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**中信銀行**  
CHINA CITIC BANK

**中信銀行股份有限公司**  
**China CITIC Bank Corporation Limited**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 998)

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR YEAR 2015**

**SUMMARY OF RESULTS**

The Board of Directors of China CITIC Bank Corporation Limited is pleased to announce the audited consolidated results of the Bank and its subsidiaries for the year ended 31 December 2015, which have been prepared in accordance with the applicable disclosure requirements under the Hong Kong Listing Rules and the International Financial Reporting Standards. The annual results have been reviewed by the Audit and Related Party Transactions Control Committee of the Board of Directors.

**FINANCIAL HIGHLIGHTS**

**Operating Performance**

*Unit: RMB million*

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

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

### Profitability Indicators

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

### Scale Indicators

*Unit: RMB million*

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

## Asset Quality Indicators

Unit: RMB million

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

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

## Capital Adequacy Indicators

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

## Supplementary Financial Indicators

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

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

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

## Differences between IFRS and PRC Accounting Standards

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

## Five-Year Financial Summary

*Unit: RMB million*

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic, Financial and Regulatory Environments

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

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

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

## Analysis of the Financial Statements

### *Overview*

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

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

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

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

## Income Statement Analysis

Unit: RMB million

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

### Operating Income

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

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

### Net Interest Income

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

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

*Unit: RMB million*

| Item                                                                   | 2015             |                |                             | 2014             |                |                             |
|------------------------------------------------------------------------|------------------|----------------|-----------------------------|------------------|----------------|-----------------------------|
|                                                                        | Average balance  | Interest       | Average yield/cost rate (%) | Average balance  | Interest       | Average yield/cost rate (%) |
| <b>Interest-earning assets</b>                                         |                  |                |                             |                  |                |                             |
| Loans and advances to customers                                        | 2,327,333        | 136,077        | 5.85                        | 2,074,393        | 130,975        | 6.31                        |
| Investment in debt securities                                          | 471,232          | 18,190         | 3.86                        | 347,377          | 13,992         | 4.03                        |
| Deposits and placements with central banks                             | 510,289          | 7,502          | 1.47                        | 506,580          | 7,554          | 1.49                        |
| Deposits and placements with banks and non-bank financial institutions | 221,356          | 4,250          | 1.92                        | 276,146          | 9,834          | 3.56                        |
| Financial assets held under resale agreements                          | 102,603          | 3,998          | 3.90                        | 231,483          | 12,194         | 5.27                        |
| Investment classified as receivables                                   | 878,034          | 45,638         | 5.20                        | 503,898          | 31,087         | 6.17                        |
| Others                                                                 | 8,284            | 6              | 0.07                        | 3,916            | 3              | 0.08                        |
| Subtotal                                                               | <u>4,519,131</u> | <u>215,661</u> | <u>4.77</u>                 | <u>3,943,793</u> | <u>205,639</u> | <u>5.21</u>                 |
| <b>Interest-bearing liabilities</b>                                    |                  |                |                             |                  |                |                             |
| Deposits from customers                                                | 3,003,860        | 64,749         | 2.16                        | 2,766,590        | 67,268         | 2.43                        |
| Deposits and placements from banks and non-bank financial institutions | 981,227          | 36,534         | 3.72                        | 764,241          | 37,818         | 4.95                        |
| Financial assets sold under repurchase agreements                      | 23,057           | 561            | 2.43                        | 23,280           | 839            | 3.60                        |
| Interbank certificates of deposit                                      | 71,480           | 2,957          | 4.14                        | 13,693           | 654            | 4.78                        |
| Deposit certificates issued                                            | 7,365            | 121            | 1.64                        | 12,497           | 236            | 1.89                        |
| Debt securities payable                                                | 101,304          | 5,304          | 5.24                        | 75,244           | 3,726          | 4.95                        |
| Borrowings from central banks and others                               | 28,549           | 1,002          | 3.51                        | 9,618            | 357            | 3.71                        |
| Subtotal                                                               | <u>4,216,842</u> | <u>111,228</u> | <u>2.64</u>                 | <u>3,665,163</u> | <u>110,898</u> | <u>3.02</u>                 |
| <b>Net interest income</b>                                             |                  | 104,433        |                             |                  | 94,741         |                             |
| Net interest spread <sup>(1)</sup>                                     |                  |                | 2.13                        |                  |                | 2.19                        |
| Net interest margin <sup>(2)</sup>                                     |                  |                | 2.31                        |                  |                | 2.40                        |

Notes: (1) Representing the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities.

(2) Calculated by dividing net interest income by average balance of total interest-earning assets.

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

*Unit: RMB million*

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

#### *Net Interest Margin and Net Interest Spread*

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

#### *Interest Income*

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

## Interest Income from Loans and Advances to Customers

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

### Classification by Maturity Structure

#### The Group

*Unit: RMB million*

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

#### The Bank

*Unit: RMB million*

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

## Classification by Business

### The Group

*Unit: RMB million*

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

### The Bank

*Unit: RMB million*

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

### *Interest Income from Investment in Debt Securities*

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

### *Interest Income from Deposits and Placements with Central Banks*

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

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

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

### *Interest Income from Amounts under Resale Agreements*

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

### *Interest Income from Receivables Investments*

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

### *Interest Expense*

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

### *Interest Expense on Deposits from Customers*

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

## The Group

*Unit: RMB million*

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

## The Bank

*Unit: RMB million*

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

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

During the reporting period, the Group's interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB36.534 billion, down RMB1.284 billion or 3.40% over the previous year, primarily due to the drop of the average cost rate of such deposits and placements by 1.23 percentage points, which offset the impacts of the increase of RMB216.986 billion in the average balance of such deposits and placements.

### *Interest Expense on Amounts under Repurchase Agreements*

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

### *Interest Expense on Interbank Certificates of Deposit*

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

### *Interest Expense on Issued Deposit Certificates*

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

### *Interest Expense on Debt Securities Payable*

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

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

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

### Net Non-Interest Income

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

Unit: RMB million

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

### Net Fee and Commission Income

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

Unit: RMB million

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

### Net gain from trading

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

Unit: RMB million

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

### Loss on Asset Impairment

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

Unit: RMB million

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

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

## Operating Expenses

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

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

*Unit: RMB million*

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

## Income Tax Analysis

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

## Balance Sheet Analysis

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

Unit: RMB million

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

Notes: (1) Including financial assets measured at fair value through profit or loss for the current period, available-for-sale financial assets, held-to-maturity investments and investments in associates.

(2) Including precious metal, derivative financial assets, interest receivables, fixed assets, intangible assets, investment properties, goodwill, deferred income tax assets and other assets.

(3) Including borrowings from central banks, financial liabilities measured at fair value through profit or loss for the current period, derivative financial liabilities, staff remunerations payable, tax and fee payables, interest payables, estimated liabilities, deferred income tax liabilities, other liabilities and so on.

## Loan Business

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

### The Group

*Unit: RMB million*

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

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

### The Bank

*Unit: RMB million*

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

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

## Receivables Investment

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

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

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

## Investment in Debt Securities and Equity Instruments

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

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

*Unit: RMB million*

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

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

#### *Classification of Debt Securities Investment*

*Unit: RMB million*

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

*Note:* Primarily corporate bonds.

#### *Domestic and Overseas Debt Securities Investment*

*Unit: RMB million*

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

#### *Foreign Currency Denominated Debt Securities Held*

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

## Breakdown of Significant Investments in Financial Debt Securities

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

Unit: RMB million

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

## Changes in Allowance for Investment Impairment

Unit: RMB million

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

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

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

*Classification of Derivatives and Fair Value Analysis*

*Unit: RMB million*

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

*On-Balance Sheet Interest Receivables*

*Unit: RMB million*

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

## Reposessed Assets

Unit: RMB million

| Item                                           | 31 December<br>2015 | 31 December<br>2014 |
|------------------------------------------------|---------------------|---------------------|
| Original value of reposessed assets            |                     |                     |
| – Land, premises and buildings                 | 1,045               | 446                 |
| – Others                                       | 85                  | 458                 |
| Provisions for impairment of reposessed assets |                     |                     |
| – Land, premises and buildings                 | (137)               | (156)               |
| – Others                                       | (33)                | (9)                 |
| <b>Total book value of reposessed assets</b>   | <b>960</b>          | <b>739</b>          |

## Deposits from Customers

### The Group

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

Unit: RMB million

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

## The Bank

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

*Unit: RMB million*

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

### *Breakdown of Deposits from Customers by Currency*

*Unit: RMB million*

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

## Breakdown of Deposits by Geographical Location

Unit: RMB million

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

Note: Including the Head Office.

## Breakdown of Deposits by Remaining Maturity

### The Group

Unit: RMB million

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

### The Bank

Unit: RMB million

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

## Shareholders' Equity

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

*Unit: RMB million*

| Item                                                               | Share Capital | Capital Reserve | Other comprehensive income | 2015<br>Surplus Reserve and General Risk Provision | Undistributed Profit | Minority Interest | Total Shareholders' Equity |
|--------------------------------------------------------------------|---------------|-----------------|----------------------------|----------------------------------------------------|----------------------|-------------------|----------------------------|
| 1 January 2015                                                     | 46,787        | 49,296          | (1,833)                    | 69,841                                             | 95,586               | 7,669             | 267,346                    |
| 1. Net profit                                                      | -             | -               | -                          | -                                                  | 41,158               | 582               | 41,740                     |
| 2. Other comprehensive income                                      | -             | -               | 5,417                      | -                                                  | -                    | 227               | 5,644                      |
| 3. Acquisition of minority interest in subsidiaries <sup>(1)</sup> | -             | (400)           | -                          | -                                                  | -                    | (6,395)           | (6,795)                    |
| 4. Capital input by ordinary shareholders <sup>(2)</sup>           | 2,148         | 9,740           | -                          | -                                                  | -                    | -                 | 11,888                     |
| 5. Profit distribution                                             | -             | -               | -                          | 18,076                                             | (18,076)             | (137)             | (137)                      |
| 31 December 2015                                                   | <u>48,933</u> | <u>58,636</u>   | <u>3,584</u>               | <u>87,917</u>                                      | <u>118,668</u>       | <u>1,946</u>      | <u>319,686</u>             |

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

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

## Major Off-Balance Sheet Items

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

*Unit: RMB million*

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

## Cash Flow Statement Analysis

### Net Operating Cash Outflow

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

### Net Cash Outflow for Investing Activities

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

## Net Cash Inflow Generated from Financing Activities

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

*Unit: RMB million*

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

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

## Capital Adequacy Ratio and Leverage Ratio

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

*Unit: RMB million*

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

*Unit: RMB million*

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

*Notes:* (1) Data for 2013 were leverage ratios calculated in accordance with provisions of the Rules on Leverage Ratio of Commercial Banks (CBRC Decree 2011 No.3). Data for 2014 and onward were leverage ratios calculated in accordance with provisions of the Rules on Leverage Ratio of Commercial Bank (Revised) (CBRC Decree 2015 No.1).

(2) For more detailed information about leverage ratios, as per the Rules on Leverage Ratio of Commercial Banks (Revised) (CBRC Decree 2015 No.1), please refer to the column on investor relations at the Bank's website: [bank.ecitic.com/eabout/inves/in\\_4\\_4.shtml](http://bank.ecitic.com/eabout/inves/in_4_4.shtml).

### ***Major Accounting Estimates and Assumptions***

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

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

## Major Financial Statement Items with More than 30% Changes

Unit: RMB million

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

## Segment Report

### Business Segments

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

Unit: RMB million

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

### Geographical Segments

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

Unit: RMB million

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

Notes: (1) Excluding deferred income tax assets.

(2) Excluding deferred income tax liabilities.

Unit: RMB million

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

Note: Excluding deferred income tax assets.

## Business Overview

### Corporate Finance Business

#### Business Overview

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

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

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

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

### *Stratified Customer Management in Corporate Banking Business*

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

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

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

### *Institutional Banking*

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

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

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

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

### *Cash Management*

During the reporting period, the Bank launched multiple innovative “E-finance/asset” products including its online open wealth management project “Mobile Housekeeper”<sup>2</sup>, entrusted loan “Housekeeper” and cross-border “Housekeeper”, initiated construction of the bank-bank direct link project with CNCBI, and online operated “E-channel” bank-enterprise direct link projects with group corporations represented by CITIC Group, China Telecommunications Corporation and China Mobile Communications Corporation. These combined to help the Bank become a bank enjoying partnership with “Three-Large and One-High”<sup>3</sup> Customers. With its “E-finance/asset” business, the Bank provided standard fund management solutions to small and medium enterprises, expanded its corporate customer group by batches, and boosted customer activity in a continuous manner. Seven product series were launched for B2B E-commerce, namely, “Commerce-Business All In One”, “Centralized Procurement All In One”, “Bid-Tender All In One”, “Fund Raising All In One”, “Benefits for People All In One”, “Cross-border Business All In One”, and “Bank-Securities All In One”. With its advanced B2B E-commerce product system and excellence in business innovation, the Bank won from China Financial Certification Authority (“CFCA”) the “2015 Award for Best Innovation in E-Commerce Business in China” and from the China Internet Association the “2015 Award for Internet Finance Innovation in China”.

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

<sup>2</sup> Mobile Housekeeper is an open non-risk-assuming corporate wealth management product sold at the Bank’s cash management customer terminal.

<sup>3</sup> “Three-Large and One-High” refers to large industries, large customers, large projects and high-end individual customers.

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

### *Asset Custody*

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

As at the end of the reporting period, assets under the Bank’s custody reached RMB4.855224 trillion, an increase of 38.81% over the end of the previous year, of which online annuity custody amounted to RMB 39.304 billion, up 38.73% over the end of the previous year, in which business area the Bank recorded 673 enterprise annuity customers, an increase of 17.45% over the end of the previous year, and 167,342 personal pension accounts, an increase of 71.89% over the end of the previous year. During the reporting period, the Bank realized commission fee of RMB2.228 billion from custody and other entrusted businesses, an increase of 46.39% over the previous year.

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

## ***Retail Finance Business***

### *Business Overview*

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

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

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

## *Wealth Management and Private Banking*

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

As at the end of the reporting period, the number of individuals who held VIP accounts at the Bank each with at least RMB500,000 AUM reached 428,296 accounts, representing an increase of 63,816 accounts or 17.51% over the end of the previous year; and the AUM balance of VIP customers reached RMB755.843 billion, up RMB128.669 billion or 20.52% over the end of the previous year. Private banking customers each with at least RMB6 million AUM at the Bank reached 17,069 accounts, representing an increase of 3,426 accounts or 25.11% over the end of the previous year; and the AUM balance of private banking customers stood at RMB259.568 billion, representing an increase of RMB 58.004 billion or 28.78% over the end of the previous year.

## *Customer Management*

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

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

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

## *Personal Loan*

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

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

## *Credit Card*

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

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

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

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

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

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

As at the end of the reporting period, the Bank issued a cumulative number of 30.3754 million credit cards. During the reporting period, the Bank newly issued 5.7796 million credit cards, an increase of 51.44% over the previous year; registered a credit card transaction value of RMB808.081 billion, up 33.08% over the previous year. During the reporting period, the Bank achieved rapid growth in installment payment business, with installment transactions for the whole year totaled RMB 101.219 billion, up 72.63% over the previous year, successfully going beyond the RMB 100 billion threshold, and business income therefrom grew by 90.53% over the previous year. For the reporting year, income from credit card business registered RMB19.480 billion, representing a growth of 46.58% over the previous year. As such, the Bank entered a brand new stage of business profitability.

### *E-banking*

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

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

In respect of finance-based Internet business, the Bank strove to win a greater share from the acquiring business market using Internet finance as the breakthrough point and focusing its efforts on mobile finance. During the reporting period, the Bank (1) launched “CITIC Bank E Payment”, an Internet-based innovative mobile finance product that provides online services for order, sales, payment and receipt between enterprises at both upper and lower streams of the supply chain on the basis of mobile customer terminals and thereby realizes “integration of four flows”, namely, commodity flow, information flow, fund flow and logistics flow; (2) launched “Cross-Border Pay”, a cross-border e-commerce payment product, thereby becoming the first commercial bank in China to possess “total-process, all-currency and fully online” cross-border e-commerce financial service capacity. As at the end of the reporting period, the Bank recorded RMB4.347 billion transaction turnover in its cross-border foreign exchange payment business. On the day of the “11 November” shopping frenzy, the Bank took up 60% of the AliPay business relating to overseas online shopping, achieving 3.5 times growth in business scale over the previous year; (3) Launched the CITIC “QuickPass” product, i.e., after a CITIC Bank card holder applies for a Cloud Card via the Bank’s mobile banking customer terminal and activates the Cloud Card, he or she can use his or her mobile phone to pay on any POS device labeled with “UnionPay QuickPass”; (4) Launched e-channel exclusive wealth management services to create the unique brand “CITIC Bank Wealth Management Evening”, which covers the two product categories of Shouyibao and Wenjianbao and satisfies differentiated wealth management needs of different customers. During the reporting period, the Bank achieved nearly RMB390 billion agency sales of wealth management products on its mobile banking.

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

## ***Financial Market Business***

### ***Business Overview***

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

### ***Financial Market Business***

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

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

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

### *International Business*

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

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

The Bank promoted its business internationalization and overseas business network in an orderly manner. Its London Representative Office was established in April 2015, followed by the initiation of preparation for its London Branch with conditions ready for application to the CBRC on administrative licensing of the branch. The Bank gained administrative licensing from the CBRC for its application to set up its Sydney Representative Office in November 2015 and is pushing forward the application and establishment process for the Sydney Branch<sup>1</sup>.

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

### *Investment Banking*

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

### *Interbank Business*

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

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<sup>1</sup> In March 2016, the application for establishment of Sydney Representative Office of the Bank gained approvals and licensing by relevant regulatory authorities of Australia.

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

#### *Special Business Area: Wealth Management Business*

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

During the reporting period, the Bank earned RMB7.847 billion business income from wealth management in all definitions, up 70.57% year-on-year, and generated a yield of RMB 29.906 billion for customers, up 36.71% year-on-year.

During the reporting period, the Bank's cumulative sales of wealth management products in all definitions reached RMB 4.472878 trillion, up 73.66% over the previous year, of which wealth management products developed and sold by the Bank amounted to RMB3.894098 trillion and agency sales of wealth management products recorded cumulative proceeds of RMB578.779 billion.

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

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

## *Service Quality Management*

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

## *Integrated Financial Service Platform of CITIC Group*

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

- Sharing of channel resources was reinforced. The Bank reinforced its cooperation with subsidiaries of CITIC Group such as CITIC Securities, CITIC-Prudential Life Insurance, Tianan Property Insurance, CITIC-Prudential Fund Management, CITIC Real Estate, CITIC Tourism and CITIC Press for sharing of channel resources. Through agency product sales at physical outlets and via online banking channels, the Bank strove to build a “customer focus” value-added service platform for its retail customers.

