April 27, 2007, with the over-allotment option exercised on 30 April where 732,821,000 additional H shares were issued.

The Bank has issued 2,301,932,654 new A shares since April 4, 2007, and the Bank's A shares were listed for trading on the Shanghai Stock Exchange on April 27, 2007.

Save for the above, neither the Bank nor any of its subsidiaries has purchased, sold or redeemed any of the Bank's shares.

4. COMPARISON OF ACTUAL OPERATION RESULTS AND RELEVANT DISCLOSURES IN IPO DOCUMENTS

Within the report period, the Bank's actual operation results are in line with the relevant disclosures in initial public offering documents.

5. SIGNIFICANT RELATED PARTY TRANSACTIONS

Please refer to Note 32 – “Related Party Transaction” of the Notes to the Financial Statements of the Financial Statements and Independent Review Report.

6. MATERIAL MERGER AND ACQUISITION, SALES OR RESTRUCTURING OF ASSETS

Save and except as disclosed, the Bank did not have material merger and acquisition, sales or restructuring of assets during the report period.

7. MATERIAL CONTRACTS AND PERFORMANCE

During the report period, the Bank does not have material assets business with other companies to custody, contract or lease its assets, and does not entrust other companies to custody, contract or lease the Bank’s assets.

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

During the report period, no material cash assets of the bank were entrusted to others for management.

8. MATERIAL LITIGATION AND ARBITRATION

During the report period, except as disclosed, the Bank has not been involved in any material litigations and arbitrations having a material impact on its business operations.

By the end the report period, the Bank has been involved in several litigations in the ordinary course of business. the management of the Bank holds that such litigations would not have a material impact on the financial situation of the Bank.

9. SHAREHOLDING IN OTHER COMPANIES

As of the end of report period, the following table sets out shareholding of the Bank in other companies:

Name of company	Initial investment costs (RMB Yuan)	Number of shares held	Shareholding percentage	Book value at the end of the period
China UnionPay Co., Ltd.	70,000,000.00	87,500,000	4.24%	113,750,000.00

10. APPOINTMENT AND DISMISSAL OF AUDITORS

The Bank appointed KPMG Huazhen and KPMG as its auditors.

11. PUNISHMENT AND REMEDIAL ACTIONS OF THE BANK, BOARD OF DIRECTORS, DIRECTORS AND SENIOR MANAGEMENT

During the report period, neither the Bank, the Board of Directors, any Directors or Senior Management was subject to any investigations of relevant authorities, coercive measures of justice and discipline inspection departments, transfer to justice authorities or criminal liabilities, investigation, administrative punishment from the China Securities Regulatory Commission, banning the entry to securities markets, criticism by notice circulation, identification as inappropriate candidate, punishment by other administrative departments or was the subject of a public reprimand from any stock exchanges.

12. EXPLANATION ON THE MODIFICATION OF BUSINESS PLAN

During the report period, save and except as disclosed, the Bank had not modified its business plan.



13. AUDIT AND RELATED PARTY TRANSACTIONS CONTROL COMMITTEE

The Bank has set up the Audit and Related Party Transactions Control Committee according to relevant laws and regulations of the jurisdictions in which it is listed. The major responsibilities of the Audit and Related Party Transactions Control Committee are to inspect the internal and external audit of the Bank, audit the financial reports, implementation of internal control systems, and its efficiency and compliance. All members of the Audit and Related Party Transactions Control Committee are Non-executive Directors, and most of whom are Independent Non-executive Directors. Mr. Ai Hongde is the Chairman. Other members include Mr. Ju Weimin, Mr. Xie Rong, Mr. Bai Chongen, Mr. Wang Xiangfei and Mr. John Dexter Langlois. The Audit Related Party Transactions Control Committee has referred to the accounting policies and practices adopted by the Bank together with the senior management, and discussed matters concerning internal control and financial reports, including reviewing the unaudited condensed consolidated interim financial information of the Bank.

14. UNDERTAKINGS OF THE BANK OR ITS SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE BANK

During the report period, shareholders holding more than 5% shares in the Bank included CITIC Group and CIFIH. Shares of the Bank held by CITIC Group are A shares, which could be converted into H shares upon the approval of the China Securities Regulatory Commission. The China Securities Regulatory Commission had approved CITIC Group to convert not more than 10% of outstanding shares of the Bank into H shares after the first anniversary of the Bank becoming listed on the Hong Kong Stock Exchange. Shares in the Bank held by CIFIH are H shares.



CITIC Group has undertaken that within 36 months after the Bank's A shares were listed on the Shanghai Stock Exchange, it will not transfer or entrust others to manage the A shares held in the Bank directly or indirectly, nor will it offer A shares to the Bank for acquisition. A shares in the Bank held by CITIC Group to be converted into H shares upon the consent of China Securities Regulatory Commission or other securities regulatory authorities authorized by the State Council are not subject to the restriction of 36-month lock-up period. CITIC Group has agreed to sell 52,892,289 shares to BBVA after the first anniversary of the global offering of the Bank, representing 0.17% of outstanding shares of the Bank immediately prior to the global offering. BBVA was granted a call option to purchase from CITIC Group such number of shares, representing 4.9% of the outstanding shares of the Bank immediately after the relevant call option closing, or as shall result in the aggregate shareholding percentage of BBVA to be increased to 9.9% of the outstanding shares of the Bank immediately after the relevant call option closing, whichever is greater. The call option is exercisable one year after the date on which dealings in our H shares commence on the Hong Kong Stock Exchange,

CIFH has undertaken that within one year after the listing and dealing of Shares in the Bank, it will not transfer or entrust others to manage the shares directly or indirectly held by it in the Bank, nor will it offer H shares to the Bank for acquisition.

Except as stated above, the Bank or shareholders holding more than 5% shares in the Bank have not made undertakings that might have significant adverse influence on the business results and financial situation of the Bank.

15. DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT INTERESTS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

During the report period, any interests or short positions in the shares, underlying shares or debentures of the Bank or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Bank pursuant to section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange which were held by the Directors, Supervisors, and Senior Management are as follows:

Director's Name	Name of the Associated Corporation Holding Shares	Type of Interests	Types of the shares holding/number	Percentage of shareholding to all the issued shares of associated corporation
Kong Dan	CIFH	Personal Interests	1,600,000 ^(L) HK\$1/share Ordinary Stock	0.03%
Dou Jianzhong	CIFH	Personal Interests	700,000 shares ^(L) HK\$1/share Ordinary Stock	0.01%
Chan Hui Dor Lam Doreen	CIFH	Personal Interests	4,524,689 shares ^(L) HK\$1/share Ordinary Stock	0.08%

(L) stands for long position

Except for the above disclosure, the Directors, Supervisors, and Senior Management of the Bank had no interests or short positions in the shares, underlying shares or debentures of the Bank or any associated corporation within the period covered by the report.

16. COMPLIANCE WITH THE REQUIREMENTS ON INFORMATION DISCLOSURE OF THE PLACE OF LISTING

In accordance with the requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Bank has disclosed its material information timely, accurately, truthfully and completely to all investors in order to ensure that all investors enjoy the equal rights to obtain information. All Information disclosed at overseas market is to be simultaneously disclosed in domestic markets and vice versa.

17. COMPLIANCE WITH THE CODES OF CORPORATE GOVERNANCE PRACTICES PROVIDED BY HONG KONG STOCK EXCHANGE

The Bank endeavours to establish good corporate governance mechanism, and believes that it is crucial to adopt international leading corporate governance to safeguard the rights and interests of shareholders. The Bank has organized the corporate governance structure consisting of the Board of Directors, Board of Supervisors and senior management, based on which, it has established and formed a set of integrated internal control system. The structure of internal control management of the Bank consists of three levels, namely the decision-making level, the development and execution level and the supervision and appraisal level. This structure has integrated the leadership of principal leaders of banks at various levels and functional departments and the participation of all staff of the Bank.

The Board of Directors of the Bank reports to the shareholders' general meeting. The Bank has set up a number of special committees under the Board of Directors, including the Strategy Development Committee, the Audit and Related Party Transaction Committee, the Risk Management Committee, and the Nomination and Compensation Committee. These committees exercise their powers and functions upon the authorization of the Board of Directors. The Board of Supervisors also reports to the shareholders' general meeting, and is obliged and entitled to supervise the Board of Directors and senior management, examine the financial activities of the Bank and check the decisions of the Bank.

The Bank has conducted an analysis between the requirements of the Codes of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules and the Bank's internal rules and practices. The Bank has been in compliance with the code provisions except for the following deviation:

- (1) According to A.1.3 of the "CG Code", a 14-day notice shall be given for each regular Board Meeting, whereas a 10-day notice is prescribed in Article 167 of the articles of associations. We adopted the 10-day prior notice for regular Board Meeting in the articles of association of the Bank because it is held that 10-day notice is sufficient according to PRC law.

Given the changes in outside business environment, regulatory requirements, and the business scope and scale of the Bank, the efforts on the improvement of internal control of the Bank are endless. The Bank will follow the requirements of external regulatory authorities on listed companies, and continuously optimize its internal control management according to the standards of world's leading banks.



18. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Bank has adopted Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to regulate the securities transactions conducted by Directors and Supervisors. The Bank had specially inquired all Directors and Supervisors on this issue, and all Directors and Supervisors have confirmed that they have complied with provisions set out in the said Model Code throughout the report period.

19. COMPLIANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND INTERNATIONAL ACCOUNTING STANDARDS NO. 34

The interim financial report of the first half of 2007 is in compliance with the requirement of “interim report” in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standards No. 34.

20. INTERIM REPORT

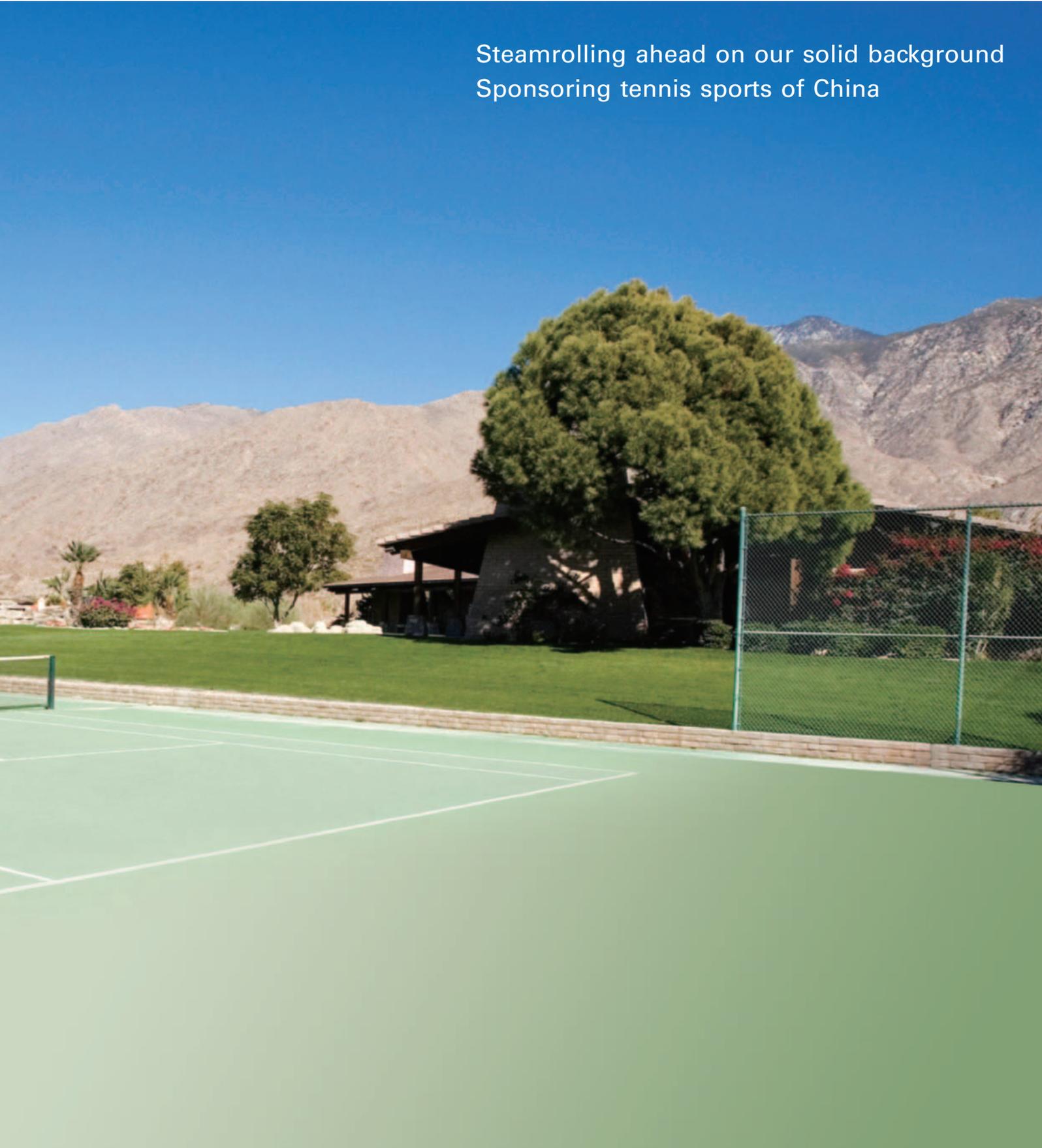
This Interim Report is available in both Chinese and English. To get a copy of the Interim Report based on international accounting standards, please write to the Bank’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Center, 46th Floor, 183 Queen’s Road East, Wan Chai, Hong Kong. For copies of the Interim Report based on PRC accounting standard, please find at business locations of the Bank. This Interim Report is also available (in both English and Chinese) at the following websites: bank.ecitic.com, www.sse.com.cn, www.hkex.com.hk.

If you have any queries about how to obtain copies of this Interim Report or how to access those documents on the Bank’s website, please call the Bank’s hotline at 86-10-65541585 and 852-28628555.

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Independent Auditors' Report



Review report to the Board of Directors of China CITIC Bank Corporation Limited

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 137 to 217 which comprises the consolidated balance sheet of China CITIC Bank Corporation Limited (the "Bank") and its subsidiaries (collectively the "Group") as of 30 June 2007 and the related consolidated statements of income, changes in equity and consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting". The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting".

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong,

22 August 2007

Unaudited consolidated income statement

For the six months ended 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2007	2006
Interest income		18,123	13,020
Interest expense		(6,867)	(5,676)
Net interest income	3	11,256	7,344
Fee and commission income	4	715	402
Fee and commission expense		(110)	(76)
Net fee and commission income		605	326
Net trading (loss) / gain	5	(77)	235
Net gain from investment securities	6	42	5
Other operating income		89	106
Operating income		11,915	8,016
General and administrative expenses	7	(5,143)	(3,943)
Provisions for impairment losses on			
– loans and advances to customers	13(b)	(1,144)	(819)
– others	8	(18)	(125)
Profit before taxation		5,610	3,129
Income tax	9	(2,387)	(1,362)
Net profit		3,223	1,767
Attributable to:			
Shareholders of the Bank		3,223	1,767
Minority interests		–	–
Net profit		3,223	1,767
Profit appropriations	24	726	600
Earning per share attributable to shareholders of the Bank			
– Basic and diluted (Renminbi)	10	0.09	0.06

The notes on pages 144 to 217 form part of this unaudited interim financial report.

