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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)

**INTERIM RESULTS ANNOUNCEMENT
 FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The Board of Directors of China CITIC Bank Corporation Limited is pleased to announce the unaudited consolidated results of the Bank and its subsidiaries for the six months ended 30 June 2015, which have been prepared in accordance with the applicable disclosure requirements under the SEHK Listing Rules and in compliance with IAS 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board. The interim results have been reviewed and confirmed by the Audit and Related Party Transactions Control Committee of the Board of Directors.

This results announcement is made in both English and Chinese. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Expressed in Renminbi unless otherwise stated

I. FINANCIAL HIGHLIGHTS

Operating Performance

Unit: RMB million

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

Profitability Indicators

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

Scale Indicators

Unit: RMB million

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

Asset Quality Indicators

Unit: RMB million

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

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

Capital Adequacy Indicators

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

Leverage Ratio

Unit: RMB million

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

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

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

Supplementary Financial Indicators

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

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

(2) Discounted bills are included in loans.

II. REPORT OF THE BOARD OF DIRECTORS

Economic, Financial and Regulatory Environments

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

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

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

Operating Performance and Strategic Transformation Overview

Performance overview

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

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

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

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

Progress in Strategic Transformation

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

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

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

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

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

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

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

Analysis of the Financial Statements

Income Statement Analysis

Unit: RMB million

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

Operating Income

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

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

Net Interest Income

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

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

Unit: RMB million

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

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

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

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

Unit: RMB million

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

Net Interest Margin and Net Interest Spread

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

Interest Income

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

Interest Income from Loans and Advances to Customers

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

Classification by Term

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Classification by Business

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Interest Income from Investment in Debt Securities

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

Interest Income from Deposits with the Central Bank

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

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

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

Interest Income from Amounts under Resale Agreements

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

Interest Income from Receivables Investments and others

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

Interest Expense

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

Interest Expense on Deposits from Customers

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

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

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

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

Interest Expense on Amounts under Repurchase Agreements

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

Interest Expense on Issued Debt Certificates and Others

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

Net Non-interest Income

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

Unit: RMB million

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

Net Fee and Commission Income

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

Unit: RMB million

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

Net Gain from Trading

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

Unit: RMB million

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

Loss on Asset Impairment

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

Unit: RMB million

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

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

Operating Expenses

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

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

Unit: RMB million

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

Income Tax Analysis

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

Balance Sheet Analysis

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

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

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

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

(3) Including borrowings from the Central Bank, financial liabilities measured at fair value through profit or loss for the current period, derivative financial liabilities, staff remuneration payables, tax and fee payables, interest payables, accrued liabilities and other liabilities.

Loan Business

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

The Group

Unit: RMB million

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

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

The Bank

Unit: RMB million

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

Please refer to “Risk Management” of this announcement for risk analysis of the loan business.

Investment in Debt Securities and Equity Instruments

Portfolio Analysis of Investment in Debt Securities and Equity Instruments

Unit: RMB million

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

Classification of Debt Securities Investment

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

Unit: RMB million

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

Note: Primarily corporate bonds.

Domestic and Overseas Debt Securities Investment

Unit: RMB million

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

Foreign Currency Denominated Debt Securities Held

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

Breakdowns of Significant Investments in Financial Debt Securities

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

Unit: RMB million

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

Changes in Provision for Investment Impairment Losses

Unit: RMB million

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

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

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

Classification of Derivatives and Fair Value Analysis

Unit: RMB million

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

On-Balance Sheet Interest Receivables

Unit: RMB million

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

Repossessed Assets

Unit: RMB million

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

Total Deposits from Customers

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

The Group

Unit: RMB million

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

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

The Bank

Unit: RMB million

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

Breakdowns of Deposits from Customers by Currency

Unit: RMB million

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

Breakdowns of Deposits by Geographical Location

Unit: RMB million

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

Note: Including the Head Office.

