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中国建设银行
China Construction Bank

中國建設銀行股份有限公司

CHINA CONSTRUCTION BANK CORPORATION

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

(Stock Code: 939)

(USD Preference Shares Stock Code: 4606)

ANNOUNCEMENT OF ANNUAL RESULTS 2015

Summary of Results

The board of directors of China Construction Bank Corporation (the “Bank”) is pleased to announce the audited results, which have been prepared in accordance with *International Financial Reporting Standards (“IFRS”)* promulgated by the International Accounting Standards Board, of the Bank and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015. The annual results have been reviewed by the audit committee of the Bank’s board of directors.

FINANCIAL HIGHLIGHTS

The financial information set forth in this annual report is prepared on a consolidated basis in accordance with the IFRS, and expressed in RMB unless otherwise stated.

(Expressed in millions of RMB unless otherwise stated)	2015	2014	Change (%)	2013	2012	2011
For the year						
Net interest income	457,752	437,398	4.65	389,544	353,202	304,572
Net fee and commission income	113,530	108,517	4.62	104,283	93,507	86,994
Other operating income	15,405	10,825	42.31	17,313	15,824	7,837
Operating income	586,687	556,740	5.38	511,140	462,533	399,403
Operating expenses	(194,826)	(195,988)	(0.59)	(188,185)	(171,081)	(144,537)
Impairment losses	(93,639)	(61,911)	51.25	(43,209)	(40,041)	(35,783)
Profit before tax	298,497	299,086	(0.20)	279,806	251,439	219,107
Net profit	228,886	228,247	0.28	215,122	193,602	169,439
Net profit attributable to equity shareholders of the Bank	228,145	227,830	0.14	214,657	193,179	169,258
As at 31 December						
Gross loans and advances to customers	10,485,140	9,474,510	10.67	8,590,057	7,512,312	6,496,411
Allowances for impairment losses on loans	(250,617)	(251,613)	(0.40)	(228,696)	(202,433)	(171,217)
Total assets	18,349,489	16,744,093	9.59	15,363,210	13,972,828	12,281,834
Deposits from customers	13,668,533	12,899,153	5.96	12,223,037	11,343,079	9,987,450
Total liabilities	16,904,406	15,492,245	9.12	14,288,881	13,023,283	11,465,174
Total equity attributable to equity shareholders of the Bank	1,434,020	1,241,510	15.51	1,065,951	941,668	811,140
Qualifying common share capital	250,011	250,011	-	250,011	250,011	250,011
Total capital after deductions ¹	1,650,173	1,516,310	8.83	1,316,724	N/A	N/A
Risk-weighted assets ¹	10,722,082	10,203,754	5.08	9,872,790	N/A	N/A
Per share (In RMB)						
Basic and diluted earnings per share	0.91	0.91	-	0.86	0.77	0.68
Final cash dividend proposed after the reporting period	0.274	0.301	(8.97)	0.30	0.268	0.2365
Net assets per share	5.78	5.01	15.37	4.30	3.80	3.27

1. Capital adequacy ratios were calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*. The advanced capital measurement approaches have been adopted to calculate capital adequacy ratios, and the regulations during the transition period have been applicable to the calculation of ratios since the second quarter of 2014.

Financial ratios (%)	2015	2014	Change +/-	2013	2012	2011
Profitability indicators						
Return on average assets ¹	1.30	1.42	(0.12)	1.47	1.47	1.47
Return on average equity	17.27	19.74	(2.47)	21.23	21.98	22.51
Net interest spread	2.46	2.61	(0.15)	2.56	2.58	2.57
Net interest margin	2.63	2.80	(0.17)	2.74	2.75	2.70
Net fee and commission income to operating income	19.35	19.49	(0.14)	20.40	20.22	21.78
Cost-to-income ratio ²	27.02	28.92	(1.90)	29.65	29.60	29.93
Capital adequacy indicators						
Common Equity Tier 1 ratio ³	13.13	12.11	1.02	10.75	N/A	N/A
Tier 1 ratio ³	13.32	12.11	1.21	10.75	N/A	N/A
Total capital ratio ³	15.39	14.86	0.53	13.34	N/A	N/A
Total equity to total assets	7.88	7.48	0.40	6.99	6.80	6.65
Asset quality indicators						
Non-performing loan (NPL) ratio	1.58	1.19	0.39	0.99	0.99	1.09
Allowances to NPLs	150.99	222.33	(71.34)	268.22	271.29	241.44
Allowances to total loans	2.39	2.66	(0.27)	2.66	2.69	2.64

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the year.
2. Operating expenses (after deductions of business taxes and surcharges) divided by operating income.
3. Capital adequacy ratios were calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*. The advanced capital measurement approaches have been adopted to calculate capital adequacy ratios, and the regulations during the transition period have been applicable to the calculation of ratios since the second quarter of 2014.

Consolidated statement of comprehensive income*(Expressed in millions of RMB, unless otherwise stated)*

	<u>2015</u>	<u>2014</u>	<u>Change(%)</u>
Interest income	770,559	739,126	4.25
Interest expense	<u>(312,807)</u>	<u>(301,728)</u>	3.67
Net interest income	<u>457,752</u>	<u>437,398</u>	4.65
Fee and commission income	121,404	112,238	8.17
Fee and commission expense	<u>(7,874)</u>	<u>(3,721)</u>	111.61
Net fee and commission income	<u>113,530</u>	<u>108,517</u>	4.62
Net trading gain	3,913	972	302.57
Dividend income	733	495	48.08
Net gain arising from investment securities	5,075	4,045	25.46
Other operating income, net:			
– Other operating income	27,844	21,959	26.80
– Other operating expense	<u>(22,160)</u>	<u>(16,646)</u>	33.13
Other operating income, net	5,684	5,313	6.98
Operating income	586,687	556,740	5.38
Operating expenses	<u>(194,826)</u>	<u>(195,988)</u>	(0.59)
	<u>391,861</u>	<u>360,752</u>	8.62
Impairment losses on:			
– Loans and advances to customers	(92,610)	(59,264)	56.27
– Others	<u>(1,029)</u>	<u>(2,647)</u>	(61.13)
Impairment losses	<u>(93,639)</u>	<u>(61,911)</u>	51.25
Share of profits less losses of associates and joint ventures	<u>275</u>	<u>245</u>	12.24
Profit before tax	298,497	299,086	(0.20)
Income tax expense	<u>(69,611)</u>	<u>(70,839)</u>	(1.73)
Net profit	<u>228,886</u>	<u>228,247</u>	0.28

Consolidated statement of comprehensive income (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	<u>2015</u>	<u>2014</u> (Restated)	<u>Change(%)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	51	(294)	(117.35)
Others	4	24	(83.33)
Subtotal	<u>55</u>	<u>(270)</u>	(120.37)
Items that may be reclassified subsequently to profit or loss			
Gains of available-for-sale financial assets arising during the period	27,721	34,391	(19.39)
Less: Income tax relating to available-for-sale financial assets	(6,956)	(8,572)	(18.85)
Reclassification adjustments for losses included in profit or loss	(1,429)	(2,135)	(33.07)
Net gain on cash flow hedges	10	138	(92.75)
Exchange difference on translating foreign operations	1,436	(520)	(376.15)
Subtotal	<u>20,782</u>	<u>23,302</u>	(10.81)
Other comprehensive income for the year, net of tax	<u>20,837</u>	<u>23,032</u>	(9.53)
Total comprehensive income for the year	<u>249,723</u>	<u>251,279</u>	(0.62)
Net profit attributable to:			
Equity shareholders of the Bank	228,145	227,830	0.14
Non-controlling interests	741	417	77.70
	<u>228,886</u>	<u>228,247</u>	0.28
Total comprehensive income attributable to:			
Equity shareholders of the Bank	248,311	250,562	(0.90)
Non-controlling interests	1,412	717	96.93
	<u>249,723</u>	<u>251,279</u>	(0.62)
Basic and diluted earnings per share (in RMB Yuan)	<u>0.91</u>	<u>0.91</u>	0.00

Consolidated statement of financial position

(Expressed in millions of RMB, unless otherwise stated)

	<u>2015</u>	<u>2014</u> (Restated)	<u>Change(%)</u>
Assets:			
Cash and deposits with central banks	2,401,544	2,610,781	(8.01)
Deposits with banks and non-bank financial institutions	352,966	266,461	32.46
Precious metals	86,549	47,931	80.57
Placements with banks and non-bank financial institutions	310,779	248,525	25.05
Financial assets at fair value through profit or loss	271,173	332,235	(18.38)
Positive fair value of derivatives	31,499	13,769	128.77
Financial assets held under resale agreements	310,727	273,751	13.51
Interest receivable	96,612	91,495	5.59
Loans and advances to customers	10,234,523	9,222,897	10.97
Available-for-sale financial assets	1,066,752	926,139	15.18
Held-to-maturity investments	2,563,980	2,298,663	11.54
Debt securities classified as receivables	369,501	170,801	116.33
Interests in associates and joint ventures	4,986	3,084	61.67
Fixed assets	159,531	151,607	5.23
Land use rights	15,231	15,758	(3.34)
Intangible assets	2,103	2,435	(13.63)
Goodwill	2,140	2,253	(5.02)
Deferred tax assets	25,379	39,494	(35.74)
Other assets	43,514	26,014	67.27
Total assets	<u>18,349,489</u>	<u>16,744,093</u>	9.59

Consolidated statement of financial position (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	<u>2015</u>	2014 (Restated)	<u>Change(%)</u>
Liabilities:			
Borrowings from central banks	42,048	91,216	(53.90)
Deposits from banks and non-bank financial institutions	1,439,395	1,004,118	43.35
Placements from banks and non-bank financial institutions	321,712	202,402	58.95
Financial liabilities at fair value through profit or loss	302,649	296,009	2.24
Negative fair value of derivatives	27,942	12,373	125.83
Financial assets sold under repurchase agreements	268,012	181,528	47.64
Deposits from customers	13,668,533	12,899,153	5.96
Accrued staff costs	33,190	34,535	(3.89)
Taxes payable	49,411	62,644	(21.12)
Interest payable	205,684	185,874	10.66
Provisions	7,108	7,068	0.57
Debt securities issued	415,544	431,652	(3.73)
Deferred tax liabilities	624	401	55.61
Other liabilities	122,554	83,272	47.17
Total liabilities	<u>16,904,406</u>	<u>15,492,245</u>	9.12
Equity:			
Share capital	250,011	250,011	0.00
Other equity instruments			
Preference Shares	19,659	-	
Capital reserve	135,249	135,391	(0.10)
Investment revaluation reserve	23,058	4,066	467.09
Surplus reserve	153,032	130,515	17.25
General reserve	186,422	169,496	9.99
Retained earnings	672,154	558,705	20.31
Exchange reserve	(5,565)	(6,674)	(16.62)
Total equity attributable to equity shareholders of the Bank	1,434,020	1,241,510	15.51
Non-controlling interests	11,063	10,338	7.01
Total equity	<u>1,445,083</u>	<u>1,251,848</u>	15.44
Total liabilities and equity	<u>18,349,489</u>	<u>16,744,093</u>	9.59