Unaudited consolidated balance sheet

As at 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	30 June 2007	31 December 2006
Assets			
Cash and balances with central bank	11	96,446	90,620
Amounts due from banks and other financial institutions	12	59,973	43,250
Loans and advances to customers	13	527,142	453,381
Trading assets	14(a)	6,404	4,725
Derivatives	30	695	452
Investment securities	15	163,838	99,699
Property and equipment	16	8,615	8,745
Deferred tax assets	17	1,003	2,210
Other assets	18	4,315	3,641
Total assets		868,431	706,723

The notes on pages 144 to 217 form part of this unaudited interim financial report.

Unaudited consolidated balance sheet

As at 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	30 June 2007	31 December 2006
Liabilities			
Amounts due to central bank		99	201
Amounts due to banks and other financial institutions	19	99,529	36,166
Trading liabilities	14(b)	1,424	79
Derivatives	30	1,050	576
Deposits from customers	20	666,424	618,412
Current tax liabilities		1,105	1,230
Deferred tax liabilities	17	6	141
Other liabilities and provisions	21	7,936	6,224
Subordinated debts / bonds issued	22	12,000	12,000
Total liabilities		789,573	675,029
Equity			
Share capital	23	39,033	31,113
Reserves	23	36,444	(303)
Retained earnings		3,376	879
Total equity attributable to shareholders of the Bank		78,853	31,689
Minority interests		5	5
Total equity		78,858	31,694
Total equity and liabilities		868,431	706,723

Approved and authorised for issue by the board of directors on 22 August 2007.

Kong Dan
Chairman

Chen Xiaoxian
President

Cao Guoqiang
Assistant President

The notes on pages 144 to 217 form part of this unaudited interim financial report.

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Share capital / owners' equity	Capital reserve	Surplus reserve	Investment revaluation reserve	Properties revaluation reserve	Retained earnings	Minority interests	Total equity
As at 1 January 2007		31,113	(391)	—	(14)	102	879	5	31,694
Share issued	23(a)	7,920	36,916	—	—	—	—	—	44,836
Net profit		—	—	—	—	—	3,223	—	3,223
Net change in fair value of available-for-sale investments		—	—	—	(164)	—	—	—	(164)
Realised on disposal of available-for-sale investments		—	—	—	(5)	—	—	—	(5)
Profit appropriation	24	—	—	—	—	—	(726)	—	(726)
As at 30 June 2007		39,033	36,525	—	(183)	102	3,376	5	78,858
As at 1 January 2006		26,661	—	—	181	2,772	(6,394)	5	23,225
Capital injection		5,000	—	—	—	—	—	—	5,000
Net profit		—	—	—	—	—	1,767	—	1,767
Net change in fair value of available-for-sale investments		—	—	—	(42)	—	—	—	(42)
Realised on disposal of available-for-sale investments		—	—	—	3	—	—	—	3
Transfer of revaluation gain realised through disposal		—	—	—	—	(11)	11	—	—
Transfer of welfare payable to capital reserve	23(b)	—	102	—	—	—	—	—	102
Profit distribution		—	—	—	—	—	(600)	—	(600)
As at 30 June 2006		31,661	102	—	142	2,761	(5,216)	5	29,455

The notes on pages 144 to 217 form part of this unaudited interim financial report.

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Share capital / owners' equity	Capital reserve	Surplus reserve	Investment revaluation reserve	Properties revaluation reserve	Retained earnings	Minority interests	Total equity
As at 1 January 2006		26,661	—	—	181	2,772	(6,394)	5	23,225
Capital injection		7,400	—	—	—	—	—	—	7,400
Net profit		—	—	—	—	—	3,858	—	3,858
Net change in fair value of available-for-sale investments		—	—	—	(14)	—	—	—	(14)
Revaluation gain of bank premises		—	—	—	—	123	—	—	123
Transfer of revaluation gain realised through disposal		—	—	—	—	(21)	21	—	—
Transfer of welfare payable to capital reserve	23(b)	—	102	—	—	—	—	—	102
Profit appropriation		—	—	—	—	—	(3,000)	—	(3,000)
Shares issued upon incorporation and elimination of owner's capital, reserves and accumulated losses as at 31 December 2005		(2,948)	(493)	—	(181)	(2,772)	6,394	—	—
As at 31 December 2006		31,113	(391)	—	(14)	102	879	5	31,694

The notes on pages 144 to 217 form part of this unaudited interim financial report

Unaudited consolidated cash flow statement

For the six months ended 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2007	2006
Operating activities			
Profit before taxation		5,610	3,129
Adjustments for:			
– Revaluation loss / (gain) on investments and derivatives		140	(49)
– Net loss / (gain) on disposal of fixed assets		2	(9)
– Unrealised foreign exchange loss / (gain)		468	(45)
– Impairment losses		1,162	944
– Depreciation and amortisation		358	348
– Interest expense on subordinated debts/bonds issued		276	151
		8,016	4,469
Changes in operating assets and liabilities:			
Decrease in balances with central bank		1,469	10,813
(Increase) / decrease in amounts due from banks and other financial institutions		(11,523)	4,111
Increase in loans and advances to customers		(74,927)	(72,839)
(Increase) / decrease in other operating assets		(686)	360
Decrease in amounts due to central bank		(102)	(80)
Increase / (decrease) in amounts due to banks and other financial institutions		63,363	(730)
Increase in deposits from customers		48,012	40,422
Income tax paid		(1,375)	(1,093)
Increase in other operating liabilities		1,167	1,326
Net cash flows from operating activities		33,414	(13,241)

Unaudited consolidated cash flow statement

For the six months ended 30 June 2007

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2007	2006
Investing activities			
Proceeds from disposal and redemption of investments		122,468	93,016
Proceeds from disposal of property and equipment, land use rights, and other assets		2	272
Payments on acquisition of investments		(143,513)	(97,874)
Payments on acquisition of property and equipment, and land use rights		(230)	(280)
Net cash used in investing activities		(21,273)	(4,866)
Financing activities			
Proceeds from share issuance, including interest income received and net of cost of issuing shares paid		44,993	—
Proceeds from capital injection		—	5,000
Interest paid on subordinated debts / bonds issued		(503)	(253)
Proceeds from debts issue		—	6,000
Profit paid to CITIC Group		(726)	(600)
Net cash from financing activities		43,764	10,147
Net increase / (decrease) in cash and cash equivalents		55,905	(7,960)
Cash and cash equivalents as at 1 January		53,027	70,130
Effect of exchange rate changes on cash and cash equivalents		(175)	(11)
Cash and cash equivalents as at 30 June	25	108,757	62,159
Cash flows from operating activities include:			
Interest received		17,810	11,650
Interest paid, excluding interest expense on subordinated debts / bonds issued		(6,224)	(5,158)

The notes on pages 144 to 217 form part of this unaudited interim financial report.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

1 BACKGROUND

China CITIC Bank Corporation Limited (the “Bank”) is a bank domiciled in the People’s Republic of China (the “PRC” or “Mainland China”). The consolidated interim financial report of the Bank as at and for the six months ended 30 June 2007 comprises the Bank and its subsidiaries (collectively the “Group”).

2 BASIS OF PREPARATION

The interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The interim financial report, which was authorised for issuance by the Board of Directors on 22 August 2007, reflect the unaudited financial position of the Group as at 30 June 2007 and the unaudited results of operations and cash flows of the Group for the six months then ended, which are not necessarily indicative of the results of operations and cash flows expected for the year ending 31 December 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the Group’s financial statements for the year ended 31 December 2006.

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. The actual results may differ from these estimates.

The interim financial report contains selected explanatory notes. The selected notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2006. The selected notes do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Bank. The interim financial report has also been reviewed by the Bank’s auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 136.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

2 BASIS OF PREPARATION (continued)

The financial information for the year ended 31 December 2006 that is included in the interim financial report as previously reported information does not constitute the Group's statutory financial statements for that year but is derived from the financial statements. The statutory financial statements for the year ended 31 December 2006 are available from the Bank's registered office at Block C, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, China, upon request. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 April 2007.

3 NET INTEREST INCOME

	Six months ended 30 June	
	2007	2006
Interest income arises from:		
Balances with central bank	596	410
Amounts due from banks and other financial institutions	663	285
Loans and advances to customers (note (i))		
– corporate loans	12,128	8,849
– personal loans	1,540	1,103
– discounted bills	987	788
Investments in debt securities (note (ii))	2,209	1,585
	18,123	13,020
Interest expense arises from:		
Balance due to central bank	(2)	(5)
Amounts due to banks and other financial institutions	(817)	(280)
Deposits from customers	(5,772)	(5,240)
Subordinated debts/bonds issued	(276)	(151)
	(6,867)	(5,676)
Net interest income	11,256	7,344

Notes:

- (i) Interest income arising from loans and advances to customers includes interest income accrued on individually assessed impaired loans and advances to customers of RMB129 million for the six months ended 30 June 2007 (six months ended 30 June 2006: RMB179 million), which includes interest income on the unwinding of discount of allowances for loan impairment losses of RMB104 million for the six months ended 30 June 2007 (Note 13(b)) (six months ended 30 June 2006: RMB141 million).
- (ii) Interest income from investments in debt securities is mainly derived from unlisted investments.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

4 FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2007	2006
Agency fees and commission (<i>note(i)</i>)	158	88
Bank card fees	148	77
Guarantee fees	144	94
Commission for consulting services and wealth management services	132	16
Settlement fees	111	101
Others	22	26
Total	715	402

Note:

- (i) Agency fees and commission include fees and commission for underwriting bonds and investment funds, agency fees for insurance service and others, and fees from entrusted lending business.

5 NET TRADING (LOSS) / GAIN

	Six months ended 30 June	
	2007	2006
Dealing profits / (losses)		
– debt securities	(23)	16
– foreign currencies	46	219
– derivatives	(173)	(317)
– financial liabilities designated at fair value through profit and loss	73	317
Total	(77)	235

6 NET GAIN FROM INVESTMENT SECURITIES

	Six months ended 30 June	
	2007	2006
Net income from sale of available-for-sale securities	34	10
Net revaluation gain / (loss) transferred from equity on disposal	8	(5)
Total	42	5

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

7 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2007	2006
Staff costs		
– salaries, bonuses and staff welfare expenses	1,311	895
– contributions to defined contribution retirement schemes	82	84
– housing fund and allowance	131	101
– others	79	76
	1,603	1,156
Property and equipment expense		
– depreciation	320	312
– rent and property management expenses	370	216
– electronic equipment operating expenses	106	55
– maintenance	69	29
– others	63	56
	928	668
Business tax and surcharges (<i>note (i)</i>)	900	630
Management fee to CITIC Group	–	375
Amortisation expense	38	36
Other general and administrative expenses	1,674	1,078
	5,143	3,943

Notes:

- (i) Business tax of 5% is levied primarily on interest income from loans and advances to customers, and fee and commission income.

The surcharges, which include education surcharges and city construction tax, are charged at 3% and 7% of business tax paid respectively.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

8 PROVISIONS FOR IMPAIRMENT LOSSES ON ASSETS OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

	Six months ended 30 June	
	2007	2006
Impairment losses charge / (release) on		
– Off-balance sheet credit commitments	22	44
– Investments	–	11
– Others	(4)	70
	18	125

9 INCOME TAX

(a) Recognised in the income statement

	Six months ended 30 June	
	2007	2006
Current tax		
– Mainland China (<i>note (i)</i>)	1,236	636
– Hong Kong	1	–
Deferred tax (<i>Note 17(b)</i>) (<i>note (ii)</i>)	1,150	726
Income tax	2,387	1,362

Notes:

- (i) For the purpose of preparing the interim financial report, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan.
- (ii) On 16 March 2007, the Tenth National People’s Congress plenary session passed the unified enterprise income tax law. Pursuant to the unified income tax law, the income tax rate that is applicable to the Bank and its subsidiaries in the Mainland China will be reduced from 33% to 25% effective from 1 January 2008. Accordingly, the Bank’s deferred tax assets as at 30 June 2007 are estimated to decrease by RMB275 million. Such reduction in deferred tax assets has been charged to the income statement for the six months ended 30 June 2007.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

9 INCOME TAX (continued)

(b) Reconciliation of profit before tax to income tax

	Six months ended 30 June	
	2007	2006
Profit before tax	5,610	3,129
Expected PRC income tax charged at statutory tax rate (note (i))	1,851	1,033
Tax impact on non-deductible expenses		
– Staff costs (note (ii))	365	257
– Others (note (iii))	287	173
	652	430
Tax impact on non-taxable income		
– Interest income from PRC government bonds	(100)	(92)
– Others	(16)	(9)
	(116)	(101)
Income tax	2,387	1,362

Notes:

- (i) The provision for PRC income tax of the Group is calculated based on the statutory tax rate of 33% in accordance with the relevant PRC income tax rules and regulations except for the Group's subsidiaries outside Mainland China which are subject to the income tax rate of 17.5%.
- (ii) The tax impact on the above non-deductible staff cost is calculated based on the current relevant PRC income tax rules and regulations. The Bank is applying for additional tax deduction for staff costs. In accordance with the approval from the State Administration of Taxation of the PRC (the "SAT") dated 6 August 2007, SAT in principle agreed to deduct the staff costs that are available as deductible expenses by taking reference to the policies granted to those offshore listed financial corporations. The particulars of the deductions of the income tax expense will be based on the actual staff costs to be incurred in 2007 and will be decided upon by the SAT and the Ministry of Finance.
- (iii) The amounts primarily represent entertainment expenses, depreciation and amortisation charges in excess of the deductible amounts. The amount for the six months ended 30 June 2006 includes management fee to CITIC Group that is not tax deductible.

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(Expressed in millions of Renminbi unless otherwise stated)

10 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share amounts is based on the following:

	Six months ended 30 June	
	2007	2006
Earnings:		
Consolidated net profit for the period attributable to shareholders of the Bank	3,223	1,767
Shares:		
Weighted average number of shares in issue or deemed to be in issue (million)	33,967	31,113
Earnings per share (RMB)	0.09	0.06

Earnings per share information for the six months ended 30 June 2007 is computed by dividing the consolidated net profit attributable to shareholders of the Bank by the weighted average number of shares in issue during the period.

On 31 December 2006, with the approval of the State Council of the PRC, CNCB was restructured and incorporated as a joint-stock limited company with a registered capital of RMB31,113 million divided into 31,113 million shares with a par value of RMB1 each. Earnings per share information for the six months ended 30 June 2006 has been computed by dividing the consolidated net profit attributable to shareholders of the Bank by 31,113 million shares as if these shares had been in issue since 1 January 2006.

