

(Expressed in millions of Renminbi unless otherwise stated)

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

(a) Significant differences between the financial information prepared under International Financial Reporting Standards (“IFRS”) and the financial statements prepared in accordance with the relevant accounting rules and regulations in the PRC

China CITIC Bank Corporation Limited (the “Bank”) and its subsidiaries (the “Group”) prepared a set of financial statements for the years ended 31 December 2004, 2005 and 2006 for the purpose of application to the China Securities Regulatory Commission for its A Share Offering (“A Share financial statements”). The A Share financial statements have been prepared by the Directors of the Bank in accordance with the Accounting Regulations for Business Enterprises issued by the MOF on 15 February 2006 (“2006 PRC GAAP”).

An analysis of the differences between the financial information prepared under IFRS and the A Share financial statements are set out below:

	note	Years ended 31 December		
		2004	2005	2006
Net profit attributable to equity owner(s) of the Bank under IFRS . . .		2,427	3,083	3,858
Adjustments for depreciation and disposal of fixed assets at revalued amount	(i)	23	65	(50)
Adjustments for other assets revaluation	(ii)	—	—	(82)
Net profit attributable to equity owner(s) of the Bank shown in the A Share financial statements		<u>2,450</u>	<u>3,148</u>	<u>3,726</u>
	note	Years ended 31 December		
		2004	2005	2006
Owner(s)’s equity attributable to equity owner(s) of the Bank under IFRS		10,759	23,220	31,689
Adjustments for fixed assets revaluation	(i)	(2,043)	266	66
Adjustments for other assets revaluation	(ii)	—	125	70
Adjustments for welfare payable	(iii)	—	102	—
Owner(s)’s equity attributable to equity owner(s) of the Bank shown in the A Share financial statements		<u>8,716</u>	<u>23,713</u>	<u>31,825</u>

Notes:

(i) Adjustments for fixed assets revaluation

In the A Share financial statements, property and equipment is stated at historical cost less accumulated depreciation and impairment losses before 31 December 2005. As required by the relevant PRC rules and regulations with respect to the restructuring of China CITIC Bank (CNCB) (the “Restructuring”), the property and equipment of the Bank as at 31 December 2005 were revalued by China Enterprise Appraisal Company Limited (“CEA”) on a depreciated replacement cost or a comparable market basis as appropriate. The revalued amount was adopted for the property and equipment as deemed cost from the date of revaluation and thereafter. The depreciation is calculated to write off the deemed cost over the estimated useful life.

In the financial information prepared under IFRS, the property of the Bank is stated in the balance sheet at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. Increases in the carrying amount arising on the revaluation of each property are credited to revaluation reserves in owner’s equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves; all other decreases are charged to the income statement. These revaluations are performed on a regular basis.

As the depreciation expense of equipment in A share financial statements is calculated on deemed cost after revaluation, it is different from that under IFRS, which is calculated on historical cost.

(ii) Adjustments for other assets revaluation

In the A Share financial statements, CEA revalued assets of the Bank (including equity investment, repossessed assets and intangible assets) pursuant to the relevant PRC rules and regulations with respect to the Restructuring, with the revaluation surplus being recognised in the capital reserve.

In the financial information prepared under IFRS, such assets are carried at cost less impairment allowances and the revaluation surplus was not recorded accordingly.

(iii) Adjustments for welfare payable

In accordance with the notice “Accounting Treatment on Salary Payables for Enterprise Restructuring” (Cai Ban Qi [2006] No. 23) issued by the MOF on 17 March 2006, RMB 102 million of accrued but unpaid welfare has been appropriated to the capital reserve.

(b) Liquidity ratios

	<u>31 December</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
RMB current assets to RMB current liabilities	<u>61.28%</u>	<u>60.69%</u>	<u>38.66%</u>
Foreign currency current assets to foreign currency current liabilities	<u>74.52%</u>	<u>68.00%</u>	<u>99.98%</u>

The above liquidity ratios have been calculated in accordance with the accounting regulations and liquidity ratio formula in effect at that date.

The liquidity ratios as at 31 December 2004 and 2005 were calculated in accordance with the formula promulgated by the People’s Bank of China (the “PBOC”) in 1996 and other relevant regulations. The liquidity ratios as at 31 December 2006 were calculated with reference to the revised formula issued by the China Banking Regulatory Commission (“CBRC”) in 2006, and thus were not comparable to those ratios as at 31 December 2004 and 2005.