Consolidated statement of changes in equity

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments - preference shares	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Exchange reserve	Non-controlling interests	Total equity
As at 31 December 2014 (Restated)	250,011	-	135,391	4,066	130,515	169,496	558,705	(6,674)	10,338	1,251,848
Movements during the year	-	19,659	(142)	18,992	22,517	16,926	113,449	1,109	725	193,235
(1) Total comprehensive income for the year	-	-	65	18,992	-	-	228,145	1,109	1,412	249,723
(2) Changes in share capital	-	19,659	(207)	-	-	-	-	-	(678)	18,774
i Capital injection by other equity holder	-	19,659	-	-	-	-	-	-	-	19,659
ii Establishment of subsidiaries	-	-	-	-	-	-	-	-	9	9
iii Change in shareholdings in subsidiaries	-	-	(207)	-	-	-	-	-	(687)	(894)
(3) Profit distribution	-	-	-	-	22,517	16,926	(114,696)	-	(9)	(75,262)
i Appropriation to surplus reserve	-	-	-	-	22,517	-	(22,517)	-	-	-
ii Appropriation to general reserve	-	-	-	-	-	16,926	(16,926)	-	-	-
iii Appropriation to equity shareholders	-	-	-	-	-	-	(75,253)	-	(9)	(75,262)
As at 31 December 2015	250,011	19,659	135,249	23,058	153,032	186,422	672,154	(5,565)	11,063	1,445,083

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total equity	
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Exchange reserve
31 December 2013	<u>250,011</u>	<u>135,523</u>	<u>(19,290)</u>	<u>107,970</u>	<u>153,835</u>	<u>444,084</u>	<u>(6,182)</u>	<u>8,378</u>	<u>1,074,329</u>
Movements during the year (Restated)	-	(132)	23,356	22,545	15,661	114,621	(492)	1,960	177,519
(1) Total comprehensive income for the year	-	(132)	23,356	-	-	227,830	(492)	717	251,279
(2) Changes in share capital	-	-	-	-	-	-	-	1,265	1,265
i Acquisition of subsidiaries	-	-	-	-	-	-	-	1,135	1,135
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	130	130
(3) Profit distribution	-	-	-	22,545	15,661	(113,209)	-	(22)	(75,025)
i Appropriation to surplus reserve	-	-	-	22,545	-	(22,545)	-	-	-
ii Appropriation to general reserve	-	-	-	-	15,661	(15,661)	-	-	-
iii Appropriation to equity shareholders	-	-	-	-	-	(75,003)	-	(22)	(75,025)
As at 31 December 2014 (Restated)	<u>250,011</u>	<u>135,391</u>	<u>4,066</u>	<u>130,515</u>	<u>169,496</u>	<u>558,705</u>	<u>(6,674)</u>	<u>10,338</u>	<u>1,251,848</u>

Consolidated statement of cash flows

(Expressed in millions of RMB, unless otherwise stated)

	<u>2015</u>	<u>2014</u>
<i>Cash flows from operating activities</i>		
Profit before tax	298,497	299,086
<i>Adjustments for:</i>		
– Impairment losses	93,639	61,911
– Depreciation and amortisation	19,736	17,811
– Interest income from impaired financial assets	(3,161)	(2,055)
– Revaluation (gain)/loss on financial instruments at fair value through profit or loss	(3,344)	263
– Share of profit less losses of associates and joint ventures	(275)	(245)
– Dividend income	(733)	(495)
– Unrealised foreign exchange loss	8,628	7,980
– Interest expense on bonds issued	9,851	8,859
– Net gain on disposal of investment securities	(5,075)	(4,045)
– Net gain on disposal of fixed assets and other long-term assets	(78)	(108)
	<u>417,685</u>	<u>388,962</u>

Consolidated statement of cash flows (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	<u>2015</u>	<u>2014</u>
<i>Cash flows from operating activities (continued)</i>		
<i>Changes in operating assets:</i>		
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions	130,948	(184,773)
Net increase in placements with banks and non-bank financial institutions	(27,495)	(74,969)
Net increase in loans and advances to customers	(1,059,060)	(883,158)
Net (increase)/decrease in financial assets held under resale agreements	(36,975)	12,707
Net decrease in other operating assets	7,637	12,888
	<u>(984,945)</u>	<u>(1,117,305)</u>
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in borrowings from central banks	(50,300)	11,605
Net increase in placements from banks and non-bank financial institutions	110,038	36,256
Net increase in deposits from customers and from banks and non-bank financial institutions	1,163,129	947,653
Net increase in financial assets sold under repurchase agreements	86,340	119,467
Net (decrease)/increase in certificates of deposit issued	(69,604)	42,992
Income tax paid	(73,476)	(76,687)
Net increase/(decrease) in other operating liabilities	34,627	(35,992)
	<u>1,200,754</u>	<u>1,045,294</u>
Net cash from operating activities	<u>633,494</u>	<u>316,951</u>

Consolidated statement of cash flows (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	<u>2015</u>	<u>2014</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	525,257	503,662
Dividends received	747	504
Proceeds from disposal of fixed assets and other long-term assets	2,064	2,030
Purchase of investment securities	(1,091,451)	(810,304)
Purchase of fixed assets and other long-term assets	(28,589)	(35,490)
Acquisition of subsidiaries, associates and joint ventures	(1,657)	(4,289)
Net cash used in investing activities	(593,629)	(343,887)
<i>Cash flows from financing activities</i>		
Issue of bonds	55,053	42,238
Capital contribution by non-controlling interests	142	130
Contribution by preference shareholders	19,659	-
Consideration paid for acquisition of non-controlling interests	(1,027)	-
Dividends paid	(75,262)	(75,025)
Repayment of borrowings	(2,815)	(22,500)
Interest paid on bonds issued	(9,573)	(7,693)
Net cash used in financing activities	(13,823)	(62,850)
Effect of exchange rate changes on cash and cash equivalents	8,161	2,731
Net decrease in cash and cash equivalents	34,203	(87,055)
Cash and cash equivalents as at 1 January	353,718	440,773
Cash and cash equivalents as at 31 December	387,921	353,718
Cash flows from operating activities include:		
Interest received	762,542	726,117
Interest paid, excluding interest expense on bonds issued	(282,166)	(261,713)

Notes:

1 The IFRS financial statements of the Group for the year ended 31 December 2015 will be available on the website of The Stock Exchange of Hong Kong Limited..These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which are applicable to 2015 annual report.

2 Except for the new IFRS and amendments effective for the year ended 31 December 2015 and adopted by the Group, there are no significant changes in the accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2014.

3 Unless otherwise stated, the financial figures are expressed in millions of RMB.

4 For the purpose of this results announcement, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan.

5 Net gain arising from investment securities

	<u>2015</u>	<u>2014</u>
Net gain on sale of available-for-sale financial assets	3,339	805
Net revaluation gain reclassified from other comprehensive income on disposal	1,533	2,889
Net gain on sale of held-to-maturity investments	321	351
Net gain on sale of receivables	(118)	-
Total	<u>5,075</u>	<u>4,045</u>

6 Operating expenses

	<u>2015</u>	<u>2014</u>
Staff costs		
– Salaries, bonuses, allowances and subsidies	61,087	60,268
– Other social insurance and welfare	8,561	9,653
– Housing funds	6,501	6,014
– Union running costs and employee education costs	2,540	2,561
– Defined contribution plans accrued	12,717	12,995
– Early retirement expenses	86	64
– Compensation to employees for termination of employment relationship	7	8
	<u>91,499</u>	<u>91,563</u>
Premises and equipment expenses		
– Depreciation charges	17,132	15,356
– Rent and property management expenses	8,905	8,022
– Maintenance	2,951	3,309
– Utilities	2,260	2,172
– Others	1,798	1,686
	<u>33,046</u>	<u>30,545</u>
Business taxes and surcharges	36,303	34,983
Amortisation expenses	2,604	2,455
Audit fees	149	160
Other general and administrative expenses	31,225	36,282
	<u>194,826</u>	<u>195,988</u>
Total	<u>194,826</u>	<u>195,988</u>

7 Income tax expense

(1) Income tax expense

	<u>2015</u>	<u>2014</u>
Current tax	63,065	77,310
- Mainland China	61,708	75,647
- Hong Kong	731	1,020
- Other countries and regions	626	643
Adjustments for prior years	(1,313)	747
Deferred tax	7,859	(7,218)
Total	<u>69,611</u>	<u>70,839</u>

The provisions of income taxes for Mainland China and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from Mainland China and Hong Kong operations for the year respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(2) Reconciliation between income tax expense and accounting profit

	Note	<u>2015</u>	<u>2014</u>
Profit before tax		<u>298,497</u>	<u>299,086</u>
Income tax calculated at statutory tax rate at 25%		<u>74,624</u>	<u>74,772</u>
Non-deductible expenses	(i)	10,655	5,990
Non-taxable income	(ii)	(14,355)	(10,670)
Adjustments on income tax for prior years which affect profit or loss		<u>(1,313)</u>	<u>747</u>
Income tax expense		<u>69,611</u>	<u>70,839</u>

- (i) Non-deductible expenses primarily include losses resulting from write-off of loans, staff costs and entertainment expenses in excess of those deductible under the relevant PRC tax regulations.
- (ii) Non-taxable income primarily includes interest income from PRC government bonds and local government bonds.

8 Earnings per share

Basic earnings per share for the year ended 31 December 2015 and 2014 have been computed by dividing the net profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the years.

The Bank issued non-cumulative preference shares during the year ended 31 December 2015. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the year ended 31 December 2015.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 31 December 2015 and the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

	<u>2015</u>	<u>2014</u>
Net profit attributable to shareholders of the Bank	228,145	227,830
Less: profit for the year attributable to preference shareholders of the Bank	-	-
Net profit attributable to ordinary shareholders of the Bank	228,145	227,830
Weighted average number of shares (in millions of shares)	250,011	250,011
Basic and diluted earnings per share attributable to shareholders of the Bank (in RMB Yuan)	0.91	0.91

9 Derivatives and hedge accounting

(1) Analysed by type of contract

	2015			2014		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts	506,536	1,372	1,291	211,495	1,558	1,376
Exchange rate contracts	2,427,232	25,675	25,715	1,560,367	10,825	10,323
Other contracts	119,735	4,452	936	28,377	1,386	674
Total	<u>3,053,503</u>	<u>31,499</u>	<u>27,942</u>	<u>1,800,239</u>	<u>13,769</u>	<u>12,373</u>

(2) Analysed by credit risk-weighted assets

	2015	2014
Counterparty credit default risk-weighted assets		
- Interest rate contracts	1,579	1,615
- Exchange rate contracts	23,298	16,211
- Other contracts	<u>3,559</u>	<u>1,564</u>
Subtotal	28,436	19,390
Credit value adjustment	<u>13,008</u>	<u>7,921</u>
Total	<u>41,444</u>	<u>27,311</u>

The notional amounts of derivatives only represent the unsettled transactions volume as at the end of the reporting period, instead of the amount of risk assets. Since 1 January 2013 the Group has adopted Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and other related policies. According to the new rules set out by the CBRC, the credit risk-weighted assets included credit valuation adjustments, with the considerations of counterparties, maturity and back-to-back client-driven transactions.