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 30 June 2007 and 2006.

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(Expressed in millions of Renminbi unless otherwise stated)

11 CASH AND BALANCES WITH CENTRAL BANK

	30 June 2007	31 December 2006
Cash	2,880	2,589
Balances with central bank		
– Statutory deposit reserve funds (<i>note (i)</i>)	56,070	41,246
– Surplus deposit reserve funds (<i>note (ii)</i>)	37,142	30,138
– Fiscal deposits reserve funds	354	677
– Balances under resale agreement with the PBOC	–	15,970
	93,566	88,031
Total	96,446	90,620

Notes:

- (i) The Bank places statutory deposit reserves with the People's Bank of China (the "PBOC"). The statutory deposit reserves are not available for use in the Bank's daily business.

As at 30 June 2007, the statutory deposit reserve placed with the PBOC was calculated at 11.5% (as at 31 December 2006: 9%) of eligible Renminbi deposits for domestic branches of the Bank. The Bank was also required to deposit an amount equivalent to 5% (as at 31 December 2006: 4%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve.

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

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12 AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by nature

	30 June 2007	31 December 2006
Deposits		
– Banks	9,692	8,894
– Other financial institutions	296	381
	9,988	9,275
Money market placements		
– Banks	6,366	4,843
– Other financial institutions	3,440	596
	9,806	5,439
Balances under resale agreements <i>(note(i))</i>		
– Banks	19,851	19,422
– Other financial institutions	20,477	9,419
	40,328	28,841
Gross balances	60,122	43,555
Less: Allowances for impairment losses <i>(Note 12(d))</i>	(149)	(305)
Net balances	59,973	43,250

Note:

- (i) Assets purchased under resale agreements are bank acceptance bills, loans and advances to customers, bonds issued by the PRC government, bonds issued by policy banks and other debt securities of equivalent amounts.

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(Expressed in millions of Renminbi unless otherwise stated)

12 AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

(b) Analysed by original maturity

	30 June 2007	31 December 2006
Balances maturing		
– less than one month	31,274	24,958
– between one month and one year	27,966	17,471
– more than one year	882	1,126
Gross balances	60,122	43,555

(c) Analysed by geographical location

	30 June 2007	31 December 2006
Balances with		
– banks in Mainland China	28,532	27,214
– other financial institutions in Mainland China (note(i))	22,730	10,396
	51,262	37,610
Balances with		
– banks outside Mainland China	7,377	5,945
– other financial institutions outside Mainland China	1,483	–
	8,860	5,945
Gross balances	60,122	43,555

Note:

- (i) Other financial institutions in Mainland China represent finance companies, investment trust companies and leasing companies which are registered with and under the supervision of the China Banking Regulatory Commission (the “CBRC”), and securities companies and investment fund companies registered with and under the supervision of the China Securities Regulatory Commission.

Notes to the unaudited interim financial report

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12 AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

(d) Movements of allowances for impairment losses

	Six months ended 30 June 2007	Year ended 31 December 2006
As at 1 January	(305)	(342)
Charge for the period / year	—	(3)
Reversal for the period / year	—	6
Write-offs	156	34
As at 30 June / 31 December	(149)	(305)

(e) Impaired amounts due from banks and other financial institutions and allowances

	30 June 2007	31 December 2006
Gross impaired amounts due from banks and other financial institutions	190	357
Impairment allowances against gross impaired amounts due from banks and other financial institutions (<i>note (i)</i>)	(149)	(305)
Net total	41	52
Gross impaired amounts due from banks and other financial institutions as a percentage of total amounts due from banks and other financial institutions	0.32%	0.82%

Note:

- (i) The allowances for impairment losses for amounts due from banks and other financial institutions are individually assessed.

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13 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	30 June 2007	31 December 2006
Corporate loans	432,903	369,156
Personal loans	56,885	48,375
Discounted bills	45,731	45,636
Gross loans and advances to customers	535,519	463,167
Less:		
— Individual impairment allowances	(5,156)	(6,859)
— Collective impairment allowances	(3,221)	(2,927)
Less: Impairment allowances <i>(Note 13(b))</i>	(8,377)	(9,786)
Net loans and advances to customers	527,142	453,381

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(Expressed in millions of Renminbi unless otherwise stated)

13 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Movements of allowances for impairment losses

	Six months ended 30 June 2007		
	Total	Collectively assessed	Individually assessed
As at 1 January	(9,786)	(2,927)	(6,859)
Charge for the period	(1,144)	(313)	(831)
Unwinding of discount	104	—	104
Transfers out	21	11	10
Write-offs	2,428	8	2,420
As at 30 June	(8,377)	(3,221)	(5,156)
	Year ended 31 December 2006		
	Total	Collectively assessed	Individually assessed
As at 1 January	(12,230)	(2,608)	(9,622)
Charge for the year	(1,481)	(331)	(1,150)
Unwinding of discount	210	—	210
Transfers out	153	—	153
Write-offs	3,685	12	3,673
Recoveries of loans and advances previously written off	(123)	—	(123)
As at 31 December	(9,786)	(2,927)	(6,859)

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(Expressed in millions of Renminbi unless otherwise stated)

13 LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Loans and advances to customers and allowances

	30 June 2007				Gross impaired loans and advances as a % of gross total loans and advances
	(note (i)) Loans and advances for which allowances are collectively assessed	(note (ii)) Impaired loans and advances		Total	
		for which allowances are collectively assessed	for which allowances are individually assessed		
Gross loans and advances to					
– financial institutions	2,730	–	859	3,589	23.93%
– non-financial institutions	522,956	450	8,524	531,930	1.69%
	525,686	450	9,383	535,519	1.84%
Less: Impairment allowances against loans and advances to					
– financial institutions	(16)	–	(186)	(202)	
– non-financial institutions	(2,917)	(288)	(4,970)	(8,175)	
	(2,933)	(288)	(5,156)	(8,377)	
Net loans and advances to					
– financial institutions	2,714	–	673	3,387	
– non-financial institutions	520,039	162	3,554	523,755	
	522,753	162	4,227	527,142	

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(Expressed in millions of Renminbi unless otherwise stated)

13 LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Loans and advances to customers and allowances (continued)

	31 December 2006			Total	Gross impaired loans and advances as a % of gross total loans and advances
	(note (i)) Loans and advances for which allowances are collectively assessed	(note (ii)) Impaired loans and advances for which allowances are collectively assessed			
Gross loans and advances to					
– financial institutions	2,867	–	240	3,107	7.72%
– non-financial institutions	448,735	414	10,911	460,060	2.46%
	451,602	414	11,151	463,167	2.50%
Less: Impairment allowances against loans and advances to					
– financial institutions	(38)	–	(66)	(104)	
– non-financial institutions	(2,625)	(264)	(6,793)	(9,682)	
	(2,663)	(264)	(6,859)	(9,786)	
Net loans and advances to					
– financial institutions	2,829	–	174	3,003	
– non-financial institutions	446,110	150	4,118	450,378	
	448,939	150	4,292	453,381	

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(Expressed in millions of Renminbi unless otherwise stated)

13 LOANS AND ADVANCES TO CUSTOMERS (*continued*)

(c) Loans and advances to customers and allowances (*continued*)

Notes:

- (i) Loans and advances assessed on a collective basis for impairment bear relatively insignificant impairment losses as a proportion of the total portfolio. These loans and advances include those which are graded normal or special-mention.
- (ii) 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. These loans and advances include loans and advances for which objective evidence of impairment has been identified:
 - individually (representing corporate loans and advances which are graded substandard, doubtful or loss); or
 - collectively; that is the portfolios of homogeneous loans and advances (representing personal loans and advances which are graded substandard, doubtful or loss).
- (iii) The definitions of the loan classification as stated above are described in Note 31(a).
- (iv) As at 30 June 2007, the loans and advances for which the impairment allowances were individually assessed were RMB9,383 million. The fair value of collaterals held against these loans and advances were RMB3,292 million. The fair value of collaterals was estimated by management based on latest available external valuations adjusted by taking into account the current realisation experience as well as market situation. The covered portion and uncovered portion of these loans and advances were RMB2,333 million and RMB7,050 million respectively. The individual impairment allowances made against these loans and advances were RMB5,156 million. Comparative figures on collateral value are not required for the first time adoption under the Hong Kong Monetary Authority (the "HKMA") Banking (Disclosure) Rules.

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13 LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Analysed by legal form of borrowers

	30 June 2007	31 December 2006
Corporate loans to		
– Joint-stock enterprises	197,714	166,490
– State-owned enterprises	153,447	131,954
– Foreign invested enterprises	46,278	39,048
– Private enterprises	22,365	18,162
– Collectively-controlled enterprises	5,868	5,721
– Others	7,231	7,781
Subtotal	432,903	369,156
Personal loans		
– Home mortgage loans	43,948	36,470
– Credit card advances	2,157	1,280
– Others	10,780	10,625
Subtotal	56,885	48,375
Discounted bills	45,731	45,636
Gross loans and advances to customers	535,519	463,167
Less: Impairment allowances	(8,377)	(9,786)
Net loans and advances to customers	527,142	453,381

Notes to the unaudited interim financial report
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14 TRADING ASSETS AND LIABILITIES

(a) Trading assets — debt securities

	30 June 2007	31 December 2006
<i>At fair value and issued by:</i>		
Government		
— of Mainland China	627	52
PBOC	169	2,051
Policy banks in Mainland China	4,106	1,764
Banks and other financial institutions		
— in Mainland China	397	32
— outside Mainland China	380	550
Corporate entities		
— in Mainland China	725	276
Total	6,404	4,725
Listed outside Hong Kong	149	154
Unlisted	6,255	4,571
Total	6,404	4,725

(b) Trading liabilities — short positions in debt securities

	30 June 2007	31 December 2006
<i>At fair value and issued by:</i>		
Government		
— outside Mainland China	1,424	79

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15 INVESTMENT SECURITIES

	Notes	30 June 2007	31 December 2006
Held-to-maturity debt securities	(a)	115,366	68,196
Available-for-sale			
– debt securities	(b)	48,020	31,166
– equity investments	(c)	452	337
		48,472	31,503
Total		163,838	99,699

(a) Held-to-maturity debt securities

	30 June 2007	31 December 2006
<i>Issued by:</i>		
Government		
– of Mainland China	21,092	17,673
– outside Mainland China	2,744	2,813
PBOC	58,095	17,638
Policy banks		
– in Mainland China	15,424	13,824
– outside Mainland China	431	439
Banks and other financial institutions		
– in Mainland China	2,242	991
– outside Mainland China	4,695	6,439
Public sector entities outside Mainland China	8,768	6,663
Corporate entities		
– in Mainland China	798	581
– outside Mainland China	1,077	1,135
Total	115,366	68,196
Listed in Hong Kong	152	156
Listed outside Hong Kong	7,320	6,572
Unlisted	107,894	61,468
Total	115,366	68,196
Market value of listed securities	7,310	6,641

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15 INVESTMENT SECURITIES (continued)

(b) Available-for-sale debt securities

	30 June 2007	31 December 2006
<i>At fair value and issued by:</i>		
Government		
– of Mainland China	235	2,029
– outside Mainland China	2,295	539
PBOC	9,530	4,032
Policy banks		
– in Mainland China	5,976	8,559
– outside Mainland China	403	331
Banks and other financial institutions		
– in Mainland China	–	99
– outside Mainland China	11,874	7,539
Public sector entities outside Mainland China	5,154	2,325
Corporate entities		
– in Mainland China	12,436	5,159
– outside Mainland China	117	554
Total	48,020	31,166
Listed in Hong Kong	493	558
Listed outside Hong Kong	13,349	6,549
Unlisted	34,178	24,059
Total	48,020	31,166

(c) Available-for-sale equity investments

	30 June 2007	31 December 2006
<i>At fair value and issued by:</i>		
Banks and other financial institutions		
– in Mainland China	114	70
– outside Mainland China	338	267
Total	452	337

All of the above equity investments are unlisted.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

16 PROPERTY AND EQUIPMENT

	Bank premises (Note 16(a))	Construction in progress	Computer equipment	Others	Total
Cost or valuation:					
As at 1 January 2007	7,253	237	2,011	1,208	10,709
Additions	13	5	98	84	200
Disposals	(1)	—	(9)	(66)	(76)
Transfers	120	(125)	—	—	(5)
As at 30 June 2007	7,385	117	2,100	1,226	10,828
Accumulated depreciation and impairment losses:					
As at 1 January 2007	—	—	(1,284)	(680)	(1,964)
Depreciation charges	(152)	—	(119)	(49)	(320)
Disposals	—	—	5	66	71
As at 30 June 2007	(152)	—	(1,398)	(663)	(2,213)
Net carrying value:					
As at 30 June 2007 (note (i))	7,233	117	702	563	8,615

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16 PROPERTY AND EQUIPMENT (continued)

	Bank premises (Note 16(a))	Construction in progress	Computer equipment	Others	Total
Cost or valuation:					
As at 1 January 2006	7,355	69	1,839	1,145	10,408
Additions	66	190	242	228	726
Disposals	(96)	(16)	(74)	(165)	(351)
Transfers	2	(6)	4	—	—
Surplus on revaluation	123	—	—	—	123
Elimination of accumulated depreciation on revaluation	(197)	—	—	—	(197)
As at 31 December 2006	7,253	237	2,011	1,208	10,709
Accumulated depreciation and impairment losses:					
As at 1 January 2006	—	—	(1,113)	(681)	(1,794)
Depreciation charges	(236)	—	(243)	(142)	(621)
Disposals	39	—	72	143	254
Elimination on revaluation	197	—	—	—	197
As at 31 December 2006	—	—	(1,284)	(680)	(1,964)
Net carrying value:					
As at 31 December 2006 (note (i))	7,253	237	727	528	8,745

Note:

- (i) As at 30 June 2007, the net book value of the Group's bank premises for which the registration procedures for ownership had not been completed was approximately RMB656 million (as at 31 December 2006: 669 million). The Group anticipates that there would be no significant issues and costs in completing such procedures.

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16 PROPERTY AND EQUIPMENT (continued)

(a) Analysed by remaining term of leases

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

	30 June 2007	31 December 2006
Long term leases (over 50 years), held in Hong Kong	27	27
Medium term leases (10-50 years), held in the PRC	7,206	7,226
Total	7,233	7,253

(b) Valuation

The bank premises of the Group were revalued as at 31 December 2006 at their open market value by reference to recent market transactions in comparable properties. The valuations were carried out by an independent firm of valuer, China Enterprise Appraisals Co., Ltd.

The revaluation surpluses have been transferred to the properties revaluation reserve of the Group.

Had these bank premises been carried at cost less accumulated depreciation, the carrying amounts would have been RMB4,762 million as at 30 June 2007 (as at 31 December 2006: RMB4,832 million).