Breakdowns of Deposits by Remaining Maturity

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Shareholders' Equity

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

Unit: RMB million

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

Major Off-Balance Sheet Items

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

Unit: RMB million

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

Net Cash Flows from Operating Activities

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

Net Cash Flows Used in Investing Activities

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

Net Cash Flows from Financing Activities

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

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

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

Items Measured at Fair Value

Unit: RMB million

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

Capital Adequacy Ratio

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

Unit: RMB million

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

Segment Report

Business Segments

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

Unit: RMB million

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

Geographical Segments

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

Unit: RMB million

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

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

Unit: RMB million

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

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

Business Review

Corporate Banking Business

Business Overview

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

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

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

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

Institutional Banking

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

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

Trade Finance

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

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

Cash Management

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

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

Asset Custody

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

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

Retail Finance

Business Overview

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

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

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

As at the end of the reporting period, the number of personal customers of the Bank reached 53,419,100 accounts accumulatively¹, the Bank's balances of personal deposits and personal loans recorded RMB463.907 billion and RMB622.978 billion respectively, up 2.37% and 7.12% over the end of the previous year respectively; assets under custody (AUM) of personal customers² reached RMB1,011.991 billion, up 10.24% over the end of the previous year. During the reporting period, sale of personal wealth management products amounted to RMB1,338.494 billion, an increase of 59.90% year-on-year; sales of agency funds and collective wealth management products managed by brokers recorded RMB309.424 billion, up 1,022.61% year-on-year; agency insurance products sales amounted to RMB10.730 billion, up 147.59% year-on-year. During the reporting period, the Bank realized RMB15.454 billion operating income from its retail banking business, accounting for 22.87% of its total operating income, and RMB7.734 billion non-interest income from its retail banking business, 40.10% of the Bank's total non-interest income.

Wealth Management and Private Banking

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

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

Small Enterprise and Personal Credit Business

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

¹ Due to upgrading of the Bank's core banking system, the number of personal customers was calculated in historically accumulative terms.

² To improve service level and unify customer standard, the Bank standardized and improved the categorization of retail customers, adopting AUM as the uniform standard for customer categorization. AUM stands for Assets Under Management, including deposit and investment & wealth management of customers.

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

Credit Card

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

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

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

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

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

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

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

E-banking

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

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

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

Financial Market

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

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

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

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

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

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

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

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

International Business

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

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

Investment Banking Business

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

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

Interbank Business

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

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

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

Special Business Area: Wealth Management Business

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

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

Service Quality Management

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

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

Integrated Financial Service Platform of CITIC Group

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

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

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

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

- R&D of wealth management product: The Bank researched and developed 216 wealth management products and realized RMB94.080 billion sales revenues thereof in cooperation with CITIC Securities, CITIC Trust and CITIC-CP Asset Management.
- Third-party escrow services: The Bank shared 3,327 institutional customers in third-party escrow and 518,400 personal customers with CITIC Securities, CITIC Securities (Zhejiang), CITIC Securities (Shandong) and China Securities.
- Custody business: The Bank cooperated extensively with CITIC Securities, CITIC Trust, CITIC-Prudential Fund Management, China AMC, CITIC- Prudential Life Insurance and other financial subsidiaries of CITIC Group in areas such as asset management of securities brokerages, fund, trust, insurance, PE and annuities. As at the end of the reporting period, the balance of custody for cooperative projects within CITIC Group registered RMB311.253 billion. During the reporting period, custody income scored RMB94.4317 million, while customers of annuity cooperation numbered 586, with an amount of RMB16.72 billion. Custody income realized during the reporting period amounted to RMB94.4317 million.
- Bond underwriting: The Bank, together with CITIC Securities and China Securities, jointly underwrote RMB24 billion debt financing tools for customers through underwriting of short-term commercial papers, medium-term notes and asset-backed securities. During the reporting period, as the lead underwriter, the Bank underwrote RMB3 billion super-short-term commercial papers for CITIC Limited.

Domestic Distribution Channels

Branches

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

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

Self-Service Outlets and Self-Service Terminals

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

Online Banking and Mobile Banking

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

Telephone Banking Platform

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

Information Technology

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

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

Business of Subsidiaries

CIFH

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

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

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

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

CIFL

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

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

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

CITIC Financial Leasing

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

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

Lin'an CITIC Rural Bank

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

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

Risk Management

Credit Risk Management

Risk Management of Corporate Credits

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

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

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

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

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

Risk Management of Small Enterprise & Personal Credits

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

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

Risk Management of Credit Card Business

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

Risk Management of Financial Market Business

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

Loan Monitoring and Post-Lending Management

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

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

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

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

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

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

Credit Risk Analysis

Distribution of Loans

Concentration of Loans by Geographic Region

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

The Group

Unit: RMB million

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

Note: (1) Including the Head Office.

The Bank

Unit: RMB million

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

Note: (1) Including the Head Office.