9 Derivatives and hedge accounting

(3) Hedge accounting

The following designated hedging instruments are included in the derivatives financial instruments disclosed above.

	2015			2014		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	<u>9,091</u>	<u>62</u>	<u>(30)</u>	<u>8,628</u>	<u>71</u>	<u>(59)</u>
Cash flow hedges						
Foreign exchange forwards	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,974</u>	<u>10</u>	<u>-</u>
Total	<u>9,091</u>	<u>62</u>	<u>(30)</u>	<u>10,602</u>	<u>81</u>	<u>(59)</u>

(a) Fair value hedge

The Group uses interest rate swaps to hedge against changes in fair value of available-for-sale financial assets, certificates of deposit issued and loans and advances to customers arising from changes in interest rates.

Gains or losses on fair value hedges are as follows:

	2015	2014
Net gains/(losses) on		
– hedging instruments	<u>18</u>	<u>54</u>
– hedged items	<u>(18)</u>	<u>(54)</u>

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the year ended 31 December 2014 and 2015.

(b) Cash flow hedge

As at 31 December 2015, there is no cash flow hedge for the Group. In 2015, the Group's net gain from the cash flow hedge are 10 million (The Group 2014: net gain 138 million).

10 Deposits from customers

	<u>2015</u>	<u>2014</u> (Restated)
Demand deposits		
- Corporate customers	4,261,474	3,996,827
- Personal customers	2,611,873	<u>2,321,675</u>
Subtotal	6,873,347	<u>6,318,502</u>
Time deposits (including call deposits)		
- Corporate customers	2,918,679	2,910,245
- Personal customers	3,876,507	<u>3,670,406</u>
Subtotal	6,795,186	<u>6,580,651</u>
Total	13,668,533	<u>12,899,153</u>
Deposits from customers include:		
	<u>2015</u>	<u>2014</u>
(1) Pledged deposits		
- Deposits for acceptance	118,897	138,472
- Deposits for guarantee	49,143	41,572
- Deposits for letter of credit	24,811	36,088
- Others	256,033	<u>206,447</u>
Total	448,884	<u>422,579</u>
(2) Outward remittance and remittance payables	11,969	<u>9,817</u>

11 Commitments and contingent liabilities

(1) Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes allowance for any probable losses accordingly.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the total of the contractual amounts set out in the following table do not represent the expected future cash outflows.

	<u>2015</u>	<u>2014</u>
Loan commitments		
- with an original maturity within one year	149,566	141,519
- with an original maturity of one year or over	312,872	278,155
Credit card commitments	<u>577,047</u>	<u>507,142</u>
	<u>1,039,485</u>	<u>926,816</u>
Bank acceptances	324,963	369,636
Financing guarantees	141,604	109,195
Non-financing guarantees	649,326	556,039
Sight letters of credit	20,383	20,638
Usance letters of credit	175,860	238,275
Others	<u>50,663</u>	<u>58,798</u>
Total	<u>2,402,284</u>	<u>2,279,397</u>

11 Commitments and contingent liabilities(continued)

(2) Credit risk-weighted amount

The credit risk-weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of the counterparty and the maturity characteristics.

	<u>2015</u>	<u>2014</u>
Credit risk-weighted amount of contingent liabilities and commitments	<u>993,117</u>	<u>903,326</u>

(3) Operating lease commitments

The Group lease certain property 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 lease when all terms are renegotiated. As at the end of the reporting period, the future minimum lease payments under non-cancellable operating leases for property and equipment were as follows:

	<u>2015</u>	<u>2014</u>
Within one year	5,650	5,234
After one year but within two years	4,387	4,295
After two years but within three years	3,177	3,227
After three years but within five years	3,469	3,615
After five years	<u>2,737</u>	<u>2,471</u>
Total	<u>19,420</u>	<u>18,842</u>

11 Commitments and contingent liabilities(continued)

(4) Capital commitments

As at the end of the reporting period, the Group had capital commitments as follows:

	<u>2015</u>	<u>2014</u>
Contracted for	4,049	5,214
Authorised but not contracted for	<u>2,033</u>	<u>1,406</u>
Total	<u>6,082</u>	<u>6,620</u>

(5) Underwriting obligations

As at 31 December 2015, there was no unexpired underwriting commitment of the Group (as at 31 December 2014: nil).

(6) Government bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 31 December 2015, were RMB 73,647 million. (31 December 2014: The Group RMB 61,633 million).

(7) Outstanding litigation and disputes

As at 31 December 2015, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB6,501 million (as at 31 December 2014: RMB5,677 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

(8) Provision against commitments and contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the above is committed and contingent liabilities in accordance with their accounting policies.

12 Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates 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 revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

(1) Geographical segments

The Group operates principally in Mainland China with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in Mainland China. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto, London, Zurich, Dubai and certain subsidiaries operating in Hong Kong, London, Moscow, Dubai, Luxembourg, British Virgin Islands, New Zealand and San Paulo.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

12 Operating segments(continued)

(1) Geographical segments (continued)

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

- “Yangtze River Delta” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- “Pearl River Delta” refers to the following areas where the tier-1 branches of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- “Bohai Rim” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the “Central” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the “Western” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and
- the “Northeastern” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

12 Operating segments (continued)
(1) Geographical segments (continued)

	2014									
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Overseas	
External net interest income	60,793	36,933	30,011	54,213	59,367	17,713	170,594	7,774	437,398	
Internal net interest income/(expense)	12,898	21,017	38,503	20,037	16,818	9,643	(120,320)	1,404	-	
Net interest income	73,691	57,950	68,514	74,250	76,185	27,356	50,274	9,178	437,398	
Net fee and commission income	19,056	15,596	17,491	17,112	14,184	5,607	17,595	1,876	108,517	
Net trading gain/(loss)	121	86	(145)	(142)	91	10	763	188	972	
Dividend income	3	7	9	369	16	4	65	22	495	
Net gain arising from investment securities	572	94	3	-	254	294	2,514	314	4,045	
Other operating income/(expense), net	527	380	799	325	2,146	204	2,366	(1,434)	5,313	
Operating income	93,970	74,113	86,671	91,914	92,876	33,475	73,577	10,144	556,740	
Operating expenses	(32,786)	(26,040)	(31,538)	(36,644)	(34,581)	(14,074)	(15,766)	(4,559)	(195,988)	
Impairment losses	(19,713)	(11,364)	(6,921)	(9,236)	(8,055)	(4,470)	(2,815)	663	(61,911)	
Share of profits less losses of associates and joint ventures	-	-	-	152	-	-	-	93	245	
Profit before tax	41,471	36,709	48,212	46,186	50,240	14,931	54,996	6,341	299,086	
Capital expenditure	4,031	3,098	4,400	7,132	5,294	2,862	5,170	2,199	34,186	
Depreciation and amortisation	2,845	1,863	2,664	3,305	2,812	1,508	2,541	273	17,811	
					2014(Restated)					
Segment assets	2,839,279	2,230,031	3,030,726	2,589,502	2,579,135	995,140	6,252,529	933,340	21,449,682	
Interests in associates and joint ventures	-	-	-	955	-	-	-	2,129	3,084	
	2,839,279	2,230,031	3,030,726	2,590,457	2,579,135	995,140	6,252,529	935,469	21,452,766	
Deferred tax assets									39,494	
Elimination									(4,748,167)	
Total assets									16,744,093	
Segment liabilities	2,829,616	2,226,878	3,013,946	2,580,217	2,572,912	993,889	5,143,025	879,528	20,240,011	
Deferred tax liabilities									401	
Elimination									(4,748,167)	
Total liabilities									15,492,245	
Off-balance sheet credit commitments	513,530	340,119	579,144	342,489	291,548	106,264	7,500	98,803	2,279,397	

12 **Operating segments(continued)**

(2) Business segments

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

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services and guarantee services, etc.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

Treasury business

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

Others

These represent equity investments and the revenues, results, assets and liabilities of overseas branches and subsidiaries.

12 **Operating segments(continued)**

(2) Business segments (continued)

	2015				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	244,837	26,725	171,724	14,466	457,752
Internal net interest (expenses)/income	(4,278)	130,274	(118,845)	(7,151)	-
Net interest income	240,559	156,999	52,879	7,315	457,752
Net fee and commission income	35,497	56,306	17,892	3,835	113,530
Net trading (loss)/gain	(4,593)	(127)	7,728	905	3,913
Dividend income	-	-	-	733	733
Net gain arising from investment securities	-	-	331	4,744	5,075
Other operating (loss)/income, net	(186)	(350)	2,785	3,435	5,684
Operating income	271,277	212,828	81,615	20,967	586,687
Operating expenses	(75,665)	(96,466)	(11,435)	(11,260)	(194,826)
Impairment losses	(87,428)	(1,178)	208	(5,241)	(93,639)
Share of profits less losses of associates and joint ventures	-	-	-	275	275
Profit before tax	108,184	115,184	70,388	4,741	298,497
Capital expenditure	7,305	11,937	1,615	4,271	25,128
Depreciation and amortisation	6,556	10,713	1,449	1,018	19,736
			2015		
Segment assets	7,036,556	3,626,845	6,748,218	1,031,726	18,443,345
Interests in associates and joint ventures	-	-	-	4,986	4,986
	7,036,556	3,626,845	6,748,218	1,036,712	18,448,331
Deferred tax assets					25,379
Elimination					(124,221)
Total assets					18,349,489
Segment liabilities	7,841,404	7,203,232	547,997	1,435,370	17,028,003
Deferred tax liabilities					624
Elimination					(124,221)
Total liabilities					16,904,406
Off-balance sheet credit commitments	1,737,208	539,283	-	125,793	2,402,284

12 Operating segments (continued)

(2) Business segments (continued)

	2014				Total
	Corporate banking	Personal banking	Treasury business	Others	
External net interest income	231,445	18,702	173,732	13,519	437,398
Internal net interest income/(expenses)	4,211	143,122	(138,081)	(9,252)	-
Net interest income	235,656	161,824	35,651	4,267	437,398
Net fee and commission income	42,032	44,679	18,855	2,951	108,517
Net trading (loss)/gain	(6,948)	(5,595)	13,308	207	972
Dividend income	-	-	-	495	495
Net gain arising from investment securities	-	-	876	3,169	4,045
Other operating income, net	301	24	3,795	1,193	5,313
Operating income	271,041	200,932	72,485	12,282	556,740
Operating expenses	(73,419)	(106,506)	(6,852)	(9,211)	(195,988)
Impairment losses	(45,736)	(13,873)	(937)	(1,365)	(61,911)
Share of profits less losses of associates and joint ventures	-	-	-	245	245
Profit before tax	151,886	80,553	64,696	1,951	299,086
Capital expenditure	8,246	22,184	617	3,139	34,186
Depreciation and amortisation	4,558	12,263	341	649	17,811
	2014(Restated)				
Segment assets	6,106,160	3,005,155	6,588,297	1,055,944	16,755,556
Interests in associates and joint ventures	-	-	-	3,084	3,084
	6,106,160	3,005,155	6,588,297	1,059,028	16,758,640
Deferred tax assets					39,494
Elimination					(54,041)
Total assets					16,744,093
Segment liabilities	7,118,017	6,820,246	446,096	1,161,526	15,545,885
Deferred tax liabilities					401
Elimination					(54,041)
Total liabilities					15,492,245
Off-balance sheet credit commitments	1,705,786	474,580	-	99,031	2,279,397

Unaudited supplementary financial information

(a) Liquidity ratios

	As at 31 December 2015	Average for the year ended 31 December 2015	As at 31 December 2014	Average for the year ended 31 December 2014
RMB current assets to RMB current liabilities	<u>44.17%</u>	<u>44.05%</u>	<u>48.88%</u>	<u>48.30%</u>
Foreign currency current assets to foreign currency current liabilities	<u>59.84%</u>	<u>60.12%</u>	<u>57.03%</u>	<u>56.87%</u>

The above liquidity ratios are calculated in accordance with the formula promulgated by the CBRC.