The financial statements used in calculating the ratio as at 31 December 2004 were prepared in accordance with the Accounting Standards for Business Enterprises, the Accounting Regulations for Financial Enterprises (jointly issued by the Ministry of Finance of the PRC (the “MOF”) and the People’s Bank of China (the “PBOC”) in 1993) and other relevant regulations issued by the MOF (collectively “Previous PRC GAAP”). The financials statements used in calculating the ratios as at 31 December 2005 and 2006 were prepared in accordance with the Accounting Standards for Business Enterprises, the Accounting Regulations for Financial Enterprises (issued by the MOF in 2001) and other regulations issued by the MOF (collectively named as “PRC GAAP”).

(c) Capital adequacy ratio

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

The capital adequacy ratios as at 31 December 2004 reported to the CBRC are not presented. The Group is of the opinion that they are of no value to the equity owner, given that the capital adequacy ratios are calculated based on the quantitative financial information of the Bank in accordance with the Accounting Regulations for Financial Enterprises jointly issued by the MOF and PBOC in 1993.

The capital adequacy ratios and the related components of the Bank as at 31 December 2005 and 2006 calculated based on the financial statements prepared in accordance with PRC GAAP, were as follows:

	31 December 2005	31 December 2006
Core capital adequacy ratio.....	<u>5.72%</u>	<u>6.57%</u>
Capital adequacy ratio.....	<u>8.11%</u>	<u>9.41%</u>
<i>Components of capital base</i>		
Core capital:		
— Paid up capital.....	26,661	31,113
— Reserves.....	<u>(5,321)</u>	<u>(7)</u>
	<u>21,340</u>	<u>31,106</u>
Supplementary capital:		
— General provision for loans and advances.....	2,961	2,663
— Subordinated debts/bonds.....	<u>6,000</u>	<u>10,800</u>
Total supplementary capital.....	<u>8,961</u>	<u>13,463</u>
Total capital base before deductions.....	30,301	44,569
Deductions:		
— Unconsolidated equity investments.....	142	158
Total capital base after deductions.....	<u>30,159</u>	<u>44,411</u>
Risk weighted assets.....	<u>372,000</u>	<u>471,957</u>

(d) Currency concentrations

	31 December 2004			
	US Dollars	HK Dollars	Others	Total
Spot assets.....	41,110	1,616	14,936	57,662
Spot liabilities.....	(32,296)	(5,399)	(16,454)	(54,149)
Forward purchases.....	7,955	2,522	7,633	18,110
Forward sales.....	(10,004)	(1,634)	(6,510)	(18,148)
Net option position.....	<u>26</u>	<u>—</u>	<u>(26)</u>	<u>—</u>
Net long/ (short) position.....	<u>6,791</u>	<u>(2,895)</u>	<u>(421)</u>	<u>3,475</u>
	31 December 2005			
	US Dollars	HK Dollars	Others	Total
Spot assets.....	55,773	10,343	9,217	75,333
Spot liabilities.....	(46,195)	(14,139)	(11,456)	(71,790)
Forward purchases.....	13,026	7,949	6,557	27,532
Forward sales.....	(19,599)	(4,487)	(4,171)	(28,257)
Net option position.....	<u>61</u>	<u>—</u>	<u>(61)</u>	<u>—</u>
Net long/ (short) position.....	<u>3,066</u>	<u>(334)</u>	<u>86</u>	<u>2,818</u>
	31 December 2006			
	US Dollars	HK Dollars	Others	Total
Spot assets.....	52,607	1,499	7,826	61,932
Spot liabilities.....	(52,575)	(2,922)	(6,031)	(61,528)
Forward purchases.....	24,760	1,469	7,485	33,714
Forward sales.....	(23,136)	(174)	(9,584)	(32,894)
Net option position.....	<u>21</u>	<u>4</u>	<u>—</u>	<u>25</u>
Net long/ (short) position.....	<u>1,677</u>	<u>(124)</u>	<u>(304)</u>	<u>1,249</u>

(e) Cross-border claims

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

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

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

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

	31 December 2004			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	3,772	250	961	4,983
— of which attributed to Hong Kong	1,547	250	311	2,108
Europe	3,610	117	9,686	13,413
North and South America	6,977	10,197	2,363	19,537
	<u>14,359</u>	<u>10,564</u>	<u>13,010</u>	<u>37,933</u>
	31 December 2005			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	3,701	531	1,140	5,372
— of which attributed to Hong Kong	1,317	482	164	1,963
Europe	6,492	49	1,006	7,547
North and South America	10,548	9,083	6,687	26,318
	<u>20,741</u>	<u>9,663</u>	<u>8,833</u>	<u>39,237</u>
	31 December 2006			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Mainland China	4,948	—	646	5,594
— of which attributed to Hong Kong	1,911	—	251	2,162
Europe	5,555	51	57	5,663
North and South America	10,491	12,289	1,479	24,259
	<u>20,994</u>	<u>12,340</u>	<u>2,182</u>	<u>35,516</u>