17 DEFERRED TAX ASSETS / (LIABILITIES)

(a) Analysed by nature

	30 June 2007	31 December 2006
Deferred tax assets	1,003	2,210
Deferred tax liabilities	(6)	(141)
Net balance	997	2,069

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17 DEFERRED TAX ASSETS / (LIABILITIES) (continued)

(b) The components of deferred tax assets/ (liabilities) recognised in the balance sheet and the movements during the six months ended 30 June 2007 and the year ended 31 December 2006 are as follows:

	Impairment loss on loans and advances to customers	Impairment loss on repossessed assets	Fair value (Note (i))	Others	Total deferred tax asset / (liabilities)
As at 1 January 2007	1,732	365	(108)	80	2,069
Recognised in income statement	(911)	(101)	56	(194)	(1,150)
Recognised in equity	—	—	78	—	78
As at 30 June 2007	821	264	26	(114)	997
As at 1 January 2006	3,378	487	(60)	206	4,011
Recognised in income statement	(1,646)	(122)	(51)	(126)	(1,945)
Recognised in equity	—	—	3	—	3
As at 31 December 2006	1,732	365	(108)	80	2,069

Notes:

- (i) Unrealised gains or losses arising from fair value adjustments for securities and derivatives are subject to tax when realised.
- (ii) The Group did not have significant unrecognised deferred tax arising at the balance sheet date.

18 OTHER ASSETS

	30 June 2007	31 December 2006
Interest receivables	2,321	1,996
Repossessed assets	572	599
Others	1,422	1,046
Total	4,315	3,641

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19 AMOUNTS DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by nature

	30 June 2007	31 December 2006
Deposits		
– Banks	6,645	5,359
– Other financial institutions	86,428	25,962
	93,073	31,321
Balances under repurchase agreements <i>(note(i))</i>		
– Banks	1,976	1,538
– Other financial institutions	3,861	165
	5,837	1,703
Money market takings		
– Banks	–	2,486
– Other financial institutions	619	656
	619	3,142
Total	99,529	36,166

Note:

- (i) Assets pledged under repurchase agreements are bank acceptance bills, loans and advances to customers, and debt securities.

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19 AMOUNTS DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

(b) Analysed by geographical location

	30 June 2007	31 December 2006
Balances payable on demand		
– Banks in Mainland China	5,709	3,760
– Other financial institutions in Mainland China	85,092	23,755
	90,801	27,515
Term deposits		
– Banks in Mainland China	2,912	4,455
– Other financial institutions in Mainland China	1,955	3,028
	4,867	7,483
Term deposits		
– Banks outside Mainland China	–	1,168
– Other financial institutions outside Mainland China	3,861	–
	3,861	1,168
Total	99,529	36,166

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20 DEPOSITS FROM CUSTOMERS

	30 June 2007	31 December 2006
Demand deposits		
– Corporate customers	286,399	260,971
– Personal customers	25,518	26,053
	311,917	287,024
Time and call deposits		
– Corporate customers	287,618	251,580
– Personal customers	66,889	79,808
	354,507	331,388
Total (note (i))	666,424	618,412

Notes:

- (i) As at 30 June 2007, the Group's deposits from customers included structured deposits amounting to RMB11,558 million (as at 31 December 2006: RMB13,559 million), which are financial liabilities designated at fair value through profit or loss upon initial recognition.

21 OTHER LIABILITIES AND PROVISIONS

	30 June 2007	31 December 2006
Interest payables	3,318	3,178
Salaries and welfare payables	1,454	1,289
Supplementary retirement benefit obligations	41	48
Business and other tax payables	537	476
Others	2,586	1,233
Total	7,936	6,224

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22 SUBORDINATED DEBTS/BONDS ISSUED

The carrying value of the Group's subordinated debts / bonds at the balance sheet date represents:

	<i>Notes</i>	30 June 2007	31 December 2006
Subordinated floating rate debts maturing			
– in June 2010	(i)	4,778	4,778
– in July 2010	(i)	602	602
– in September 2010	(i)	300	300
– in June 2010	(ii)	320	320
Subordinated fixed rate bonds maturing			
– in June 2016	(iii)	4,000	4,000
– in June 2021	(iv)	2,000	2,000
Total nominal value		12,000	12,000

Notes:

- (i) The interest rate per annum on the subordinated floating rate debts is the PBOC one-year fixed deposit rate plus an interest margin of 2.72%.
- (ii) The interest rate per annum on the subordinated floating rate debts is the PBOC one-year fixed deposit rate plus an interest margin of 2.60%.
- (iii) The interest rate per annum on the subordinated fixed rate bonds is 3.75%. The Group has an option to redeem the debts on 22 June 2011. If they are not redeemed early, the interest rate of the debts will increase in June 2011 to 6.75% per annum for the next five years.
- (iv) The interest rate per annum on the subordinated fixed rate bonds is 4.12%. The Group has an option to redeem the debts on 22 June 2016. If they are not redeemed early, the interest rate of the debts will increase in June 2016 to 7.12% per annum for the next five years.

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23 EQUITY

(a) Share capital

	No. of shares	Amount
Registered, issued and fully paid: Ordinary shares of RMB1 each		
As at 1 January 2006	—	—
Shares issued upon incorporation	31,113	31,113
As at 31 December 2006	31,113	31,113
Shares issued in A share offering	2,302	2,302
Shares issued in H share global offering	5,618	5,618
As at 30 June 2007	39,033	39,033

On 31 December 2006, the Bank was incorporated with a registered and paid up capital of RMB31,113 million divided into 31,113 million shares with a par value of RMB1 each. Shares of 31,113 million were issued to the joint promoters of the Bank, CITIC Group Company (“CITIC Group”), the Bank’s holding company, and CITIC International Financial Holdings Limited (“CIFH”), a CITIC Group fellow subsidiary.

With the approval from the CBRC dated 28 February 2007 (Yin Jian Fu [2007] No.85) in respect of the sale of the Bank’s shares from CITIC Group to Banco Bilbao Vizcaya Argentaria, S.A. (“BBVA”), CITIC Group sold 1,502,763,281 shares of the Bank to BBVA on 1 March 2007.

In April 2007, a total of 2,302 million A shares with a par value of RMB1 each were issued by the Bank at a subscription price of RMB5.80 per share, with share premium totalling RMB11,049 million, through the A share initial public offering to domestic investors. Upon the completion of the A share initial public offering, the shares held by CITIC Group before the A share public offering were converted into A shares.

In April 2007, a total of 4,885 million H shares with a par value of RMB1 each were issued by the Bank at a subscription price of HKD 5.86 per share, with share premium totalling RMB23,352 million, through the H share initial public offering to Hong Kong and overseas investors (the “Global Offering”). Upon the completion of the Global Offering, all of the shares held by CIFH and BBVA before the Global Offering were converted into H shares.

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(Expressed in millions of Renminbi unless otherwise stated)

23 EQUITY (continued)

(a) Share capital (continued)

In May 2007, a total of 733 million H shares with a par value of RMB1 each were issued by the Bank at a subscription price of HKD 5.86 per share, with share premium totaling RMB3,497 million, as a result of the exercise of the over-allotment option.

All A shares and H shares are ordinary shares and rank pari passu with the same rights and benefits.

(b) Capital reserve

	<i>Note</i>	<i>Amount</i>
As at 1 January 2006		—
Transfer of welfare payable to capital reserve	(i)	102
Shares issued upon incorporation and elimination of owner's capital, reserves and accumulated losses as at 31 December 2005	(ii)	(493)
As at 31 December 2006		(391)
Share premium before costs of issuing shares	(iii)	37,898
Costs of issuing shares net of interest income received	(iii)	(982)
Net Share premium		36,916
As at 30 June 2007		36,525

(i) In accordance with the notice "Accounting Treatment on Salary Payables for Enterprise Restructuring" (Cai Ban Qi [2006] No.23) issued by MOF on 17 March 2006, RMB102 million of accrued welfare payable was transferred to the capital reserve.

(ii) Pursuant to the restructuring, the owner's capital, reserves and accumulated losses of CNCB, as determined under PRC GAAP, were converted into the Bank's issued share capital upon its incorporation. Further, in order to have the same amount of share capital under both IFRS and PRC GAAP, RMB391 million was transferred from newly created capital reserve to share capital under IFRS.

(iii) As described in Note 23 (a), the Bank issued a total of 7,920 million ordinary shares of RMB1 each at a total consideration of RMB45,818 million in 2007. After accounting for interest income and costs directly associated with the share issue, the Bank credited the share premium of RMB36,916 million to capital reserve.

Capital reserve may be used for increasing paid-in capital as approved by the shareholders.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

23 EQUITY (continued)

(c) Surplus reserves

Under relevant PRC Laws, the Bank is required to appropriate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the MOF (collectively “PRC GAAP”), to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders in general meeting.

Subject to the approval of shareholders, statutory and discretionary surplus reserves may be used to make good prior year 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 such capitalisation.

The Bank did not have any surplus reserves as at 30 June 2007.

(d) General reserve

Pursuant to Cai Jin [2005] No. 49 and Cai Jing [2005] No. 90 issued by the MOF on 17 May 2005 and 5 September 2005 respectively (collectively named as the “MOF Notices”), which are effective on 1 July 2005, banks and certain other financial institutions in the PRC, including the Bank, should set up a general reserve calculated as a percentage of the total risk assets at the balance sheet date, through a transfer from retained earnings, to cover potential losses that are not yet incurred.

The general reserve forms part of the equity of the financial institution. Financial institutions are not allowed to make profit distributions to shareholders until adequate general reserve has been made. If a financial institution cannot meet the requirement of maintaining adequate general reserve as stipulated in the MOF Notices as at 1 July 2005, the financial institution is required to take necessary steps to ensure that such requirement can be met in approximately 3 years but not more than 5 years, from 1 July 2005.

The Bank did not have any general reserve as at 30 June 2007.

(e) Investment revaluation reserve

Investment revaluation reserve has been accounted for in accordance with the accounting policies adopted for the measurement of available-for-sale investments at fair value.

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(Expressed in millions of Renminbi unless otherwise stated)

23 EQUITY (continued)

(f) Properties revaluation reserve

Properties revaluation reserve has been made in accordance with the accounting policies adopted for the Group's bank premises.

24 PROFIT APPROPRIATIONS

In accordance with relevant PRC rules and regulations, CITIC Group is entitled to the profit and loss made by CNCB between 31 December 2005 and the date of the Bank's incorporation. Accordingly, CITIC Group was entitled to the RMB3,726 million net profit of the Group under PRC GAAP for the year 2006.

The Bank paid RMB3,000 million and RMB726 million in cash with respect to the above profit to CITIC Group in 2006 and 2007 respectively.

25 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents

	30 June 2007	30 June 2006
Cash	2,880	2,232
Surplus deposit reserve funds	37,142	26,710
Amounts due from banks and other financial institutions	59,973	23,551
Less:		
– amounts due over three months when acquired	(1,207)	(928)
– balances under resale agreements	(40,328)	(9,302)
	18,438	13,321
Investment securities	50,297	19,896
Total	108,757	62,159

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

26 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

At any given time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amount reflected in the table for guarantees and letters of credit represents the maximum potential loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

	30 June 2007	31 December 2006
Contractual amount		
Loan commitments		
– with an original maturity of under one year	191	147
– with an original maturity of one year or over	5,601	5,547
	5,792	5,694
Guarantees and letters of credit	54,971	49,466
Acceptances	171,907	132,000
Credit card commitments	10,077	8,412
	242,747	195,572

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

26 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(a) Credit commitments (continued)

These commitments and contingent liabilities have off-balance sheet credit risk. Before the commitments are fulfilled or expire, management assess and make allowances, which are recorded in other liabilities, for any probable losses accordingly. As the facilities may expire without being drawn upon, the total of the contractual amounts is not representative of expected future cash outflows.

	30 June 2007	31 December 2006
Credit risk weighted amount of contingent liabilities and commitments	90,338	70,976

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 the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% of contingent liabilities and commitments. The credit risk weighted amounts stated above have taken into account the effects of bilateral netting arrangements.

There are no relevant standards prescribed by IFRS in calculating the above credit risk weighted amounts.

(b) Capital commitments

The Group had the following authorised capital commitments at the balance sheet date:

	30 June 2007	31 December 2006
Purchase of property and equipment — Contracted for	126	105

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

26 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(c) Operating lease commitments

The Group leases certain properties under operating leases, which typically run for an initial period of one to five years and may include an option to renew the lease when all terms are renegotiated. At the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases for premises were as follows:

	30 June 2007	31 December 2006
Within one year	397	366
After one year but within five years	1,062	917
After five years	584	496
Total	2,043	1,779

(d) Outstanding litigations and disputes

As at 30 June 2007, the Group was the defendant in certain pending litigations with gross claims of RMB157 million (as at 31 December 2006: RMB144 million). The movement of the provision made by the Group for these litigations based upon the opinions of the Group's internal and external legal counsel are as follows:

	Six months ended 30 June 2007
As at 1 January 2007	20
Charge for the period	10
As at 30 June 2007	30

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

26 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Underwriting obligations

At the balance sheet date, the unexpired underwriting commitments of PRC bonds were as follows:

	30 June 2007	31 December 2006
Underwriting obligations	—	950

(f) 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 date is based on the coupon 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 balance sheet date:

	30 June 2007	31 December 2006
Redemption obligations	10,130	15,590

(g) Provision against commitments and contingent liabilities

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

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

27 PLEDGED ASSETS

Financial assets pledged as collaterals

The following assets have been pledged as security for bills rediscounting transactions, and assets and securities sold under repurchase agreements. These transactions are conducted under terms that are usual and customary to standard lending. The related secured liabilities are recorded as amounts due to central bank, or banks and other financial institutions of approximately similar carrying value at the balance sheet date.

	30 June 2007	31 December 2006
Debt securities	3,884	1,168
Discounted bills	2,061	41
Loans and advances to customers	10	535
Total	5,955	1,744

28 TRANSACTIONS ON BEHALF OF CUSTOMERS

(a) Entrusted lending business

The Group provides entrusted lending business services to corporations and individuals. All entrusted loans are made under the instruction or at the direction of these entities or individuals and are funded by entrusted funds from them.

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

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

28 TRANSACTIONS ON BEHALF OF CUSTOMERS (continued)

(a) Entrusted lending business (continued)

Trust assets are not assets of the Group and are not recognised in the balance sheet. Surplus funding is accounted for as deposits from customers. Income received and receivable for providing these services is included in the income statement as fee income.

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

	30 June 2007	31 December 2006
Entrusted loans	23,206	21,986
Entrusted funds	23,206	21,986

(b) Wealth management services

The Group's wealth management services to customers mainly represent sales of wealth management products to corporate and personal banking customers. The funds obtained from wealth management services are invested in investment products, including government bonds, PBOC bills, notes issued by policy banks, short-dated corporate notes, entrusted loans and IPO shares. The credit risk, liquidity risk and interest rate risk associated with these products are borne by the customers who invest in these products. The Group only earns commission which represents the charges on customers in relation to the provision of custody, sales and management services. The income is recognised in the income statement as commission income.