The Hong Kong Banking (Disclosure) Rules (the “Rules”) took effect on 1 January, 2007. It requires the disclosure of average liquidity ratio, which is the arithmetic mean of each calendar month’s liquidity ratio. The Group prepared the liquidity ratios on a semi-annual basis and the disclosed average liquidity ratio is the arithmetic mean of two consecutive liquidity ratios as at 30 June and 31 December.

(b) **Currency concentrations**

	2015			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	963,701	242,240	182,060	1,388,001
Spot liabilities	(770,728)	(270,351)	(158,982)	(1,200,061)
Forward purchases	1,481,023	108,489	190,402	1,779,914
Forward sales	(1,659,618)	(52,594)	(201,843)	(1,914,055)
Net options position	478	-	-	478
Net long position	<u>14,856</u>	<u>27,784</u>	<u>11,637</u>	<u>54,277</u>
Net structural position	<u>16,744</u>	<u>1,948</u>	<u>(2,821)</u>	<u>15,871</u>
	2014			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	741,109	186,089	120,360	1,047,558
Spot liabilities	(713,853)	(207,223)	(141,626)	(1,062,702)
Forward purchases	778,919	46,628	91,559	917,106
Forward sales	(802,482)	(19,482)	(60,739)	(882,703)
Net options position	747	-	(152)	595
Net long position	<u>4,440</u>	<u>6,012</u>	<u>9,402</u>	<u>19,854</u>
Net structural position	<u>4,506</u>	<u>1,619</u>	<u>(1,479)</u>	<u>4,646</u>

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the “HKMA”). The net structural position of the Group includes the structural positions of the Bank’s overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.

(c) **International claims**

The Group is principally engaged in business operations within Mainland China. The international claims of the Group is the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if claims are guaranteed by a party in a country which is different from that of the counterparty or if claims are on an overseas branch of a bank whose head office is located in another country. The Group mitigates its credit risk exposures by way of additional guaranteed, collaterals or through credit derivatives.

	2015				Total
	Banks	Public sector entities	Non-bank private institutions	Others	
Asia Pacific	2,147,264	4,382,175	1,462,694	41,419	8,033,552
- of which attributed to HongKong	70,325	19,243	230,208	827	320,603
Europe	26,539	5,863	24,871	-	57,273
North and South America	14,116	110,274	49,801	-	174,191
Total	<u>2,187,919</u>	<u>4,498,312</u>	<u>1,537,366</u>	<u>41,419</u>	<u>8,265,016</u>
	2014				
	Banks	Public sector entities	Non-bank private institutions	Others	Total
Asia Pacific	2,136,939	3,963,143	1,044,674	61,771	7,206,527
- of which attributed to Hong Kong	9,175	22,270	179,552	2,789	213,786
Europe	9,553	2,831	9,451	1,432	23,267
North and South America	6,181	38,347	48,386	5	92,919
Total	<u>2,152,673</u>	<u>4,004,321</u>	<u>1,102,511</u>	<u>63,208</u>	<u>7,322,713</u>

(d) **Overdue loans and advances to customers by geographical sector**

	<u>2015</u>	<u>2014</u>
Yangtze River Delta	25,515	33,320
Pearl River Delta	20,348	11,151
Central	12,388	9,413
Bohai Rim	12,591	7,833
Western	15,385	7,555
Northeastern	10,547	4,923
Head office	4,669	3,246
Overseas	1,246	1,370
Total	<u>102,689</u>	<u>78,811</u>

The above analysis represents the gross amount of loans and advances overdue for more than three months.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

(e) **Non-bank Mainland China exposure**

The Bank is a commercial bank incorporated in Mainland China with its banking business primarily conducted in Mainland China. As at 31 December 2015, substantial amounts of the Bank's exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The year of 2015 witnessed a more complex and changing global economic situation. The growth trends and monetary policies of major economies further diverged, the fluctuation of international financial market and commodity price intensified, and non-economic factors such as geopolitical factors increased. The US economy was relatively well; the economy of Euro zone embarked back on the track of recovery, though unemployment rate remained at a rather high level; Japan's economy experienced large fluctuations and faced downward pressures on commodity prices; and the growth of emerging market economies slowed down in general.

In 2015, China's economy remained stable on the whole with continuous structural adjustments. End-user consumptions contributed over 60% to the total GDP growth, the proportion of tertiary industries increased to 50.5% of the economy, and emerging industries, emerging business formats and new business models developed vibrantly. Consumer prices increased moderately while overall employment remained stable. In 2015, China created a GDP of RMB67.7 trillion, up by 6.9% over 2014; CPI of the year increased by 1.4% over 2014.

In 2015, the financial market remained stable in general while various reform initiatives continued to be pushed forward. China removed the deposit interest rate ceiling, taking the significant step forward in the reform of interest rate liberalisation. The market also improved its decisive role in the formation of exchange rates as China further refined its quotation regime for middle rates for RMB versus US dollar and published its RMB exchange rate index. The time-in-point assessment approach was changed to the average method to assess deposit reserves. China refined framework of macro-prudential policy, "upgraded" dynamic adjustment mechanism of differentiated deposit reserves to macro-prudential assessment system, and incorporated liquidity of foreign exchange and cross-border capital flow into the coverage of macro-prudential management. Deposit insurance system was launched as planned, and RMB was successfully added to Special Drawing Right (SDR) monetary basket of IMF. At the end of 2015, the outstanding broad money supply M2 increased by 13.3% over 2014 to RMB139.2 trillion, and the narrow money supply M1 increased by 15.2% over 2014 to RMB40.1 trillion. The amount of loans denominated in RMB and foreign currencies increased by 13.4% over 2014 to RMB99.3 trillion. Deposits denominated in RMB and foreign currencies increased by 12.4% over 2014 to RMB139.8 trillion.

The Group paid close attention to domestic and overseas economic trends as well as changes in regulatory policies, insisted on transformation and development and sound operation, strengthened risk prevention and control, and timely adjusted operation strategies as appropriate, achieving steady business development, stable asset quality and favourable core business indicators.

Statement of Comprehensive Income Analysis

In 2015, the Group recorded net profit of RMB228,886 million and net profit attributable to equity shareholders of the Bank of RMB228,145 million, up by 0.28% and 0.14% respectively over 2014. The steady growth of the Group's profitability was mainly due to the following factors: (1) the moderate growth of interest-bearing assets contributed to the increase of net interest income, which increased by RMB20,354 million or 4.65% over 2014; (2) the Group proactively expanded customer base, enhanced product innovation, and constantly improved its comprehensive service capability, with net fee and commission income up by RMB5,013 million or 4.62% over 2014; (3) The Group continued to strengthen cost management and optimised expense structure, with cost to income ratio down by 1.90 percentage points over 2014 to 27.02%. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The expense on impairment losses was RMB93,639 million, up by 51.25% over 2014.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015	Year ended 31 December 2014	Change (%)
Net interest income	457,752	437,398	4.65
Net non-interest income	128,935	119,342	8.04
– Net fee and commission income	113,530	108,517	4.62
Operating income	586,687	556,740	5.38
Operating expenses	(194,826)	(195,988)	(0.59)
Impairment losses	(93,639)	(61,911)	51.25
Share of profits less losses of associates and joint ventures	275	245	12.24
Profit before tax	298,497	299,086	(0.20)
Income tax expense	(69,611)	(70,839)	(1.73)
Net profit	228,886	228,247	0.28
Other comprehensive income for the year, net of tax	20,837	23,032	(9.53)
Total comprehensive income for the year	249,723	251,279	(0.62)

Net interest income

In 2015, the Group's net interest income was RMB457,752 million, an increase of RMB20,354 million or 4.65% over the previous year. The net interest income accounted for 78.02% of the operating income.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expense, and average yields or costs during the respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015			Year ended 31 December 2014		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
Assets						
Gross loans and advances to customers	10,068,644	545,505	5.42	9,111,534	532,829	5.85
Investments in debt securities	3,657,809	145,322	3.97	3,204,444	129,237	4.03
Deposits with central banks	2,569,805	39,310	1.53	2,527,915	39,177	1.55
Deposits and placements with banks and non-bank financial institutions	771,686	30,184	3.91	551,451	25,522	4.63
Financial assets held under resale agreements	310,939	10,238	3.29	247,698	12,361	4.99
Total interest-earning assets	17,378,883	770,559	4.43	15,643,042	739,126	4.72
Total allowances for impairment losses	(270,606)			(247,757)		
Non-interest-earning assets	926,556			933,259		
Total assets	18,034,833	770,559		16,328,544	739,126	
Liabilities						
Deposits from customers	13,350,333	245,601	1.84	12,354,674	237,383	1.92
Deposits and placements from banks and non-bank financial institutions	2,003,770	46,330	2.31	1,473,193	48,039	3.26
Financial assets sold under repurchase agreements	58,057	1,578	2.72	15,683	448	2.86
Debt securities issued	421,812	17,173	4.07	409,369	14,223	3.47
Other interest-bearing liabilities	66,303	2,125	3.20	53,791	1,635	3.04
Total interest-bearing liabilities	15,900,275	312,807	1.97	14,306,710	301,728	2.11
Non-interest-bearing liabilities	784,325			840,682		
Total liabilities	16,684,600	312,807		15,147,392	301,728	
Net interest income		457,752			437,398	
Net interest spread			2.46			2.61
Net interest margin			2.63			2.80

In 2015, the PBOC made consecutive interest rate cuts and removed the deposit interest rate ceiling, giving rise to greater competitions among banks and general shrinking of returns in the bond and monetary markets. As a result, the decrease in the cost of the Group's interest-bearing liabilities was lower than that of the yield of the interest-earning assets. Net interest

spread and net interest margin were 2.46% and 2.63%, down by 15 basis points and 17 basis points respectively. In view of the negative impact and challenges arising from interest rate cuts and liberalisation, the Group will continue to strengthen interest margin management, take proactive measures to address these issues, and further improve its market-based pricing ability.

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income or expense for 2015 versus 2014.

(In millions of RMB)	Volume factor ¹	Interest rate factor ¹	Change in interest income/expense
Assets			
Gross loans and advances to customers	53,558	(40,882)	12,676
Investments in debt securities	18,034	(1,948)	16,086
Deposits with central banks	643	(510)	133
Deposits and placements with banks and non-bank financial institutions	9,070	(4,409)	4,661
Financial assets held under resale agreements	2,698	(4,821)	(2,123)
Change in interest income	84,003	(52,570)	31,433
Liabilities			
Deposits from customers	18,447	(10,229)	8,218
Deposits and placements from banks and non-bank financial institutions	14,527	(16,236)	(1,709)
Financial assets sold under repurchase agreements	1,153	(23)	1,130
Debt securities issued	441	2,509	2,950
Other interest-bearing liabilities	400	90	490
Change in interest expense	34,968	(23,889)	11,079
Change in net interest income	49,035	(28,681)	20,354

1. Changes caused by both average balances and average interest rates were allocated to volume factor and interest rate factor respectively based on the respective proportions of absolute values of volume factor and interest rate factor.