During the reporting period, via its physical outlets and online banking channels, the Bank as an agency sold 17 products of CITIC Securities and China Securities totaling RMB1.295 billion in value, 70 products of CITIC-Prudential Life Insurance and Tianan Property Insurance valued at RMB15.773 billion in total, 76 products of CITIC-Prudential Fund Management and China AMC totaling RMB254.736 billion in value, and also as an agency the Bank recommended RMB16.494 billion products for CITIC-CP Asset Management. In addition, CITIC Securities, CITIC-Prudential Life Insurance, CITIC Futures, CITIC-Prudential Fund Management, CITIC Real Estate, CITIC Tourism and CITIC Press also shared their institutional and outlet resources with the Bank by means of mutual access to outlets, joint organization of marketing events and display of publicity materials.

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

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

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

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

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

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

### ***Information Technology***

During the reporting period, the Bank successfully commissioned more than 10 key strategic projects, enormously lifting bank-wide capacity for application of science and technology. (1) The Bank realized, as scheduled, switch and commissioning of its new core system across the board in one go covering all business lines on 10 May 2015. Since then, the system has been in stable operation and markedly improved processing efficiency. Its customer-focus design of customer information and account structure improved customer and user experience and upgraded counter service efficiency by more than 40%. Its parameter-based product design reduced delivery cycle of general new products by nearly 50% in comparison with the old system. (2) The Bank harvested early fruits in the construction of its enterprise-level data platform and environment, realizing bank-wide sharing of information, supporting data mining, analysis and application in retail banking, and improving accuracy of information on risk monitoring and anti-money laundering. (3) The Bank revised its mobile banking and personal online banking systems and produced the updated versions that were characterized by peer leadership in advanced

functionalities and customer experience and rapid growth in transaction volumes. (4) The Bank completed all the information system construction and renovation tasks involved in the project on compliance with the New Capital Accord. (5) In proactive response to the national strategy on safety and controllability, the Bank sped up the transformation of its technology framework, carried out research and development of its big data platform and distributed database platform to match bank application features, and realized multiple functions including P2P fund supervision, historical data inquiry, integrated personal banking statement reconciliation, forensic inquiry, and RMB crown word number (serial number) inquiry.

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

### ***Domestic Distribution Channels***

#### ***Branches***

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

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

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

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

### *Online Banking Platform*

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

### *Telephone Banking Platform*

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

### *Subsidiary Business*

#### *CIFH*

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

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

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

- CNCBI: The multiple adverse market factors that started to emerge in the latter half of 2014 continued to ferment in 2015, posing severe challenges to the annual operating results of CNCBI, which, despite the somewhat decline when compared with the robust performance of the previous year, remained satisfactory in the overall sense. For the reporting period, CNCBI achieved operating income of HKD5.834 billion, a decrease of 2.91% from the previous year, and net profit of HKD 2.168 billion, a drop of 22.60% from the previous year.

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

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

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

### *CNCB Investment*

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

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

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

### *Lin'an CITIC Rural Bank*

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

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

### *CITIC Financial Leasing*

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

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

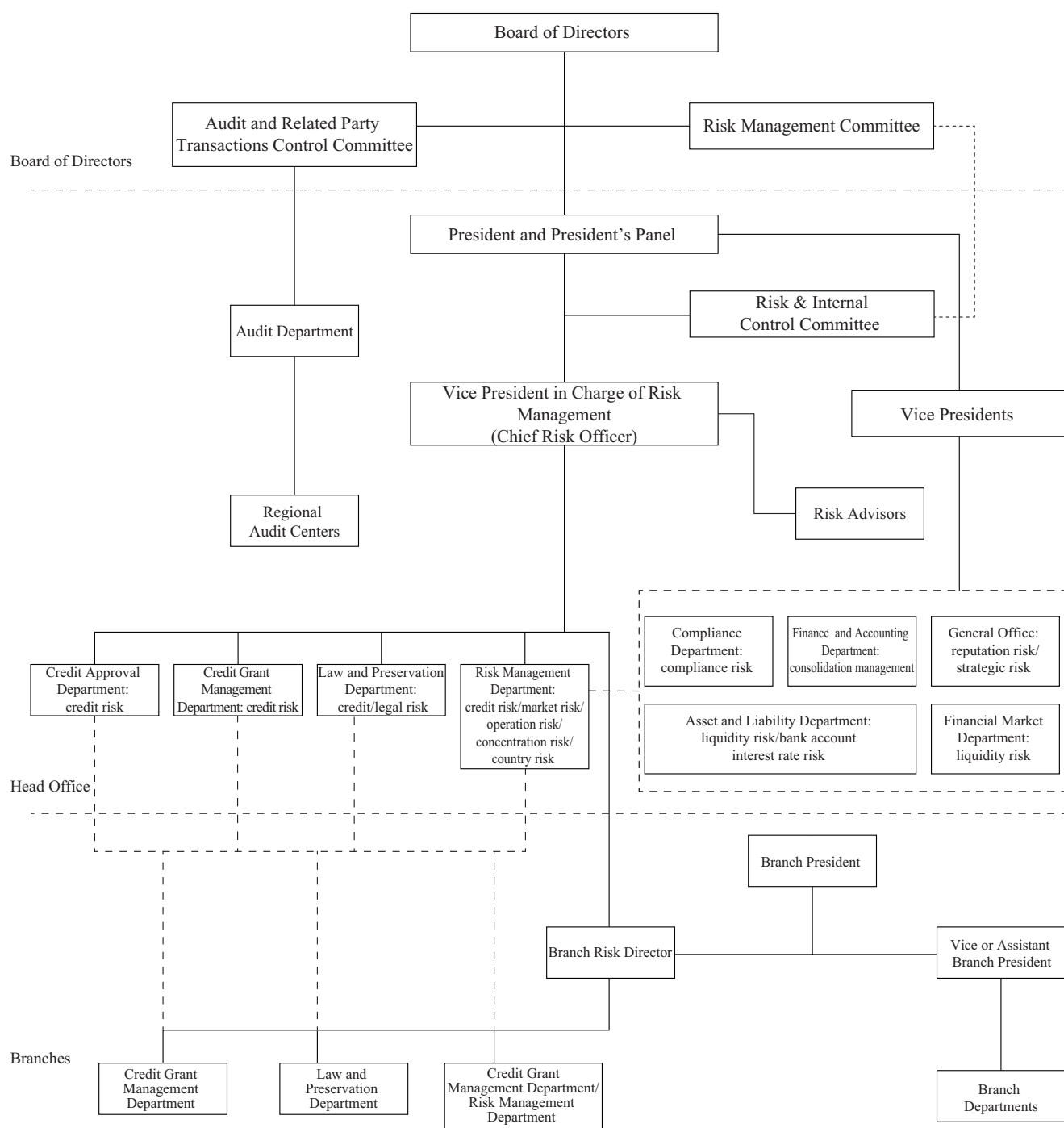
With full leverage of the advantages available from the CITIC integrated platform, CITIC Financial Leasing endeavored to interact and synergize with subsidiaries of the Group and branches of the Bank, basically attaining multiple goals such as joint marketing, shared risk prevention, reciprocity and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

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

Risk Management

Risk Management Structure

Complete Risk Management Structure of CITIC Bank



## ***Risk Management System and Techniques***

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

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

### ***Credit Risk Management***

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

#### ***Credit Risk Management in Corporate Business***

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

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

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

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

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

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

### *Risk Management of Personal Loan*

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

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

### *Risk Management of Credit Card Business*

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

### *Risk Management in Financial Market Business*

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

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

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

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

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

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

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

### *Credit Risk Analysis*

#### Distribution of Loans

#### Concentration of Loans by Geographic Region

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

### **The Group**

*Unit: RMB million*

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

*Note:* Including the Head Office.

## The Bank

Unit: RMB million

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

Note: Including the Head Office.

## Concentration of Loans by Product

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

## The Group

Unit: RMB million

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

## The Bank

Unit: RMB million

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

## Concentration of Loans by Sector

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

## The Group

Unit: RMB million

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

## The Bank

Unit: RMB million

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

### Breakdown of Loans by Type of Guarantee

As at the end of the reporting period, the Group's loan guarantee structure was further optimized. The balance of collateral and pledge loans stood at RMB1,450.118 billion, up RMB236.948 billion over the end of the previous year, and their proportion reached 57.34%, 1.89 percentage points higher over the end of the previous year; and the balance of unsecured and guaranteed loans amounted to RMB985.917 billion, up RMB79.222 billion over the end of the previous year, accounting for 38.99% of the corresponding total, down 2.45 percentage points over the end of the previous year.

## The Group

Unit: RMB million

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

## The Bank

Unit: RMB million

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

## Concentration of Borrowers of Corporate Loans

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

## The Group

| Major regulatory indicator                             | Regulatory Standard | 31 December 2015 | 31 December 2014 | 31 December 2013 |
|--------------------------------------------------------|---------------------|------------------|------------------|------------------|
| Percentage of loans to the largest single customer (%) | ≤10                 | 2.48             | 2.75             | 3.41             |
| Percentage of loans to the top 10 customers (%)        | ≤50                 | 14.60            | 12.14            | 14.68            |

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

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

## The Group

Unit: RMB million

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

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

## Five-Class Loan Classification

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

In 2015, the Bank continued to reinforce centralized management of loan classification and enhance the system for management of credit asset risks by class. While adhering to the core criteria, i.e., “safety of loan recovery”, the Bank treated different classes of loans with different risk management measures after taking into full consideration various factors that may impact the quality of credit assets.

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

## The Group

*Unit: RMB million*

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

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

## The Bank

Unit: RMB million

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

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

As at the end of the reporting period, the balance of pass loans of the Group increased by RMB311.045 billion over the end of the previous year, accounting for 95% of the total loan balance, and representing a drop of 0.58 percentage point over the end of the previous year. The balance of special mention loans rose by RMB22.231 billion, accounting for 3.57% of the total loan balance, up 0.45 percentage point over the end of the previous year. The rise in both balance and proportion of special mention loans was mainly because: (1) The Group used more stringent and prudent criteria to classify risks, whereby loans with factors adversely affecting recovery would be identified as special mention unless otherwise identified for special reasons; and (2) Economic downturn and difficult operation of the real economy led to tight fund chain and mounting credit risks, which in turn resulted in the rise in special mention loans.

As at the end of the reporting period, the balance of the Group's non-performing loans (NPLs), recognized in accordance with the regulatory risk classification standard, stood at RMB36.05 billion, up RMB7.596 billion over the end of the previous year; and its NPL ratio was 1.43%, up 0.13 percentage point over the end of the previous year. The Group's continuous rise in NPLs was mainly due to impacts of the larger economic environment, business deterioration of pro-cyclic industries and enterprises, and increasing spread of risks from the mutual guarantee and joint guarantee community, which led to higher probability of default, worse credit risk and more NPLs.

During the reporting period, the Group worked hard to improve loan quality and further reinforced disposal of non-performing loans. By means of recovery and write-off, etc., the Group disposed RMB45.485 billion NPL principal with the speed of disposal faster than that of the previous years.

During the reporting period, the Group witnessed a “dual rise” trend of both NPL balance and NPL ratio, which was consistent with the current macroscopic economic situation. At the beginning of 2015, the Group already made sufficient projection and response preparation regarding the changing trend of loan quality. Thanks to its pertinent measures for risk prevention and dissolution, the Group was able to put the changes in NPLs under control.

## Migration of Loans

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

### The Bank

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

As at the end of the reporting period, the Bank’s migration ratio from performing to non-performing loans was 1.48%, up 0.45 percentage point over the same period of the previous year. The main underlying reason was higher probability of default on the part of the borrowers due to the overlapping impacts of multiple factors in a time of economic downturn, which led to more loans migrating from performing loans to non-performing categories. Moreover, there was also a marked increase in the migration ratio of doubtful loans compared with those of the same period last year, mainly because the Group intensified its write-off efforts.

## Loans Overdue

### The Group

*Unit: RMB million*

|                                     | <b>31 December 2015</b> |                   | <b>31 December 2014</b> |                   |
|-------------------------------------|-------------------------|-------------------|-------------------------|-------------------|
|                                     | <b>Balance</b>          | <b>Proportion</b> | <b>Balance</b>          | <b>Proportion</b> |
|                                     |                         | <b>(%)</b>        |                         | <b>(%)</b>        |
| Loans repayable on demand           | <b>2,453,880</b>        | <b>97.04</b>      | 2,111,964               | 96.53             |
| Loans overdue:                      |                         |                   |                         |                   |
| 1-90 days                           | <b>36,998</b>           | <b>1.46</b>       | 43,034                  | 1.97              |
| 91-180 days                         | <b>9,794</b>            | <b>0.39</b>       | 8,986                   | 0.41              |
| 181 days or above                   | <b>28,108</b>           | <b>1.11</b>       | 23,924                  | 1.09              |
| Subtotal                            | <b>74,900</b>           | <b>2.96</b>       | 75,944                  | 3.47              |
| <b>Total loans</b>                  | <b>2,528,780</b>        | <b>100.00</b>     | 2,187,908               | 100.00            |
| Loans overdue for 91 days and above | <b>37,902</b>           | <b>1.50</b>       | 32,910                  | 1.50              |
| Restructured loans                  | <b>8,482</b>            | <b>0.34</b>       | 13,724                  | 0.63              |

Notes: (1) Loans overdue refer to loans with principals or interests overdue for one day or above.

(2) Restructured loans refer to loans overdue or downgraded but the conditions of which (e.g. amount and term) have been rearranged.

## The Bank

Unit: RMB million

|                                     | 31 December 2015 |                | 31 December 2014 |                |
|-------------------------------------|------------------|----------------|------------------|----------------|
|                                     | Balance          | Proportion (%) | Balance          | Proportion (%) |
| Loans repayable on demand           | 2,293,468        | 96.99          | 1,990,328        | 96.46          |
| Loans overdue:                      |                  |                |                  |                |
| 1-90 days                           | 33,853           | 1.44           | 40,913           | 1.98           |
| 91-180 days                         | 9,542            | 0.40           | 8,705            | 0.42           |
| 181 days or above                   | 27,693           | 1.17           | 23,532           | 1.14           |
| Subtotal                            | 71,088           | 3.01           | 73,150           | 3.54           |
| <b>Total loans</b>                  | <b>2,364,556</b> | <b>100.00</b>  | <b>2,063,478</b> | <b>100.00</b>  |
| Loans overdue for 91 days and above | 37,235           | 1.57           | 32,237           | 1.56           |
| Restructured loans                  | 8,472            | 0.36           | 13,204           | 0.64           |

Notes: (1) Loans overdue refer to loans with principals or interests overdue for one day or above.

(2) Restructured loans refer to loans overdue or downgraded but the conditions of which (e.g. amount and term) have been rearranged.

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

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

## Breakdown of NPLs by Product

### The Group

*Unit: RMB million*

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

### The Bank

*Unit: RMB million*

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

As at the end of the reporting period, the Group's balance and ratio of corporate NPLs increased by RMB5.185 billion and 0.13 percentage point over the end of the previous year, respectively; while the balance and ratio of personal NPLs grew by RMB2.408 billion and 0.19 percentage point over the end of the previous year, respectively. The rise in NPLs and NPL ratios was mainly due to the significant increase in credit risk of privately owned SMEs engaging in manufacturing, trade enterprises and overcapacity industries.

## Breakdown of NPLs by Geographic Location

### The Group

*Unit: RMB million*

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

### The Bank

*Unit: RMB million*

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

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

## Breakdown of Corporate NPLs by Sector

### The Group

*Unit: RMB million*

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

## The Bank

Unit: RMB million

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

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

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

## *Analysis of Provision for Loan Impairment*

### Changes in Provision for Loan Impairment

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

### The Group

*Unit: RMB million*

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

Notes: (1) Equivalent to the net loan impairment recognized in the consolidated income statement of the Group.

(2) Equivalent to the increment of the present value of impaired loans after a period of time, which the Group recognized as interest income.

## The Bank

Unit: RMB million

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

Notes: (1) Equivalent to the net loan impairment recognized in the consolidated income statement of the Group.

(2) Equivalent to the increment of the present value of impaired loans after a period of time, which the Group recognized as interest income.

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

During the reporting period, the Group accrued RMB35.12 billion allowance for loan impairment, up RMB13.046 billion over the previous year. The reasons for increasing such allowance were: (1) the Group made a proactive response to the risk of economic downturn by means of enhancing its risk hedging capability; and (2) with more vigorous NPL writing-off efforts, the Group needed to increase provisions as much as possible to get well prepared for write-offs.

### Management of Market Risk

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

## *Management of Interest Rate Risk*

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

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

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

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

### The Group

*Unit: RMB million*

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

### The Bank

*Unit: RMB million*

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

### Management of Exchange Rate Risk

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

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

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

### The Group

*Unit: RMB million*

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

### The Bank

*Unit: RMB million*

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

## *Liquidity Risk Management*

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

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

The Bank conducted a unified liquidity risk management structure. The Head Office is responsible for formulating liquidity risk management policies and strategies of the Group and its legal person institutions, and for managing liquidity risk at the legal person institution level in a centralized manner. Domestic branches of the Bank, in accordance with requirements of the Head Office, are responsible for fund management within their respective jurisdictions pursuant to their authorized mandates. All domestic and overseas affiliates of the Bank are responsible for developing their own strategies and procedures for liquidity risk management and implementing such strategies and procedures according to the requirements of competent regulatory authorities and within the Group's master policy framework on liquidity risk management.

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

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

*Unit: RMB million*

| <b>Item</b>                            | <b>Value</b>   |
|----------------------------------------|----------------|
| Liquidity coverage ratio               | 87.8%          |
| Qualified premium liquid assets        | 464,437        |
| Net cash outflow in the coming 30 days | <u>529,112</u> |

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

### **The Group**

*Unit: RMB million*

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

### **The Bank**

*Unit: RMB million*

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

### **Operational Risk Management**

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

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

## ***Anti-Money Laundering***

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

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

## **Capital Management**

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

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

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

### **Management of Financial Statement Consolidation**

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

### **Profit and Dividends Distribution**

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

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

*Unit: RMB million*

| <b>Year for which dividends are distributed</b> | <b>Cash dividends every ten shares (RMB) (pre-tax)</b> | <b>Total amount of cash dividends (pre-tax)</b> | <b>Net profit attributable to shareholders of the Bank as indicated in consolidated statements</b> | <b>Distribution ratio (%)<sup>(Note)</sup></b> |
|-------------------------------------------------|--------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
| 2012                                            | 1.500                                                  | 7,018                                           | 31,032                                                                                             | 22.62%                                         |
| 2013                                            | 2.520                                                  | 11,790                                          | 39,175                                                                                             | 30.10%                                         |
| 2014                                            | —                                                      | —                                               | 40,692                                                                                             | —                                              |

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

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

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

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

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

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

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

On 23 December 2014, the Board of Directors of the Bank deliberated and adopted the Proposal on CITIC Bank’s Acquisition of BBVA’s Equity in CITIC International Financial Holding Corporation Limited, giving consent to the Bank’s acquisition of BBVA’s 2,213,785,908 ordinary shares in CIFH. The proposed equity acquisition was adopted by the 2014 Annual General Meeting of the Bank, approved by the CBRC on 20 August 2015, and delivered on 27 August 2015. After the acquisition, the Bank holds 100% equity interest of CIFH. Please refer to the related announcements published on the official website of SSE ([www.sse.com.cn](http://www.sse.com.cn)), the official website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) for detailed information.