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

	31 December 2004		
	Gross loans and advances	Loans and advances overdue over 3 months	Impaired Loans
Yangtze River Delta	91,672	1,376	1,491
Bohai Rim	100,195	7,217	8,237
Pearl River Delta and West Strait	49,491	8,072	8,196
Central	27,477	408	419
Western	27,943	597	593
Northeastern	9,880	249	344
Hong Kong	221	—	—
Total	<u>306,879</u>	<u>17,919</u>	<u>19,280</u>
	31 December 2005		
	Gross loans and advances	Loans and advances overdue over 3 months	Impaired Loans
Yangtze River Delta	120,026	683	925
Bohai Rim	115,706	6,059	6,029
Pearl River Delta and West Strait	52,885	6,086	6,467
Central	36,255	651	754
Western	32,029	602	660
Northeastern	13,207	203	476
Hong Kong	152	—	—
Total	<u>370,260</u>	<u>14,284</u>	<u>15,311</u>
	31 December 2006		
	Gross loans and advances	Loans and advances overdue over 3 months	Impaired Loans
Yangtze River Delta	146,784	746	756
Bohai Rim	138,310	5,119	5,091
Pearl River Delta and West Strait	68,230	4,013	3,977
Central	46,704	764	816
Western	43,820	500	497
Northeastern	19,141	287	428
Hong Kong	178	—	—
Total	<u>463,167</u>	<u>11,429</u>	<u>11,565</u>

Impaired loans and advances to customers include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses. These loans and advances include loans and advances for which objective evidence of impairment has been identified:

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

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

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

	31 December		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gross amounts due from banks and other financial institutions which have been overdue	<u>604</u>	<u>419</u>	<u>357</u>
As a percentage of total gross amounts due from banks and other financial institutions	<u>2.83%</u>	<u>1.32%</u>	<u>0.82%</u>

Note:

All overdue amounts have been overdue over 12 months.

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

	31 December		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:			
— between 3 and 6 months	1,414	1,283	735
— between 6 and 12 months	1,565	1,149	1,943
— over 12 months	<u>14,940</u>	<u>11,852</u>	<u>8,751</u>
Total	<u>17,919</u>	<u>14,284</u>	<u>11,429</u>
As a percentage of total gross loans and advances to customers:			
— between 3 and 6 months	0.46%	0.35%	0.16%
— between 6 and 12 months	0.51	0.31	0.42
— over 12 months	<u>4.87</u>	<u>3.20</u>	<u>1.89</u>
Total	<u>5.84%</u>	<u>3.86%</u>	<u>2.47%</u>

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

- Loans with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at year end.
- Where one or more instalments of a loan repayable by regular instalments are overdue and remain unpaid at year end, the entire loan balance is considered overdue.
- Loans repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice. If loans and advances repayable on demand are continuously outside the approved limit that was advised to the borrower, they are also considered as overdue.

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

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

The Group does not have any rescheduled amounts due from banks and other financial institutions for the years ended 31 December 2004, 2005 and 2006

(ii) Rescheduled loans and advances to customers

	31 December					
	2004		2005		2006	
		<u>% of total loans and advances</u>		<u>% of total loans and advances</u>		<u>% of total loans and advances</u>
Rescheduled loans and advances	9,148	2.98%	6,619	1.79%	4,583	0.99%
Less:						
— rescheduled loans and advances but overdue more than 90 days	<u>4,040</u>	<u>1.32</u>	<u>3,249</u>	<u>0.88</u>	<u>2,158</u>	<u>0.47</u>
Rescheduled loans and advances overdue less than 90 days	<u>5,108</u>	<u>1.66%</u>	<u>3,370</u>	<u>0.91%</u>	<u>2,425</u>	<u>0.52%</u>

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. Rescheduled loans and advances are required to be graded at a minimum of substandard (see Note 34(a) of Appendix I for the core definitions of the loan classification) and subject to an observation period of six months, until when no upgrade to a higher loan classification is considered.