The wealth management products and funds obtained are not assets and liabilities of the Group and are not recognised in the balance sheets. The funds obtained from wealth management services that have not yet been invested are recorded under deposits from customers.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

28 TRANSACTIONS ON BEHALF OF CUSTOMERS (continued)

(b) Wealth management services (continued)

At the balance sheet date, the assets and liabilities under wealth management services were as follows:

	30 June 2007	31 December 2006
Investments under wealth management services	40,135	4,110
Funds from wealth management services	40,135	4,110

29 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information has been chosen as the primary reporting format as it is more relevant to the Group's internal financial reporting. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Segment income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Funding is provided to and from individual segment through treasury operations as part of the asset and liability management process. Internal charges and transfer pricing of these transactions are based on management's assessment of its average cost of funding and interest bearing assets and liabilities with reference to market rates 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, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

29 SEGMENT REPORTING *(continued)*

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(a) Business segments

The Group comprises the following main business segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, 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. The products and services comprise personal loans, deposit services and securities agency services.

Treasury business

This segment covers the Group's treasury operations. The treasury enters into inter-bank money market transactions and repurchase transactions, and invests in debt instruments. It also trades in debt instruments, derivatives and foreign currency for its own account. The treasury carries out customer driven transactions on derivatives and foreign currency trading. Its function also includes the management of the Group's overall liquidity position, including the issuance of subordinated debts / bonds.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

29 SEGMENT REPORTING (continued)

(a) Business segments (continued)

	Six months ended 30 June 2006				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and unallocated	
External net interest income / (expense)	5,358	408	1,597	(19)	7,344
Internal net interest income / (expense)	650	585	(1,024)	(211)	—
Net interest income / (expense)	6,008	993	573	(230)	7,344
Net fee and commission income / (expense)	229	73	31	(7)	326
Net trading gain / (loss)	120	—	121	(6)	235
Net gain arising from investment securities	—	—	5	—	5
Other operating income	45	—	—	61	106
Operating income / (expense)	6,402	1,066	730	(182)	8,016
General and administrative expenses					
— depreciation and amortisation	(177)	(126)	(17)	(27)	(347)
— others	(1,977)	(786)	(211)	(622)	(3,596)
Impairment losses charge	(881)	(24)	(11)	(28)	(944)
Profit / (loss) before tax	3,367	130	491	(859)	3,129
Capital expenditure	108	72	10	16	206
	31 December 2006				
Segment assets	462,757	58,695	179,180	6,091	706,723
Segment liabilities	515,135	106,826	48,706	4,362	675,029
Off-balance sheet credit commitments	187,160	8,412	—	—	195,572

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(Expressed in millions of Renminbi unless otherwise stated)

29 SEGMENT REPORTING *(continued)*

(b) Geographical segments

The Group operates principally in Mainland China with branches and sub-branches located in 18 provinces, autonomous regions and municipalities directly under the central government. The Bank's principal subsidiary, China International Finance Limited, is registered and operating in Hong Kong.

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;
- “Pearl River Delta and West Strait” refers to the following areas where tier-1 branches of the Group are located: Guangzhou, Shenzhen, Dongguan, Fuzhou and Xiamen;
- “Bohai Rim” refers to the following areas where tier-1 branches of the Group are located: Beijing, Tianjin, Dalian, Qingdao, Shijiazhuang and Jinan;
- “Central” region refers to the following areas where tier-1 branches of the Group are located: Hefei, Zhengzhou, Wuhan and Changsha;
- “Western” region refers to the following areas where tier-1 branches of the Group are located: Chengdu, Chongqing, Xi'an and Kunming;
- “Northeastern” region refers to the following areas where tier-1 branch of the Group is located: Shenyang;
- “Head Office” refers to the headquarter of the Group which is located at Beijing; and
- “Hong Kong” region refers to the Hong Kong Special Administrative Region where the subsidiaries of the Bank are located.

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(Expressed in millions of Renminbi unless otherwise stated)

29 SEGMENT REPORTING (continued)

(b) Geographical segments (continued)

	Six months ended 30 June 2006									Total
	Pearl River			Central	Western	Northeastern	Head Office	Hong Kong	Elimination	
	River Delta	Yangtze Delta and West Strait	Bohai Rim							
External net interest income	2,299	821	1,259	631	663	233	1,425	13	–	7,344
Internal net interest income / (expense)	35	185	927	72	8	3	(1,217)	(13)	–	–
Net interest income	2,334	1,006	2,186	703	671	236	208	–	–	7,344
Net fee and commission income	90	28	115	29	14	7	43	–	–	326
Net trading gain	64	21	85	15	10	3	37	–	–	235
Net gain / (loss) arising from investment securities	1	–	5	–	–	–	(1)	–	–	5
Other operating income / (expense)	60	16	4	2	8	(22)	22	16	–	106
Operating income	2,549	1,071	2,395	749	703	224	309	16	–	8,016
General and administrative expenses										
– depreciation and amortisation	(94)	(29)	(72)	(20)	(21)	(9)	(102)	–	–	(347)
– others	(892)	(457)	(771)	(260)	(243)	(91)	(879)	(3)	–	(3,596)
Impairment losses charge	(66)	49	(473)	(129)	(198)	(89)	(38)	–	–	(944)
Profit / (loss) before tax	1,497	634	1,079	340	241	35	(710)	13	–	3,129
Capital expenditure	43	34	14	14	20	50	31	–	–	206
	31 December 2006									
Segment assets	203,715	104,489	261,135	68,851	59,631	32,561	264,594	1,107	(289,360)	706,723
Segment liabilities	200,377	108,868	262,736	68,438	58,904	31,953	232,103	1,010	(289,360)	675,029
Off-balance sheet credit commitments	64,557	20,318	54,203	26,801	14,593	6,688	8,412	–	–	195,572

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30 DERIVATIVES

Derivatives include forward, swap and option transactions undertaken by the Group in the foreign exchange and interest rate markets. The Group, through the operations of its branch network, acts as an intermediary between a wide range of customers for structuring deals to produce risk management products to suit individual customer needs. These positions are actively managed through entering back to back deals with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses derivatives (principally foreign exchange options and swaps, and interest rate swaps) in the management of its own asset and liability portfolios and structural positions.

The following tables provide an analysis of the notional amounts of derivatives of the Group by relevant maturity groupings based on the remaining periods to settlement and the corresponding fair values at the balance sheet date. The notional amounts of the derivatives indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

	30 June 2007							
	Notional amounts with remaining life of					Fair values		
	Between three months		Between one year and five years		Total	Assets	Liabilities	
	Less than three months	and one year	and five years	More than five years				
Interest rate derivatives								
Interest rate swaps	20,218	33,624	12,141	5,191	71,174	218	(376)	
Cross-currency swaps	1,834	1,779	58	—	3,671	67	(57)	
Forward rate agreement	—	6,970	512	—	7,482	4	(1)	
Interest rate options	381	—	—	—	381	—	—	
Interest rate caps and floors	—	876	—	—	876	6	—	
	22,433	43,249	12,711	5,191	83,584	295	(434)	
Currency derivatives								
Spot	2,923	—	—	—	2,923	1	(1)	
Forwards	6,627	14,049	7,066	29	27,771	285	(439)	
Foreign exchange swaps	13,761	9,765	371	—	23,897	105	(173)	
Currency options	1,380	—	—	—	1,380	3	(3)	
	24,691	23,814	7,437	29	55,971	394	(616)	
Credit derivatives								
Credit default swap	76	—	156	267	499	6	—	
	76	—	156	267	499	6	—	
Total						695	(1,050)	

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30 DERIVATIVES (continued)

	31 December 2006							
	Notional amounts with remaining life of					Fair values		
	Between three months		Between one year and five years		Total	Assets	Liabilities	
	Less than three months	and one year	and five years	More than five years				
Interest rate derivatives								
Interest rate swaps	17,098	11,870	17,495	3,192	49,655	163	(278)	
Cross-currency swaps	825	625	60	1,282	2,792	58	(58)	
Forward rate agreement	586	31,972	8,349	—	40,907	14	(2)	
Interest rate options	94	—	—	—	94	—	(1)	
Interest rate caps and floors	—	938	593	—	1,531	15	—	
	18,603	45,405	26,497	4,474	94,979	250	(339)	
Currency derivatives								
Spot	12,564	—	—	—	12,564	5	(7)	
Forwards	8,580	4,911	1,653	60	15,204	128	(118)	
Foreign exchange swaps	12,221	6,245	574	—	19,040	52	(98)	
Currency options	5,480	625	—	—	6,105	15	(13)	
	38,845	11,781	2,227	60	52,913	200	(236)	
Credit derivatives								
Credit default swap	—	160	80	320	560	2	(1)	
	—	160	80	320	560	2	(1)	
Total						452	(576)	

The replacement costs and credit risk weighted amounts in respect of these derivatives are as follows. These amounts have taken into account the effects of bilateral netting arrangements.

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(Expressed in millions of Renminbi unless otherwise stated)

30 DERIVATIVES (continued)

Replacement costs

	30 June 2007	31 December 2006
Interest rate derivatives	295	250
Currency derivatives	394	200
Credit derivatives	6	2
	695	452

Replacement cost represents the cost of replacing all contracts which have a positive value when marked to market. Replacement cost is a close approximation of the credit risk for these derivative contracts as at the balance sheet date.

Credit risk weighted amounts

	30 June 2007	31 December 2006
Interest rate derivatives	179	180
Currency derivatives	726	325
Credit derivatives	15	96
	920	601

The credit risk weighted amount has been computed in accordance with the rules set by the CBRC, and depends on the status of the counterparty and the maturity characteristics of the instrument.

31 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:** the loss resulting from customer or counterparty default and arising on credit exposure in all forms, including settlement risk.
- **Market risk:** the exposure to market variables such as interest rates, exchange rates and equity markets.

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31 FINANCIAL RISK MANAGEMENT (continued)

- **Liquidity risk:** where Group is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments.
- **Operational risk:** the risk arising from matters such as non-adherence to systems and procedures or from fraud resulting in financial or reputation loss.

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 policies and procedures.

(a) Credit risk

This category includes credit and counterparty risks from loans and advances, issuer risks from the securities business, counterparty risks from trading activities, and country risks. The Group identifies and manages this risk through its target market definitions, credit approval process, post-disbursement monitoring and remedial management procedures.

In addition to underwriting standards, the principal means of managing credit risk is the credit approval process. 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 Management Committee monitors overall portfolio risk as well as individual problem loans, both actual and potential, on a regular basis.

In respect of the loan portfolio, the Group adopts a risk-based loan classification methodology and classifies loans into five categories: normal, special-mention, substandard, doubtful and loss, in accordance with the guidelines issued by the PBOC and the CBRC.

The core definitions of the five categories of loans and advances are set out below:

Normal	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.
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31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Special mention	Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors.
Substandard	Borrowers' abilities to service their loans are in question as they cannot rely entirely on normal business revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.
Doubtful	Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.
Loss	Only a small portion or no principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

The Group applies a series of criteria in determining the classification of loans. The loan classification criteria focuses on a number of factors, including (i) the borrower's ability to repay the loan; (ii) the borrower's repayment history; (iii) the borrower's willingness to repay; (iv) the net realisable value of any collateral; and (v) the prospect for the support from any financially responsible guarantor. The Bank also takes into account the length of time for which payments of principal and interest on a loan are overdue. In general, unsecured loans with principal or interest overdue for more than 90 days and secured loans with principal or interest overdue for more than 180 days are classified at substandard or below.

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

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

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

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31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(i) Distribution of loans and advances to customers, amount due from banks and non-bank financial institutions and investment securities by credit exposure.

	30 June 2007		
	Loans and advances to customers	Amount due from banks and non-bank financial institutions	Investments
Impaired			
– Individually assessed			
Carrying amount	9,383	190	246
Allowance for impairment	(5,156)	(149)	(191)
Net balance	4,227	41	55
– Collectively assessed			
Carrying amount	450	–	–
Allowance for impairment	(288)	–	–
Net balance	162	–	–
Past due but not impaired			
Carrying amount	5,278	–	–
Within which			
– Less than 90 days	4,487	–	–
– 90-365 days	788	–	–
– Over 365 days	3	–	–
Allowance for impairment (collectively assessed)	(114)	–	–
Net balance	5,164	–	–
Neither past due nor impaired			
Carrying amount	520,408	59,932	170,187
Allowance for impairment (collectively assessed)	(2,819)	–	–
Net balance	517,589	59,932	170,187
Net balance of total assets	527,142	59,973	170,242

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31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(i) Distribution of loans and advances to customers, amount due from banks and non-bank financial institutions and investment securities by credit exposure. (continued)

	31 December 2006		
	Loans and advances to customers	Amount due from banks and non-bank financial institutions	Investments
Impaired			
– Individually assessed			
Carrying amount	11,151	357	278
Allowance for impairment	(6,859)	(305)	(223)
Net balance	4,292	52	55
– Collectively assessed			
Carrying amount	414	–	–
Allowance for impairment	(264)	–	–
Net balance	150	–	–
Past due but not impaired			
Carrying amount	3,128	–	–
Within which			
– Less than 90 days	2,102	–	–
– 90- 365 days	947	–	–
– Over 365 days	79	–	–
Allowance for impairment (collectively assessed)	(85)	–	–
Net balance	3,043	–	–
Neither past due nor impaired			
Carrying amount	448,474	43,198	104,369
Allowance for impairment (collectively assessed)	(2,578)	–	–
Net balance	445,896	43,198	104,369
Net balance of total assets	453,381	43,250	104,424

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(Expressed in millions of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(ii) Loans and advances to customers and the balance secured by collaterals analysed by economic sector concentrations at the balance sheet date:

	30 June 2007			31 December 2006		
			Loans and advances secured by collaterals			Loans and advances secured by collaterals
		%			%	
Corporate loans						
– Manufacturing	134,317	25.1	32,427	108,539	23.4	25,920
– Transportation, storage and post services	45,278	8.5	12,704	35,933	7.7	6,775
– Production and supply of electric power, gas and water	38,723	7.2	8,305	38,022	8.2	7,534
– Wholesale and retail	38,290	7.1	14,596	33,468	7.2	12,051
– Real estate	36,322	6.8	26,941	28,796	6.2	19,359
– Rent and business services	35,451	6.6	9,401	29,375	6.4	8,042
– Water, environment and public utility management	28,285	5.3	5,584	26,915	5.8	6,235
– Construction	25,189	4.7	8,244	23,364	5.1	6,739
– Public management and social organizations	11,911	2.2	2,349	10,468	2.3	1,677
– Financing	3,589	0.7	885	3,107	0.7	900
– Other customers	35,548	6.6	4,775	31,169	6.7	4,484
Subtotal	432,903	80.8	126,211	369,156	79.7	99,716
Personal loans	56,885	10.6		48,375	10.4	
Discounted bills	45,731	8.6		45,636	9.9	
Gross loans and advances to customers	535,519	100.0		463,167	100.0	
Less: Impairment allowances	(8,377)			(9,786)		
Net loans and advances to customers	527,142			453,381		

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31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(ii) Loans and advances to customers and the balance secured by collaterals analysed by economic sector concentrations at the balance sheet date: (continued)

Impaired loans and individual and collective impairment allowances in respect of economic sectors which constitute 10% or more of total loans and advances to customers are as follows:

	30 June 2007			31 December 2006		
	Impaired loans and advances	Individual impairment allowances	Collective impairment allowances	Impaired loans and advances	Individual impairment allowances	Collective impairment allowances
Manufacturing	4,115	2,403	808	4,780	2,727	711

(iii) Loans and advances to customers and the balance secured by collaterals analysed by geographical sector risk concentrations at the balance sheet date:

	30 June 2007			31 December 2006		
	Loans Secured by % Collaterals			Loans Secured by % Collaterals		
Yangtze River Delta	173,544	32.4	59,718	146,784	31.7	49,031
Bohai Rim (including Head Office)	156,118	29.2	44,657	138,310	29.9	36,245
Pearl River Delta and West Strait	81,217	15.2	31,468	68,230	14.7	26,079
Central	53,756	10.0	14,987	46,704	10.1	13,117
Western	51,531	9.6	22,464	43,820	9.5	15,825
Northeastern	19,107	3.6	6,623	19,141	4.1	5,502
Hong Kong	246	—	36	178	—	—
Total	535,519	100.0	179,953	463,167	100.0	145,799

See Note 29(b) for the definitions of geographical segments.