## Shareholdings in Other Listed Companies and Financial Enterprises

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

*Unit: RMB*

| No.          | Stock code | Stock name               | Initial investment amount | Shareholding percentage | Book value at the end of the reporting period | Gain or loss during the reporting period | Book value at the beginning of the reporting period | Changes in shareholder's interest during the reporting period | Accounting item                     | Source of investment |
|--------------|------------|--------------------------|---------------------------|-------------------------|-----------------------------------------------|------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------|-------------------------------------|----------------------|
| 1            | 00762      | China Unicom (HK)        | 7,020,000.00              | –                       | 3,167,237.31                                  | –                                        | 3,281,515.00                                        | (114,277.69)                                                  | Available-for-sale financial assets | Cash purchase        |
| 2            | V          | Visa Inc.                | 7,509,605.39              | –                       | 103,321,332.97                                | 295,249.53                               | 81,808,091.52                                       | 21,513,241.45                                                 | Available-for-sale financial assets | Gift/Bonus share     |
| 3            | MA         | Mastercard International | 201,629.69                | –                       | 4,792,750.59                                  | 25,214.15                                | 3,994,613.45                                        | 798,137.14                                                    | Available-for-sale financial assets | Bonus share          |
| 4            | 03996      | CCEEC (HK)               | 324,698,781.12            | 0.82%                   | 334,909,434.62                                | –                                        | –                                                   | 10,210,653.50                                                 | Available-for-sale financial assets | Cash purchase        |
| <b>Total</b> |            |                          | <b>339,430,016.20</b>     |                         | <b>446,190,775.49</b>                         | <b>320,463.68</b>                        | <b>89,084,219.97</b>                                | <b>32,407,754.40</b>                                          |                                     |                      |

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

*Unit: RMB*

| Name of company                               | Initial investment amount | Number of shares held (share) | Shareholding percentage | Book value at the end of the reporting period | Gain or loss during the reporting period | Changes in shareholder's equity during the reporting period | Accounting item                     | Source of investment |
|-----------------------------------------------|---------------------------|-------------------------------|-------------------------|-----------------------------------------------|------------------------------------------|-------------------------------------------------------------|-------------------------------------|----------------------|
| China UnionPay Co., Ltd.                      | 113,750,000.00            | 87,500,000                    | 2.99%                   | 113,750,000.00                                | 4,812,500.00                             | –                                                           | Available-for-sale financial assets | Cash purchase        |
| SWIFT                                         | 161,127.66                | 35                            | –                       | 419,784.62                                    | –                                        | –                                                           | Available-for-sale financial assets | Bonus share          |
| Joint Electronic Teller Services              | 4,535,347.33              | 16 (Class B)                  | –                       | 4,315,989.21                                  | –                                        | –                                                           | Available-for-sale financial assets | Bonus share          |
| Electronic Payment Services Company (HK) Ltd. | 14,263,759.80             | 2                             | –                       | 13,573,874.05                                 | –                                        | –                                                           | Available-for-sale financial assets | Bonus share          |
| <b>Total</b>                                  | <b>132,710,234.79</b>     |                               |                         | <b>132,059,647.88</b>                         | <b>4,812,500.00</b>                      | <b>–</b>                                                    |                                     |                      |

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

## Information about Structured Vehicles Controlled by the Bank

Please refer to Note 14 to the financial statements of this announcement for relevant information about structured vehicles beyond the scope of the Bank's financial statement consolidation.

## Outlook

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

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

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

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

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

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

### ***Corporate Development Strategy***

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

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

### ***Business Plan***

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

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

## ***Potential Risks***

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

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

## **Management of Corporate Social Responsibility**

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

# CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

## Changes in Share Capital

### Table on Changes in Shareholdings

Unit: share

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

### Shares held by Shareholders Subject to Restrictions on Sale

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

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

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

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

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

## **Issuance and Listing of Securities**

### ***Equity Financing during the Reporting Period***

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

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

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

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

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

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

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

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

### ***Issuance of Other Bonds***

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

### ***Internal Employee Shares***

There are no internal employee shares issued by the Bank.

## **Information on Shareholders**

### ***Total Number of Shareholders***

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

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

*Unit: Share*

| No. | Name of shareholder                                                                                            | Nature of shareholder | Class of shares  | Total number of shares held | Shareholding percentage (%) | Balance of shares subject to restrictions on sale | Increase or decrease of shareholding during the reporting period | Shares pledged or frozen |
|-----|----------------------------------------------------------------------------------------------------------------|-----------------------|------------------|-----------------------------|-----------------------------|---------------------------------------------------|------------------------------------------------------------------|--------------------------|
| 1   | CITIC Corporation Limited                                                                                      | State-owned           | A-share, H-share | 31,406,992,773              | 67.13%                      | 0                                                 | 0                                                                | 0                        |
| 2   | Hong Kong Securities Clearing Company Nominee Limited                                                          | Foreign               | H-share          | 12,112,048,524              | 25.89%                      | 0                                                 | 13,753,491                                                       | Unknown                  |
| 3   | China Securities Finance Corporation Limited                                                                   | State-owned           | A-share          | 871,422,670                 | 1.86%                       | 0                                                 | 868,130,798                                                      | 0                        |
| 4   | Central Huijin Asset Management Corporation Limited                                                            | State-owned           | A-share          | 272,838,300                 | 0.58%                       | 0                                                 | 272,838,300                                                      | 0                        |
| 5   | China Construction Bank Limited                                                                                | State-owned           | H-share          | 168,599,268                 | 0.36%                       | 0                                                 | 0                                                                | Unknown                  |
| 6   | Hebei Construction Investment (Group) Limited Liability Corporation                                            | State-owned           | A-share          | 31,034,400                  | 0.07%                       | 0                                                 | 0                                                                | 0                        |
| 7   | NSSF Portfolio 503                                                                                             | State-owned           | A-share          | 30,000,000                  | 0.06%                       | 0                                                 | 30,000,000                                                       | 0                        |
| 8   | China Poly Group Corporation                                                                                   | State-owned           | A-share          | 27,216,400                  | 0.06%                       | 0                                                 | -730,000                                                         | 0                        |
| 9   | Industry and Commerce Bank of China -SSE 50 ETF Securities Investment Fund                                     | Other                 | A-share          | 22,679,850                  | 0.05%                       | 0                                                 | 22,679,850                                                       | 0                        |
| 10  | Agricultural Bank of China Limited – E Fund Ruihui Flexible Allocation Mixed Launch Securities Investment Fund | Other                 | A-share          | 21,516,935                  | 0.05%                       | 0                                                 | 21,516,935                                                       | 0                        |

- Note:**
- (1) The shareholdings of H shareholders were calculated based on the Bank's share register maintained with the H-share registrar of the Bank.
  - (2) On 20 January 2016, the Bank completed the formalities of registration, custody and restrictions on sale relating to its private offering of 2,147,469,539 A shares to China Tobacco Corporation at China Securities Depository and Clearing Company Limited Shanghai Branch. After completion of the private offering, the Bank has a total share capital of 48,934,796,573 shares, including 34,052,633,596 A shares and 14,882,162,977 H shares. China Tobacco Corporation holds 2,147,469,539 A shares of the Bank, about 4.39% of the Bank's total share capital.
  - (3) As at the end of the reporting period, BBVA confirmed that it held 1,525,036,861 shares or 3.26% of the Bank's share capital via Hong Kong Securities Clearing Company Nominee Limited.
  - (4) Note on connected relations or concerted actions of the above shareholders: As per the 2015 Third Quarterly Report of China Construction Bank Limited, as of 30 September 2015, Central Huijin Investment Limited held 57.31% of China Construction Bank Limited's shares. Except for this, as at the end of the reporting period, the Bank was not aware of any connected relation or concerted action between the above-mentioned shareholders.

## ***Interests and Short Positions Held by Substantial Shareholders and Other Persons***

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

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

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

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

### ***Controlling Shareholder and De Facto Controller of the Bank***

As at the end of the reporting period, CITIC Corporation Limited was the controlling shareholder of the Bank. CITIC Limited was the single direct controlling shareholder of CITIC Corporation Limited. CITIC Group was the controlling shareholder of CITIC Limited, and the de facto controller of the Bank. CITIC Corporation Limited directly owned 28,938,928,294 A shares and 2,468,064,479 H shares of the Bank respectively, accounting for 61.85% and 5.28% of the total issued share capital of the Bank respectively. In total, CITIC Corporation Limited directly owned 31,406,992,773 shares of the Bank respectively, 67.13% of the Bank's total share capital. With the Bank completing equity registration formalities for its private offering of A shares to China Tobacco Corporation on 20 January 2016, CITIC Corporation Limited directly held 31,406,992,773 shares of the Bank, 64.18% of the Bank's total share capital as of 20 January 2016.

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

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

In December 2011, with the approval from the State Council, CITIC Group contributed, together with its wholly-owned subsidiary Beijing CITIC Enterprise Management Co., Ltd., the majority of its existing operating net assets to establish CITIC Limited, with CITIC Group and Beijing CITIC Enterprise Management Co., Ltd. holding 99.9% and 0.1% of CITIC Limited's equity interest respectively. CITIC Group as a whole was restructured into a wholly state-owned company. To complete the afore-mentioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Limited as capital contribution, as a result of which CITIC Limited held 28,938,929,004 shares in the Bank both directly and indirectly, accounting for 61.85% of the Bank's total share capital. The above-mentioned share transfer was approved by the State Council, the MOF, the CBRC, the CSRC and the Hong Kong Monetary Authority. In February 2013, the relevant formalities for the share transfer were officially completed with approvals from the SSE and China Securities Depository and Clearing Corporation Limited Shanghai Branch.

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

In August 2014, CITIC Group injected its main business assets entirely into its Hong Kong listed subsidiary CITIC Pacific, and renamed it CITIC Limited. The former CITIC Limited was renamed CITIC Corporation Limited. CITIC Limited held 100% equity in CITIC Corporation Limited.

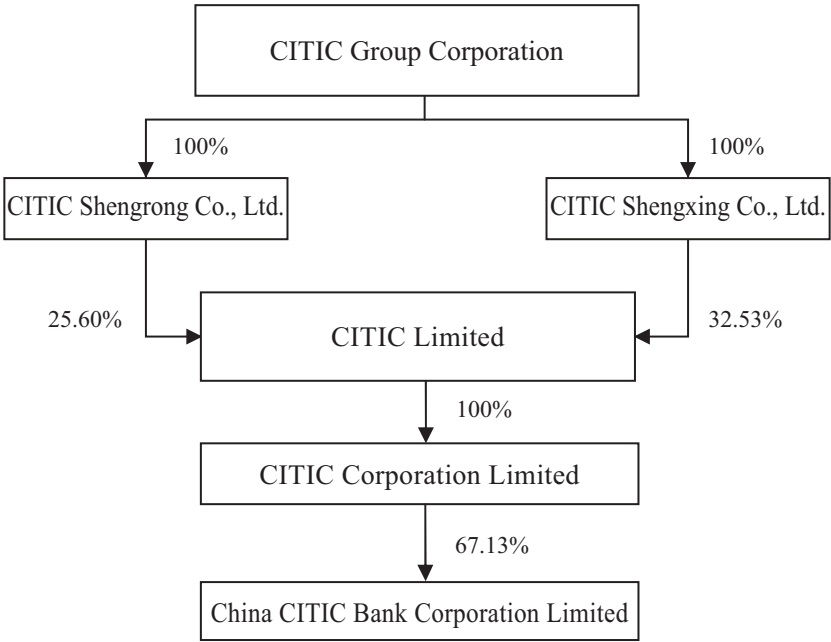
In September 2014, CITIC Corporation Limited owned an additional 81,910,800 H shares of the Bank via agreement transfer, after which, CITIC Corporation Limited held 31,406,992,773 A and H shares of the Bank, representing approximately 67.13% of the Bank's total share capital.

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

As at the end of the reporting period, CITIC Corporation Limited had a registered capital of RMB139.00000 billion with Mr. Chang Zhenming being its legal representative and its organizational code being 71783170-9. Its business scope covers: 1. Investment in and management of the financial sector, including investment in and management of domestic and overseas financial enterprises and related industries such as banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; 2. Investment in and management of the non-financial sector, including (1) energy, transportation and other infrastructure; (2) mining, forestry and other resources development and the raw materials industry; (3) machine manufacturing; (4) real estate development; (5) the information industry: information infrastructure, basic telecommunications and value-added telecom services; (6) commercial and trade services and other industries; environment protection; pharmaceuticals, biological engineering and new materials; aviation, transportation, warehousing, hotels and tourism;

domestic and international trade, import and export, commerce; education, publication, media, culture and sports; consulting services; 3. Grant of shareholder loans to its domestic and overseas subsidiaries; capital operation; asset management; domestic and overseas project design, construction, contracting and sub-contracting, and labor export; and other business items approved by competent authorities. (This enterprise was transformed from a domestic enterprise to a foreign-invested enterprise on 22 July 2014; Business projects that require prior approval according to law may only start operation upon such approval from competent authorities.

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



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

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

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

Notes: (1) The table only lists the major listed subsidiaries whose shares are held and/or controlled by CITIC Corporation Limited and CITIC Limited.

(2) The shareholding percentages listed in the table are those of the direct shareholders.

(3) CKM (Cayman) Company Limited is a non-wholly-owned subsidiary of CITIC Environment Investment Group Corporation Limited. The latter, a wholly-owned subsidiary of CITIC Corporation Limited, holds 62.65% equity in CKM (Cayman) Company Limited.

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

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

Notes: (1) The above table only lists the major listed subsidiaries whose shares are held and/or controlled by CITIC Group.

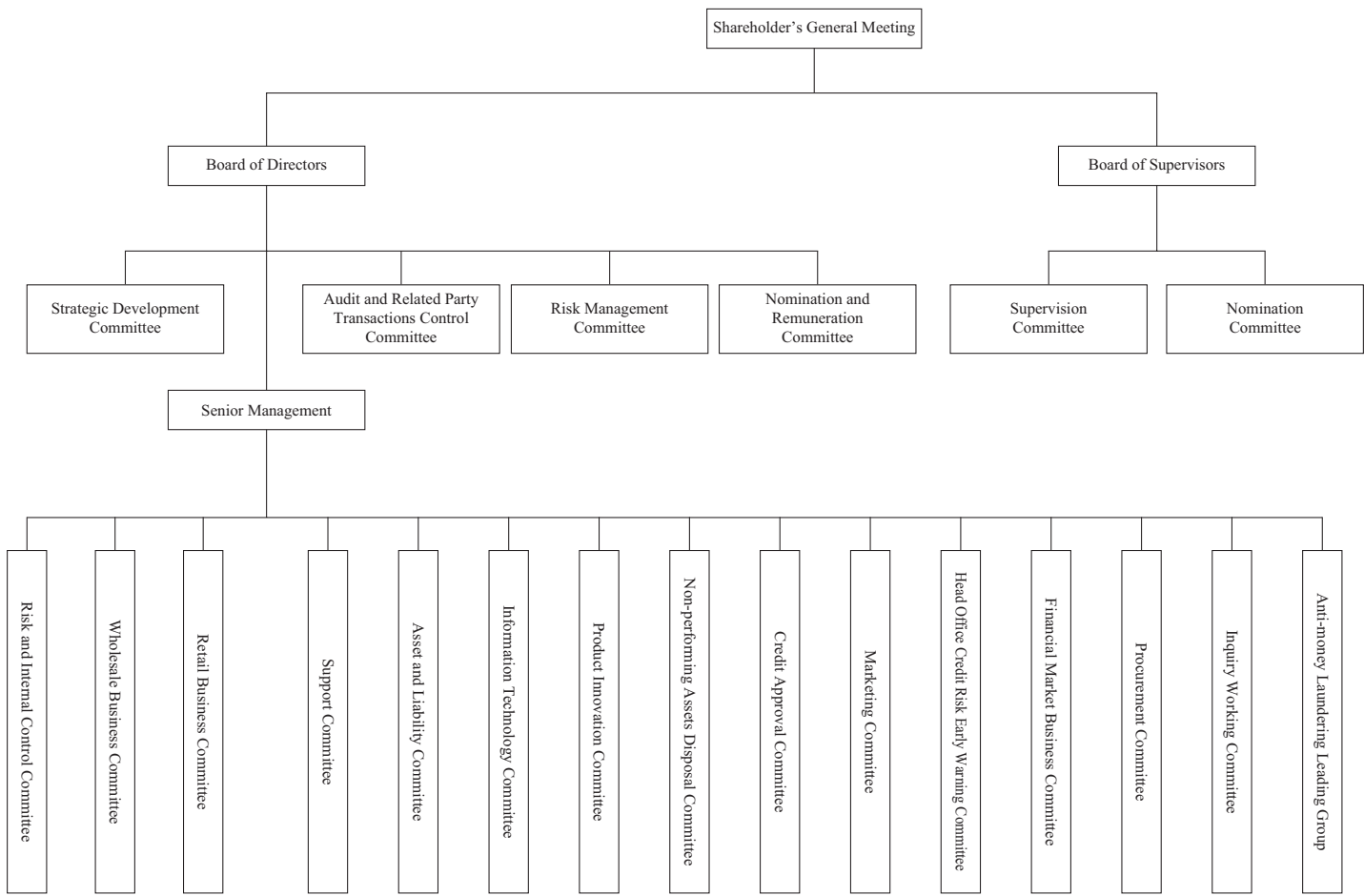
(2) The shareholding percentages listed in the table are those of the direct shareholders.

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

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

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Structure



## Overall Profile of Corporate Governance

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

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

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

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

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

### **General Meeting**

#### ***General Meetings and Shareholders' Rights***

##### ***Responsibilities of general meetings***

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

### *Annual general meeting*

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

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

### *Extraordinary general meetings*

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

### *Submitting proposals to general meetings*

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

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

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

### *Making inquiries to the Board of Directors*

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

### *Convening of General Meetings During the Reporting Period*

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

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

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

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

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

## **Board of Directors**

### *Composition and Responsibilities of the Board of Directors*

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

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

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

### ***Meetings of the Board of Directors***

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Specialized Committees under the Board of Directors***

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

### ***Strategic Development Committee***

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

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

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

### ***Audit and Related Party Transactions Control Committee***

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

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

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

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

### ***Risk Management Committee***

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

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

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

#### ***Nomination and Remuneration Committee***

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

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

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

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

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

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

### **Board of Supervisors**

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

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

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

#### **Specialized Committees Under the Board of Supervisors**

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

## ***Supervision Committee***

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

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

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

## ***Nomination Committee***

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

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

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

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

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

### ***Compliance of Business Operation***

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

### ***Truthfulness of the Financial Report***

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

### ***Use of Proceeds***

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

### ***Acquisition and Disposal of Assets***

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

### ***Related Party Transactions***

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

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

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

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

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

## **Senior Management**

The senior management, which is comprised of 9 members, is the executive body of the Bank reporting to the Board of Directors. There is strict division of duties and separation of power between the Bank's senior management and the Board of Directors. As authorized by the Board of Directors, the senior management manages and makes decisions on business operation within its mandate. The Board of Directors evaluates the performance of the senior management, the results of which shall be used as the basis for determining remunerations and other incentive arrangements for the senior management. The senior management should truthfully report to the Board of Directors or the Board of Supervisors on a regular basis or as required by the Board of Directors or the Board of Supervisors, information regarding the Bank's business performance, important contracts, financial positions, risk profiles, business prospect and significant events.