Concentration of Loans by Product

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

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Concentration of Loans by Sector

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

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Breakdowns of Loans by Type of Guarantee

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

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Concentration of Corporate Borrowers

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

The Group

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

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

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

The Group

Unit: RMB million

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

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

Loan Quality Analysis

Five-Class Loan Classification

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

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

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

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

The Group

Unit: RMB million

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

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

The Bank

Unit: RMB million

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

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

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

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

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

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

Migration of Loans

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

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

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

Breakdowns of Loans Overdue

The Group

Unit: RMB million

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

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

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

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.

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

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

Breakdowns of NPLs by Product

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

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

Breakdowns of NPLs by Geographic Location

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

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

Breakdowns of Corporate NPLs by Sector

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

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

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

Analysis of Provision for Loan Impairment

Changes in Provision for Loan Impairment

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

The Group

Unit: RMB million

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

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

The Bank

Unit: RMB million

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

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

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

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

Market Risk Management

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

Interest Rate Risk Management

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

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

The Group

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	114,173	1,968,887	1,919,454	436,260	122,503	4,561,277
Total liabilities	93,033	2,605,155	1,101,844	397,534	72,629	4,270,195
Asset-liability gap	21,140	(636,268)	817,610	38,726	49,874	291,082

The Bank

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	123,204	1,810,770	1,896,593	423,315	120,742	4,374,624
Total liabilities	80,373	2,471,374	1,084,788	391,549	68,569	4,096,653
Asset-liability gap	42,831	(660,604)	811,805	31,766	52,173	277,971

Foreign Exchange Rate Risk Management

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

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

The Group

Unit: RMB million

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

Unit: RMB million

Item	USD	HKD	Other currencies	Total
Net on-balance sheet position	(9,830)	9,277	(10,959)	(11,512)
Net off-balance sheet position	<u>4,129</u>	<u>395</u>	<u>9,512</u>	<u>14,306</u>
Total	<u><u>(5,701)</u></u>	<u><u>9,672</u></u>	<u><u>(1,447)</u></u>	<u><u>2,524</u></u>

Liquidity Risk Management

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

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

The Group

Unit: RMB million

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

The Bank

Unit: RMB million

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

Internal Control and Operational Risk Management

Internal Control

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

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

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

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

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

Internal Audit

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

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

Operational Risk Management

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

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

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

Capital Management

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

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

Securities Investment

Shareholdings in Other Listed Companies and Financial Enterprises

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

Unit: RMB

No.	Stock code	Stock name	Initial investment amount	Shareholding percentage	Book value at the end of the reporting period	Gain or loss during the reporting period	Book value at the beginning of the reporting period	Changes in shareholders' equity during the reporting period	Accounting item	Source of investment
1	00762	China Unicom (HK)	7,020,000.00	-	3,903,515.26	-	3,281,515.00	622,000.26	Available-for-sale financial assets	Cash purchase
2	V	Visa Inc.	7,509,605.39	-	84,343,574.23	169,993.72	81,808,091.52	2,525,482.71	Available-for-sale financial assets	Gift/Bonus share
3	MA	Mastercard International	201,629.69	-	4,393,854.40	10,326.72	3,994,613.45	399,240.95	Available-for-sale financial assets	Bonus-share
Total			<u>14,731,235.08</u>		<u>92,640,943.89</u>	<u>180,320.44</u>	<u>89,084,219.97</u>	<u>3,556,723.92</u>		