Net interest income increased by RMB20,354 million over the previous year, in which an increase of RMB49,035 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB28,681 million was due to the movement of average yields or average costs.

Interest income

The Group's interest income in 2015 was RMB770,559 million, an increase of RMB31,433 million or 4.25% over 2014. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with central banks, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements were 70.79%, 18.86%, 5.10%, 3.92% and 1.33%, respectively.

Interest income from loans and advances to customers

The following table sets forth the average balance, interest income and average yield of each component of the Group's loans and advances to customers.

(In millions of RMB, except percentages)	Year ended 31 December 2015			Year ended 31 December 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	5,876,751	332,615	5.66	5,647,433	347,322	6.15
Short-term loans	2,241,680	117,831	5.26	2,049,635	119,580	5.83
Medium to long-term loans	3,635,071	214,784	5.91	3,597,798	227,742	6.33
Personal loans and advances	3,150,296	173,924	5.52	2,670,092	156,098	5.85
Discounted bills	257,830	10,377	4.02	125,927	7,002	5.56
Overseas operations and subsidiaries	783,767	28,589	3.65	668,082	22,407	3.35
Gross loans and advances to customers	10,068,644	545,505	5.42	9,111,534	532,829	5.85

Interest income from loans and advances to customers amounted to RMB545,505 million, up by RMB12,676 million or 2.38% from 2014. This was mainly because the average balance of loans and advances to customers grew by 10.50% due to the higher priority to retail loans. Under the influence of interest rate cuts and repricing of existing loans, the average yield of loans and advances to customers decreased by 43 basis points to 5.42% over the previous year.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB16,085 million or 12.45% over 2014 to RMB145,322 million. This was mainly because the average balance of investments in debt securities increased by 14.15% over 2014, due to increased investments in debt securities. Meanwhile, the continuous optimisation of portfolio structure of investments in debt securities offset the decrease in the yield of investments in debt securities.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB39,310 million, an increase of RMB133 million or 0.34% over 2014. This was mainly because the average balance of deposits with central banks increased by 1.66% over 2014.

Interest income from deposits and placements with banks and non-bank financial institutions

Interest income from deposits and placements with banks and non-bank financial institutions grew by RMB4,662 million to RMB30,184 million, an increase of 18.27% over 2014. This was primarily because the average balance of deposits and placements with banks and non-bank financial institutions increased by 39.94% over 2014.

Interest income of financial assets held under resale agreements

Interest income of financial assets held under resale agreements was RMB10,238 million, a decrease of RMB2,123 million or 17.17% over 2014. This was mainly because the average yield of financial assets held under resale agreements decreased by 170 basis points year-on-year.

Interest expense

The Group's interest expense in 2015 was RMB312,807 million, an increase of RMB11,079 million or 3.67% year-on-year.

Interest expense on deposits from customers

The following table sets forth the average balance, interest expense and average cost of each component of the Group's deposits from customers.

(In millions of RMB, except percentages)	Year ended 31 December 2015			Year ended 31 December 2014		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	6,754,741	112,010	1.66	6,354,834	114,241	1.80
Demand deposits	3,945,436	28,734	0.73	3,739,795	28,063	0.75
Time deposits	2,809,305	83,276	2.96	2,615,039	86,178	3.30
Personal deposits	6,200,971	125,813	2.03	5,657,331	116,152	2.05
Demand deposits	2,343,688	7,925	0.34	2,325,870	8,224	0.35
Time deposits	3,857,283	117,888	3.06	3,331,461	107,928	3.24
Overseas operations and subsidiaries	394,621	7,778	1.97	342,509	6,990	2.04
Total deposits from customers	13,350,333	245,601	1.84	12,354,674	237,383	1.92

Interest expense on deposits from customers increased by RMB8,218 million to RMB245,601 million, up by 3.46% over 2014, mainly because the average balance of deposits from customers increased by 8.06% over the previous year. The average cost of deposits from customers decreased by eight basis points to 1.84% over 2014, mainly due to the interest rate cuts.

Interest expense on deposits and placements from banks and non-bank financial institutions

Interest expense on deposits and placements from banks and non-bank financial institutions stood at RMB46,330 million, a decrease of RMB1,709 million or 3.56% over 2014, largely because the average interest rate of deposits and placements from banks and non-bank financial institutions decreased by 95 basis points over 2014.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB1,130 million or 252.23% to RMB1,578 million over 2014. This was primarily because the average balance of financial assets sold under repurchase agreements increased by 270.19% over 2014.

Net non-interest income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015	Year ended 31 December 2014	Change (%)
Fee and commission income	121,404	112,238	8.17
Less: Fee and commission expense	(7,874)	(3,721)	111.61
Net fee and commission income	113,530	108,517	4.62
Other net non-interest income	15,405	10,825	42.31
Total net non-interest income	128,935	119,342	8.04

In 2015, the Group's net non-interest income reached RMB128,935 million, an increase of RMB9,593 million or 8.04% over 2014.

Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015	Year ended 31 December 2014	Change (%)
Fee and commission income	121,404	112,238	8.17
Bank card fees	34,960	30,569	14.36
Agency service fees	19,994	13,204	51.42
Wealth management service fees	14,457	10,856	33.17
Consultancy and advisory fees	13,656	18,640	(26.74)
Settlement and clearing fees	13,166	13,630	(3.40)
Commission on trust and fiduciary activities	9,942	8,837	12.50
Electronic banking service fees	6,684	6,407	4.32
Credit commitment fees	3,138	3,131	0.22
Guarantee fees	2,490	2,084	19.48
Others	2,917	4,880	(40.23)
Fee and commission expense	7,874	3,721	111.61
Net fee and commission income	113,530	108,517	4.62

In 2015, the Group's net fee and commission income increased by 4.62% to RMB113,530 million over 2014. The ratio of net fee and commission income to operating income decreased by 0.14 percentage points to 19.35% over 2014.

Bank card fees grew by 14.36% to RMB34,960 million. In this amount, income from credit cards grew by over 20% due to the rapid increase in the spending amount and instalment business through credit cards; however, income from debit cards experienced negative growth as a result of strict implementation of the new government pricing policies.

Agency service fees increased by 51.42% to RMB19,994 million. It was mainly because businesses such as agency fund sales and bancassurance grew relatively fast.

Wealth management service fees increased by 33.17% to RMB14,457 million. It was mainly because the volume of wealth management products increased as a result of continuous innovation of products to effectively meet the needs of various customers.

Consultancy and advisory fees decreased by 26.74% to RMB13,656 million, due to the significant drop of relevant incomes following the exemption and reduction of service fees for small and micro enterprises to support the development of real economy.

Settlement and clearing fees decreased by 3.40% to RMB13,166 million, mainly due to the decrease of income from RMB settlement as a result of the downshift of standard rates for certain settlement services by strict implementation of the new government pricing policies. In addition, the international settlement income decreased over 2014 due to continuous slowing-down of foreign trade growth.

Commission on trust and fiduciary activities increased by 12.50% to RMB9,942 million. In this amount, income from securities investment funds under custody, insurance assets under custody and pension under custody increased at a moderately fast pace, and the traditionally advantageous businesses such as financial services for housing reform grew steadily.

Income from electronic banking service grew by 4.32% to RMB6,684 million. It was mainly because the number of customers in electronic channels such as online banking, mobile banking and SMS finance and the related transaction volume grew relatively fast due to continuous expansion of products and services and constant upgrade of customer experience. Despite the relatively rapid growth of transaction volume through electronic channels, relevant income increased in a limited manner due to the proactive downshift of standard rates for certain electronic banking services in view of the new government pricing policies.

Going forward, the Group will remain focused on product and service innovations to meet customers' differentiated financial service needs, and continuously optimise product and income structures to maintain the steady growth of its fee and commission income.

Other net non-interest income

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015	Year ended 31 December 2014	Change (%)
Net trading gain	3,913	972	302.57
Dividend income	733	495	48.08
Net gain arising from investment securities	5,075	4,045	25.46
Other operating income, net	5,684	5,313	6.98
Total other net non-interest income	15,405	10,825	42.31

Other net non-interest income of the Group was RMB15,405 million, an increase of RMB4,580 million or 42.31% over 2014. In this amount, net trading gain was RMB3,913 million, an increase of RMB2,941 million over 2014, which was mainly due to increased gain from gold leasing business. Dividend income was RMB733 million, an increase of RMB238 million over 2014, which was mainly because of the increase of dividends from CCB Life.

Operating expenses

The following table sets forth the composition of the Group's operating expenses during respective periods.

(In millions of RMB, except percentages)	Year ended 31 December 2015	Year ended 31 December 2014
Staff costs	91,499	91,563
Premises and equipment expenses	33,046	30,545
Business taxes and surcharges	36,303	34,983
Others	33,978	38,897
Total operating expenses	194,826	195,988
Cost-to-income ratio (%)	27.02	28.92

In 2015, the Group enhanced cost management and optimised expenses structure. Cost-to-income ratio fell by 1.90 percentage points to 27.02% over 2014. The operating expenses were RMB194,826 million, a decrease of RMB1,162 million or 0.59% over 2014. In this amount, staff costs were RMB91,499 million, a decrease of RMB64 million or 0.07% over 2014. Premises and equipment expenses were RMB33,046 million, an increase of RMB2,501 million or 8.19% over 2014. Other operating expenses were RMB33,978 million, a decrease of RMB4,919 million or 12.65% over 2014, which was mainly due to the decrease of administrative and operating expenses following heightened control over key expenditure items as a result of further refinement in expense management.

Impairment losses

The following table sets forth the composition of the Group's impairment losses during respective periods.

(In millions of RMB)	Year ended 31 December 2015	Year ended 31 December 2014
Loans and advances to customers	92,610	59,264
Investments	(1,080)	836
Available-for-sale financial assets	(374)	359
Held-to-maturity investments	(1,633)	281
Receivables	927	196
Others	2,109	1,811
Total impairment losses	93,639	61,911

In 2015, the Group's impairment losses were RMB93,639 million, an increase of RMB31,728 million or 51.25% over 2014. In this amount, impairment losses on loans and advances to customers were RMB92,610 million, an increase of RMB33,346 million over 2014, and reversal of impairment losses on investments was RMB1,080 million, a decrease of RMB1,916 million over 2014.

Income tax expense

In 2015, the Group's income tax expense reached RMB69,611 million, a decrease of RMB1,228 million over 2014. The effective income tax rate was 23.32%, lower than the 25% statutory rate, largely because the interest income from the PRC government bonds held by the Group was non-taxable in accordance with tax regulations.