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

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

## **Chairman and President**

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

## **Company Secretary**

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

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

## **Management of Related Party Transactions**

The Board of Directors and its Audit and Related Party Transactions Control Committee attach great importance to the management of related party transactions and have carefully performed their duties of review, approval and supervision in relation to the management of related parties and related party transactions to ensure lawfulness and compliance of related party transactions conducted throughout the Bank.

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

## **Statement on Horizontal Competition and Related Party Transactions**

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

## **Independence from the Controlling Shareholder**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Compliance with the Corporate Governance Code Under the Hong Kong Listing Rules**

The Bank was in compliance with all code provisions as well as most of the recommended best practices of the Corporate Governance Code, set out in Appendix 14 to the Hong Kong Listing Rules throughout the year ended 31 December 2015, except for the following:

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

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

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

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

## **Management of Investor Relations**

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

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

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

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

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

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

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

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

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

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

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

## **Development of Internal Control and Major Measures Adopted**

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

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

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

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

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

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

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

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

## **Internal Audit**

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

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

## **External Audit of Internal Control**

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

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

# **SIGNIFICANT EVENTS**

## **Principal Business**

The Bank is engaged in banking and related financial services.

## **Business Review**

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

## **Major Customers**

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

## **Profit and Dividends Distribution**

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

## **Material Litigations and Arbitrations**

The Group has been involved in several litigation and arbitration cases in its ordinary and usual course of business. Most of these litigations and arbitrations were initiated by the Group for loan recovery, and there were also litigations and arbitrations resulting from disputes with customers. As at the end of the reporting period, there were 111 outstanding litigation and arbitration cases (regardless of the disputed amounts) involved in the Group’s ordinary and usual course of business where the Group acted as defendant/respondent with an aggregate disputed amount of RMB354 million.

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

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

## **Material Related Party Transactions**

When entering into related party transactions with related parties during its ordinary and usual course of business, the Bank sticks to normal commercial terms and executes the transactions with terms available to related parties being no more favorable than those available to independent third parties for similar transactions.

### ***Related Party Transactions Involving Disposal and Acquisition of Assets***

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

### ***Credit Extension Continuing Related Party Transactions***

The Bank attached great importance to the day-to-day monitoring and management of related party transactions involving credit extension, and ensured lawfulness and compliance of such transactions by enhancing relevant measures such as process-oriented management, strict risk review and approval and better post-lending management. As at the end of the reporting period, the balance of credit extended to related parties by the Bank totaled RMB 22.776 billion, of which the balance of credit extended to CITIC Group and its subsidiaries recorded RMB20.439 billion and the corresponding figure for BBVA stood at RMB 2.337 billion. Such credits granted to related shareholders were pass bank loans of sound underlying quality and therefore will not have material impact on the normal operation of the Bank in terms of transaction volume, structure and quality.

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

### ***Non-Credit Extension Continuing Related Party Transactions***

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

### Third-Party Escrow Services

According to the Third-Party Escrow Service Framework Agreement concluded between the Bank and CITIC Group in December 2014, the third-party escrow services between the Bank and CITIC Group and its associates shall be delivered on terms no more favorable than those available to or from independent third parties. The service fees payable to the Bank by CITIC Group and its associates shall be determined on the basis of relevant market rates and subject to periodic reviews. In 2015, the annual cap for the Bank's transactions under the Third-Party Escrow Service Framework Agreement was RMB60 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB29 million, without exceeding the approved annual cap.

### Asset Custody Services

According to the Asset Custody Services Framework Agreement concluded between the Bank and CITIC Group in December 2014, the asset custody services, account management services and third-party regulatory services provided between the Bank and CITIC Group and its associates shall be delivered on terms no more favorable than those available to or from independent third parties. The service fees payable to each other shall be determined on the basis of relevant market rates and subject to periodic reviews. In 2015, the annual cap for the Bank's transactions under the Asset Custody Services Framework Agreement was RMB800 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB241 million, without exceeding the approved annual cap.

### Financial Consulting and Asset Management Services

According to the Financial Consulting and Asset Management Services Framework Agreement entered into between the Bank and CITIC Group in December 2014, the financial consulting and asset management services provided between the Bank and CITIC Group and its associates have no fixed prices or rates. The prices and rates applicable to a particular type of service shall be determined through fair and reciprocal negotiations between the parties and on terms no more favorable than those available to or from independent third parties and may be calculated on the basis of the scale, rate and duration of the service. In 2015, the annual cap for the Bank's transactions under the Financial Consulting and Asset Management Service Framework Agreement was RMB400 million. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB142 million, without exceeding the approved annual cap.

## Capital Transactions

According to the Capital Transactions Framework Agreement entered into between the Bank and CITIC Group in December 2014, the Bank and CITIC Group and its associates shall conduct capital transactions in their ordinary and usual course of business according to applicable general market practices and on normal commercial terms. The prices and rates applicable to a particular type of transaction between the two parties shall be the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions, and bond transactions, the two parties shall price their transactions according to openly available market prices; for agency settlement of bonds, the two parties shall decide on the rates thereof according to prevailing industrial regulations; for financial derivatives, the two parties shall determine transaction prices in accordance with market activity of the products under transaction, available open market offers and the Bank's requirements relating to the management of various risks. In 2015, the annual caps for gains and losses of the transactions under the Capital Transactions Framework Agreement between the Bank and CITIC Group was RMB3.0 billion, the cap for the fair value of derivative financial instruments recorded as assets was RMB2.8 billion, and that for the fair value of derivative financial instruments recorded as liabilities was RMB4.3 billion. As at the end of the reporting period, the gains and losses of actual transactions under the Capital Transactions Framework Agreement amounted to RMB84 million, the actual fair value of derivative financial instruments recorded as assets was RMB61 million and that recorded as liabilities was RMB11 million, none of which exceeded the corresponding approved annual cap.

## Comprehensive Services

According to the Comprehensive Services Framework Agreement entered into between the Bank and CITIC Group in December 2014, CITIC Group and its associates shall provide the Bank with comprehensive services including but not limited to medical insurance and enterprise annuity, procurement of goods and services, outsourcing service, value-added service, advertising service, technological service and property lease. The Bank and CITIC Group and its associates shall apply prevailing market prices or applicable rates of independent third-party transactions to the services provided under the Comprehensive Services Framework Agreement, and shall determine prices and rates of a particular type of service through fair and reciprocal negotiations. In 2015, the Bank's annual cap for the transactions under the Comprehensive Services Framework Agreement was RMB1.4 billion. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB901 million, without exceeding the approved annual cap.

## Asset Transfer

According to the Asset Transfer Framework Agreement entered into between the Bank and CITIC Group in December 2014 and approved by the January 2015 Annual General Meeting, the transactions of asset transfer between the Bank and CITIC Group and its associates shall be made on terms no more favorable than those available to independent third parties. The transfer prices payable by the transferee shall be determined according to the following principles: (1) For transfer of general assets, as per regulatory requirements, credit assets shall be transferred on the principle of totality. When transferring a credit asset, the transferor shall use the loan

principal as the transaction price, and take post-transfer obligations to be performed by the Bank into priority consideration in addition to the consideration of market supply and demand; (2) For transfer of securitized assets, the Bank, when transferring a credit asset to a related party, shall use the loan principal as the transaction price, and determine the interest rate for transfer of the securitized credit asset with reference to the yields of similar Chinese interbank market products as disclosed by the China Bond Information website and the China Money website, in combination with price enquiries made with investors, with specific terms (such as price, volume, total price and payment) to be determined upon conclusion of agreements for individual transactions; and (3) At present, there are no statutory government-prescribed prices for asset transfer. When statutory government-prescribed prices are available in the future, asset transfer shall be priced with reference to such statutory government-prescribed prices. In 2015, the Bank's annual cap for the transactions under the Asset Transfer Framework Agreement was RMB62.0 billion. As at the end of the reporting period, the actual transaction amount incurred under this framework agreement was RMB22.378 billion, without exceeding the approved annual cap.

### Wealth Management and Investment Services

According to the Wealth Management and Investment Services Framework Agreement entered into between the Bank and CITIC Group in December 2014 and as approved by the general meeting of the Bank in January 2015, the Bank and CITIC Group and its associates shall apply general market practices and normal commercial terms in their ordinary and usual course of business. The Bank shall provide CITIC Group and its associates with wealth management and investment services including non-principal-guaranteed wealth management and agency services, principal-guaranteed wealth management, and proprietary fund investment, while CITIC Group and its associates shall provide the Bank with intermediary services of wealth management (such as trust services and management services). The two parties shall price their services through fair and reciprocal negotiations, on normal commercial terms, in line with the categories and scopes of wealth management services, and with real-time adjustments made according to changes in market prices. In 2015, the Bank's annual cap for the service fees of non-principal-guaranteed wealth management and agency services under the Wealth Management and Investment Service Framework Agreement was RMB2.5 billion, the annual cap for period-end balance of principals of principal-guaranteed wealth management services was RMB30.0 billion, the annual cap for yields on wealth management was RMB1.2 billion, the annual cap for period-end balance of investment funds was RMB44.0 billion, and the annual cap for the Bank's investment returns and service fees payable to intermediaries was RMB4.4 billion. As at the end of the reporting period, the actual amounts of fees for non-principal-guaranteed wealth management and agency services incurred under this framework agreement was RMB553 million, actual period-end balance of principals of principal-guaranteed wealth management services was RMB2.768 billion, actual yields on wealth management for customers was RMB81 million, actual period-end balance of investment funds was RMB8.783 billion, and the Bank's actual investment returns and service fees paid to intermediaries was RMB605 million, none of which exceeded the corresponding approved annual cap.

## Capital Transactions

According to the Capital Transactions Agreement entered into between the Bank and BBVA in December 2014, the Bank and BBVA and its associates shall conduct capital transactions during their ordinary and usual course of business according to the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. The prices and rates applicable to a particular type of transaction between the two parties shall be the prevailing market prices or the rates generally applicable to independent third parties for similar transactions. Specifically, for foreign exchange and precious metal transactions, precious metal leasing, money market transactions, and bond transactions, the two parties shall price their transactions according to openly available market prices; for agency settlement of bonds, the two parties shall decide on the rates thereof according to prevailing industrial regulations; for financial derivatives, the two parties shall determine transaction prices in accordance with market activity of the products under transaction, available open market offers and the Bank's requirements relating to the management of various risks. In 2015, the annual caps for gains and losses of the transactions under the Capital Transactions Framework Agreement between the Bank and BBVA was RMB2.0 billion, the cap for the fair value of derivative financial instruments recorded as assets was RMB1.4 billion, and that for the fair value of derivative financial instruments recorded as liabilities was RMB1.3 billion. As at the end of the reporting period, the gains and losses of actual transactions under the Capital Transactions Framework Agreement amounted to RMB383 million, the actual fair value of derivative financial instruments recorded as assets was RMB100 million and that recorded as liabilities was RMB112 million, none of which exceeded the corresponding approved annual cap.

## Asset Transfer

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

### ***Related Party Transactions in Joint External Investment***

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

### **Material Contracts and their Performance**

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

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

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

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

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

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

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

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

## Undertakings by the Company and Its Relevant Stakeholders

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Equity Incentive Scheme**

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

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

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

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

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

During the reporting period, the Bank, its directors, its supervisors, its senior management members, its controlling shareholder, its de facto controller or its acquirer had no record of being subject to investigation by competent authorities or coercive measures by judicial bodies or disciplinary bodies, transfer to judicial bodies or pursuit of criminal liabilities, investigation or administrative penalties by CSRC, ban of entry into securities markets, being identified as inappropriate candidate, significant administrative punishments by other administrative authorities such as environmental protection agencies, safety supervision organizations and tax authorities, or public censure by any stock exchanges, or punishment by other regulators that may have any material impact on the business operation of the Bank.

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

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

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

## **Donations**

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

## **Share Capital and Public Float**

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

## **Purchase, Sale or Redemption of Shares**

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

## **Pre-Emptive Rights**

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

## **Issuance of Shares**

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

## **Issuance of Debentures**

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

## **Equity Interest of Main Shareholders**

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

## **Material Environmental or Other Social Safety Issues**

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

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

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

## **Major Risks**

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

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

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

## **Other Significant Events**

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

## **CLOSURE OF REGISTER OF MEMBERS**

The Annual General Meeting of the Bank for year 2015 will be held on Thursday, 26 May 2016. The Bank's register of shareholders will be closed from Tuesday, 26 April 2016 to Thursday, 26 May 2016 (both dates inclusive) and from Wednesday, 1 June 2016 to Monday, 6 June 2016 (both dates inclusive).

In order to qualify for attending and voting at the 2015 Annual General Meeting of the Bank, unregistered holders of H shares of the Bank should ensure that all share transfer documents together with the relevant share certificates must be lodged with the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 25 April 2016.

In order to qualify for receiving the final dividends proposed by the Bank, which is subject to the shareholders' approval at the forthcoming 2015 Annual General Meeting of the Bank, holders of H share of the Bank should ensure that all share transfer documents together with the relevant share certificates must be lodged with the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the address specified above no later than 4:30 p.m. on Tuesday, 31 May 2016.

If the Bank's proposal for final dividend distribution is approved by the shareholders at the forthcoming Annual General Meeting of the Bank for year 2015, the Bank will engage Bank of China (Hong Kong) Trustees Ltd. as the receiving agent in Hong Kong for payment of the H share dividends. The final dividends will be distributed by the receiving agent to the H shareholders of the Bank as shown on the Bank's register of members on Monday, 6 June 2016.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

Both the Chinese and English versions of this Results Announcement are available on the websites of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) and SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2015 Annual Report of the Bank containing all the information required by the Hong Kong Listing Rules will be published on the websites of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) and SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course. In the event of any discrepancies in interpretations between the English version and the Chinese version, the Chinese version shall prevail. The Bank also prepared the 2015 Annual Report in Chinese in accordance with the PRC GAAP, which is available on the websites of the Bank ([bank.ecitic.com](http://bank.ecitic.com)) and SSE ([www.sse.com.cn](http://www.sse.com.cn)).

# FINANCIAL REPORT

## Auditor's Opinion

PricewaterhouseCoopers, the Group's external auditors, have audited the consolidated financial statements of the Group for the year ended 31 December 2015, and expressed the following audit opinion: "In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

## Financial Statements

### China CITIC Bank Corporation Limited

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

|                                           | Year ended 31 December |                 |
|-------------------------------------------|------------------------|-----------------|
|                                           | 2015                   | 2014            |
| Interest income                           | 215,661                | 205,639         |
| Interest expense                          | (111,228)              | (110,898)       |
| <b>Net interest income</b>                | <b>104,433</b>         | <b>94,741</b>   |
| Fee and commission income                 | 37,639                 | 26,972          |
| Fee and commission expense                | (1,965)                | (1,659)         |
| <b>Net fee and commission income</b>      | <b>35,674</b>          | <b>25,313</b>   |
| Net trading gain                          | 3,635                  | 3,437           |
| Net gain from investment securities       | 1,192                  | 834             |
| Net hedging gain/(loss)                   | 1                      | (2)             |
| Other operating income                    | 610                    | 516             |
| <b>Operating income</b>                   | <b>145,545</b>         | <b>124,839</b>  |
| Operating expenses                        | (50,602)               | (46,796)        |
| <b>Operating profit before impairment</b> | <b>94,943</b>          | <b>78,043</b>   |
| Impairment losses on                      |                        |                 |
| – Loans and advances to customers         | (35,120)               | (22,074)        |
| – Others                                  | (4,917)                | (1,599)         |
| <b>Total impairment losses</b>            | <b>(40,037)</b>        | <b>(23,673)</b> |
| Revaluation gain on investment properties | 27                     | 2               |
| Share of profit of associates             | 53                     | 192             |
| Net gain on disposal of an associate      | –                      | 10              |
| <b>Profit before tax</b>                  | <b>54,986</b>          | <b>54,574</b>   |
| Income tax expense                        | (13,246)               | (13,120)        |
| <b>Profit for the year</b>                | <b>41,740</b>          | <b>41,454</b>   |

**China CITIC Bank Corporation Limited**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)**

*For the year ended 31 December 2015*

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

|                                                                                                                     | <b>Year ended 31 December</b> |               |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|
|                                                                                                                     | <b>2015</b>                   | <b>2014</b>   |
| <b>Profit for the year</b>                                                                                          | <b>41,740</b>                 | <b>41,454</b> |
| <b>Other comprehensive income, net of tax:</b>                                                                      |                               |               |
| <i>Items that may be reclassified subsequently to profit or loss when specific conditions are met (net of tax):</i> |                               |               |
| Available-for-sale financial assets: net movement in fair value reserve                                             | <b>4,275</b>                  | 5,234         |
| Exchange difference on translating foreign operations                                                               | <b>1,364</b>                  | (43)          |
| Others                                                                                                              | <b>3</b>                      | (1)           |
| <i>Items that will not be reclassified to profit or loss (net of tax):</i>                                          |                               |               |
| Net changes on the measurement of defined benefit plan                                                              | <b>(6)</b>                    | (10)          |
| Others                                                                                                              | <b>8</b>                      | —             |
| <b>Other comprehensive income, net of tax</b>                                                                       | <b>5,644</b>                  | <b>5,180</b>  |
| <b>Total comprehensive income for the year</b>                                                                      | <b>47,384</b>                 | <b>46,634</b> |
| <b>Net profit attributable to:</b>                                                                                  |                               |               |
| Equity holders of the Bank                                                                                          | <b>41,158</b>                 | 40,692        |
| Non-controlling interests                                                                                           | <b>582</b>                    | 762           |
|                                                                                                                     | <b>41,740</b>                 | <b>41,454</b> |
| <b>Total comprehensive income attribute to:</b>                                                                     |                               |               |
| Equity holders of the Bank                                                                                          | <b>46,575</b>                 | 45,866        |
| Non-controlling interests                                                                                           | <b>809</b>                    | 768           |
|                                                                                                                     | <b>47,384</b>                 | <b>46,634</b> |
| <b>Basic and diluted earnings per share (RMB)</b>                                                                   | <b>0.88</b>                   | <b>0.87</b>   |

**China CITIC Bank Corporation Limited**  
**Consolidated Statement of Financial Position**

*As at 31 December 2015*

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

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

**China CITIC Bank Corporation Limited**  
**Consolidated Statement of Financial Position (continued)**  
*As at 31 December 2015*  
*(Amounts in millions of Renminbi unless otherwise stated)*