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(Expressed in millions of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(iii) Loans and advances to customers and the balance secured by collaterals analysed by geographical sector risk concentrations at the balance sheet date: (continued)

Impaired loans and individual and collective impairment allowances in respect of geographic sectors which constitute 10% or more of total advances to customers are as follows:

	30 June 2007			31 December 2006		
	Impaired loans and advances	Individual impairment allowances	Collective impairment allowances	Impaired loans and advances	Individual impairment allowances	Collective impairment allowances
Yangtze River Delta	821	318	1,006	756	257	863
Bohai Rim (including Head Office)	5,235	2,663	1,014	5,091	2,915	967
Pearl River Delta and West Strait	2,077	1,112	471	3,977	2,806	451
Central	841	631	308	816	496	272

(b) Market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments, as well as from balance sheet or structural positions. Market risk arises from adverse movement in market rates including interest rates, foreign exchange rates and stock prices etc. as well as their volatility. Market risk would arise from both the Group's trading and non-trading business. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Group's exposure to the volatility inherent in financial instruments.

The Market Risk Committee is responsible for formulating the Group's market risk management policies and procedures, setting risk exposure limits and approving new products. The Budget and Finance Department is responsible for the day-to-day tasks of managing market risk, including formulating procedures to identify, assess, measure and control market risks. The Treasury and Capital Markets Department is responsible for managing the Group's investment portfolios, conducting proprietary and customer-driven transactions, implementing market risk management policies and rules and ensuring that risk levels are within set limits.

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31 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Market risk *(continued)*

The use of derivatives for proprietary trading and their sale to customers as risk management products is an integral part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives.

Sensitivity analysis and foreign currency exposure analysis are the key methods used by the Group to measure and monitor the market risk of its trading business with Value-at-Risk ("VaR") as a supplementary method. Gap analysis is the key method used by the Group to monitor the market risk of its non-trading business.

The Group applies a wide range of sensitivity analyses to assess the potential impact on the Group's earnings as a result of a set of forward-looking movements in market prices and the result is regularly reviewed.

Foreign currency exposure analysis is a method to measure the effect on the Group's net earnings by foreign exchange rate changes. The Group calculates individual foreign currency exposure for both net spot and net forward positions. All the individual foreign currency exposures are then aggregated to form an overall exposure. Foreign currency exposure limits are set for individual currencies as well as the overall level. The Group also distinguishes between trading and non-trading foreign currency exposures.

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The Group's Treasury and Capital Markets Department calculates interest rate VaR using historical movement in market rates and prices, at 99% confidence level, with a 10-day holding period on its foreign currency denominated investments.

Gap analysis is a technique to project future cash flows in order to quantify the differences, for a range of future dates, between assets and liabilities.

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31 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Market risk *(continued)*

Currently, the Group is upgrading its present market risk management information system to monitor its overall market risk through new Assets and Liability Management (ALM) and Fund Transfer Pricing (FTP) systems.

The Group does not actively trade in financial instruments and, in the opinion of the directors, the market risk related to trading activities to which the Group is exposed is not material. Accordingly, no quantitative market risk disclosures have been prepared.

(c) Interest rate risk

The Group's interest rate exposures mainly comprise those originating in its commercial banking structural interest rate exposure, and trading positions. The Budget and Finance Department is responsible for overall interest rate risk management.

The structural interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. The Budget and Finance Department manages the structural interest rate risk primarily through gap analysis and interest rate sensitivity analysis.

The majority of interest rate risk from the Group's trading positions arises from the Treasury's investment portfolios. Sensitivity related limits such as Price Value of a Basis Point (PVBP) and duration, as well as stop loss limits and concentration limit, are the main tools adopted by the Budget and Finance Department to manage trading interest rate risk.

Interest rate risk limits are determined by the Market Risk Committee, which is comprised of senior management. The Budget and Finance Department monitors interest rate risk and reports to the Market Risk Committee on both a regular and ad hoc basis as the need arises.

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31 FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

The following tables indicate the effective interest rates for the year and the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities at the balance sheet date.

	30 June 2007						
	Effective interest rate (note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.57%	96,446	2,880	93,566	–	–	–
Amounts due from banks and other financial institutions	3.09%	59,973	–	52,114	7,240	619	–
Loans and advances to customers (note (ii))	5.79%	527,142	–	273,247	245,923	6,993	979
Investments	3.23%	170,242	452	70,748	53,441	26,175	19,426
Others	–	14,628	14,628	–	–	–	–
Total assets		868,431	17,960	489,675	306,604	33,787	20,405
Liabilities							
Amounts due to central bank	5.65%	99	–	99	–	–	–
Amounts due to banks and other financial institutions	2.01%	99,529	–	96,898	1,781	232	618
Deposits from customers	1.88%	666,424	4,814	494,225	120,886	44,234	2,265
Subordinated debts / bonds issued	4.60%	12,000	–	6,000	–	–	6,000
Others	–	11,521	11,521	–	–	–	–
Total liabilities		789,573	16,335	597,222	122,667	44,466	8,883
Asset-liability gap		78,858	1,625	(107,547)	183,937	(10,679)	11,522

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31 FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

	31 December 2006						
	Effective interest rate (note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central bank	1.54%	90,620	2,589	88,031	–	–	–
Amounts due from banks and other financial institutions	2.73%	43,250	–	39,622	2,935	693	–
Loans and advances to customers (note (iii))	5.33%	453,381	–	223,558	225,435	3,557	831
Investments	3.37%	104,424	337	28,778	51,797	12,685	10,827
Others	–	15,048	15,048	–	–	–	–
Total assets		706,723	17,974	379,989	280,167	16,935	11,658
Liabilities							
Amounts due to central bank	5.10%	201	–	28	173	–	–
Amounts due to banks and other financial institutions	1.91%	36,166	–	33,921	1,378	211	656
Deposits from customers	1.96%	618,412	4,190	489,467	107,450	14,021	3,284
Subordinated debts / bonds issued	4.66%	12,000	–	6,000	–	–	6,000
Others	–	8,250	8,250	–	–	–	–
Total liabilities		675,029	12,440	529,416	109,001	14,232	9,940
Asset-liability gap		31,694	5,534	(149,427)	171,166	2,703	1,718

Notes:

- (i) Effective interest rate represents the ratio of interest income/expense to average interest bearing assets / liabilities.
- (ii) For loans and advances to customers, the above “Less than three months” category includes overdue amounts (net of allowances for impairment losses) of RMB9,084 million as at 30 June 2007 (as at 31 December 2006: RMB6,838 million). Overdue amounts represent loans, of which the whole or part of the principals was overdue, or interest was overdue for more than 90 days but for which principal was not yet due.

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31 FINANCIAL RISK MANAGEMENT (continued)

(c) 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, as at 30 June 2007 and 31 December 2006, the results of the Group's interest rate sensitivity analysis on the assets and liabilities at the same date.

	30 June 2007		31 December 2006	
	Change in interest rates (in basis point)		Change in interest rates (in basis point)	
	(100)	100	(100)	100
Increase / (decrease) in annualized net interest income (in millions of RMB)	(304)	304	211	(211)

This sensitivity analysis is based on a static interest rate risk profile of assets and liabilities. The analysis measures only the impact of changes in the interest rates within a year, as reflected by the repricing of the Group's assets and liabilities within a year, on annualized interest income. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or are due within three months and in more than three months but within one year reprice or are due at the beginning of the respective periods (i.e., all the assets and liabilities that reprice or are due within three months reprice or are due immediately, and all the assets and liabilities that reprice or are due in more than three months but within one year reprice or are due in three months), (ii) there is a parallel shift in the yield curve and in interest rates, and (iii) there are no other changes to the portfolio. Actual changes in the Group's net interest income resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

(d) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial bank operations and foreign currency capital related structural exposures. The foreign currency exposures arising in branch daily operations are aggregated to Treasury and Capital Markets Department through back to back transactions.

The Treasury and Capital Markets Department manages the currency risk within the limits approved by the Market Risk Committee by closing the exposure positions through external market transactions.

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31 FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

The Group manages other currency risk by spot and forward foreign exchange transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The exposures at the balance sheet date were as follows:

	30 June 2007			
	RMB	USD	Others	Total
Assets				
Cash and balances with central bank	93,293	2,795	358	96,446
Amounts due from banks and other financial institutions	50,492	7,589	1,892	59,973
Loans and advances to customers	499,078	26,155	1,909	527,142
Investments	129,790	35,140	5,312	170,242
Others	12,602	1,540	486	14,628
Total assets	785,255	73,219	9,957	868,431
Liabilities				
Amounts due to central bank	—	99	—	99
Amounts due to banks and other financial institutions	92,388	5,910	1,231	99,529
Deposits from customers	615,552	40,483	10,389	666,424
Subordinated debts / bonds issued	12,000	—	—	12,000
Others	10,996	122	403	11,521
Total liabilities	730,936	46,614	12,023	789,573
Net on-balance sheet position	54,319	26,605	(2,066)	78,858
Credit commitments	209,716	26,416	6,615	242,747
Derivatives (note(i))	(13,432)	11,933	1,544	45

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31 FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

	31 December 2006			
	RMB	USD	Others	Total
Assets				
Cash and balances with central bank	87,300	2,938	382	90,620
Amounts due from banks and other financial institutions	34,741	6,733	1,776	43,250
Loans and advances to customers	436,418	15,638	1,325	453,381
Investments	72,569	26,321	5,534	104,424
Others	13,763	977	308	15,048
Total assets	644,791	52,607	9,325	706,723
Liabilities				
Amounts due to central bank	201	—	—	201
Amounts due to banks and other financial institutions	31,332	3,506	1,328	36,166
Deposits from customers	562,106	48,903	7,403	618,412
Subordinated debts / bonds issued	12,000	—	—	12,000
Others	7,862	166	222	8,250
Total liabilities	613,501	52,575	8,953	675,029
Net on-balance sheet position	31,290	32	372	31,694
Credit commitments	165,687	23,010	6,875	195,572
Derivatives (note (i))	3,307	1,645	(800)	4,152

Note:

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

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31 FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net profit and loss. The following table sets forth, as at 30 June 2007 and 31 December 2006, the results of the Group's interest rate sensitivity analysis on the assets and liabilities at the same date.

	30 June 2007		31 December 2006	
	Change in foreign currency exchange rate (in basis point)		Change in foreign currency exchange rate (in basis point)	
	(100)	100	(100)	100
Increase / (decrease) in annualized net profit (in millions of RMB)	(50)	50	(2)	2

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities. The analysis is based on the following assumptions: (i) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB, (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously, and (iii) The foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options. Actual changes in the Group's net foreign exchange gain and loss resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

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31 FINANCIAL RISK MANAGEMENT *(continued)*

(e) Liquidity risk

The purpose of liquidity management is to ensure sufficient cash flows for the Group to meet all financial commitment and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings in full amounts as they mature, or to meet other obligations for payments, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

Liquidity is managed on a daily basis according to the Group's liquidity objectives by the Treasury under the direction of the Asset and Liability Committee. It is responsible for ensuring that the Group has adequate liquidity for RMB and foreign currency operations.

The Group manages liquidity risk by holding liquid assets (e.g. deposits at PBOC, other short term funds and securities) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The Group regularly stress tests its liquidity position.

In terms of measuring liquidity risk, the Group principally uses liquidity gap analysis. Different scenarios are applied to assess the impact on liquidity for proprietary trading and client businesses.

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31 FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the balance sheet date.

	30 June 2007						Total
	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years	Overdue or Undated	
Assets							
Cash and balances with central bank (note (i))	40,022	–	–	–	–	56,424	96,446
Amounts due from banks and other financial institutions	9,340	42,774	7,240	619	–	–	59,973
Loans and advances to customers (note (ii))	2,816	111,142	232,370	105,457	68,599	6,758	527,142
Investment securities (note (iii))	5,354	39,712	52,377	38,999	33,348	452	170,242
Others	695	1,966	941	146	182	10,698	14,628
Total assets	58,227	195,594	292,928	145,221	102,129	74,332	868,431
Liabilities							
Amounts due to central bank	–	99	–	–	–	–	99
Amounts due to banks and other financial institutions	147	96,751	1,781	232	618	–	99,529
Deposits from customers	321,968	175,876	120,356	43,023	5,201	–	666,424
Subordinated debts / bonds issued	–	–	–	6,000	6,000	–	12,000
Others	294	7,426	1,808	865	1,103	25	11,521
Total liabilities	322,409	280,152	123,945	50,120	12,922	25	789,573
Long / (short) position	(264,182)	(84,558)	168,983	95,101	89,207	74,307	78,858

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31 FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk (continued)

	31 December 2006						Total
	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years	Overdue or Undated	
Assets							
Cash and balances with central bank (note (i))	32,727	15,970	–	–	–	41,923	90,620
Amounts due from banks and other financial institutions	10,060	29,563	2,935	692	–	–	43,250
Loans and advances to customers (note (iii))	1,377	93,627	196,211	96,211	59,842	6,113	453,381
Investments (note (iii))	434	14,754	35,304	32,375	21,220	337	104,424
Others	382	1,042	819	520	209	12,076	15,048
Total assets	44,980	154,956	235,269	129,798	81,271	60,449	706,723
Liabilities							
Amounts due to central bank	–	28	173	–	–	–	201
Amounts due to banks and other financial institutions	27,160	6,761	1,378	211	656	–	36,166
Deposits from customers	293,084	160,127	119,650	41,877	3,674	–	618,412
Subordinated debts / bonds issued	–	–	–	6,000	6,000	–	12,000
Others	205	6,673	1,137	33	48	154	8,250
Total liabilities	320,449	173,589	122,338	48,121	10,378	154	675,029
Long / (short) position	(275,469)	(18,633)	112,931	81,677	70,893	60,295	31,694

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31 FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk (continued)

Notes:

- (i) For cash and balances with central bank, undated amount represents statutory deposit reserve funds and fiscal balances maintained with the PBOC.
- (ii) Loans and advances to customers which are impaired or which have been overdue for more than one month are included in the above "overdue or undated" category; loans and advances which have been overdue for within one month are included in the above "repayable on demand" category. Overdue loans and advances represents loans of which the whole or part of the principle was overdue, or interest was overdue for more than 90 days but for which principal was not yet due.
- (iii) For debt securities held for trading purposes, the remaining term to maturities does not represent the Group's intention to hold them to final maturity.