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

Unit: RMB

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

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

Management of Consolidated Administration

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

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

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

Formulation and Implementation of Cash Dividend Distribution Policy

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

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

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

Outlook

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

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

III. SIGNIFICANT EVENTS

Purchase, Sales or Redemption of the Bank's Shares

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

Material Acquisitions, Disposals and Restructurings of Assets

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

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

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

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

Material Contracts and their Performance

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

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

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

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

Appropriation of Funds by the Controlling Shareholder

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

Material Related Party Transactions

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

Related Party Transactions involving Disposal and Acquisition of Assets

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

Credit Extension Related Party Transactions

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

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

Non-Credit Extension Continuing Connected Transactions

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

Third-Party Escrow Services

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

Asset Custody Services

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

Financial Consulting and Asset Management Services

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

Capital Transactions

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

Comprehensive Services

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

Asset Transfer

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

Wealth Management and Investment Services

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

Capital Transactions

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

Asset Transfer

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

Connected Transactions in Joint External Investment

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

Material Litigations, Arbitrations and Events Questioned by the Media

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

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

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

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

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

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

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

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

Compliance with the Corporate Governance Code under the SEHK Listing Rules

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

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

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

Securities Transactions by Directors, Supervisors and Senior Management

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

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

Notes to Amendments to Business Plan

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

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

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

Review of Interim Results

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

Obtaining a Copy of the Interim Report

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

Bankruptcy and Reconsolidation

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

Stock Incentive Plan

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

IV.CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

Changes in Share Capital

Unit: share

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

Equity Financing in Progress

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

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

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

Particulars of Shareholders

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

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

Unit: share

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

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

Name	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Class of shares
BBVA	5,470,998,787(L)	36.76(L)	H-share
	1,570,299,292(S)	10.55(S)	
BBVA	24,329,608,919(L)	76.26(L)	A-share
CITIC Group	5,470,998,787(L)	36.76(L)	H-share
	28,938,928,294(L)	90.70(L)	A-share
CITIC Corporation Limited	7,018,100,475(L)	47.16(L)	H-share
	710(S)	0.00(S)	H-share
	28,938,928,294(L)	90.70(L)	A-share
CITIC Limited	2,468,064,479(L)	16.58(L)	H-share
	28,938,928,294(L)	90.70(L)	A-share
CITIC Polaris Limited	7,018,099,055(L)	47.16(L)	H-share
	28,938,928,294(L)	90.70(L)	A-share
Summit Idea Limited	2,292,579,000(L)	15.40(L)	H-share
Total Partner Global Limited	2,292,579,000(L)	15.40(L)	H-share
	2,292,579,000(S)	15.40(S)	
Li Ping	2,292,579,000(L)	15.40(L)	H-share

Name	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Class of shares
Haixia Industrial Investment Fund (Fujian) Limited Partnership	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
Haixia Capital Management Co., Ltd.	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
Zhejiang Hengxingli Holding Group Co., Ltd.	2,292,579,000(L)	15.40(L)	H-share
Zhejiang Xinhua Group Co., Ltd.	2,292,579,000(L)	15.40(L)	H-share
UBS SDIC Fund Management Co., Ltd.	2,292,579,000(L)	15.40(L)	H-share
SDIC Capital Holdings Co., Ltd.	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
State Development & Investment Corp.	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
Huang Wei	2,292,579,000(L)	15.40(L)	H-share
Gatherrise Limited	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
Xinhua Zhongbao Co., Ltd.	2,292,579,000(L)	15.40(L)	H-share
Ningbo Jiayuan Industry Development Co., Ltd.	2,292,579,000(L)	15.40(L)	H-share
Fujian Investment & Development Group Co., Ltd.	2,292,579,000(L) 2,292,579,000(S)	15.40(L) 15.40(S)	H-share
JPMorgan Chase & Co.	1,512,264,336(L) 147,643,876(S) 280,938,286(P)	0.16(L) 0.99(S) 1.88(P)	H-share

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

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

Controlling Shareholder and De Facto Controller of the Company

Changes in Controlling Shareholder and De Facto Controller

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

Information about the Controlling Shareholder and De Facto Controller

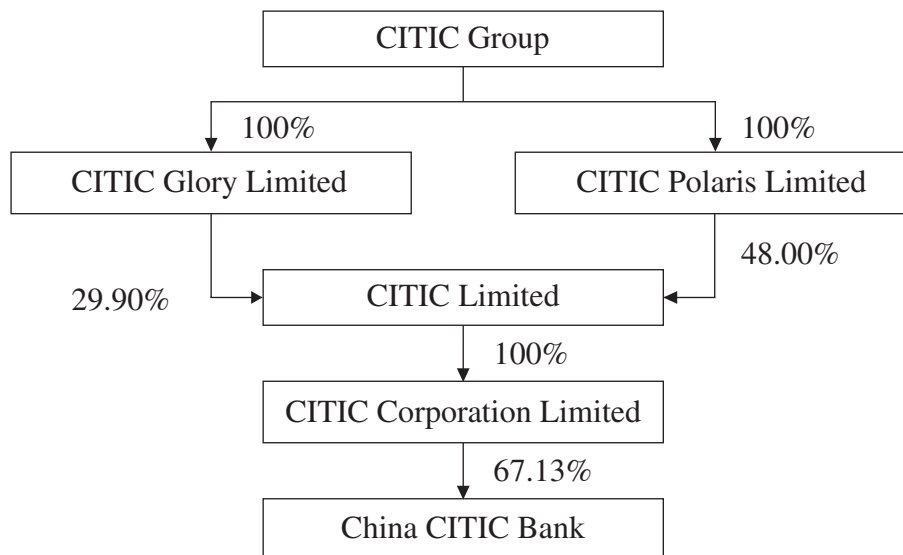
As at the end of the reporting period, CITIC Corporation Limited is the controlling shareholder of the Bank. CITIC Limited is the single direct controlling shareholder of CITIC Corporation Limited. CITIC Group is the controlling shareholder of CITIC Limited, and the *de facto* controller of the Bank.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