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

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

**Chang Zhenming**  
*Chairman*

**Li Qingping**  
*President*

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

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

*Company stamp*

# China CITIC Bank Corporation Limited

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

|                                                                                |       | Equity attributable to equity holders of the Bank |                 |                            |                 |                 |                   | Non-controlling interests |                                  |              |
|--------------------------------------------------------------------------------|-------|---------------------------------------------------|-----------------|----------------------------|-----------------|-----------------|-------------------|---------------------------|----------------------------------|--------------|
|                                                                                | Notes | Share capital                                     | Capital reserve | Other comprehensive income | Surplus reserve | General reserve | Retained earnings | Ordinary equity holders   | Other equity Instruments holders | Total equity |
| As at 1 January 2015                                                           |       | 46,787                                            | 49,296          | (1,833)                    | 19,394          | 50,447          | 95,586            | 5,844                     | 1,825                            | 267,346      |
| (i) Net profit                                                                 |       | -                                                 | -               | -                          | -               | -               | 41,158            | 445                       | 137                              | 41,740       |
| (ii) Other comprehensive income                                                | 15    | -                                                 | -               | 5,417                      | -               | -               | -                 | 227                       | -                                | 5,644        |
| Total comprehensive income                                                     |       | -                                                 | -               | 5,417                      | -               | -               | 41,158            | 672                       | 137                              | 47,384       |
| (iii) Changes in ownership interests in subsidiaries without change of control |       | -                                                 | (400)           | -                          | -               | -               | -                 | (6,395)                   | -                                | (6,795)      |
| (iv) Proceeds from shares issuance                                             | 47    | 2,148                                             | 9,740           | -                          | -               | -               | -                 | -                         | -                                | 11,888       |
| (v) Profit appropriations                                                      |       |                                                   |                 |                            |                 |                 |                   |                           |                                  |              |
| - Appropriations to surplus reserve                                            | 50    | -                                                 | -               | -                          | 3,968           | -               | (3,968)           | -                         | -                                | -            |
| - Appropriations to general reserve                                            | 51    | -                                                 | -               | -                          | -               | 14,108          | (14,108)          | -                         | -                                | -            |
| - Dividends paid to non-controlling interests                                  |       | -                                                 | -               | -                          | -               | -               | -                 | -                         | (137)                            | (137)        |
| As at 31 December 2015                                                         |       | 48,935                                            | 58,636          | 3,584                      | 23,362          | 64,555          | 118,668           | 121                       | 1,825                            | 319,686      |

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

|                                                            |       | Equity attributable to equity holders of the Bank |                 |                            |                 |                 |                   | Non-controlling interests |                                  |              |
|------------------------------------------------------------|-------|---------------------------------------------------|-----------------|----------------------------|-----------------|-----------------|-------------------|---------------------------|----------------------------------|--------------|
|                                                            | Notes | Share capital                                     | Capital reserve | Other comprehensive income | Surplus reserve | General reserve | Retained earnings | Ordinary equity holders   | Other equity Instruments holders | Total equity |
| As at 1 January 2014                                       |       | 46,787                                            | 49,296          | (7,007)                    | 15,495          | 44,340          | 76,690            | 5,124                     | –                                | 230,725      |
| (i) Net profit                                             |       | –                                                 | –               | –                          | –               | –               | 40,692            | 696                       | 66                               | 41,454       |
| (ii) Other comprehensive income                            | 15    | –                                                 | –               | 5,174                      | –               | –               | –                 | 6                         | –                                | 5,180        |
| Total comprehensive income                                 |       | –                                                 | –               | 5,174                      | –               | –               | 40,692            | 702                       | 66                               | 46,634       |
| (iii) Capital contribution by owners                       |       |                                                   |                 |                            |                 |                 |                   |                           |                                  |              |
| Capital contributed by holders of other equity instruments |       | –                                                 | –               | –                          | –               | –               | –                 | –                         | 1,825                            | 1,825        |
| Non-controlling interest of a new tier 2 subsidiary        |       | –                                                 | –               | –                          | –               | –               | –                 | 18                        | –                                | 18           |
| (iv) Profit appropriations                                 |       |                                                   |                 |                            |                 |                 |                   |                           |                                  |              |
| – Appropriations to surplus reserve                        | 50    | –                                                 | –               | –                          | 3,899           | –               | (3,899)           | –                         | –                                | –            |
| – Appropriations to general reserve                        | 51    | –                                                 | –               | –                          | –               | 6,107           | (6,107)           | –                         | –                                | –            |
| – Appropriations to equity holders of the Bank             |       | –                                                 | –               | –                          | –               | –               | (11,790)          | –                         | –                                | (11,790)     |
| – Dividends paid to non-controlling interests              |       | –                                                 | –               | –                          | –               | –               | –                 | –                         | (66)                             | (66)         |
| As at 31 December 2014                                     |       | 46,787                                            | 49,296          | (1,833)                    | 19,394          | 50,447          | 95,586            | 5,844                     | 1,825                            | 267,346      |

# China CITIC Bank Corporation Limited

## Consolidated Cash Flows Statement

For the year ended 31 December 2015

(Amounts in millions of Renminbi unless otherwise stated)

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

**China CITIC Bank Corporation Limited**  
**Consolidated Cash Flows Statement (continued)**  
*For the year ended 31 December 2015*  
*(Amounts in millions of Renminbi unless otherwise stated)*

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 1 Corporate information

China CITIC Bank Corporation Limited (the “Bank” or “CNCB”) is a joint stock company incorporated in the People’s Republic of China (the “PRC” or “Mainland China”) on 31 December 2006. Headquartered in Beijing, the Bank’s registered office is located at No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing, China.

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

As at 31 December 2015, the Group mainly operates in Mainland China with branches covering 31 provinces, autonomous regions and municipalities. In addition, the Bank’s subsidiaries have operations in Mainland China, Hong Kong and other overseas countries and regions.

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

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

The financial statements were approved by the Board of Directors of the Bank on 23 March 2016.

### 2 Statement of compliance

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

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

## 2 Statement of compliance (*continued*)

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

### *(a) New and amended standards adopted by the group*

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

- |       |                                              |                                                                                                                       |
|-------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| (i)   | Amendments to IAS 19<br>(as revised in 2011) | Employee benefits - To Plans that Require<br>Employees or Third Parties to Contribute<br>Towards the Cost of Benefits |
| (ii)  | Amendments to IFRSs                          | Annual Improvements to IFRSs 2010 - 2012 Cycle                                                                        |
| (iii) | Amendments to IFRSs                          | Annual Improvements to IFRSs 2011 - 2013 Cycle                                                                        |
- (i) Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits incurred in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.
- (ii) Amendments from annual improvements to IFRSs - 2010 - 2012 Cycle, on IFRS 8, 'Operating segments', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'.
- (iii) Amendments from annual improvements to IFRSs - 2011 - 2013 Cycle, on IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

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

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

## 2 Statement of compliance (*continued*)

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

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

|        |                                           |                                                                                       | Effective for annual periods beginning on or after                                                                                                                  |
|--------|-------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)    | IFRS 14                                   | Regulatory Deferral Account                                                           | 1 January 2016                                                                                                                                                      |
| (ii)   | Amendments to IFRS 11                     | Acquisition of Interests in Joint Operations                                          | 1 January 2016                                                                                                                                                      |
| (iii)  | Amendments to IAS 16 and IAS 38           | Clarification of Acceptable Methods of Depreciation and Amortization                  | 1 January 2016                                                                                                                                                      |
| (iv)   | Amendments to IAS 27                      | Equity Method in Separate Financial Statements                                        | 1 January 2016                                                                                                                                                      |
| (v)    | Amendments to IFRSs                       | Annual improvements to IFRSs 2012 - 2014 cycle                                        | 1 January 2016                                                                                                                                                      |
| (vi)   | Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception                             | 1 January 2016                                                                                                                                                      |
| (vii)  | Amendments to IAS1                        | Disclosure Initiative                                                                 | 1 January 2016                                                                                                                                                      |
| (viii) | IFRS 15                                   | Revenue from Contracts with Customers                                                 | 1 January 2018                                                                                                                                                      |
| (ix)   | IFRS 9                                    | Financial Instruments                                                                 | 1 January 2018                                                                                                                                                      |
| (x)    | IFRS 16                                   | Leases                                                                                | 1 January 2019                                                                                                                                                      |
| (xi)   | Amendments to IFRS 10 and IAS 28          | Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture | The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/ removed. |

## 2 Statement of compliance (*continued*)

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

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

The IASB has issued IFRS 14 - Regulatory Deferral Accounts, an interim standard on the accounting for certain balances that arise from rate-regulated activities (“regulatory deferral accounts”). IFRS 14 is only applicable to entities that apply IFRS 1 - First-time Adoption of International Financial Reporting Standards as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure. The Group anticipates that the adoption of this new standard should not have any impact on the Group’s consolidated financial statements.

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

The amendments to IFRS 11 - Joint Arrangements provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group’s consolidated financial statements.

#### (iii) *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments to IAS 16 - Property, Plant and Equipment, clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendments to IAS 38 - Intangible Assets, establish a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

## 2 Statement of compliance (*continued*)

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

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

The IASB has amended IAS 27 - Separate Financial Statements. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group has early adopted this amendment in 2015 and choose to use equity method to account for investment in joint ventures and associates in separate financial statement. The adoption of this new amendment does not have a significant impact on the Group's consolidated financial statements.

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

The Annual Improvements to IFRSs 2012 - 2014 Cycle include a number of amendments to various IFRSs, including the amendments IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations regarding methods of disposal, the amendments to IFRS 7 - Financial Instruments: Disclosures regarding servicing contracts, the amendments to IAS 19 - Employee Benefits regarding discount rates, the amendments to IAS 34 Interim Financial Reporting regarding disclosure of information. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

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

The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10. The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

## 2 Statement of compliance (*continued*)

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

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

The amendments to IAS28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method.

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

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

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

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

IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalization of contract cost and license arrangements. also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

## 2 Statement of compliance (*continued*)

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

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

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

#### (x) *IFRS 16: Leases*

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

## **2 Statement of compliance (*continued*)**

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

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

These amendments address an inconsistency between the requirements in IFRS 10 - Consolidated Financial Statements and those in IAS 28 - Investment in Associates and Joint Ventures in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

## **3 Taxation**

The Group's main applicable taxes and tax rates are as follows:

### ***Business tax***

Business tax is charged at 5% on taxable income.

### ***City construction tax***

City construction tax is calculated at the range of 1% to 7% of business tax.

### ***Education surcharge and Local education surcharges***

Education surcharge and Local education surcharges are calculated as 3% and 2% of business tax respectively.

### ***Income tax***

The income tax rate that is applicable to the Bank and its subsidiaries in Mainland China is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is set off to the extent it is allowed under the relevant income tax laws of the PRC. All tax exemptions are determined upon approval from the relevant tax authorities.

Taxation arising from the above taxes are presented as "tax payable" in the statement of financial position.

#### 4 Net interest income

Year ended 31 December  
2015                      2014

*Interest income arising from (Note (i)):*

|                                                           |         |         |
|-----------------------------------------------------------|---------|---------|
| Deposits with central banks                               | 7,502   | 7,554   |
| Deposits with banks and non-bank financial institutions   | 1,325   | 4,963   |
| Placements with banks and non-bank financial institutions | 2,925   | 4,871   |
| Financial assets held under resale agreements             | 3,998   | 12,194  |
| Investment classified as receivables                      | 45,638  | 31,087  |
| Loans and advances to customers                           |         |         |
| – corporate loans                                         | 97,956  | 96,338  |
| – personal loans                                          | 34,907  | 30,855  |
| – discounted bills                                        | 3,214   | 3,782   |
| Investments in debt securities                            | 18,190  | 13,992  |
| Others                                                    | 6       | 3       |
|                                                           | <hr/>   | <hr/>   |
| Subtotal                                                  | 215,661 | 205,639 |
|                                                           | <hr/>   | <hr/>   |

*Interest expense arising from:*

|                                                           |           |           |
|-----------------------------------------------------------|-----------|-----------|
| Borrowings from central banks                             | (994)     | (350)     |
| Deposits from banks and non-bank financial institutions   | (35,792)  | (36,624)  |
| Placements from banks and non-bank financial institutions | (742)     | (1,194)   |
| Financial assets sold under repurchase agreements         | (561)     | (839)     |
| Deposits from customers                                   | (64,749)  | (67,268)  |
| Debt securities issued                                    | (8,382)   | (4,616)   |
| Others                                                    | (8)       | (7)       |
|                                                           | <hr/>     | <hr/>     |
| Subtotal                                                  | (111,228) | (110,898) |
|                                                           | <hr/>     | <hr/>     |
| Net interest income                                       | 104,433   | 94,741    |
|                                                           | <hr/>     | <hr/>     |

*Note:*

- (i) Interest income includes interest income accrued on individually assessed impaired financial assets of RMB 656 million for the year ended 31 December 2015 (2014: RMB 527 million).

## 5 Net fee and commission income

|                                                       | Year ended 31 December |                |
|-------------------------------------------------------|------------------------|----------------|
|                                                       | 2015                   | 2014           |
| Fee and commission income                             |                        |                |
| Consultancy and advisory fees                         | 6,972                  | 5,638          |
|                                                       | 13,419                 | 8,358          |
| Settlement and clearance fees                         | 1,747                  | 2,213          |
| Commission for wealth management services             | 5,808                  | 3,958          |
| Agency fees and commission ( <i>Note (i)</i> )        | 3,711                  | 1,795          |
| Guarantee fees                                        | 3,131                  | 3,178          |
| Commission for custodian business and other fiduciary | 2,228                  | 1,522          |
| Others                                                | 623                    | 310            |
| <b>Total</b>                                          | <b>37,639</b>          | <b>26,972</b>  |
| <b>Fee and commission expense</b>                     | <b>(1,965)</b>         | <b>(1,659)</b> |
| <b>Net fee and commission income</b>                  | <b>35,674</b>          | <b>25,313</b>  |

*Note:*

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

## 6 Income tax

### (a) *Recognised in the statement of profit or loss and other comprehensive income*

|                   |             | Year ended 31 December |               |
|-------------------|-------------|------------------------|---------------|
|                   | <i>Note</i> | 2015                   | 2014          |
| Current tax       |             |                        |               |
| – Mainland China  |             | 12,992                 | 15,318        |
| – Hong Kong       |             | 304                    | 410           |
| – Overseas        |             | 41                     | 20            |
| Deferred tax      | 33(b)       | (91)                   | (2,628)       |
| <b>Income tax</b> |             | <b>13,246</b>          | <b>13,120</b> |

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

## 6 Income tax (continued)

### (b) Reconciliation between income tax expense and accounting profit

|                                                     | Year ended 31 December |               |
|-----------------------------------------------------|------------------------|---------------|
|                                                     | 2015                   | 2014          |
| Profit before tax                                   | <u>54,986</u>          | <u>54,574</u> |
| Income tax calculated at statutory tax rate         | 13,747                 | 13,644        |
| Effect of different tax rates in other regions      | (196)                  | (268)         |
| Tax effect of non-deductible expenses               | 431                    | 508           |
| Tax effect of non-taxable income                    |                        |               |
| – Interest income arising from PRC government bonds | (699)                  | (703)         |
| – Others                                            | <u>(37)</u>            | <u>(61)</u>   |
| Income tax                                          | <u>13,246</u>          | <u>13,120</u> |

## 7 Earnings per share

Earnings per share information for the year ended 31 December 2015 and 2014 is computed by dividing the consolidated net profit attributable to equity holders of the Bank by the weighted average number of shares in issue during the year. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year ended 31 December 2015 and 2014.

|                                                       | Year ended 31 December |             |
|-------------------------------------------------------|------------------------|-------------|
|                                                       | 2015                   | 2014        |
| Net profit attributable to equity holders of the Bank | 41,158                 | 40,692      |
| Weighted average number of shares (in million shares) | 46,787                 | 46,787      |
| Basic and diluted earnings per share (in RMB)         | <u>0.88</u>            | <u>0.87</u> |

## 8 Derivatives

Derivatives include forward, swap and option transactions undertaken by the Group in foreign exchange, precious metals and interest rate markets related to trading, asset and liability management and customer initiated transactions. The Group, through the operations of its branch network, acts as an intermediary for a wide range of customers for structuring deals to offer risk management solutions to match individual customer needs. These positions are actively managed through hedging transactions with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses these derivatives for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivatives, except for those which are designated as hedging instruments (Note 20(c)), are held for trading. Derivatives classified as held for trading are for trading and customer initiated transactions purpose, and those for risk management purposes but do not meet the criteria for hedge accounting.

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

|                                         | The Group         |               |               |                   |              |              |
|-----------------------------------------|-------------------|---------------|---------------|-------------------|--------------|--------------|
|                                         | 31 December 2015  |               |               | 31 December 2014  |              |              |
|                                         | Nominal<br>amount | Assets        | Liabilities   | Nominal<br>amount | Assets       | Liabilities  |
| Hedging instruments ( <i>Note (c)</i> ) |                   |               |               |                   |              |              |
| – interest rate derivatives             | 11,144            | 237           | 38            | 8,128             | 238          | 30           |
| Non-Hedging instruments                 |                   |               |               |                   |              |              |
| – interest rate derivatives             | 593,379           | 1,054         | 957           | 290,833           | 739          | 724          |
| – currency derivatives                  | 1,600,764         | 11,489        | 10,119        | 978,918           | 6,406        | 6,208        |
| – precious metal derivatives            | 18,763            | 1,008         | 304           | 29,762            | 843          | 385          |
| – other derivatives                     | 5,222             | –             | –             | 21,007            | –            | –            |
| Total                                   | <u>2,229,272</u>  | <u>13,788</u> | <u>11,418</u> | <u>1,328,648</u>  | <u>8,226</u> | <u>7,347</u> |
|                                         |                   |               |               |                   |              |              |
|                                         | The Bank          |               |               |                   |              |              |
|                                         | 31 December 2015  |               |               | 31 December 2014  |              |              |
|                                         | Nominal<br>amount | Assets        | Liabilities   | Nominal<br>amount | Assets       | Liabilities  |
| Non-Hedging Instruments                 |                   |               |               |                   |              |              |
| – interest rate derivatives             | 575,624           | 1,042         | 954           | 257,469           | 723          | 713          |
| – currency derivatives                  | 1,234,722         | 8,334         | 7,181         | 671,630           | 4,072        | 3,902        |
| – precious metal derivatives            | 18,763            | 1,008         | 304           | 29,762            | 843          | 385          |
| – other derivatives                     | 5,222             | –             | –             | 21,007            | –            | –            |
| Total                                   | <u>1,834,331</u>  | <u>10,384</u> | <u>8,439</u>  | <u>979,868</u>    | <u>5,638</u> | <u>5,000</u> |

## 8 Derivatives (continued)

### (a) Nominal amount analyzed by remaining maturity

|                                   | The Group           |                     | The Bank            |                     |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                   | 31 December<br>2015 | 31 December<br>2014 | 31 December<br>2015 | 31 December<br>2014 |
| Within three months               | 814,085             | 536,387             | 596,230             | 392,527             |
| Between three months and one year | 1,299,448           | 590,341             | 1,148,841           | 481,812             |
| Between one year and five years   | 113,995             | 198,783             | 88,580              | 105,450             |
| Over five years                   | 1,744               | 3,137               | 680                 | 79                  |
| Total                             | <u>2,229,272</u>    | <u>1,328,648</u>    | <u>1,834,331</u>    | <u>979,868</u>      |

### (b) Credit risk weighted amounts

|                               | The Group           |                     | The Bank            |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
|                               | 31 December<br>2015 | 31 December<br>2014 | 31 December<br>2015 | 31 December<br>2014 |
| Default risk of counter party |                     |                     |                     |                     |
| – interest rate derivatives   | 683                 | 732                 | 529                 | 490                 |
| – currency derivatives        | 7,960               | 11,252              | 4,026               | 6,006               |
| – precious metal derivatives  | 911                 | 601                 | 911                 | 601                 |
| – other derivatives           | 4,742               | 9,200               | 4,742               | 9,200               |
| Credit valuation adjustment   | 4,412               | 11,064              | 3,751               | 9,827               |
| Total                         | <u>18,708</u>       | <u>32,849</u>       | <u>13,959</u>       | <u>26,124</u>       |