(f) Operational risk

Operational risk includes the risk of direct or indirect loss due to an event or action causing failure of technology, processes, infrastructure and personnel, and other risks having an operational impact.

The Group manages this risk through a control-based environment by establishing a framework of policies and procedures in order to identify, assess, control, manage and report 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. This has allowed the Group to identify and address comprehensively the operational risk inherent in all key products, activities, processes and systems. Key controls include:

- authorisation limits for various business activities to branches and functions are delegated after consideration of their respective business scope, risk management capabilities and credit approval procedures. Such authorities are revised on a timely basis to reflect changes in market conditions and business development and risk management needs;
- the use of the single legal responsibility framework and strict disciplinary measures in order to ensure accountability;

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT *(continued)*

(f) Operational risk *(continued)*

- systems and procedures to identify, control and report on the major risks: credit, market, liquidity and operational;
- promotion of a risk management culture throughout the organisation by building a team of risk management professionals, providing formal training and having an appraisal system in place, to raise the overall risk awareness among the Group's employees;
- the Accounting Department was appointed to be responsible for overseeing that cash management and account management are in compliance with the relevant regulations, and for improving training on anti-money laundering to ensure our staff are well-equipped with the necessary knowledge and basic skills;
- the review and approval by senior management of comprehensive financial and operating plans which are prepared by branches;
- the assessment of individual branches' financial performance against the comprehensive financial and operating plan; and
- the maintenance of contingent facilities (including backup systems and disaster recovery schemes) to support all major operations, especially back office operations, in the event of an unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain operational events.

In addition to the above, the Bank's Internal Audit Department, which directly reports to the Internal Audit Committee, examines and independently evaluates its risk management policies and procedures and internal controls. The Internal Audit Committee is under the direct supervision of the Executive Management Committee led by the President of the Bank.

The Internal Audit Committee determines the frequency and priority of audits of the Bank's different operating units and branches based on their assessment of the level of risk of those units and branches.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES

CITIC Group, the majority shareholder of the Bank, is a state-owned company established in the PRC in 1979. CITIC Group's core businesses include operations in the financial, industrial and service industries in the PRC and internationally. The Group's related party transactions are those transactions between the Group and CITIC Group and its subsidiaries, which include CIFH, the other shareholder of the Bank.

(a) Related party transactions

During the relevant periods, the Group entered into transactions with related parties in the ordinary course of its banking business including lending, investment, deposit and off-balance sheet transactions. The banking transactions were priced at the relevant market rates prevailing at the time of each transaction. Interest rates on loans and deposits are required to be set in accordance with the benchmark rates set by the PBOC.

Transactions during relevant periods and the corresponding balances outstanding at the balance sheet date are as follows:

	Six months ended 30 June 2007			
	Ultimate holding company	Fellow subsidiaries CIFH and its subsidiaries	Others	Subsidiaries (note(i))
Interest income	18	1	43	12
Fee and commission income and other income	—	—	3	—
Interest expense	(60)	—	(182)	—
Other service fees	—	—	(16)	(8)

	Six months ended 30 June 2006			
	Ultimate holding company	Fellow subsidiaries CIFH and its subsidiaries	Others	Subsidiaries (note(i))
Interest income	38	1	40	13
Interest expense	(23)	—	(43)	—
Management fee to CITIC Group	(375)	—	—	—
Other service fees	—	—	(5)	—

Notes to the unaudited interim financial report
(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES (continued)

(a) Related party transactions (continued)

	30 June 2007			
	Ultimate holding company	Fellow subsidiaries CIFH and its subsidiaries	Others	Subsidiaries (note(i))
Gross loans and advances to customers	380	—	1,467	—
Less: Impairment allowances	—	—	—	—
Net loans and advances to customers	380	—	1,467	—
Gross amounts due from banks and other financial institutions	—	170	35	580
Less: Impairment allowances	—	—	(9)	—
Net amounts due from banks and other financial institutions	—	170	26	580
Investments	306	—	76	33
Other assets	5	—	37	6
Deposits from customers	4,851	1	4,533	1
Amounts due to banks and other financial institutions	618	1	35,671	—
Other liabilities	12	—	33	—
Off-balance sheet items				
Guarantees and letters of credit	324	—	32	—
Acceptances	—	—	281	—
Guarantees for loans to third parties	—	—	91	—

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES (continued)

(a) Related party transactions (continued)

	31 December 2006			Subsidiaries (note(i))
	Ultimate holding company	Fellow subsidiaries CIFH and its subsidiaries	Others	
Gross loans and advances to customers	540	—	1,733	—
Less: Impairment allowances	—	—	—	—
Net loans and advances to customers (note (ii) and (iii))	540	—	1,733	—
Gross amounts due from banks and other financial institutions	—	70	127	472
Less: Impairment allowances	—	—	(50)	—
Net amounts due from banks and other financial institutions	—	70	77	472
Investments	324	—	—	33
Other assets	4	—	7	4
Deposits from customers	3,089	1	2,121	4
Amounts due to banks and other financial institutions	—	—	10,963	—
Other liabilities	11	—	14	—
Off-balance sheet items				
Guarantees and letters of credit	372	—	11	—
Acceptances	—	—	1	—
Guarantees for loans to third parties	—	120	101	—

Notes:

- (i) The related party transactions between the Bank and the subsidiaries are eliminated on consolidation.
- (ii) The Bank sold performing related party loans with an aggregate outstanding principal of RMB2,000 million to another domestic commercial bank for the same amount in cash on 30 June 2006. These loans were included in loans and advances to customers before they were derecognized from the balance sheet of the Bank from the date of sale.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES (continued)

(a) Related party transactions (continued)

Notes: (continued)

- (iii) The Bank disposed of impaired loans due from related parties with an aggregate outstanding principal of RMB1,142 million and a net book value of RMB417 million in cash on 26 June 2006. The loans were sold in a public auction to the CITIC Group at their net book value. These loans were included in loans and advances to customers before they were derecognized from the balance sheet of the Bank from the date of sale.
- (iv) In June 2006, the Bank transferred equity investments with net book value of RMB10 million to CITIC Asset Management Company limited ("CAM"), a fellow subsidiary of the Bank. Included in the amount transferred, investments with net book value of RMB6 million were sold to CAM through a public auction for a cash consideration of RMB6 million; investments with net book value of RMB4 million were sold to CAM for a cash consideration of RMB4 million in accordance with an agreement signed between the Bank and CAM.

(b) 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 significantly influenced by them in the normal course of business. In the opinion of the directors, other than the those disclosed as below, there are no material transactions and balances between the Group and these individuals or those companies controlled or significantly influenced by them.

The aggregate amount of relevant loans outstanding as at 30 June 2007 to Directors, supervisors and executive officers amounted to RMB16 million (as at 31 December 2006: RMB10 million).

The compensations in respect of Directors, Supervisors and Executive Officers during the six months ended 30 June 2007 amounted to RMB10 million (six months ended 30 June 2006: RMB4 million).

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES *(continued)*

(c) Contributions to defined contribution retirement schemes

The Group participates in defined contribution retirement schemes organised by municipal and provincial governments for its employees in Mainland China.

The Group has also established a supplementary defined contribution plan for its qualified employees. The plan is administered by CITIC Group.

The Group is also required to make contributions to the Mandatory Provident Fund Scheme for its employees in Hong Kong at the rate set up by the local laws and regulations.

(d) Transactions with other state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organizations (“state-owned entities”).

Transactions with other state-owned entities include but are not limited to the following:

- lending and deposit taking;
- taking and placing of inter-bank balances;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities;
- purchase, sale and leases of property and other assets; and
- rendering and receiving of utilities and other services.

Notes to the unaudited interim financial report

(Expressed in millions of Renminbi unless otherwise stated)

32 RELATED PARTIES *(continued)*

(d) Transactions with other state-owned entities in the PRC *(continued)*

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.

33 COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with current period's presentation.

34 EVENTS AFTER THE BALANCE SHEET DATE

Up to the date of this report, the Group had no material events for disclosure after the balance sheet date.

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(a) Reconciliation between the financial statements prepared under International Financial Reporting Standards (“IFRS”) and relevant accounting rules and regulations in the PRC (“PRC GAAP”)

	Note	Six months ended 30 June	
		2007	2006
Net Profit			
Net profit attributable to equity owner(s) of the Bank under IFRS		3,223	1,767
Adjustments for depreciation and disposal arising from fixed assets and other assets revaluation	(i)	(18)	(50)
Net profit attributable to equity owner(s) of the Bank shown in the financial statements under PRC GAAP		3,205	1,717
Equity			
Equity attributable to shareholders of the Bank under IFRS		78,853	31,689
Adjustments for difference arising from fixed assets and other assets revaluation	(i)	118	136
Equity attributable to shareholders of the Bank shown in the financial statements under PRC GAAP		78,971	31,825

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(a) Reconciliation between the financial statements prepared under International Financial Reporting Standards (“IFRS”) and relevant accounting rules and regulations in the PRC (“PRC GAAP”) (continued)

Notes:

- (i) Adjustments for difference arising from fixed assets and other assets revaluation

Pursuant to the relevant PRC rules and regulations with respect to the restructuring of China CITIC Bank, fixed assets and other assets (including equity investment, repossessed assets and intangible assets) of the Bank as at 31 December 2005 were revalued by China Enterprise Appraisal Company Limited on a depreciated replacement cost or a comparable market basis as appropriate. The revalued amount was adopted for these assets as deemed cost from the date of revaluation and thereafter, with the revaluation surplus being recognised in the capital reserve. The depreciation and amortization of these assets is calculated to write off the deemed cost over the estimated useful life.

In the financial statements prepared under IFRS, such assets are carried at cost less impairment losses and the revaluation surplus was not recorded accordingly, except for the property of the Bank, which is stated in the balance sheet at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. Increases in the carrying amount arising on the revaluation of each property are credited to revaluation reserves in owner’s equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves; all other decreases are charged to the income statement. These revaluations are performed on a regular basis.

As the depreciation of equipment and amortization of other assets in the financial statements under PRC GAAP are calculated on deemed cost after revaluation, it is different from those under IFRS, which are calculated on historical cost.

(b) Liquidity ratios

	30 June 2007	31 December 2006
RMB current assets to RMB current liabilities	42.70%	38.66%
Foreign currency current assets to foreign currency current liabilities	225.78%	99.98%

The above liquidity ratios were calculated based on the financial statements under PRC GAAP with reference to the revised formula issued by the China Banking Regulatory Commission (the “CBRC”) in 2006.

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(c) Capital adequacy ratio

The capital adequacy ratio is prepared on a solo basis in accordance with the guideline "Regulation Governing Capital Adequacy of Commercial Banks" (Order [2004] No.2) effective on 1 March 2004, which may have differences with the relevant requirements in Hong Kong Special Administrative Region of the PRC or other countries.

The capital adequacy ratios and the related components of the Bank as at 30 June 2007 and 31 December 2006 calculated based on the financial statements under PRC GAAP were as follows:

	30 June 2007	31 December 2006
Core capital adequacy ratio	13.78%	6.57%
Capital adequacy ratio	15.99%	9.41%
<i>Components of capital base</i>		
Core capital:		
– Share capital	39,033	31,113
– Capital reserve (note (i))	36,909	(7)
– Retained earnings	2,065	–
	78,007	31,106
Supplementary capital:		
– General provision for loans and advances	2,933	2,663
– Subordinated debts/bonds	9,780	10,800
– Investment revaluation reserve (note (i))	(165)	–
Total supplementary capital	12,548	13,463
Total capital base before deductions	90,555	44,569
Deductions:		
– Unconsolidated equity investments	103	158
Total capital base after deductions	90,452	44,411
Risk weighted assets	565,789	471,957

Notes:

- (i) According to a notice issued by the CBRC "Amendment to 'Regulation Governing Capital Adequacy of Commercial Banks'" on 3 July 2007, supplementary capital should include reserves arising from changes in the fair value of available-for-sale debt securities. The amounts were included in core capital for the capital adequacy ratio calculation as at 31 December 2006.

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(d) Currency concentrations

	30 June 2007			Total
	US Dollars	HK Dollars	Others	
Spot assets	73,219	2,423	7,534	83,176
Spot liabilities	(46,614)	(5,315)	(6,708)	(58,637)
Forward purchases	35,033	3,543	11,465	50,041
Forward sales	(24,239)	(1,036)	(12,347)	(37,622)
Net option position	(9)	—	—	(9)
Net long / (short) position	37,390	(385)	(56)	36,949

	31 December 2006			Total
	US Dollars	HK Dollars	Others	
Spot assets	52,607	1,499	7,826	61,932
Spot liabilities	(52,575)	(2,922)	(6,031)	(61,528)
Forward purchases	24,760	1,469	7,485	33,714
Forward sales	(23,136)	(174)	(9,584)	(32,894)
Net option position	21	4	—	25
Net long / (short) position	1,677	(124)	(304)	1,249

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(e) Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

For the purpose of these unaudited supplementary financial information, Mainland China excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan.

Cross-border claims include loans and advances, balances and placements with banks and other financial institutions, holding of trade bills and certificates of deposit and investment securities.