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

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

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

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



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

V. PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

Both the Chinese and English versions of this results announcement are available on the websites of the Bank (bank.ecitic.com) and SEHK (www.hkexnews.hk). The 2015 interim report of the Bank containing all the information required by the SEHK Listing Rules will be published on the websites of the Bank (bank.ecitic.com) and SEHK (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 interim report in Chinese in accordance with the PRC GAAP, which is available on the websites of the Bank (bank.ecitic.com) and SSE (www.sse.com.cn).

VI. FINANCIAL REPORT

Auditor's Opinion

PwC, the Group's external auditor, has reviewed the interim financial report of the Group for the six months ended 30 June 2015. Based on their review, nothing has come to their attention that causes them to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Consolidated Interim Statement of Income

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

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

Consolidated Statement of Comprehensive Income (continued)

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

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

Consolidated Statement of Financial Position

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

Consolidated Statement of Financial Position (continued)

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

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

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

Chang Zhenming

Chairman

Li Qingping

President

Fang Heying

Vice President in charge of finance function

Lu Wei

*General Manager of Finance and
Accounting Department*

Company stamp

Statement of Financial Position

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

Statement of Financial Position (continued)

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

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

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

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

Chang Zhenming
Chairman

Li Qingping
President

Fang Heying
Vice President in charge of finance function

Lu Wei
*General Manager of Finance and
Accounting Department*

Company stamp

Consolidated Statement of Changes in Equity — Unaudited
For the six months ended 30 June 2015
(Amounts in millions of Renminbi, unless otherwise stated)

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

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

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

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

Consolidated Cash Flow Statement

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended	
	30 June	
	2015	2014
	Unaudited	Unaudited
Operating activities		
Profit before tax	30,120	29,503
Adjustments for:		
– revaluation loss/(gain) on investments, derivatives and investment properties	443	(631)
– investment gain	(268)	(275)
– unrealised foreign exchange gain	(229)	(329)
– impairment losses	16,691	11,617
– depreciation and amortisation	1,174	1,055
– interest expense on debt certificates issued	3,810	1,752
– dividend income from equity investment	(27)	(63)
– income tax paid	(8,131)	(7,916)
	43,583	34,713
<i>Changes in operating assets and liabilities:</i>		
Decrease/(Increase) in balances with central banks	23,952	(31,979)
Increase in deposits with banks and non-bank financial institutions	(3,455)	(8,425)
(Increase)/Decrease in placements with banks and non-bank financial institutions	(24,519)	35,168
Increase in financial assets at fair value through profit or loss	(6,410)	(14,057)
Decrease/(Increase) in financial assets held under resale agreements	57,275	(97,642)
Increase in loans and advances to customers	(130,709)	(165,984)
Increase in investment classified as receivables	(248,164)	(263,639)
Decrease in borrowing from central banks	(40,000)	–
Increase in deposits from banks and non-bank financial institutions	215,928	230,258
Increase/(Decrease) in placements from banks and non-bank financial institutions	811	(2,746)
(Decrease)/Increase in financial liabilities at fair value through profit or loss	(573)	613
(Decrease)/Increase in financial assets sold under repurchase agreements	(34,741)	1,034
Increase in deposits from customers	229,750	398,829
Increase in other operating assets	(30,648)	(20,209)
Decrease in other operating liabilities	(13,900)	(5,862)
Net cash flows from operating activities	38,180	90,072

Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
Investing activities		
Proceeds from disposal and redemption of investments	336,670	289,349
Proceeds from disposal of fixed assets, land use rights, and other assets	1	4
Cash received from equity investment income	27	63
Payments on acquisition of investments	(427,037)	(289,320)
Payments on acquisition of property and equipment and other assets	(2,246)	(1,102)
Cash paid for acquisition of a subsidiary	(10)	—
Net cash flows used in investing activities	(92,595)	(1,006)
Financing activities		
Cash received from debt certificates issued	92,625	14,182
Cash received from other equity instruments issued	—	1,825
Cash received from non-controlling interests of a subsidiary	—	18
Cash paid for redemption of debt certificates issued	(53,525)	(3,000)
Interest paid on debt certificates issued	(3,258)	(2,182)
Net cash flows from financing activities	35,842	10,843
Net (decrease)/increase in cash and cash equivalents	(18,573)	99,909
Cash and cash equivalents as at 1 January	228,375	199,643
Effect of exchange rate changes on cash and cash equivalents	1,473	3,128
Cash and cash equivalents as at 30 June	211,275	302,680
Cash flows from operating activities include:		
Interest received	105,646	96,513
Interest paid, excluding interest expense on debt certificates issued	(55,572)	(47,456)