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

### (c) Fair value hedge

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

## 9. Loans and advances to customers

### (a) Analysed by nature

|                                    |      | The Group               |                  | The Bank                |                  |
|------------------------------------|------|-------------------------|------------------|-------------------------|------------------|
|                                    |      | 31 December             | 31 December      | 31 December             | 31 December      |
|                                    | Note | 2015                    | 2014             | 2015                    | 2014             |
| Corporate loans                    |      |                         |                  |                         |                  |
| – loans                            |      | <b>1,749,543</b>        | 1,564,766        | <b>1,627,573</b>        | 1,465,078        |
| – discounted bills                 |      | <b>92,745</b>           | 68,043           | <b>87,219</b>           | 59,888           |
| – finance lease receivables        |      | <b>17,879</b>           | 552              | –                       | –                |
| Subtotal                           |      | <b><u>1,860,167</u></b> | <u>1,633,361</u> | <b><u>1,714,792</u></b> | <u>1,524,966</u> |
| Personal loans                     |      |                         |                  |                         |                  |
| – residential mortgages            |      | <b>268,926</b>          | 232,117          | <b>258,014</b>          | 222,621          |
| – business loans                   |      | <b>105,770</b>          | 108,927          | <b>104,795</b>          | 108,726          |
| – credit cards                     |      | <b>175,801</b>          | 126,133          | <b>175,443</b>          | 125,851          |
| – others                           |      | <b>118,116</b>          | 87,370           | <b>111,512</b>          | 81,314           |
| Subtotal                           |      | <b><u>668,613</u></b>   | <u>554,547</u>   | <b><u>649,764</u></b>   | <u>538,512</u>   |
| Gross balance                      |      | <b>2,528,780</b>        | 2,187,908        | <b>2,364,556</b>        | 2,063,478        |
| Less: Allowances impairment losses | 35   |                         |                  |                         |                  |
| – individually assessed            |      | <b>(15,345)</b>         | (11,153)         | <b>(15,089)</b>         | (11,024)         |
| – collectively assessed            |      | <b>(45,152)</b>         | (40,423)         | <b>(44,593)</b>         | (40,112)         |
| Subtotal                           |      | <b><u>(60,497)</u></b>  | <u>(51,576)</u>  | <b><u>(59,682)</u></b>  | <u>(51,136)</u>  |
| Net balance                        |      | <b><u>2,468,283</u></b> | <u>2,136,332</u> | <b><u>2,304,874</u></b> | <u>2,012,342</u> |

## 9. Loans and advances to customers (*continued*)

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

#### The Group

| 31 December 2015                      |                                                                  |                                                 |                                                                    |                                                                                     |
|---------------------------------------|------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                                       | Loans and advances for which allowances is collectively assessed | Impaired loans and advances ( <i>note (i)</i> ) |                                                                    | Gross impaired loans and advances as a % of gross total loans and advances assessed |
|                                       |                                                                  | for which allowances are collectively assessed  | for which allowances is individually assessed ( <i>note (ii)</i> ) |                                                                                     |
| Gross loans and advances              | 2,492,730                                                        | 8,011                                           | 28,039                                                             | 2,528,780                                                                           |
|                                       |                                                                  |                                                 |                                                                    | 1.43%                                                                               |
| Less: Allowance for impairment losses | (39,306)                                                         | (5,846)                                         | (15,345)                                                           | (60,497)                                                                            |
| Net balance                           | 2,453,424                                                        | 2,165                                           | 12,694                                                             | 2,468,283                                                                           |
| 31 December 2014                      |                                                                  |                                                 |                                                                    |                                                                                     |
|                                       | Loans and advances for which allowances is collectively assessed | Impaired loans and advances ( <i>note (i)</i> ) |                                                                    | Gross impaired loans and advances as a % of gross total loans and advances          |
|                                       |                                                                  | for which allowances are collectively assessed  | for which allowances is individually assessed ( <i>note (ii)</i> ) |                                                                                     |
| Gross loans and advances              | 2,159,454                                                        | 5,608                                           | 22,846                                                             | 2,187,908                                                                           |
|                                       |                                                                  |                                                 |                                                                    | 1.30%                                                                               |
| Less: Allowance for impairment losses | (36,469)                                                         | (3,954)                                         | (11,153)                                                           | (51,576)                                                                            |
| Net balance                           | 2,122,985                                                        | 1,654                                           | 11,693                                                             | 2,136,332                                                                           |

## 9. Loans and advances to customers (*continued*)

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

#### The Bank

| 31 December 2015                          |                                                                                 |                                                         |                                                                                |                  |                                                                                                    |
|-------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------|
|                                           | Loans and<br>advances<br>for which<br>allowances is<br>collectively<br>assessed | Impaired loans and<br>advances ( <i>note (i)</i> )      |                                                                                | Total            | Gross impaired<br>loans and<br>advances as<br>a % of gross<br>total loans and<br>advances assessed |
|                                           |                                                                                 | for which<br>allowances are<br>collectively<br>assessed | for which<br>allowances is<br>individually<br>assessed<br>( <i>note (ii)</i> ) |                  |                                                                                                    |
| Gross loans and advances                  | 2,329,783                                                                       | 8,002                                                   | 26,771                                                                         | 2,364,556        | 1.47%                                                                                              |
| Less: Allowances for impairment<br>losses | (38,754)                                                                        | (5,839)                                                 | (15,089)                                                                       | (59,682)         |                                                                                                    |
| Net balance                               | <u>2,291,029</u>                                                                | <u>2,163</u>                                            | <u>11,682</u>                                                                  | <u>2,304,874</u> |                                                                                                    |

| 31 December 2014                          |                                                                                 |                                                         |                                                                                |                  |                                                                                           |
|-------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------|
|                                           | Loans and<br>advances for<br>which<br>allowances is<br>collectively<br>assessed | Impaired loans<br>and advances ( <i>note (i)</i> )      |                                                                                | Total            | Gross impaired<br>loans and<br>advances as<br>a % of gross<br>total loans and<br>advances |
|                                           |                                                                                 | for which<br>allowances are<br>collectively<br>assessed | for which<br>allowances is<br>individually<br>assessed<br>( <i>note (ii)</i> ) |                  |                                                                                           |
| Gross loans and advances                  | 2,035,593                                                                       | 5,600                                                   | 22,285                                                                         | 2,063,478        | 1.35%                                                                                     |
| Less: Allowances for impairment<br>losses | (36,164)                                                                        | (3,948)                                                 | (11,024)                                                                       | (51,136)         |                                                                                           |
| Net balance                               | <u>1,999,429</u>                                                                | <u>1,652</u>                                            | <u>11,261</u>                                                                  | <u>2,012,342</u> |                                                                                           |

## 9. Loans and advances to customers (*continued*)

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

- (i) Identified impaired loans and advances to customers include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses which are assessed individually or collectively (portfolios of homogeneous loans and advances).
- (ii) As at 31 December 2015, loans and advances of the Group for which impairment allowance was individually assessed amounted to RMB 28,039 million (31 December 2014: RMB 22,846 million). The secured and unsecured portion of these loans and advances were RMB 7,322 million (31 December 2014: RMB 5,923 million) and RMB 20,717 million (31 December 2014: RMB 16,923 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 13,748 million (31 December 2014: RMB 11,050 million). The individual impairment allowance made against these loans and advances were RMB 15,345 million (31 December 2014: RMB 11,153 million).

As at 31 December 2015, the loans and advances of the Bank for which the impairment allowance was individually assessed amounted to RMB 26,771 million (31 December 2014: RMB 22,285 million). The secured portion and unsecured portion of these loans and advance was RMB 6,977 million (31 December 2014: RMB 5,547 million) and RMB 19,794 million (31 December 2014: RMB 16,738 million) respectively. The fair value of collateral held against these loans and advances amounted to RMB 13,715 million (31 December 2014: RMB 10,558 million). The individual impairment allowance made against these loans and advances was RMB 15,089 million (31 December 2014: RMB 11,024 million).

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

## 9. Loans and advances to customers (*continued*)

### (c) *Movements of allowance for impairment losses*

#### The Group

|                                                                | Year ended 31 December 2015                            |                                                        |                                                        |          |
|----------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|----------|
|                                                                | Loans and<br>advances                                  | Impaired loans<br>and advances                         |                                                        |          |
|                                                                | for which<br>allowances is<br>collectively<br>assessed | for which<br>allowances is<br>collectively<br>assessed | for which<br>allowances is<br>individually<br>assessed | Total    |
| As at 1 January 2015                                           | 36,469                                                 | 3,954                                                  | 11,153                                                 | 51,576   |
| Impairment charges on loans                                    | 2,818                                                  | 5,670                                                  | 28,933                                                 | 37,421   |
| Reversal of impairment for the year                            | –                                                      | (358)                                                  | (1,943)                                                | (2,301)  |
| Unwinding of discount on allowance                             | –                                                      | –                                                      | (592)                                                  | (592)    |
| Transfer out ( <i>Note (i)</i> )                               | 19                                                     | –                                                      | 13                                                     | 32       |
| Write-offs                                                     | –                                                      | (3,778)                                                | (22,461)                                               | (26,239) |
| Recovery of loans and advances written<br>off in previous year | –                                                      | 358                                                    | 242                                                    | 600      |
| As at 31 December 2015                                         | 39,306                                                 | 5,846                                                  | 15,345                                                 | 60,497   |
|                                                                | Year ended 31 December 2014                            |                                                        |                                                        |          |
|                                                                | Loans and<br>advances                                  | Impaired loans<br>and advances                         |                                                        |          |
|                                                                | for which<br>allowances is<br>collectively<br>assessed | for which<br>allowances is<br>Collectively<br>assessed | for which<br>allowances is<br>individually<br>assessed | Total    |
| As at 1 January 2014                                           | 29,632                                                 | 2,656                                                  | 8,966                                                  | 41,254   |
| Impairment charges on loans                                    | 6,836                                                  | 2,764                                                  | 15,820                                                 | 25,420   |
| Reversal of impairment for the year                            | –                                                      | (10)                                                   | (3,336)                                                | (3,346)  |
| Unwinding of discount on allowance                             | –                                                      | –                                                      | (460)                                                  | (460)    |
| Transfer out ( <i>Note (i)</i> )                               | 1                                                      | –                                                      | 1                                                      | 2        |
| Write-offs                                                     | –                                                      | (1,466)                                                | (10,144)                                               | (11,610) |
| Recovery of loans and advances written<br>off in previous year | –                                                      | 10                                                     | 306                                                    | 316      |
| As at 31 December 2014                                         | 36,469                                                 | 3,954                                                  | 11,153                                                 | 51,576   |

## 9. Loans and advances to customers (*continued*)

### (c) *Movements of allowances for impairment losses (continued)*

#### The Bank

|                                                             | Year ended 31 December 2015                   |                                               |                                               |          |
|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------|
|                                                             | Loans and advances                            | Impaired loans and advances                   |                                               |          |
|                                                             | for which allowances is collectively assessed | for which allowances is collectively assessed | for which allowances is individually assessed | Total    |
| As at 1 January 2015                                        | 36,164                                        | 3,948                                         | 11,024                                        | 51,136   |
| Impairment charges on loans                                 | 2,590                                         | 5,645                                         | 28,478                                        | 36,713   |
| Reversal of impairment for the year                         | –                                             | (353)                                         | (1,837)                                       | (2,190)  |
| Unwinding of discount on allowance                          | –                                             | –                                             | (582)                                         | (582)    |
| Transfer out ( <i>Note (i)</i> )                            | –                                             | –                                             | 2                                             | 2        |
| Write-offs                                                  | –                                             | (3,754)                                       | (22,218)                                      | (25,972) |
| Recovery of loans and advances written off in previous year | –                                             | 353                                           | 222                                           | 575      |
| As at 31 December 2015                                      | 38,754                                        | 5,839                                         | 15,089                                        | 59,682   |
|                                                             | Year ended 31 December 2014                   |                                               |                                               |          |
|                                                             | Loans and advances                            | Impaired loans and advances                   |                                               |          |
|                                                             | for which allowances is collectively assessed | for which allowances is Collectively assessed | for which allowances is individually assessed | Total    |
| As at 1 January 2014                                        | 29,373                                        | 2,653                                         | 8,835                                         | 40,861   |
| Impairment charges on loans                                 | 6,791                                         | 2,746                                         | 15,690                                        | 25,227   |
| Reversal of impairment for the year                         | –                                             | (7)                                           | (3,296)                                       | (3,303)  |
| Unwinding of discount on allowance                          | –                                             | –                                             | (457)                                         | (457)    |
| Transfer out ( <i>Note (i)</i> )                            | –                                             | –                                             | 1                                             | 1        |
| Write-offs                                                  | –                                             | (1,451)                                       | (10,038)                                      | (11,489) |
| Recovery of loans and advances written off in previous year | –                                             | 7                                             | 289                                           | 296      |
| As at 31 December 2014                                      | 36,164                                        | 3,948                                         | 11,024                                        | 51,136   |

*Note:*

(i) Transfer out includes the effect of exchange rate.

## 9. Loans and advances to customers (*continued*)

### (d) *Overdue loans analysed by overdue period*

#### The Group

| 31 December 2015              |                                   |                                                    |                                                   |                             |               |
|-------------------------------|-----------------------------------|----------------------------------------------------|---------------------------------------------------|-----------------------------|---------------|
|                               | Overdue<br>within three<br>months | Overdue<br>between<br>three months<br>and one year | Overdue<br>between one<br>year and<br>three years | Overdue over<br>three years | Total         |
| Unsecured loans               | 3,425                             | 3,063                                              | 2,508                                             | 297                         | 9,293         |
| Guaranteed loans              | 8,907                             | 5,285                                              | 5,105                                             | 230                         | 19,527        |
| Loans with pledged assets     |                                   |                                                    |                                                   |                             |               |
| – loans secured by collateral | 21,579                            | 12,142                                             | 6,341                                             | 274                         | 40,336        |
| – pledged loans               | 3,087                             | 1,595                                              | 1,000                                             | 62                          | 5,744         |
| Total                         | <u>36,998</u>                     | <u>22,085</u>                                      | <u>14,954</u>                                     | <u>863</u>                  | <u>74,900</u> |
| 31 December 2014              |                                   |                                                    |                                                   |                             |               |
|                               | Overdue<br>within three<br>months | Overdue<br>between three<br>months and<br>one year | Overdue<br>between one<br>year and three<br>years | Overdue over<br>three years | Total         |
| Unsecured loans               | 3,459                             | 3,405                                              | 1,437                                             | 384                         | 8,685         |
| Guaranteed loans              | 12,756                            | 7,129                                              | 3,193                                             | 326                         | 23,404        |
| Loans with pledged assets     |                                   |                                                    |                                                   |                             |               |
| – loans secured by collateral | 21,837                            | 10,342                                             | 4,292                                             | 243                         | 36,714        |
| – pledged loans               | 4,982                             | 1,277                                              | 845                                               | 37                          | 7,141         |
| Total                         | <u>43,034</u>                     | <u>22,153</u>                                      | <u>9,767</u>                                      | <u>990</u>                  | <u>75,944</u> |

## 9. Loans and advances to customers (*continued*)

### (d) *Overdue loans analysed by overdue period (continued)*

#### The Bank

| 31 December 2015              |                                   |                                                    |                                                   |                             |               |
|-------------------------------|-----------------------------------|----------------------------------------------------|---------------------------------------------------|-----------------------------|---------------|
|                               | Overdue<br>within three<br>months | Overdue<br>between<br>three months<br>and one year | Overdue<br>between one<br>year and<br>three years | Overdue over<br>three years | Total         |
| Unsecured loans               | 3,272                             | 2,991                                              | 2,508                                             | 297                         | 9,068         |
| Guaranteed loans              | 7,794                             | 5,181                                              | 5,083                                             | 230                         | 18,288        |
| Loans with pledged assets     |                                   |                                                    |                                                   |                             |               |
| – loans secured by collateral | 20,233                            | 11,944                                             | 6,119                                             | 236                         | 38,532        |
| – pledged loans               | 2,554                             | 1,584                                              | 1,000                                             | 62                          | 5,200         |
| Total                         | <u>33,853</u>                     | <u>21,700</u>                                      | <u>14,710</u>                                     | <u>825</u>                  | <u>71,088</u> |
| 31 December 2014              |                                   |                                                    |                                                   |                             |               |
|                               | Overdue<br>within three<br>months | Overdue<br>between three<br>months and<br>one year | Overdue<br>between one<br>year and three<br>years | Overdue over<br>three years | Total         |
| Unsecured loans               | 3,172                             | 3,401                                              | 1,437                                             | 384                         | 8,394         |
| Guaranteed loans              | 12,335                            | 6,936                                              | 3,109                                             | 326                         | 22,706        |
| Loans with pledged assets     |                                   |                                                    |                                                   |                             |               |
| – loans secured by collateral | 20,922                            | 10,033                                             | 4,291                                             | 161                         | 35,407        |
| – pledged loans               | 4,484                             | 1,277                                              | 845                                               | 37                          | 6,643         |
| Total                         | <u>40,913</u>                     | <u>21,647</u>                                      | <u>9,682</u>                                      | <u>908</u>                  | <u>73,150</u> |

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

## 9. Loans and advances to customers (*continued*)

### (e) *Lease receivables*

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

|                                                     | 31 December 2015                                                   |                                          | 31 December 2014                                                   |                                          |
|-----------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------|------------------------------------------|
|                                                     | Present<br>value of<br>minimum<br>finance<br>leases<br>receivables | Minimum<br>finance leases<br>receivables | Present<br>value of<br>minimum<br>finance<br>leases<br>receivables | Minimum<br>finance leases<br>receivables |
| Within one year (including one year)                | 3,543                                                              | 4,388                                    | 117                                                                | 133                                      |
| One year to two years (including two years)         | 3,689                                                              | 4,343                                    | 70                                                                 | 80                                       |
| Two years to three years (including<br>three years) | 3,212                                                              | 3,678                                    | 42                                                                 | 49                                       |
| Over three years                                    | 7,435                                                              | 8,171                                    | 323                                                                | 368                                      |
| Gross balance                                       | <u>17,879</u>                                                      | <u>20,580</u>                            | <u>552</u>                                                         | <u>630</u>                               |
| Less: Allowance for impairment losses               |                                                                    |                                          |                                                                    |                                          |
| – individually assessed                             | (3)                                                                |                                          | (6)                                                                |                                          |
| – collectively assessed                             | <u>(214)</u>                                                       |                                          | <u>(1)</u>                                                         |                                          |
| Net balance                                         | <u>17,662</u>                                                      |                                          | <u>545</u>                                                         |                                          |