Statement of Financial Position Analysis

Assets

The following table sets forth the composition of the Group's total assets as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Gross loans and advances to customers	10,485,140		9,474,510	
Allowances for impairment losses on loans	(250,617)		(251,613)	
Net loans and advances to customers	10,234,523	55.78	9,222,897	55.08
Investments ¹	4,271,406	23.28	3,727,838	22.26
Cash and deposits with central banks	2,401,544	13.09	2,610,781	15.59
Deposits and placements with banks and non-bank financial institutions	663,745	3.62	514,986	3.08
Financial assets held under resale agreements	310,727	1.69	273,751	1.63
Interest receivable	96,612	0.52	91,495	0.55
Others ²	370,932	2.02	302,345	1.81
Total assets	18,349,489	100.00	16,744,093	100.00

1. These comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and receivables.

2. These comprise precious metals, positive fair value of derivatives, interests in associates and joint ventures, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

As at 31 December 2015, the Group's total assets were RMB18,349,489 million, an increase of RMB1,605,396 million or 9.59% over 2014. This was mainly due to the increases in loans and advances to customers, investments, and deposits and placements with banks and non-bank financial institutions. The Group actively supported the areas in connection with the real economy and people's livelihood, and its gross loans and advances to customers reached RMB10,485,140 million, an increase of 10.67% over 2014. The Group's total investments rose by 14.58% to RMB4,271,406 million, mainly due to the increase in debt securities investments. The Group adjusted the fund scale of banks and non-bank financial institutions in response to the market liquidity situations. The proportion of deposits and placements with banks and non-bank financial institutions in total assets increased by 0.54 percentage points, while the proportion of cash and deposits with central banks in total assets dropped by 2.50 percentage points to 13.09% due to cuts in the statutory deposit reserve ratio.

Loans and advances to customers

The following table sets forth the composition of the Group's loans and advances to customers as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate loans and advances	5,777,513	55.11	5,760,406	60.80
Short-term loans	1,811,557	17.28	1,907,304	20.13
Medium to long-term loans	3,965,956	37.83	3,853,102	40.67
Personal loans and advances	3,466,810	33.06	2,884,146	30.44
Residential mortgages	2,773,895	26.45	2,253,815	23.79
Credit card loans	390,274	3.72	329,164	3.47
Personal consumer loans	55,427	0.53	58,040	0.61
Personal business loans	63,153	0.60	75,002	0.79
Other loans ¹	184,061	1.76	168,125	1.78
Discounted bills	433,153	4.13	168,923	1.78
Overseas operations and subsidiaries	807,664	7.70	661,035	6.98
Gross loans and advances to customers	10,485,140	100.00	9,474,510	100.00

1. These comprise individual commercial property mortgage loans, home equity loans and educational loans.

As at 31 December 2015, the Group's gross loans and advances to customers rose by RMB1,010,630 million or 10.67% to RMB10,485,140 million over 2014.

Domestic corporate loans and advances of the Bank reached RMB5,777,513 million, an increase of RMB17,107 million, or 0.30% over 2014, mainly in infrastructure sectors, small and micro enterprises and agriculture-related loans. In this amount, short-term loans decreased by RMB95,747 million or 5.02%, while medium to long-term loans increased by RMB112,854 million or 2.93%.

Domestic personal loans and advances of the Bank increased by RMB582,664 million or 20.20% to RMB3,466,810 million over 2014. In this amount, residential mortgages rose by RMB520,080 million or 23.08%. Credit card loans maintained a rapid growth, with an increase of RMB61,110 million or 18.57% over 2014. Personal consumer loans and personal business loans decreased due to adjustment of loan product structure with tighter loan risk control.

Discounted bills increased by RMB264,230 million or 156.42% to RMB433,153 million over 2014, mainly used to meet the short-term financing needs of targeted prime customers.

Loans and advances to customers of overseas entities and subsidiaries rose by RMB146,629 million or 22.18% to RMB807,664 million over 2014, largely attributable to the enhanced efforts in exploring local customers at overseas operations and the growth of loan portfolio at domestic subsidiaries.

Distribution of loans by type of collateral

The following table sets forth the distribution of loans and advances by type of collateral as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Unsecured loans	3,034,953	28.95	2,544,807	26.86
Guaranteed loans	1,833,933	17.49	1,826,894	19.28
Loans secured by tangible assets other than monetary assets	4,591,009	43.78	4,223,844	44.58
Loans secured by monetary assets	1,025,245	9.78	878,965	9.28
Gross loans and advances to customers	10,485,140	100.00	9,474,510	100.00

Allowances for impairment losses on loans and advances to customers

(In millions of RMB)	Year ended 31 December 2015			
	Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances		Total
		which are collectively assessed	which are individually assessed	
As at 1 January	186,252	7,588	57,773	251,613
Charge for the year	708	8,631	150,252	159,591
Release during the year	(29,228)	(7)	(37,746)	(66,981)
Unwinding of discount	-	-	(3,070)	(3,070)
Transfers out	(100)	(49)	(57,436)	(57,585)
Write-offs	-	(5,702)	(29,149)	(34,851)
Recoveries	-	328	1,572	1,900
As at 31 December	157,632	10,789	82,196	250,617

The Group adhered to its prudent principle by fully considering the impact of changes in external environment including macro-economy and government regulatory policies on credit asset quality, and made full provisions for impairment losses on loans and advances to customers. As at 31 December 2015, the allowances for impairment losses on loans and advances to customers were RMB250,617 million, a decrease of RMB996 million over 2014. The ratio of allowances to NPLs was 150.99%, a decrease of 71.34 percentage points over 2014. The ratio of allowances to total loans stood at 2.39%, a decrease of 0.27 percentage points over 2014.

Investments

The following table sets forth the composition of the Group's investments by nature as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Debt securities investments	3,986,820	93.34	3,475,652	93.24
Equity instruments	18,534	0.43	18,633	0.50
Funds	17,188	0.40	1,901	0.05
Other debt instruments	248,864	5.83	231,652	6.21
Total investments	4,271,406	100.00	3,727,838	100.00

In 2015, in accordance with its annual investment and trading strategy and risk policy requirements, the Group proactively responded to regulatory and market changes by reasonably balancing risks and returns and continuously optimising the structure of investment portfolio. As at 31 December 2015, the Group's investments totalled RMB4,271,406 million, an increase of RMB543,568 million or 14.58% over 2014. In this amount, debt securities investments accounted for 93.34% of total investments, an increase of 0.10 percentage points over 2014, and other debt instruments accounted for 5.83% of total investments, a decrease of 0.38 percentage points over 2014.

The following table sets forth the composition of the Group's investments by holding intention as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	271,173	6.35	332,235	8.91
Available-for-sale financial assets	1,066,752	24.97	926,139	24.85
Held-to-maturity investments	2,563,980	60.03	2,298,663	61.66
Receivables	369,501	8.65	170,801	4.58
Total investments	4,271,406	100.00	3,727,838	100.00

Debt securities investments

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
RMB	3,880,262	97.33	3,398,644	97.78
USD	58,790	1.47	28,896	0.83
HKD	19,781	0.50	25,775	0.74
Other foreign currencies	27,987	0.70	22,337	0.65
Total debt securities investments	3,986,820	100.00	3,475,652	100.00

As at 31 December 2015, total debt securities investments increased by RMB511,168 million or 14.71% to RMB3,986,820 million over 2014. In this amount, RMB debt securities increased by RMB481,618 million or 14.17%, while the foreign currency debt securities increased by RMB29,550 million or 38.37% over 2014.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Government	1,851,649	46.44	1,234,141	35.51
Central banks	162,225	4.07	188,152	5.41
Policy banks	484,102	12.14	537,148	15.45
Banks and non-bank financial institutions	1,055,838	26.48	1,030,907	29.66
Public sector entities	20	0.01	20	0.01
Other enterprises	432,986	10.86	485,284	13.96
Total debt securities investments	3,986,820	100.00	3,475,652	100.00

Interest receivable

As at 31 December 2015, the Group's interest receivable was RMB96,612 million, an increase of RMB5,117 million or 5.59% over 2014. This was mainly due to the growth in loans and debt securities investments.

Liabilities

The following table sets forth the composition of the Group's total liabilities as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Deposits from customers	13,668,533	80.86	12,899,153	83.26
Deposits and placements from banks and non-bank financial institutions	1,761,107	10.42	1,206,520	7.79
Financial assets sold under repurchase agreements	268,012	1.58	181,528	1.17
Debt securities issued	415,544	2.46	431,652	2.79
Other liabilities ¹	791,210	4.68	773,392	4.99
Total liabilities	16,904,406	100.00	15,492,245	100.00

1. These comprise borrowings from central banks, financial liabilities at fair value through profit or loss, negative fair value of derivatives, accrued staff costs, taxes payable, interest payable, provisions, deferred tax liabilities and other liabilities.

As at 31 December 2015, the Group's total liabilities were RMB16,904,406 million, an increase of RMB1,412,161 million or 9.12% over 2014. In this amount, deposits from customers accounted for 80.86% of total liabilities, a decrease of 2.40 percentage points over 2014. Deposits and placements from banks and non-bank financial institutions increased due to the active capital market, and the proportion of deposits and placements from banks and non-bank financial institutions increased by 2.63 percentage points.

Deposits from customers

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate deposits	6,891,295	50.42	6,616,671	51.30
Demand deposits	4,213,395	30.83	3,966,684	30.75
Time deposits	2,677,900	19.59	2,649,987	20.55
Personal deposits	6,367,364	46.58	5,877,014	45.56
Demand deposits	2,584,774	18.91	2,302,089	17.85
Time deposits	3,782,590	27.67	3,574,925	27.71
Overseas operations and subsidiaries	409,874	3.00	405,468	3.14
Total deposits from customers	13,668,533	100.00	12,899,153	100.00

As at 31 December 2015, the Group's total deposits from customers reached RMB13,668,533 million, an increase of RMB769,380 million or 5.96% over 2014. In this amount, domestic

demand deposits of the Bank increased by RMB529,396 million or 8.44%, and accounted for 49.74% of total deposits from customers, an increase of 1.14 percentage points over 2014.

Shareholder's equity

The following table sets forth the composition of the Group's total equity as at the dates indicated.

(In millions of RMB)	As at 31 December 2015	As at 31 December 2014
Share capital	250,011	250,011
Other equity instruments - preference shares	19,659	-
Capital reserve	135,249	135,391
Investment revaluation reserve	23,058	4,066
Surplus reserve	153,032	130,515
General reserve	186,422	169,496
Retained earnings	672,154	558,705
Exchange reserve	(5,565)	(6,674)
Total equity attributable to equity shareholders of the Bank	1,434,020	1,241,510
Non-controlling interests	11,063	10,338
Total equity	1,445,083	1,251,848

As at 31 December 2015, the Group's total equity reached RMB1,445,083 million, an increase of RMB193,235 million over 2014. The ratio of total equity to total assets for the Group was 7.88%.

Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metal contracts, and equity instrument contracts. Please refer to Note "Derivatives" in the "Financial Statements" of this annual report for details on the nominal amounts and fair value of derivatives. Commitments and contingent liabilities include credit commitments, operating lease commitments, capital commitments, underwriting obligations, redemption obligations, and outstanding litigation and disputes. The Group refined management over off-balance sheet activities and continued to adjust off-balance sheet items structure. Among these, credit commitments were the largest component, with a balance of RMB2,402,284 million as at 31 December 2015, an increase of RMB122,887 million over 2014. Please refer to Note "Commitments and Contingent Liabilities" in the "Financial Statements" in this annual report for details on commitments and contingent liabilities.