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

Notes:

1 Corporate information

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

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

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

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

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

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

2 Basis of preparation

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

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

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

(b) *Use of estimates and assumptions*

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

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

2 Basis of preparation (continued)

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

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

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

(i) The IASB has issued IFRS 14 *Regulatory deferral accounts*, an interim standard on the accounting for certain balances that arise from rate-regulated activities (“regulatory deferral accounts”). IFRS 14 is only applicable to entities that apply IFRS 1 *First-time adoption of international financial reporting standards* as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral accounts. The Group anticipates that the adoption of this new standard will not have a significant impact on the Group’s consolidated financial statements.

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

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

(iv) The IASB has amended IAS 27 *Separate financial statements*. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group anticipates that the adoption of this new amendment will not have a significant impact on the Group’s consolidated financial statements.

2 Basis of preparation (continued)

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

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

2 Basis of preparation (continued)

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

- (ix) The complete version of IFRS 9 *Financial instruments* was issued in July 2014. It replaces the guidance in IAS 39 *Financial instruments: recognition and measurement* that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in which case the accumulated fair value changes in OCI will not be recycled to the profit or loss in the future. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. The Group is in the process of assessing the impact on the Group’s consolidated financial statements from this new standard.
- (x) The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10. The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity’s investment activities, such that it acts as an extension of the investment entity.

The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

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

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

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

3 Net interest income

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

Note:

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

4 Net fee and commission income

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

Note:

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

5 Net trading gain

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

6 Net gain from investment securities

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

7 Operating expenses

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

8 Impairment losses on assets

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

9 Income tax

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

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

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

(b) Reconciliation between income tax expense and accounting profit

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

10 Other comprehensive gain, net of tax

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

11 Earnings per share

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

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

12 Movements of allowance for impairment losses

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

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

12 Movements of allowance for impairment losses (continued)

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

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

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

13 Commitments and contingent liabilities

(a) Credit commitments

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

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

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

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

(b) Credit commitments analysed by credit risk weighted amount

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

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%.

13 Commitments and contingent liabilities (continued)

(c) Capital commitments

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

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

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

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

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

(d) Operating lease commitments

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

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

(e) Outstanding litigations and disputes

As at 30 June 2015, the Group was involved in certain pending litigations with gross claims of RMB626 million (as at 31 December 2014: RMB339 million). Based on the opinion of internal and external legal counsels of the Group, the Group had made a provision of RMB1 million (as at 31 December 2014: RMB5 million). The Group believes that these provisions are reasonable and adequate.

13 Commitments and contingent liabilities (continued)

(f) Bonds redemption obligations

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

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

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

(g) Provision against commitments and contingent liabilities

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

14 Profit appropriations and retained earnings

(a) Profit appropriations during the period

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

(b) Retained earnings

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

15 Segment reporting

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

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

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

(a) *Business segments*

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

Corporate banking

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

Personal banking

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

Treasury business

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

Others and unallocated

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

15 Segment reporting (continued)

(a) Business segments (continued)