## 10 Movements of allowances for impairment losses

### The Group

|                                                              |             | Year ended 31 December 2015 |                        |                          |                                         |                      |
|--------------------------------------------------------------|-------------|-----------------------------|------------------------|--------------------------|-----------------------------------------|----------------------|
|                                                              | <i>Note</i> | As at 1<br>January          | Charge for<br>the year | Reversal for<br>the year | Transfer<br>in/(out)<br><i>Note (i)</i> | As at 31<br>December |
| Placements with banks and non-bank<br>financial institutions | 18          | 8                           | –                      | –                        | –                                       | 8                    |
| Interest receivable                                          | 22          | 1,390                       | 3,398                  | (457)                    | 26                                      | 2,134                |
| Loans and advances to customers                              | 23          | 51,576                      | 37,421                 | (2,301)                  | 40                                      | 60,497               |
| Available-for-sale financial assets                          |             | 97                          | 63                     | (6)                      | 6                                       | 160                  |
| Held-to-maturity investments                                 | 25          | 41                          | –                      | (4)                      | 4                                       | 41                   |
| Investment classified as receivables                         | 26          | 156                         | 729                    | –                        | –                                       | 885                  |
| Other assets                                                 |             | 882                         | 1,379                  | (90)                     | 6                                       | 1,999                |
| Total                                                        |             | <u>54,150</u>               | <u>42,990</u>          | <u>(2,858)</u>           | <u>82</u>                               | <u>65,724</u>        |
|                                                              |             | Year ended 31 December 2014 |                        |                          |                                         |                      |
|                                                              | <i>Note</i> | As at 1<br>January          | Charge for<br>the year | Reversal for<br>the year | Transfer<br>in/(out)<br><i>Note (i)</i> | As at 31<br>December |
| Deposit with banks and non-bank<br>financial institutions    | 17          | –                           | –                      | (8)                      | 8                                       | –                    |
| Placements with banks and non-bank<br>financial institutions | 18          | 15                          | –                      | (27)                     | 20                                      | 8                    |
| Interest receivable                                          | 22          | 688                         | 1,460                  | (174)                    | (16)                                    | 1,390                |
| Loans and advances to customers                              | 23          | 41,254                      | 25,420                 | (3,346)                  | (142)                                   | 51,576               |
| Available-for-sale financial assets                          |             | 157                         | 10                     | (10)                     | (60)                                    | 97                   |
| Held-to-maturity investments                                 | 25          | 48                          | –                      | (7)                      | –                                       | 41                   |
| Investment classified as receivables                         | 26          | –                           | 156                    | –                        | –                                       | 156                  |
| Other assets                                                 |             | 750                         | 265                    | (70)                     | (10)                                    | 882                  |
| Total                                                        |             | <u>42,912</u>               | <u>27,311</u>          | <u>(3,642)</u>           | <u>(200)</u>                            | <u>54,150</u>        |

## 10 Movements of allowances for impairment losses (*continued*)

### The Bank

|                                                              |      | Year ended 31 December 2015 |                        |                          |                                  |            |                      |
|--------------------------------------------------------------|------|-----------------------------|------------------------|--------------------------|----------------------------------|------------|----------------------|
|                                                              | Note | As at 1<br>January          | Charge for<br>the year | Reversal for<br>the year | Transfer<br>in/(out)<br>Note (i) | Write-offs | As at 31<br>December |
| Placements with banks and non-bank<br>financial institutions | 18   | 8                           | -                      | -                        | -                                | -          | 8                    |
| Interest receivable                                          | 22   | 1,389                       | 3,396                  | (457)                    | 26                               | (2,223)    | 2,131                |
| Loans and advances to customers                              | 23   | 51,136                      | 36,713                 | (2,190)                  | (5)                              | (25,972)   | 59,682               |
| Available-for-sale financial assets                          |      | 69                          | 56                     | (5)                      | 4                                | -          | 124                  |
| Held-to-maturity investments                                 | 25   | 41                          | -                      | (4)                      | 4                                | -          | 41                   |
| Investment classified as receivables                         | 26   | 156                         | 729                    | -                        | -                                | -          | 885                  |
| Other assets                                                 |      | 882                         | 1,193                  | (90)                     | 6                                | (178)      | 1,813                |
| Total                                                        |      | 53,681                      | 42,087                 | (2,746)                  | 35                               | (28,373)   | 64,684               |
|                                                              |      | Year ended 31 December 2014 |                        |                          |                                  |            |                      |
|                                                              | Note | As at 1<br>January          | Charge for<br>the year | Reversal for<br>the year | Transfer<br>in/(out)<br>Note (i) | Write-offs | As at 31<br>December |
| Deposit with banks and non-bank<br>financial institutions    | 17   | -                           | -                      | (8)                      | 8                                | -          | -                    |
| Placements with banks and non-bank<br>financial institutions | 18   | 15                          | -                      | (27)                     | 20                               | -          | 8                    |
| Interest receivable                                          | 22   | 688                         | 1,459                  | (174)                    | (16)                             | (568)      | 1,389                |
| Loans and advances to customers                              | 23   | 40,861                      | 25,227                 | (3,303)                  | (160)                            | (11,489)   | 51,136               |
| Available-for-sale financial assets                          |      | 124                         | -                      | (10)                     | (45)                             | -          | 69                   |
| Held-to-maturity investments                                 | 25   | 48                          | -                      | (7)                      | -                                | -          | 41                   |
| Investment classified as receivables                         | 26   | -                           | 156                    | -                        | -                                | -          | 156                  |
| Other assets                                                 |      | 749                         | 265                    | (69)                     | (10)                             | (53)       | 882                  |
| Total                                                        |      | 42,485                      | 27,107                 | (3,598)                  | (203)                            | (12,110)   | 53,681               |

*Note:*

- (i) Transfer in/(out) includes the effect of exchange rate and disposals during the year. Besides allowance for impairment losses above, the Group also charged impairment losses for off-balance sheet items. Details are disclosed in Note 12.

## 11 Profit appropriations and retained earnings

### (a) Profit appropriations and distributions other than dividends declared during the year

|                   | <i>Notes</i> | The Group                         |                                   | The Bank                          |                                   |
|-------------------|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                   |              | Year ended<br>31 December<br>2015 | Year ended<br>31 December<br>2014 | Year ended<br>31 December<br>2015 | Year ended<br>31 December<br>2014 |
| Appropriations to |              |                                   |                                   |                                   |                                   |
| – surplus reserve | 50           | 3,968                             | 3,899                             | 3,968                             | 3,899                             |
| – general reserve | 51           | 14,108                            | 6,107                             | 14,000                            | 6,100                             |
| As at 31 December |              | <u>18,076</u>                     | <u>10,006</u>                     | <u>17,968</u>                     | <u>9,999</u>                      |

In accordance with the approval from the Board of Directors dated 23 March 2016, the Bank appropriated RMB 3,968 million to statutory surplus reserve fund and RMB 14,000 million to general reserve for the year of 2015. The Group's subsidiaries Lin'an rural bank and CFLL made appropriations to general reserve in accordance with relevant regulatory requirements.

- (b) On 23 March 2016, the Board of Directors proposed a cash dividend of RMB 2.12 per 10 shares in respect of the year ended 31 December 2015. Subject to the approval of the equity holders at the Annual General Meeting, approximately RMB 10,374 million is payable to those on the register of equity holders as at the relevant record date. This proposal is deemed as a non-adjusting event after the reporting period and has not been recognised as liability at the reporting date.
- (c) As at 31 December 2015, the retained earnings included the statutory surplus reserves of certain subsidiaries of RMB 50 million (31 December 2014: RMB 34 million), of which RMB 16 million (2014: RMB 11 million) was the appropriation made by the subsidiaries for the year ended 31 December 2015. Such statutory surplus reserves in the retained earnings cannot be distributed.

## 12 Commitments and contingent liabilities

### (a) Credit commitments

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

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

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

|                                                  | <b>The Group</b>   |             | <b>The Bank</b>    |             |
|--------------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                                  | <b>31 December</b> | 31 December | <b>31 December</b> | 31 December |
|                                                  | <b>2015</b>        | 2014        | <b>2015</b>        | 2014        |
| <b>Contractual amount</b>                        |                    |             |                    |             |
| Loan commitments                                 |                    |             |                    |             |
| – with an original maturity of within one year   | <b>130,985</b>     | 141,614     | <b>58,612</b>      | 80,787      |
| – with an original maturity of one year or above | <b>69,948</b>      | 46,724      | <b>68,092</b>      | 45,557      |
| Subtotal                                         | <b>200,933</b>     | 188,338     | <b>126,704</b>     | 126,344     |
| Guarantees                                       | <b>133,567</b>     | 124,008     | <b>131,094</b>     | 123,004     |
| Letters of credit                                | <b>92,164</b>      | 134,766     | <b>90,373</b>      | 130,002     |
| Acceptances                                      | <b>631,431</b>     | 712,985     | <b>628,790</b>     | 711,552     |
| Credit card commitments                          | <b>149,138</b>     | 124,106     | <b>141,993</b>     | 117,409     |
| Total                                            | <b>1,207,233</b>   | 1,284,203   | <b>1,118,954</b>   | 1,208,311   |

## 12 Commitments and contingent liabilities (*continued*)

### (b) *Credit commitments analysed by credit risk weighted amount*

|                                                                       | <b>The Group</b>   |             | <b>The Bank</b>    |             |
|-----------------------------------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                                                       | <b>31 December</b> | 31 December | <b>31 December</b> | 31 December |
|                                                                       | <b>2015</b>        | 2014        | <b>2015</b>        | 2014        |
| Credit risk weighted amount of contingent liabilities and commitments | <b>391,878</b>     | 455,254     | <b>387,825</b>     | 451,089     |

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

### (c) *Capital commitments*

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

|                                   | <b>The Group</b>   |             | <b>The Bank</b>    |             |
|-----------------------------------|--------------------|-------------|--------------------|-------------|
|                                   | <b>31 December</b> | 31 December | <b>31 December</b> | 31 December |
|                                   | <b>2015</b>        | 2014        | <b>2015</b>        | 2014        |
| Contracted for                    | <b>7,119</b>       | 8,369       | <b>6,979</b>       | 8,329       |
| Authorised but not contracted for | <b>113</b>         | 44          | <b>113</b>         | 44          |

### (d) *Operating lease commitments*

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

|                                         | <b>The Group</b>   |             | <b>The Bank</b>    |             |
|-----------------------------------------|--------------------|-------------|--------------------|-------------|
|                                         | <b>31 December</b> | 31 December | <b>31 December</b> | 31 December |
|                                         | <b>2015</b>        | 2014        | <b>2015</b>        | 2014        |
| Within one year                         | <b>2,864</b>       | 2,583       | <b>2,649</b>       | 2,392       |
| After one year but within two years     | <b>2,553</b>       | 2,396       | <b>2,373</b>       | 2,233       |
| After two years but within three years  | <b>2,173</b>       | 2,143       | <b>2,036</b>       | 2,005       |
| After three years but within five years | <b>3,510</b>       | 3,417       | <b>3,311</b>       | 3,204       |
| After five years                        | <b>3,699</b>       | 3,545       | <b>3,586</b>       | 3,375       |
| Total                                   | <b>14,799</b>      | 14,084      | <b>13,955</b>      | 13,209      |

## 12 Commitments and contingent liabilities (*continued*)

### (e) *Outstanding litigations and disputes*

As at 31 December 2015, the Group was involved in certain pending litigations with gross claims of RMB 394 million (as at 31 December 2014: RMB 339 million). Based on the opinion of internal and external legal counsels of the Group, the Group had made a provision of RMB 2 million (as at 31 December 2014: RMB 5 million). The Group believes that the final result of these lawsuits will not have material impact on the financial position or operations of the Group.

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

### (f) *Bonds redemption obligations*

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

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

|                              | <b>The Group and the Bank</b> |                     |
|------------------------------|-------------------------------|---------------------|
|                              | <b>31 December<br/>2015</b>   | 31 December<br>2014 |
| Bonds redemption obligations | <u><b>13,371</b></u>          | <u>12,107</u>       |

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material.

## 12 Commitments and contingent liabilities (*continued*)

### (g) *Commitment to share acquisition and disposal*

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

## 13 Segment reporting

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

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

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

### (a) *Business segments*

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

#### *Corporate banking*

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

## 13 Segment reporting (continued)

### (a) *Business segments (continued)*

#### *Personal banking*

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

#### *Treasury business*

This segment conducts capital markets operations, inter-bank operations, and investment banking businesses, which, specifically, includes inter-bank money market transactions, repurchase transactions, and investments in debt instruments. Furthermore, treasury business segment also carries out derivatives instruments and forex trading for customers and manages the Group's liquidity position.

#### *Others and unallocated*

These represent non-banking businesses provided by the Group's subsidiaries (CIFH and CNCB Investment), along with head office assets, liabilities, income and expenses that are not directly attributable to a segment.

During the year, the Group changed the allocation basis for corporate foreign currency deposits and internal funding pricing to better reflect the resources deployed for each segment and restated the comparative figures accordingly.

### 13 Segment reporting (continued)

(a) *Business segments (continued)*

|                                           | <b>Year ended 31 December 2015</b> |                         |                          |                               |                  |
|-------------------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------------|------------------|
|                                           | <b>Corporate Banking</b>           | <b>Personal Banking</b> | <b>Treasury Business</b> | <b>Others and Unallocated</b> | <b>Total</b>     |
| External net interest income/(expense)    | 44,326                             | 27,199                  | 36,248                   | (3,340)                       | 104,433          |
| Internal net interest income/(expense)    | 20,981                             | (10,924)                | (8,710)                  | (1,347)                       | -                |
| Net interest income                       | 65,307                             | 16,275                  | 27,538                   | (4,687)                       | 104,433          |
| Net fee and commission income             | 6,010                              | 17,077                  | 12,837                   | (250)                         | 35,674           |
| Other net income ( <i>Note (i)</i> )      | (17)                               | 657                     | 4,674                    | 124                           | 5,438            |
| <b>Operating income</b>                   | <b>71,300</b>                      | <b>34,009</b>           | <b>45,049</b>            | <b>(4,813)</b>                | <b>145,545</b>   |
| <b>Operating expenses</b>                 |                                    |                         |                          |                               |                  |
| – depreciation and amortisation           | (881)                              | (295)                   | (918)                    | (360)                         | (2,454)          |
| – others                                  | (22,015)                           | (21,275)                | (4,714)                  | (144)                         | (48,148)         |
| Impairment losses                         | (28,518)                           | (8,142)                 | (2,440)                  | (937)                         | (40,037)         |
| Revaluation gain on investment properties | -                                  | -                       | -                        | 27                            | 27               |
| Share of gain of associates               | -                                  | -                       | -                        | 53                            | 53               |
| <b>Profit/(Loss) before tax</b>           | <b>19,886</b>                      | <b>4,297</b>            | <b>36,977</b>            | <b>(6,174)</b>                | <b>54,986</b>    |
| Income tax                                |                                    |                         |                          |                               | (13,246)         |
| <b>Net profit/(loss)</b>                  |                                    |                         |                          |                               | <b>41,740</b>    |
| <b>Capital expenditure</b>                | <b>1,261</b>                       | <b>407</b>              | <b>1,344</b>             | <b>300</b>                    | <b>3,312</b>     |
|                                           |                                    |                         |                          |                               |                  |
|                                           | <b>31 December 2015</b>            |                         |                          |                               |                  |
|                                           | <b>Corporate Banking</b>           | <b>Personal Banking</b> | <b>Treasury Business</b> | <b>Others and Unallocated</b> | <b>Total</b>     |
| <b>Segment assets</b>                     | <b>1,999,792</b>                   | <b>635,043</b>          | <b>2,057,056</b>         | <b>421,444</b>                | <b>5,113,335</b> |
| Interest in associate                     | -                                  | -                       | -                        | 976                           | 976              |
| Deferred tax assets                       |                                    |                         |                          |                               | 7,981            |
| <b>Total asset</b>                        |                                    |                         |                          |                               | <b>5,122,292</b> |
| <b>Segment liabilities</b>                | <b>2,553,460</b>                   | <b>572,089</b>          | <b>1,577,136</b>         | <b>99,911</b>                 | <b>4,802,596</b> |
| Deferred tax liabilities                  |                                    |                         |                          |                               | 10               |
| <b>Total liabilities</b>                  |                                    |                         |                          |                               | <b>4,802,606</b> |
| Off-balance sheet credit commitments      | 965,931                            | 149,138                 | 92,164                   | -                             | 1,207,233        |

## 13 Segment reporting (continued)

### (a) Business segments (continued)

|                                           | Year ended 31 December 2014 |                     |                      |                           |                  |
|-------------------------------------------|-----------------------------|---------------------|----------------------|---------------------------|------------------|
|                                           | Corporate<br>Banking        | Personal<br>Banking | Treasury<br>Business | Others and<br>Unallocated | Total            |
| External net interest income/(expense)    | 50,200                      | 20,385              | 25,661               | (1,505)                   | 94,741           |
| Internal net interest income/(expense)    | 9,559                       | (5,589)             | (2,660)              | (1,310)                   | –                |
| Net interest income                       | 59,759                      | 14,796              | 23,001               | (2,815)                   | 94,741           |
| Net fee and commission income             | 5,431                       | 10,306              | 9,546                | 30                        | 25,313           |
| Other net income ( <i>Note (i)</i> )      | 80                          | 131                 | 3,704                | 870                       | 4,785            |
| <b>Operating income</b>                   | 65,270                      | 25,233              | 36,251               | (1,915)                   | 124,839          |
| <b>Operating expenses</b>                 |                             |                     |                      |                           |                  |
| – depreciation and amortisation           | (952)                       | (344)               | (725)                | (173)                     | (2,194)          |
| – others                                  | (21,918)                    | (18,805)            | (3,234)              | (645)                     | (44,602)         |
| Impairment losses                         | (17,028)                    | (4,760)             | (828)                | (1,057)                   | (23,673)         |
| Revaluation gain on investment properties | –                           | –                   | –                    | 2                         | 2                |
| Share of gain of associates               | –                           | –                   | –                    | 202                       | 202              |
| <b>Profit/(Loss) before tax</b>           | <u>25,372</u>               | <u>1,324</u>        | <u>31,464</u>        | <u>(3,586)</u>            | <u>54,574</u>    |
| Income tax                                |                             |                     |                      |                           | (13,120)         |
| <b>Net profit</b>                         |                             |                     |                      |                           | <u>41,454</u>    |
| <b>Capital expenditure</b>                | <u>1,215</u>                | <u>442</u>          | <u>912</u>           | <u>91</u>                 | <u>2,660</u>     |
|                                           | 31 December 2014            |                     |                      |                           |                  |
|                                           | Corporate<br>Banking        | Personal<br>Banking | Treasury<br>Business | Others and<br>Unallocated | Total            |
| <b>Segment assets</b>                     | 1,953,573                   | 673,290             | 1,458,938            | 42,827                    | 4,128,628        |
| Interest in associate                     | –                           | –                   | –                    | 870                       | 870              |
| Deferred tax assets                       |                             |                     |                      |                           | 9,317            |
| <b>Total asset</b>                        |                             |                     |                      |                           | <u>4,138,815</u> |
| <b>Segment liabilities</b>                | 2,168,473                   | 545,031             | 1,036,166            | 121,799                   | 3,871,469        |
| <b>Total liabilities</b>                  |                             |                     |                      |                           | <u>3,871,469</u> |
| Off-balance sheet credit commitments      | <u>1,025,331</u>            | <u>124,106</u>      | <u>134,766</u>       | –                         | <u>1,284,203</u> |

*Note:*

- (i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain/(loss) and other operating income.