Loan Quality Analysis

Distribution of loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include substandard, doubtful and loss categories.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Normal	10,016,243	95.53	9,079,880	95.84
Special mention	302,917	2.89	281,459	2.97
Substandard	92,452	0.88	55,059	0.58
Doubtful	60,160	0.57	48,239	0.51
Loss	13,368	0.13	9,873	0.10
Gross loans and advances to customers	10,485,140	100.00	9,474,510	100.00
NPLs	165,980		113,171	
NPL ratio		1.58		1.19

In 2015, the Group conducted targeted risk inspections in major industries, regions and products, increased efforts in risk prevention and mitigation of customers, expedited the disposal of NPLs through market-driven solutions. As a result, credit asset quality remained stable. As at 31 December 2015, the Group's NPLs were RMB165,980 million, an increase of RMB52,809 million over 2014, while the NPL ratio stood at 1.58%, up by 0.39 percentage points over 2014. The proportion of special mention loans was 2.89%, down by 0.08 percentage points over 2014.

Distribution of loans and NPLs by product type

The following table sets forth loans and NPLs by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015			As at 31 December 2014		
	Loans	NPLs	NPL ratio (%)	Loans	NPLs	NPL ratio (%)
Corporate loans and advances	5,777,513	144,187	2.50	5,760,406	95,886	1.66
Short-term loans	1,811,557	101,269	5.59	1,907,304	66,894	3.51
Medium to long-term loans	3,965,956	42,918	1.08	3,853,102	28,992	0.75
Personal loans and advances	3,466,810	18,153	0.52	2,884,146	11,067	0.38
Residential mortgages	2,773,895	8,602	0.31	2,253,815	4,806	0.21
Credit card loans	390,274	4,204	1.08	329,164	2,783	0.85
Personal consumer loans	55,427	1,009	1.82	58,040	848	1.46
Personal business loans	63,153	1,977	3.13	75,002	1,535	2.05
Other loans	184,061	2,361	1.28	168,125	1,095	0.65
Discounted bills	433,153	-	-	168,923	-	-
Overseas operations and subsidiaries	807,664	3,640	0.45	661,035	6,218	0.94
Total	10,485,140	165,980	1.58	9,474,510	113,171	1.19

As at 31 December 2015, the NPL ratio for domestic corporate loans was 2.50%, an increase of 0.84 percentage points from 2014, and the NPL ratio for personal loans and advances was 0.52%, an increase of 0.14 percentage points over 2014. The NPL ratio for overseas entities and subsidiaries dropped by 0.49 percentage points to 0.45% over 2014.

Distribution of loans and NPLs by industry

The following table sets forth the Group's loans and NPLs by industry as at the dates indicated.

(In millions of RMB, except percentages)	As at 31 December 2015				As at 31 December 2014			
	Loans	% of total	NPLs	NPL ratio (%)	Loans	% of total	NPLs	NPL ratio (%)
Corporate loans	5,777,513	55.11	144,187	2.50	5,760,406	60.80	95,886	1.66
Manufacturing	1,217,122	11.61	71,641	5.89	1,305,595	13.78	48,490	3.71
Transportation, storage and postal services	1,146,028	10.93	3,204	0.28	1,046,282	11.04	4,839	0.46
Production and supply of electric power, heat, gas and water	642,026	6.12	2,092	0.33	606,342	6.40	1,850	0.31
Real estate	449,334	4.29	5,510	1.23	520,107	5.49	5,737	1.10
Leasing and commercial services	629,274	6.00	4,090	0.65	581,267	6.14	868	0.15
- Commercial services	579,115	5.52	4,021	0.69	559,033	5.90	864	0.15
Wholesale and retail trade	386,916	3.69	37,353	9.65	378,880	4.00	23,130	6.10
Water, environment and public utility management	313,258	2.99	95	0.03	327,176	3.45	197	0.06
Construction	258,699	2.47	6,915	2.67	263,854	2.78	4,111	1.56
Mining	226,027	2.16	9,032	4.00	227,711	2.40	3,789	1.66
- Exploitation of petroleum and natural gas	5,122	0.05	90	1.76	6,015	0.06	-	-
Education	77,248	0.74	173	0.22	79,375	0.84	57	0.07
Information transmission, software and information technology services	30,216	0.29	734	2.43	21,744	0.23	1,111	5.11
- Telecommunications, broadcast and television, and satellite transmission services	22,236	0.21	-	-	14,367	0.15	495	3.45
Others	401,365	3.82	3,348	0.83	402,073	4.25	1,707	0.42
Personal loans	3,466,810	33.06	18,153	0.52	2,884,146	30.44	11,067	0.38
Discounted bills	433,153	4.13	-	-	168,923	1.78	-	-
Overseas operations and subsidiaries	807,664	7.70	3,640	0.45	661,035	6.98	6,218	0.94
Total	10,485,140	100.00	165,980	1.58	9,474,510	100.00	113,171	1.19

In 2015, in line with the national industry policies and changes in external operation environment, the Group duly optimised credit policies, re-examined credit systems, and refined customer selection criteria. It adhered to the limit management for various industries, and steadily promoted credit structural adjustments. The loan quality in infrastructure sectors remained stable. The new NPLs mainly arose from manufacturing, and wholesale and retail trade.

Differences between the Financial Statements Prepared under PRC GAAP and those Prepared under IFRS

There is no difference in the net profit for the year ended 31 December 2015 or total equity as at 31 December 2015 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

BUSINESS REVIEW

The Group's major business segments are corporate banking, personal banking, treasury business and others including overseas business and subsidiaries.

The following table sets forth, for the periods indicated, the profit before tax of each major business segment:

(In millions of RMB, except percentages)	Year ended 31 December 2015		Year ended 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate banking	108,184	36.24	151,886	50.79
Personal banking	115,184	38.59	80,553	26.93
Treasury business	70,388	23.58	64,696	21.63
Others	4,741	1.59	1,951	0.65
Profit before tax	298,497	100.00	299,086	100.00

Corporate Banking

Corporate deposits

The Bank attached great importance to the combined use and innovation of its deposit products while endeavouring to serve well its existing customers, and effectively promoted the steady growth of corporate deposits. At the end of 2015, domestic corporate deposits of the Bank amounted to RMB6,891,295 million, an increase of RMB274,624 million or 4.15% over 2014.

Corporate loans

The Bank's corporate loans were granted in a continuously optimised manner, mainly to support the development of the real economy. At the end of 2015, domestic corporate loans and advances of the Bank amounted to RMB5,777,513 million, an increase of RMB17,107 million, or 0.30% over 2014. Loans to infrastructure sectors totalled RMB2,707,785 million, an increase of RMB148,570 million over 2014. Agriculture-related loans amounted to RMB1,892,779 million, an increase of RMB100,981 million or 5.64% over 2014. In this amount, loans to new countryside construction were RMB96,882 million. The accumulated amount of loans granted through online banking since 2007 reached RMB185,424 million, covering over 18.0 thousand customers. The Bank further expanded cooperation with 108 high quality e-commerce platforms.

The Bank strictly implemented list management. Loans to the five industries with severe overcapacity, including iron and steel, cement, electrolytic aluminium, plate glass, and the shipbuilding sector, decreased by RMB3,563 million to RMB130,259 million over 2014. The Bank strictly controlled the total amount of loans to government financing vehicles, and continued to optimise the cash flow structures. The outstanding balance of those classified under the regulated category decreased by RMB52,986 million to RMB292,166 million. In this

amount, loans fully covered by cash flows accounted for 96.29%. Property development loans were mainly extended to high quality real estate developers with high credit rating, good business performance and proper closed management of project funds, as well as commercial housing projects for ordinary residential purpose. The outstanding balance of property development loans was RMB414,196 million, a decrease of RMB56,986 million over 2014.

Small enterprise business

The Bank regards its small and micro enterprise business as an important strategic business to serve the real economy, and continuously pushes forward the transformation towards small amounts, standardisation and intensiveness. In 2015, focusing on serving the real economy, the Bank increased credit resources for small and micro enterprises by giving priority and attaching importance to small and micro enterprise business. The Bank vigorously promoted new business models including “Credit Cooperation Loan” through business communities, industrial chains and enterprise clusters, intensified experience sharing and model replication, and expanded the coverage of customer services. The Bank launched the new model to enhance credit through cooperation between banks and tax authorities, entering into cooperation framework agreement with the State Administration of Taxation on conducting the “mutual recognition of credit investigation and interaction between banking and taxation”, and granted loans to eligible small and micro enterprises based on their tax information. The Bank also comprehensively promoted scorecard credit model for small and micro enterprises and big data-based products exclusively designed for small and micro enterprises, such as “Shan Rong Dai” and “Jie Suan Tou”, enabling more small and micro enterprises to have access to credit services. Based on behaviour scorecards, the Bank offered credit extension to small and micro enterprises to ease their pressures of “repaying first and then borrowing”. The Bank proactively expanded electronic channels and promoted revolving facility loans, to improve customers’ disbursement convenience and speediness. At the end of 2015, according to the categorisation policy of small and medium-sized enterprises jointly issued by four ministries and commissions including the Ministry of Industry and Information Technology in 2011 as well as the CBRC’s latest regulatory requirements, loans to small and micro enterprises were RMB1,277,879 million, an increase of RMB134,951 million or 11.81% over 2014. The number of small and micro enterprise borrowers was 251,944, an increase of 9,869 over 2014, and the availability rate of loan applications for small and micro enterprises was 84.93%, 1.52 percentage points higher from 2014.

Cost advisory service

Cost advisory service is the Bank’s unique fee-based business product with a strong brand. It has a history of 61 years since it emerged and developed along with the Bank’s long-term practices of investing in fixed assets and being the agency of the state financial functions. All of the Bank’s 37 tier-one branches have the professional qualification for engineering cost advisory service issued by the Ministry of Housing and Urban-Rural Development, among which 36 tier-one branches have grade-A qualification, one has grade-B qualification, and 251 tier-two branches set up specialised units for cost advisory service. In 2015, the Bank continuously improved industry position and brand image of cost advisory service by reinforcing fundamental management, seizing market opportunities, pushing forward business transformation, improving specialised institutions, and innovating businesses and products. Income from cost advisory service amounted to RMB7,427 million.