Cross-border claims have been disclosed by different country or geographical areas. A country or geographical areas is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2007			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	5,090	39	744	5,873
– of which attributed to Hong Kong	2,314	39	317	2,670
Europe	5,507	102	54	5,663
North and South America	13,664	13,780	5,742	33,186
	24,261	13,921	6,540	44,722

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(e) Cross-border claims (continued)

	31 December 2006			Total
	Banks and other financial institutions	Public sector entities	Others	
Asia Pacific excluding Mainland China	4,948	—	646	5,594
– of which attributed to Hong Kong	1,911	—	251	2,162
Europe	5,555	51	57	5,663
North and South America	10,491	12,289	1,479	24,259
	20,994	12,340	2,182	35,516

(f) Overdue loans and advances to customers by geographical segments

	30 June 2007		
	Gross loans and advances	Loans and advances overdue over 3 months	Impaired Loans
Yangtze River Delta	173,544	820	821
Bohai Rim (including Head Office)	156,118	4,903	5,235
Pearl River Delta and West Strait	81,217	1,932	2,077
Central	53,756	813	841
Western	51,531	459	434
Northeastern	19,107	566	425
Hong Kong	246	—	—
Total	535,519	9,493	9,833

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(f) Overdue loans and advances to customers by geographical segments (continued)

	31 December 2006		
	Gross loans and advances	Loans and advances overdue over 3 months	Impaired Loans
Yangtze River Delta	146,784	746	756
Bohai Rim (including Head Office)	138,310	5,119	5,091
Pearl River Delta and West Strait	68,230	4,013	3,977
Central	46,704	764	816
Western	43,820	500	497
Northeastern	19,141	287	428
Hong Kong	178	—	—
Total	463,167	11,429	11,565

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. These loans and advances include loans and advances for which objective evidence of impairment has been identified:

- individually (including corporate loans and advances which are graded substandard, doubtful or loss); or
- collectively: that is portfolios of homogeneous loans and advances (including retail loans and advances which are graded substandard, doubtful or loss).

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(g) Gross amount of overdue amounts due from banks and other financial institutions and overdue loans and advances to customers

(i) Gross overdue amounts due from banks and other financial institutions

	30 June 2007	31 December 2006
Gross amounts due from banks and other financial institutions which have been overdue	190	357
As a percentage of total gross amounts due from banks and other financial institutions	0.32%	0.82%

Note:

All overdue amounts have been overdue over 12 months.

(ii) Gross amounts of overdue loans and advances to customers

	30 June 2007	31 December 2006
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	1,125	735
– between 6 and 12 months	1,273	1,943
– over 12 months	7,095	8,751
Total	9,493	11,429
As a percentage of total gross loans and advances to customers:		
– between 3 and 6 months	0.21%	0.16%
– between 6 and 12 months	0.24%	0.42%
– over 12 months	1.32%	1.89%
Total	1.77%	2.47%

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(g) Gross amount of overdue amounts due from banks and other financial institutions and overdue loans and advances to customers *(continued)*

(ii) Gross amounts of overdue loans and advances to customers *(continued)*

The overdue loans represent loans of which the whole or part of the principal was overdue, or interest was overdue. The definitions of overdue loans with various repayment terms are set out below:

- Loans with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at year end.
- Where one or more installments of a loan repayable by regular installments are overdue and remain unpaid at year end, the entire loan balance is considered overdue.
- Loans 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 demand notice. If loans and advances repayable on demand are continuously outside the approved limit that was advised to the borrower, they are also considered as overdue.
- As at 30 June 2007, loans and advances to customers of RMB8,846 million and RMB647 million of the above overdue loans and advances were subject to individual assessment and collective assessment for impairment respectively. The fair value of collaterals held against the individually assessed loans and advances was RMB3,077 million. The fair value of collaterals was estimated by management based on latest available external valuation adjusted by taking into account the current realization experience as well as market situation. The covered portion and uncovered portion of these individually assessed loans were RMB2,159 million and RMB6,687 million respectively. The impairment allowance made against these individually assessed loans and advances were RMB4,718 million. Comparative figures on collateral value are not required for the first time adoption under the HKMA Banking (Disclosure) Rules.

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

(h) Rescheduled amounts due from banks and other financial institutions and rescheduled loans and advances to customers

(i) Rescheduled amounts due from banks and other financial institutions

The Group does not have any rescheduled amounts due from banks and other financial institutions as at 31 December 2006 and 30 June 2007.

(ii) Rescheduled loans and advances to customers

	30 June 2007		31 December 2006	
		% of total loans and advances		% of total loans and advances
Rescheduled loans and advances	4,166	0.78%	4,583	0.99%
Less:				
— rescheduled loans and advances but overdue more than 90 days	1,943	0.36%	2,158	0.47%
Rescheduled loans and advances overdue less than 90 days	2,223	0.42%	2,425	0.52%

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. Rescheduled loans and advances are required to be graded at a minimum of substandard (see Note 31(a) for the core definitions of the loan classification) and subject to an observation period of six months, until when no upgrade to a higher loan classification is considered.

(i) Non-bank Mainland China exposures

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in the Mainland. As of 30 June 2007, over 90% of the Bank's exposures arose from businesses with Mainland China entities or individual. Analyses of various types of exposures by counterparty have been disclosed in the notes to the interim financial report.

Appendix — List of Domestic and Overseas Branch Outlets

As at June 30, 2007, the Bank had 457 branch outlets in total consisted of 25 tier one branches, 16 tier two branches, 415 sub-branch outlets and one finance company. Tangshan Branch of the Bank opened officially on July 18; Taiyuan Branch planned to open on August 21. The following is the detailed list of branch outlets and offices of the Bank:

No.	Administrative region	Number of Branches	Major branches / office	Address	Tel & Fax
1	Beijing	1	Head Office	Address: Tower C, Fuhua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing Postal Code: 100027 Website: bank.ecitic.com SWIFT BIC: CIBKCNBJ	Tel: 010-65542388 Fax: 010-65541671 Or 65541672 Hotline: 95558
		32	Beijing Branch	Address: Tower A, Investment Plaza, No.27, Jinrong Street, Xicheng District, Beijing Postal Code: 100032	Tel: 010-66219988 Fax: 010-66211770
2	Tianjin	12	Tianjin Branch	Address: No.14, Nanjing Road, Hexi District, Tianjin Postal Code: 300042	Tel: 022-23028880 Fax: 022-23028800
3	Hebei Province	10			
	Shijiazhuang	9	Shijiazhuang Branch	Address: No.209, East Xinhua Road, Shijiazhuang, Hebei Postal Code: 050000	Tel: 0311-87884438 Fax: 0311-87884436
	Tangshan	1	Tangshan Branch ⁽¹⁾	Address: No.46, West Xinhua Road, Tangshan, Hebei Postal Code: 063000	Tel: 0315-3738508 Fax: 0315-3738600

Note(1) Taiyuan Branch was approved by China Banking Regulatory Commission Hebei office and opened officially on July 18, 2007.

No.	Administrative region	Number of Branches	Major branches / office	Address	Tel & Fax
4	Liaoning Province	48			
	Shenyang	14	Shenyang Branch	Address: No.336, Daxi Road, Shenhe District, Shenyang, Liaoning Postal Code: 110014	Tel: 024-31510456 Fax: 024-31510234
	Dalian	18	Dalian Branch	Address: No.29, Renmin Road, Zhongshan District, Dalian, Liaoning Postal Code: 116001	Tel: 0411-82821868 Fax: 0411-82804126
	Anshan	5	Anshan Branch	Address: No.35, Wuyi Road, Tiedong District, Anshan, Liaoning Postal Code: 114001	Tel: 0412-2211988 Fax: 0412-2230815
	Fushun	5	Fushun Branch	Address: No.11, Xinhua Avenue, Shuncheng District, Fushun, Liaoning Postal Code: 113006	Tel: 0413-7589324 Fax: 0413-7587608
5	Huludao	6	Huludao Branch	Address: No.55, Xinhua Avenue, Lianshan District, Huludao, Liaoning Postal Code: 125001	Tel: 0429-2802681 Fax: 0429-2800885
	Shanghai	21	Shanghai Branch	Address: No.61, East Nanjing Road, Shanghai Postal Code: 200002	Tel: 021-23029000 Fax: 021-23029001

No.	Administrative region	Number of Branches	Major branches / office	Address	Tel & Fax
6	Jiangsu Province	73			
	Nanjing	22	Nanjing Branch	Address: No.348, Zhongshan Road, Nanjing, Jiangsu Postal Code: 210008	Tel: 025-83799181 Fax: 025-83799000
	Wuxi	13	Wuxi Branch	Address: No.112, Renmin Road, Wuxi, Jiangsu Postal Code: 214031	Tel: 0510-82707177 Fax: 0510-82709166
	Changzhou	7	Changzhou Branch	Address: Boai Building, No.72, Boai Road, Changzhou, Jiangsu Postal Code: 213003	Tel: 0519-8108833 Fax: 0519-8107020
	Yangzhou	10	Yangzhou Branch	Address: No.171, Weiyang Road, Yangzhou, Jiangsu Postal Code: 225009	Tel: 0514-7890717 Fax: 0514-7890526
	Taizhou	3	Taizhou Branch	Address: No.39, North Qingnian Road, Taizhou, Jiangsu Postal Code: 225300	Tel: 0523-6215818 Fax: 0523-6243344
	Suzhou	18	Suzhou Branch	Address: No.258, Zhuhui Road, Suzhou, Jiangsu Postal Code: 215006	Tel: 0512-65190307 Fax: 0512-65198570
7	Zhejiang Province	49			
	Hangzhou	19	Hangzhou Branch	Address: No.88, Yanan Road, Hangzhou, Zhejiang Postal Code: 310002	Tel: 0571-87032888 Fax: 0571-87089180
	Wenzhou	8	Wenzhou Branch	Address: No.12, East Renmin Road, Wenzhou, Zhejiang Postal Code: 325000	Tel: 0577-88858616 Fax: 0577-88817687
	Jiaxing	6	Jiaxing Branch	Address: No.111, Zhongshan Road, Jiaxing, Zhejiang Postal Code: 314000	Tel: 0573-2097693 Fax: 0573-2093454
	Shaoxing	7	Shaoxing Branch	Address: No.289, West Renmin Road, Shaoxing, Zhejiang Code: 312000	Tel: 0575-5227222 Fax: 0575-5137782
	Ningbo	10	Ningbo Branch	Address: No.36, Zhenming Road, Haishu District, Ningbo Postal Code: 315010	Tel: 0574-87733226 Fax: 0574-87733060
8	Anhui Province				
	Hefei	8	Hefei Branch	Address: No.560, Meiling Avenue, Hefei, Anhui Postal Code: 230001	Tel: 0551-2622426 Fax: 0551-2625750

No.	Administrative region	Number of Branches	Major branches / office	Address	Tel & Fax
9	Fujian Province	21			
	Fuzhou	10	Fuzhou Branch	Address: No.99, Hudong Road, Fuzhou Postal Code: 350001	Tel: 0591-87538066 Fax: 0591-87537066
	Xiamen	7	Xiamen Branch	Address: CITIC Bank Building (Huijing City), No.81, West Hubin Road, Xiamen, Fujian Postal Code: 361004	Tel: 0592-2389008 Fax: 0592-2396363
	Quanzhou	4	Quanzhou Branch	Address: Building of the People's Bank of China, Fengze Street, Quanzhou, Fujian Postal Code: 362000	Tel: 0595-22148612 Fax: 0595-22148222
10	Shandong Province	52			
	Jinan	10	Jinan Branch	Address: CITIC Plaza, No.150, Leyuan Street, Jinan, Shandong Postal Code: 250011	Tel: 0531-86911315 Fax: 0531-86929194
	Qingdao	15	Qingdao Branch	Address: No.22, Mid Hong Kong Road, Qingdao, Shandong Postal Code: 266071	Tel: 0532-85022889 Fax: 0532-85022888
	Zibo	7	Zibo Branch	Address: No.109, West Xincun Road, Zhangdian District, Zibo, Shandong Postal Code: 255032	Tel: 0533-2212123 Fax: 0533-2212123
	Yantai	6	Yantai Branch	Address: No.207, Shengli Road, Zhifu District, Yantai, Shandong Postal Code: 264001	Tel: 0535-6612888 Fax: 0535-6611032
	Weihai	11	Weihai Branch	Address: No.2, North Qingdao Road, Weihai, Shandong Postal Code: 264200	Tel: 0631-5313999 Fax: 0631-5314076
	Jining	3	Jining Branch	Address: No.10, Jianshe Road, Jining, Shandong Postal Code: 272000	Tel: 0537-2338888 Fax: 0573-2338888
11	Henan Province				
	Zhengzhou	12	Zhengzhou Branch	Address: No.26, North Jingsan Road, Zhengzhou, Henan Postal Code: 450008	Tel: 0371-65792500 Fax: 0371-65792900
12	Hubei Province				
	Wuhan	15	Wuhan Branch	Address: No.747, Construction Avenue, Hankou, Wuhan, Hubei Postal Code: 430015	Tel: 027-85355111 Fax: 027-85355222
13	Hunan Province				
	Changsha	11	Changsha Branch	Address: No.456, Wuyi Avenue, Changsha, Hunan Postal Code: 410011	Tel: 0731-4582177 Fax: 0731-4582199

No.	Administrative region	Number of Branches	Major branches / office	Address	Tel & Fax
14	Guangdong Province	49			
	Guangzhou	17	Guangzhou Branch	Address: No.233, North Tianhe Road, Guangzhou, Guangdong Postal Code: 510613	Tel: 020-87521188 Fax: 020-87520668
	Foshan	3	Foshan Branch	Address: No.91, South Fenjiang Road, Foshan, Guangdong Postal Code: 528000	Tel: 0757-83989999 Fax: 0757-83981101
	Shenzhen	21	Shenzhen Branch	Address: Building 5-7, CITIC Tower, CITIC Plaza, No.1093, Mid Shenzhen Road, Shenzhen, Guangdong Postal Code: 518031	Tel: 0755-25942568 Fax: 0755-25942028
	Dongguan	8	DongguanBranch	Address: Building 1, Legend of Star River, East Road, Dongcheng District, Dongguan, Guangdong Postal Code: 523072	Tel: 0769-22667888 Fax: 0769-22667999
	Chongqing	11	Chongqing Branch	Address: Building B, Chongqing International Trade Center, Qingnian Road, Yuzhong District, Chongqing Postal Code: 400010	Tel: 023-89037373 Fax: 023-89037227
16	Sichuan Province Chengdu	14	Chengdu Branch	Address: Attached Building of Huneng Building, No.47,4th Session, South Renmin Road, Chengdu, Sichuan Postal Code: 610041	Tel: 028-85258888 Fax: 028-85258898
17	Yunan Province Kunming	7	Kunming Branch	Address: Fulin Square, Baoshan Street, Kunming, Yunnan Postal Code: 650021	Tel: 0871-3648555 Fax: 0871-3648667
18	Shanxi Province Xi'an	12	Xi'an Branch	Address: No.89, North Changan Road, Xian, Shanxi Postal Code: 710061	Tel: 029-87820122 Fax: 029-87817025
19	Shaanxi Province Taiyuan	1	Taiyuan Branch ⁽¹⁾	Address: Building A, King Office Building, No.9, Fuxi Street, Taiyuan, Shanxi Postal Code: 030002	Tel: 0351-3377777 Fax: 0351-3377000
20	Hong Kong Special Administrative Region	1	China Investment and Finance Limited (HK)	Address: Room 2106, 21/F, Tower 2, Lippo Center, No.89, Queensway, Hong Kong	Tel: 852-25212353 Fax: 852-28017399

Note(1) Taiyuan Branch was approved by China Banking Regulatory Commission Shanxi Office, and opened officially on August 21, 2007.