	Six months ended 30 June 2015				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income	23,416	13,290	14,931	(1,893)	49,744
Internal net interest income/(expense)	<u>8,661</u>	<u>(5,059)</u>	<u>(2,626)</u>	<u>(976)</u>	<u>–</u>
Net interest income	32,077	8,231	12,305	(2,869)	49,744
Net fee and commission income	2,870	7,674	7,032	(96)	17,480
Other net income (note (i))	<u>53</u>	<u>329</u>	<u>2,318</u>	<u>33</u>	<u>2,733</u>
Operating income	35,000	16,234	21,655	(2,932)	69,957
Operating expenses					
– depreciation and amortisation	(729)	(202)	(92)	(151)	(1,174)
– others	(9,777)	(9,474)	(2,291)	(574)	(22,116)
Impairment losses	(11,263)	(3,361)	(690)	(1,377)	(16,691)
Revaluation gain on investment properties	–	–	–	3	3
Share of gain of associate	<u>–</u>	<u>–</u>	<u>–</u>	<u>141</u>	<u>141</u>
Profit/(loss) before tax	<u>13,231</u>	<u>3,197</u>	<u>18,582</u>	<u>(4,890)</u>	<u>30,120</u>
Capital expenditure	<u>308</u>	<u>100</u>	<u>311</u>	<u>57</u>	<u>776</u>
			30 June 2015		
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
Segment assets	1,881,291	593,699	1,975,366	100,877	4,551,233
Interest in associate	–	–	–	1,026	1,026
Deferred tax assets					<u>9,018</u>
Total asset					<u>4,561,277</u>
Segment liabilities	2,403,488	557,744	1,278,506	30,435	4,270,173
Deferred tax liabilities					22
Total liabilities					<u>4,270,195</u>
Off-balance sheet credit commitments	<u>949,250</u>	<u>140,522</u>	<u>107,134</u>	<u>163</u>	<u>1,197,069</u>

15 Segment reporting (continued)

(a) Business segments (continued)

	Six months ended 30 June 2014				Total
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	
External net interest income	23,896	9,315	11,800	603	45,614
Internal net interest income/(expense)	<u>4,822</u>	<u>(2,408)</u>	<u>(1,524)</u>	<u>(890)</u>	<u>–</u>
Net interest income	28,718	6,907	10,276	(287)	45,614
Net fee and commission income	2,868	4,505	5,358	76	12,807
Other net income (note (i))	<u>137</u>	<u>42</u>	<u>2,738</u>	<u>763</u>	<u>3,680</u>
Operating income	31,723	11,454	18,372	552	62,101
Operating expenses					
– depreciation and amortisation	(619)	(191)	(204)	(41)	(1,055)
– others	(9,852)	(8,150)	(1,544)	(485)	(20,031)
Impairment losses	(7,861)	(2,762)	(554)	(440)	(11,617)
Revaluation loss on investment properties	–	–	–	(1)	(1)
Share of gain of associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>106</u>	<u>106</u>
Profit before tax	<u>13,391</u>	<u>351</u>	<u>16,070</u>	<u>(309)</u>	<u>29,503</u>
Capital expenditure	<u>173</u>	<u>266</u>	<u>14</u>	<u>118</u>	<u>571</u>
	31 December 2014				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
Segment assets	1,953,573	673,290	1,458,938	42,827	4,128,628
Interest in associate	–	–	–	870	870
Deferred tax assets					<u>9,317</u>
Total asset					<u>4,138,815</u>
Segment liabilities	2,357,012	545,031	847,627	121,799	<u>3,871,469</u>
Total liabilities					<u>3,871,469</u>
Off-balance sheet credit commitments	<u>1,025,331</u>	<u>124,106</u>	<u>134,766</u>	<u>–</u>	<u>1,284,203</u>

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

15 Segment reporting (continued)

(b) *Geographical segments*

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

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

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

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

15 Segment reporting (continued)

(b) Geographical segments (continued)

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

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

15 Segment reporting (continued)

(b) Geographical segments (continued)