## 13 Segment reporting (continued)

### (b) *Geographical segments*

The Group operates principally in Mainland China with branches and sub-branches located in 31 provinces, autonomous regions and municipalities directly under the central government. The Bank's principal subsidiaries, CNCB Investment and CIFH are registered and operating in Hong Kong. The other subsidiaries, Lin'an CITIC Rural Bank and CFLL are registered in Mainland China.

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

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

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

## 13 Segment reporting (continued)

### (b) Geographical segments (continued)

|                                           | Year ended 31 December 2015 |                                         |           |         |         |              |                |           |             |           |
|-------------------------------------------|-----------------------------|-----------------------------------------|-----------|---------|---------|--------------|----------------|-----------|-------------|-----------|
|                                           | Yangtze<br>River Delta      | Pearl River<br>Delta and<br>West Strait | Bohai Rim | Central | Western | Northeastern | Head<br>Office | Hong Kong | Elimination | Total     |
| External net interest income              | 18,909                      | 11,853                                  | 14,581    | 14,734  | 14,491  | 2,273        | 24,808         | 2,784     | -           | 104,433   |
| Internal net interest income/(expense)    | 1,751                       | 3,030                                   | 6,689     | 285     | (1,158) | 55           | (10,754)       | 102       | -           | -         |
| Net interest income                       | 20,660                      | 14,883                                  | 21,270    | 15,019  | 13,333  | 2,328        | 14,054         | 2,886     | -           | 104,433   |
| Net fee and commission income             | 4,920                       | 2,776                                   | 4,857     | 3,197   | 3,173   | 504          | 15,274         | 973       | -           | 35,674    |
| Other net income <i>(Note (i))</i>        | 1,326                       | 556                                     | 653       | 437     | 402     | 79           | 844            | 1,141     | -           | 5,438     |
| Operating income                          | 26,906                      | 18,215                                  | 26,780    | 18,653  | 16,908  | 2,911        | 30,172         | 5,000     | -           | 145,545   |
| Operating expense                         |                             |                                         |           |         |         |              |                |           |             |           |
| – depreciation and amortisation           | (391)                       | (262)                                   | (429)     | (285)   | (317)   | (93)         | (468)          | (209)     | -           | (2,454)   |
| – others                                  | (9,255)                     | (6,009)                                 | (8,734)   | (6,484) | (6,002) | (1,310)      | (8,243)        | (2,111)   | -           | (48,148)  |
| Impairment losses                         | (7,833)                     | (12,101)                                | (6,263)   | (3,604) | (4,734) | (1,310)      | (3,642)        | (550)     | -           | (40,037)  |
| Revaluation gain on investment properties | -                           | -                                       | -         | -       | -       | -            | -              | 27        | -           | 27        |
| Share of gain of associates               | -                           | -                                       | -         | -       | -       | -            | -              | 53        | -           | 53        |
| Profit before tax                         | 9,427                       | (157)                                   | 11,354    | 8,280   | 5,855   | 198          | 17,819         | 2,210     | -           | 54,986    |
| Income tax                                |                             |                                         |           |         |         |              |                |           |             | (13,246)  |
| Net profit                                |                             |                                         |           |         |         |              |                |           |             | 41,740    |
| Capital expenditure                       | 342                         | 131                                     | 451       | 225     | 1,057   | 38           | 970            | 98        | -           | 4,312     |
|                                           | 31 December 2015            |                                         |           |         |         |              |                |           |             |           |
|                                           | Yangtze<br>River Delta      | Pearl River<br>Delta and<br>West Strait | Bohai Rim | Central | Western | Northeastern | Head<br>Office | Hong Kong | Elimination | Total     |
| Segment assets                            | 1,099,815                   | 752,965                                 | 1,114,688 | 617,426 | 557,507 | 93,262       | 2,622,096      | 240,435   | (1,984,859) | 5,113,335 |
| Interest in associate                     | -                           | -                                       | -         | -       | -       | -            | -              | 976       | -           | 976       |
| Deferred tax assets                       |                             |                                         |           |         |         |              |                |           |             | 7,981     |
| Total assets                              |                             |                                         |           |         |         |              |                |           |             | 5,122,292 |
| Segment liabilities                       | 1,090,635                   | 751,135                                 | 1,099,277 | 609,986 | 551,901 | 92,311       | 2,354,458      | 215,502   | (1,962,609) | 4,802,596 |
| Deferred tax liabilities                  |                             |                                         |           |         |         |              |                |           |             | 10        |
| Total liabilities                         |                             |                                         |           |         |         |              |                |           |             | 4,802,606 |
| Off-balance sheet credit commitment       | 256,116                     | 164,181                                 | 226,170   | 178,355 | 126,693 | 27,043       | 141,993        | 86,682    | -           | 1,207,233 |

## 13 Segment reporting (continued)

### (b) Geographical segments (continued)

|                                           | Year ended 31 December 2014 |                                   |               |               |               |              |               |              |             | Total            |
|-------------------------------------------|-----------------------------|-----------------------------------|---------------|---------------|---------------|--------------|---------------|--------------|-------------|------------------|
|                                           | Yangtze River Delta         | Pearl River Delta and West Strait | Bohai Rim     | Central       | Western       | Northeastern | Head Office   | Hong Kong    | Elimination |                  |
| External net interest income              | 15,608                      | 11,359                            | 10,632        | 11,456        | 12,158        | 2,683        | 28,046        | 2,799        | -           | 94,741           |
| Internal net interest income/(expense)    | 2,654                       | 978                               | 6,635         | 1,964         | (71)          | (126)        | (12,536)      | 502          | -           | -                |
| Net interest income                       | 18,262                      | 12,337                            | 17,267        | 13,420        | 12,087        | 2,557        | 15,510        | 3,301        | -           | 94,741           |
| Net fee and commission income             | 3,842                       | 2,428                             | 3,746         | 2,371         | 2,565         | 535          | 9,058         | 768          | -           | 25,313           |
| Other net income (Note (i))               | 935                         | 349                               | 777           | 293           | 251           | 57           | 1,256         | 867          | -           | 4,785            |
| <b>Operating income</b>                   | <b>23,039</b>               | <b>15,114</b>                     | <b>21,790</b> | <b>16,084</b> | <b>14,903</b> | <b>3,149</b> | <b>25,824</b> | <b>4,936</b> | <b>-</b>    | <b>124,839</b>   |
| <b>Operating expense</b>                  |                             |                                   |               |               |               |              |               |              |             |                  |
| – depreciation and amortisation           | (349)                       | (238)                             | (416)         | (257)         | (257)         | (75)         | (416)         | (186)        | -           | (2,194)          |
| – others                                  | (8,898)                     | (5,729)                           | (8,354)       | (5,867)       | (5,399)       | (1,343)      | (7,042)       | (1,970)      | -           | (44,602)         |
| Impairment losses                         | (7,324)                     | (6,887)                           | (4,504)       | (2,244)       | (931)         | (1,400)      | (231)         | (152)        | -           | (23,673)         |
| Revaluation gain on investment properties | -                           | -                                 | -             | -             | -             | -            | -             | 2            | -           | 2                |
| Share of gain of associates               | -                           | -                                 | -             | -             | -             | -            | -             | 202          | -           | 202              |
| <b>Profit before tax</b>                  | <b>6,468</b>                | <b>2,260</b>                      | <b>8,516</b>  | <b>7,716</b>  | <b>8,316</b>  | <b>331</b>   | <b>18,135</b> | <b>2,832</b> | <b>-</b>    | <b>54,574</b>    |
| Income tax                                |                             |                                   |               |               |               |              |               |              |             | (13,120)         |
| <b>Net profit</b>                         |                             |                                   |               |               |               |              |               |              |             | <b>41,454</b>    |
| Capital expenditure                       | 321                         | 181                               | 237           | 598           | 240           | 446          | 564           | 73           | -           | 2,660            |
| 31 December 2014                          |                             |                                   |               |               |               |              |               |              |             |                  |
|                                           | Yangtze River Delta         | Pearl River Delta and West Strait | Bohai Rim     | Central       | Western       | Northeastern | Head Office   | Hong Kong    | Elimination | Total            |
| <b>Segment assets</b>                     | 832,355                     | 567,700                           | 916,047       | 510,466       | 468,004       | 89,173       | 1,946,061     | 198,628      | (1,399,806) | 4,128,628        |
| Interest in associate                     | -                           | -                                 | -             | -             | -             | -            | -             | 870          | -           | 870              |
| Deferred tax assets                       |                             |                                   |               |               |               |              |               |              |             | 9,317            |
| <b>Total assets</b>                       |                             |                                   |               |               |               |              |               |              |             | <b>4,138,815</b> |
| <b>Segment liabilities</b>                | 828,692                     | 564,494                           | 906,031       | 503,804       | 460,468       | 88,544       | 1,742,187     | 178,132      | (1,400,883) | 3,871,469        |
| <b>Total liabilities</b>                  |                             |                                   |               |               |               |              |               |              |             | <b>3,871,469</b> |
| Off-balance sheet credit commitment       | 274,533                     | 192,548                           | 252,594       | 201,186       | 141,853       | 28,261       | 117,409       | 75,819       | -           | 1,284,203        |

Note:

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

## 14 Structured entities

### (a) *Unconsolidated structured entities sponsored by third party institutions in which the Group holds an interest*

The Group invests in a number of unconsolidated structured entities which are sponsored and managed by other entities for investment return. Such structured entities include wealth management products, investment management products managed by securities companies, trust investment plans, asset-backed financings and investment funds and the Group does not consolidate these structured entities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2015 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

|                                                                | 31 December 2015                    |                                              |                                            |           | Maximum<br>loss<br>exposure |
|----------------------------------------------------------------|-------------------------------------|----------------------------------------------|--------------------------------------------|-----------|-----------------------------|
|                                                                | Carrying amount                     |                                              |                                            | Total     |                             |
|                                                                | Held-to-<br>maturity<br>investments | Available<br>for sale<br>financial<br>assets | Investment<br>classified as<br>receivables |           |                             |
| Wealth management products                                     | –                                   | 10                                           | 147,605                                    | 147,615   | 147,615                     |
| Investment management products managed by securities companies | –                                   | –                                            | 825,016                                    | 825,016   | 825,016                     |
| Trust investment plans                                         | –                                   | –                                            | 139,971                                    | 139,971   | 139,971                     |
| Asset-backed securities                                        | 5,306                               | 8                                            | –                                          | 5,314     | 5,314                       |
| Investment funds                                               | –                                   | 70                                           | –                                          | 70        | 70                          |
| Total                                                          | 5,306                               | 88                                           | 1,112,592                                  | 1,117,986 | 1,117,986                   |

|                                                                   | Carrying amount                     |                                           |                                            |                | Maximum<br>loss<br>exposure |
|-------------------------------------------------------------------|-------------------------------------|-------------------------------------------|--------------------------------------------|----------------|-----------------------------|
|                                                                   | Held-to-<br>maturity<br>investments | Available for<br>sale financial<br>assets | Investment<br>classified as<br>receivables | Total          |                             |
| Wealth management products                                        | –                                   | –                                         | 78,859                                     | 78,859         | 78,859                      |
| Investment management products managed by<br>securities companies | –                                   | –                                         | 452,319                                    | 452,319        | 452,319                     |
| Trust investment plans                                            | –                                   | –                                         | 108,535                                    | 108,535        | 108,535                     |
| Asset-backed securities                                           | 7,110                               | 9                                         | –                                          | 7,119          | 7,119                       |
| Investment funds                                                  | –                                   | 127                                       | –                                          | 127            | 127                         |
| Total                                                             | <u>7,110</u>                        | <u>136</u>                                | <u>639,713</u>                             | <u>646,959</u> | <u>646,959</u>              |

The maximum exposures to risk in the above wealth management products, trust investment plans, investment management products managed by securities companies and investment funds are the fair value or the carrying value (whichever is higher) of the assets held by the Group at the reporting date. The maximum exposures to risk in the asset-backed financings are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the statement of financial positions.

**(b) Unconsolidated structured entities sponsored by the Group**

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services.

During the year of 2015, the amount of fee and commission income earned from the above mentioned structured entities by the Group is RMB 5,808 million (2014: RMB 3,958 million), the amount of interest income earned from the placements by the Group to the above mentioned structured entities is RMB 390 million (2014: RMB 401 million). As at 31 December 2015, the carrying amounts of management fee and interest receivables being recognised in the statement of financial position is RMB 387 million (31 December 2014: RMB 857 million).

As at 31 December 2015, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products which are sponsored by the Group is RMB 659,118 million (31 December 2014: RMB 393,413 million).

As at 31 December 2015, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 252,66 million (31 December 2014: RMB 16,800 million). During the year of 2015, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 36,675 million (2014: RMB 39,420 million). The transactions were conducted under normal business terms and conditions.

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2015 and matured before 31 December 2015 is RMB 604.2 billion (2014: RMB 393.9 billion).

## DEFINITIONS

|                                               |                                                                                              |
|-----------------------------------------------|----------------------------------------------------------------------------------------------|
| Articles of Association                       | Articles of Association of China CITIC Bank Corporation Limited                              |
| Bank/Company/China CITIC Bank/CITIC Bank/CNCB | China CITIC Bank Corporation Limited                                                         |
| BBVA                                          | Banco Bilbao Vizcaya Argentaria S.A.                                                         |
| Board of Directors                            | Board of Directors of the Bank                                                               |
| Board of Supervisors                          | Board of Supervisors of the Bank                                                             |
| CBRC                                          | China Banking Regulatory Commission                                                          |
| Central Bank/PBOC                             | The People's Bank of China                                                                   |
| China AMC                                     | China Asset Management Co., Ltd.                                                             |
| China Securities                              | China Securities Co., Ltd.                                                                   |
| China Tobacco                                 | China Tobacco Corporation                                                                    |
| CIAM                                          | CITIC International Assets Management Limited                                                |
| CIFH                                          | CITIC International Financial Holdings Limited                                               |
| CITIC Corporation Limited                     | CITIC Corporation Limited (formerly known as CITIC Limited prior to renaming in August 2014) |
| CITIC Financial Leasing                       | CITIC Financial Leasing Co., Ltd.                                                            |

|                                  |                                                                                                                |
|----------------------------------|----------------------------------------------------------------------------------------------------------------|
| CITIC Futures                    | CITIC Futures Co., Ltd.                                                                                        |
| CITIC Group                      | CITIC Group Corporation Limited (formerly known as CITIC Group Corporation prior to renaming in December 2011) |
| CITIC Industrial Investment      | CITIC Industrial Investment Group Corp. Ltd.                                                                   |
| CITIC Limited                    | CITIC Limited (formerly known as CITIC Pacific Limited prior to renaming in August 2014)                       |
| CITIC Loyalty                    | CITIC Loyalty Business Technology Co., Ltd.                                                                    |
| CITIC Pacific                    | CITIC Pacific Limited (renamed CITIC Limited in August 2014)                                                   |
| CITIC PE                         | CITIC Private Equity Funds Management Co., Ltd                                                                 |
| CITIC Press                      | CITIC Press Group Limited                                                                                      |
| CITIC Real Estate                | CITIC Real Estate Co., Ltd.                                                                                    |
| CITIC Securities                 | CITIC Securities Co., Ltd.                                                                                     |
| CITIC Securities (Shandong)      | CITIC Securities (Shandong) Co., Ltd.                                                                          |
| CITIC Tourism                    | CITIC Tourism Co., Ltd.                                                                                        |
| CITIC Trust                      | CITIC Trust Co., Ltd.                                                                                          |
| CITIC-CP Asset Management        | CITIC-CP Asset Management Company Limited                                                                      |
| CITIC-Prudential Fund Management | CITIC-Prudential Fund Management Company Limited                                                               |
| CITIC-Prudential Life Insurance  | CITIC-Prudential Life Insurance Company Ltd.                                                                   |
| CNCB Investment                  | CNCB (Hong Kong) Investment Co., Ltd. (formerly China Investment and Finance Limited)                          |
| CNCBI                            | CITIC Bank International Limited                                                                               |
| CNCBI (China)                    | CNCBI (China) Co., Ltd.                                                                                        |

|                         |                                                                                                                                                                                                                                                                     |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial Banks Law    | Law of the People’s Republic of China on Commercial Banks                                                                                                                                                                                                           |
| Company Law             | Company Law of the People’s Republic of China                                                                                                                                                                                                                       |
| CSRC                    | China Securities Regulatory Commission                                                                                                                                                                                                                              |
| CTBC                    | Chinese Taiwan CTBC Financial Holding Co., Ltd.                                                                                                                                                                                                                     |
| IFRS                    | International Financial Reporting Standards                                                                                                                                                                                                                         |
| Group                   | China CITIC Bank Corporation Limited and its subsidiaries                                                                                                                                                                                                           |
| HKSFC                   | Hong Kong Securities and Futures Commission                                                                                                                                                                                                                         |
| Hong Kong Listing Rules | The Listing Rules of The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                        |
| Joint-stock Banks       | Including China CITIC Bank, China Merchants Bank, China Minsheng Bank, Industrial Bank, Shanghai Pudong Development Bank, China Everbright Bank, Huaxia Bank, Ping’an Bank, Guangdong Development Bank, China Zheshang Bank, China Bohai Bank and Evergrowing Bank. |
| Lin’an CITIC Rural Bank | Zhejiang Lin’an CITIC Rural Bank Limited                                                                                                                                                                                                                            |
| MOF                     | Ministry of Finance of the People’s Republic of China                                                                                                                                                                                                               |
| NSSF                    | National Council for Social Security Fund                                                                                                                                                                                                                           |
| PricewaterhouseCoopers  | PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)                                                                                                                                                                                                 |
| PRC GAAP                | People’s Republic of China Generally Accepted Accounting Principles                                                                                                                                                                                                 |
| Reporting Period        | for the period from 1 January 2015 to 31 December 2015                                                                                                                                                                                                              |
| SEHK                    | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                             |
| SFC                     | Securities and Futures Commission                                                                                                                                                                                                                                   |
| SSE                     | Shanghai Stock Exchange                                                                                                                                                                                                                                             |

|                               |                                                      |
|-------------------------------|------------------------------------------------------|
| Standing Committee of the NPC | Standing Committee of the National People's Congress |
| State Council                 | State Council of the People's Republic of China      |
| The reporting period          | From 1 January 2015 to 31 December 2015              |
| Tianan Property Insurance     | Tianan Property Insurance Company Limited of China   |
| Yuan/RMB                      | RMB Yuan                                             |

Unless otherwise specially noted, the denomination currency used in this announcement is Renminbi. This announcement is compiled both in Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

By order of the Board of  
**China CITIC Bank Corporation Limited**  
**Chang Zhenming**  
*Chairman*

Beijing, the PRC  
23 March 2016

*As at the date of this announcement, the executive directors of the Bank are Ms. Li Qingping and Mr. Sun Deshun; the non-executive directors are Mr. Chang Zhenming, Mr. Zhu Xiaohuang and Mr. Zhang Xiaowei; and the independent non-executive directors are Mr. Li Zheping, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew and Mr. Yuan Ming.*