	Six months ended 30 June 2014									
	Pearl River Yangtze	Delta and River Delta West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
External net interest income	7,443	6,355	5,127	5,477	5,203	1,108	13,788	1,113	-	45,614
Internal net interest income/ (expense)	1,333	(436)	3,324	866	566	143	(6,387)	591	-	-
Net interest income	8,776	5,919	8,451	6,343	5,769	1,251	7,401	1,704	-	45,614
Net fee and commission income	2,057	1,392	2,149	1,297	1,414	300	3,798	400	-	12,807
Other net income (note (i))	572	237	515	99	134	25	1,642	456	-	3,680
Operating income	11,405	7,548	11,115	7,739	7,317	1,576	12,841	2,560	-	62,101
Operating expenses										
- depreciation and amortisation	(170)	(112)	(201)	(116)	(121)	(33)	(210)	(92)	-	(1,055)
- others	(3,961)	(2,538)	(3,977)	(2,614)	(2,474)	(554)	(2,952)	(961)	-	(20,031)
Impairment losses	(5,343)	(2,223)	(2,396)	(656)	(493)	(361)	(132)	(13)	-	(11,617)
Revaluation loss on investment properties	-	-	-	-	-	-	-	(1)	-	(1)
Share of gain of associates	-	-	-	-	-	-	-	106	-	106
Profit before tax	<u>1,931</u>	<u>2,675</u>	<u>4,541</u>	<u>4,353</u>	<u>4,229</u>	<u>628</u>	<u>9,547</u>	<u>1,599</u>	<u>-</u>	<u>29,503</u>
Capital expenditure	<u>61</u>	<u>69</u>	<u>62</u>	<u>73</u>	<u>29</u>	<u>13</u>	<u>218</u>	<u>46</u>	<u>-</u>	<u>571</u>
	31 December 2014									
	Pearl River Yangtze	Delta and River Delta West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Hong Kong	Elimination	Total
Segment assets	832,355	567,700	916,047	510,466	468,004	89,173	1,946,061	198,628	(1,399,806)	4,128,628
Interests in associates	-	-	-	-	-	-	-	870	-	870
Deferred tax assets	-	-	-	-	-	-	-	-	-	9,317
Total assets										<u>4,138,815</u>
Segment liabilities	828,692	564,494	906,031	503,804	460,468	88,544	1,742,187	178,132	(1,400,883)	3,871,469
Total liabilities										<u>3,871,469</u>
Off-balance sheet credit commitment	<u>274,533</u>	<u>192,548</u>	<u>252,594</u>	<u>201,186</u>	<u>141,853</u>	<u>28,261</u>	<u>117,409</u>	<u>75,819</u>	<u>-</u>	<u>1,284,203</u>

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

16 Subsequent Events

In December 2014, the Bank entered into a private placement agreement with CNTC to place its A-share at a subscription price of RMB 4.84 per share for a total amount of RMB11.92 billion. Such agreement has been approved by the Annual Shareholders' meeting on 17 Mar. 2015. As at 30 July 2015, the Bank and CNTC entered into a supplemental agreement whereby the subscription price was increased to RMB 5.55 per share and the number of share was reduced to 2,147,469,539 shares with the total amount remained at RMB 11.92 billion. As at the date of this report, the private placement agreement together with the supplemental agreement have been approved by the MOF and are subject to the China Security Commission ("CSRC") approval.

VII. DEFINITIONS

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

Alibaba	Alibaba Group Holding Limited
Articles of Association	Articles of Association of China CITIC Bank Corporation Limited
BAIC Group	Beijing Automotive Group Co., Ltd
Baidu	Baidu Online Network Technology (Beijing) Co.,Ltd
Bank/Company/China CITIC Bank/ CITIC Bank/CNCB	China CITIC Bank Corporation Limited
BBVA	Banco Bilbao Vizcaya Argentaria S.A.
Board of Directors	Board of directors of the Bank
Board of Supervisors	Board of supervisors of the Bank
CBRC	China Banking Regulatory Commission
China AMC	China Asset Management Co., Ltd.
China Securities	China Securities Co., Ltd.
China UnionPay	China UnionPay Company Limited
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CIFL	China Investment and Finance Limited
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited)
CITIC-CP Asset Management	CITIC-CP Asset Management Company
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.

CITIC Futures	CITIC Futures Co., Ltd.
CITIC Group	CITIC Group Corporation, formerly known as CITIC Group which was renamed CITIC Group Corporation on 27 December 2011 after restructuring
CITIC Limited	CITIC Limited (the Bank was notified on 6 August 2014 that CITIC Limited had changed its name into CITIC Corporation Limited)
CITIC Medical & Health	CITIC Medical & Health Group Co., Ltd.
CITIC Press	CITIC Press Corporation
CITIC-Prudential Fund Management	CITIC-Prudential Fund Management Company Limited
CITIC-Prudential Insurance	CITIC-Prudential Life Insurance Company Ltd.
CITIC Real Estate	CITIC Real Estate Corporation Limited
CITIC Securities	CITIC Securities Co., Ltd.
CITIC Securities (Shandong)	CITIC Securities (Shandong) Co., Ltd.
CITIC Securities (Zhejiang)	CITIC Securities (Zhejiang) Co., Ltd.
CITIC Tourism	CITIC Tourism Group Co., Ltd.
CITIC Trust	CITIC Trust Co., Ltd.
CNCBI	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited)
CSRC	China Securities Regulatory Commission
CTBC	CTBC Financial Holding Co., Ltd
Group	China CITIC Bank Corporation Limited and its subsidiaries
HNIG	Henan Investment Group

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

By order of the Board of
China CITIC Bank Corporation Limited
Chang Zhenming
Chairman

Beijing, the PRC
18 August 2015

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.