Institutional business

The Bank vigorously promoted its updated “Minben Tongda” comprehensive financial services brand. With a focus on key prime customers in areas of education, health, social security, environmental protection and culture, the Bank further expanded the range of comprehensive services. The Bank and Jilin University jointly sponsored the first edition of “CCB Cup” of “Internet Plus” Innovation and Entrepreneurship Competition for Chinese University Students, signed strategic cooperation agreements with Huazhong University of Science and Technology, explored “Internet Plus” applications and innovations in financial services for schools and hospitals, which culminated in the *Bank-Hospital and Bank-School Mobile Internet Financial Cooperation Plan*. It also became the first bank among peers to study and launch the *Comprehensive Financial Service Plan Regarding Pension System Reform of Public Institutions*. The applications of social security products continuously expanded as 30 branches issued financial social security cards as a whole. The Bank took the lead to work with the Ministry of Water Resources in fund supervision and entered into cooperation agreements, and signed strategic cooperation agreements with National Tourism Administration and jointly issued the *2015 Catalogue of Prioritised National Tourism Projects*. It ranked first in the comprehensive evaluation of payment agency banks authorised by the central government and continued to rank first in terms of the number of customers in payments authorised by the central government and in payment and collection of non-tax revenue. The Bank maintained its leading position in the accumulative issuance of civil service cards for institutions with fiscal budget status. The Bank also became a general member of the Shanghai Clearing House to engage in foreign exchange clearing agency services, successfully launched the system of central counterparty clearing services in RMB-FX transactions, and qualified as a USD clearing bank. The Bank also established correspondent bank relationships with 17 domestic banks, renewed the *Cooperation Agreements for Direct Connection Programmes between Banks and Enterprises* with China Development Bank, entered into the *Overall Strategic Cooperation Agreements* with China Cinda Asset Management Corporation and China Galaxy Securities, which further consolidated and expanded its inter-bank customer base. At the end of 2015, the number of “Xincunguan” customers whose securities deposits managed by the Bank as a third party totalled 34.71 million, and securities deposits under management amounted to RMB482,063 million, leading the market. The number of contracted futures investment customers accounted for nearly 50% market share, maintaining the leading position among peers, and the number of futures companies with through-train banking services reached 153, representing 100% coverage.

International business

International business maintained the momentum of rapid development. Another breakthrough was achieved in expanding its RMB clearing network, as the Bank became the RMB clearing bank in Swiss and Chile after becoming the RMB clearing bank in London. RQFII, RQDII and Mainland-Hong Kong mutual recognition of funds operations continued to grow vibrantly. The Bank successfully issued RMB1 billion two-year offshore RMB bonds in London, which became the first RMB bond product listed in London Stock Exchange. It also launched “comprehensive financial services for cross-border e-commerce”, built “cross-border e-remittance” platform, and provided end-to-end online auto receipt and payment, settlement and sales of foreign exchange and income/expense declaration services for cross-border e-commerce customers through the direct contact with the local “single window” of international trade. It also innovated “cross-border e-payment” online payment tool and met e-commerce customers’ needs for cross-border payment through virtual bank cards. The Bank took the lead in providing services to special economic areas, with its Shanghai Free Trade Zone Branch proactively offering businesses relating to free trade accounts and holding the largest deposit

and loan portfolios among competitors. The Xinjiang Khorgos Border Cooperation Centre Sub-branch became the first to launch innovative offshore RMB business, delivering the best performance in all major indicators. Overseas correspondent bank network continued to grow with a total of 1,491 head office level correspondent banks in 139 countries and regions. In 2015, the volume of international settlement amounted to US\$1.29 trillion, an increase of 9.37%; the volume of cross-border RMB settlement was RMB1.84 trillion, an increase of 26.15%.

Asset custodial business

The Bank increased investments in marketing and promotion, and made innovation a top priority to help drive the rapid development of its asset custodial business. As the only custodial bank, the Bank became the first batch of banks to conduct agency business for Mainland-Hong Kong mutual recognition of funds operations and was the first to offer “bond transaction plus custodian” services to overseas institutions for direct entry into the interbank bond market. At the end of 2015, the custodian assets managed by the Bank totalled RMB7.17 trillion, an increase of 67.36%. Securities investment funds managed by the Bank totalled RMB1.74 trillion, an increase of 83.47%. The total number of securities investment funds for which the Bank served as custodian was 535 and the number of new funds receiving the Bank’s custodian services was 127, both ranking first in the market. Insurance assets managed by the Bank totalled RMB1.53 trillion, an increase of 60.85%.

Pension business

Pension business developed robustly with solid progress in product innovation. The Bank innovatively launched occupational annuity service plan for public institutions, enterprise annuity tax planning and consultancy, and insurance security mode supplementary pension products. The “Yangyi” series, with their unique customer base and strong combination of functions’ advantages, covered all types of pension markets in general. At the end of 2015, the pension assets under trusteeship in operation totalled RMB93,903 million, an increase of RMB38,579 million or 69.73%. The pension assets under custody in operation totalled RMB167,751 million, an increase of RMB32,975 million or 24.47%. The number of personal pension accounts in operation totalled 4,555.6 thousand, an increase of 717.7 thousand or 18.68%.

Treasury management and settlement business

Treasury management and settlement business maintained rapid growth momentum. Financial IC corporate settlement cards were successfully launched to the market with constantly diversified product functions and application channels. The Bank innovatively launched smart cross-bank collection and integrated account cash pool, which effectively improved the service capabilities of self-initiated collection, integrated settlement and cross-bank treasury management. The market influence of multi-model cash pool and bank notes pool was gradually expanded and customer coverage was constantly improved. The global treasury management business grew steadily, with successful launch of global account information report and cross-border remote payment and successful opening up of foreign currency functions of real-time cash pool and period payment limit. At the end of 2015, the Bank had 5,705.3 thousand corporate RMB settlement accounts, an increase of 845.3 thousand. The Bank had 1,289.3 thousand active treasury management customers, an increase of 335.4 thousand.

Personal Banking

Personal deposits

The Bank enhanced the capacity to attract deposits through high quality and efficient products and services, maintaining a steady growth of personal deposits. At the end of 2015, domestic personal deposits of the Bank rose by RMB490,350 million or 8.34% to RMB6,367,364 million over 2014. In this amount, demand deposits increased by 12.28%, and time deposits increased by 5.81%.

Personal loans

The Bank's personal loans proactively met credit demands in people's livelihood sectors. It strengthened product innovation and steadily improved customer service ability. At the end of 2015, domestic personal loans of the Bank increased by RMB582,664 million or 20.20% to RMB3,466,810 million over 2014. Residential mortgages were granted to support residents' reasonable housing consumption, amounting to RMB2,773,895 million, an increase of RMB520,080 million or 23.08%, with the balance and the increment both ranking first in the market. The Bank became the first among its peers to obtain the approval from the PBOC to register and issue residential mortgages-backed securities of up to RMB50 billion, and it successfully issued two batches of residential mortgages-backed securities totalling RMB9,664 million. In terms of personal consumer and operation loans, the Bank focused on product innovation and made encouraging progress in its transformation. Personal consumer loans were RMB55,427 million, personal business loans were RMB63,153 million and personal agriculture-related loans totalled RMB6,347 million.

Bank cards business

Credit card business

Credit card business continued to maintain sound and rapid development with core business indicators leading the market among peers. Its brand influence, market competitiveness, risk control ability, profitability and customer satisfaction were further improved. The Bank built its consumer financial ecosystem. On the customer side, it made all-round promotion of hot purchase Long Card series to meet the diversified customers' needs, and accelerated the promotion and application of ETC transportation card and other cards applicable to specific industries in people's livelihood sectors. On the merchants' side, the Bank sped up the expansion of consumer preferential merchants. It promoted innovation and application of core mobile payment technologies like e-Pay Card, HCE Cloud Pay, Apple Pay, Samsung Pay, and QR Code Payment for different consumer scenarios. It constantly built its brands and conducted large domestic and overseas promotion activities focusing on the theme of "Long Card for Descendants of the Dragon", such as "Saturday of Long Card" and "Rocking All over the World with Long Card" for brand card owners to enhance customers' card-using experience. The Bank also introduced educational instalment products like "New Elite" based on the successful experience in instalment projects like car purchase and bill instalment, so as to diversify its instalment products. The Bank continued to advance the building of its "Smart Customer Service" platform to enhance customer cultivation and satisfaction management while promoting its automation and smartness. It went on implementing the long-term mechanism of the voice of customers to collect customers' feedbacks from various channels and drive optimisation of product functions and service processes, thus improving all-round customer experience. At the end of 2015, the number of credit cards issued was 80.74 million, an increase of 14.81 million over 2014. The spending amount through credit cards reached RMB2,218,263 million, a year-on-year increase of 33.79%, and the loan balance was RMB390,274 million. The asset quality remained sound.

Debit card business

In adherence to the “Mobile First” development strategy, the Bank enhanced its payment and settlement base and maintained steady growth of its debit card business. It introduced HCE Long Card Cloud QuickPass and developed “Suixinyong” mobile payment APP to meet customers’ needs for secure and convenient payment. It vigorously expanded business cooperation in key industries, including social security, medical and health care, public transportation, community, culture and education, to promote the application of financial IC debit cards and e-cash Quick Pass. The Bank introduced Huifu Long Card for migrant workers to enjoy settlement discounts from exclusive packages. At the end of 2015, the number of debit cards issued totalled 739 million, an increase of 107 million, and the spending amount through debit cards reached RMB6.67 trillion, an increase of 30.97%. The Bank made great efforts in the business development of financial IC debit cards and the number of financial IC debit cards issued totalled 310 million, an increase of 125 million. The number of express settlement cards issued totalled 31.27 million, an increase of 15.56 million, targeted at individual business proprietors for their payment and settlement demands.

Private banking

With a focus on comprehensive implementation of transformation and development, private banking business constructed a business model featuring “differentiation, professionalism and versatility”. Driven by the needs of customers, their families and enterprises, the Bank focused on wealth advisory, investment management, and financial and non-financial businesses, and strove to accelerate business development. In compliance with the requirement of “being integrated, platform-based and comprehensive”, the Bank gradually optimised its product service system to be a Group-owned, Bank-customised, third-party-supported one. The Bank made innovation in fund selection and assessment and explored overseas assets allocation strategy, and launched “Sixiang CCB Asia”, “Sixiang Singapore” and other customised cross-border investment businesses, “Sixiangpin” intermediate service for collection of Jingdezhen porcelain and ceramics by private banking customers, and “Sixiangjiuyuan” private banking insurance and trust services, and provided New Zealand and Singapore investment immigration services. Leveraging on the all-channel operation advantage, the Bank improved the “1+1+1+N” private banking customer service model. The Bank constantly optimised the IT system of private banking business by deepening the implementation and exploration of “big data”. It established the scoring mechanism for internal control and compliance evaluation of private banking business, and continuously improved internal risk control system. At the end of 2015, the number of private banking customers with financial assets above RMB10 million grew by 23.08% over 2014, and the total amount of customers’ financial assets increased by 32.94%.

Entrusted housing finance business

Adhering to the philosophy of “supporting housing reform and serving the people”, the Bank enhanced building of its IT systems and business channels and strengthened process reengineering and product innovation for provident housing fund loans, to provide comprehensive and high quality entrusted housing finance service. At the end of 2015, housing fund deposit was RMB649,127 million, while individual housing loan of housing provident fund amounted to RMB1,510,423 million. The Bank accelerated the expansion of provident fund co-branded cards by issuing 37.40 million cards in total. The Bank steadily intensified loan support for indemnificatory housing to meet low and middle-income residents’ housing demands. The Bank accumulatively provided housing provident fund project loans of RMB50,670 million to 217 trial projects of indemnificatory housing, and accumulatively granted indemnificatory housing loans of over RMB100 billion to nearly 630,000 low and middle-income residents.

Treasury Business

Financial market business

In 2015, the Bank proactively promoted the transformation and development of financial market business, constantly increased transaction activity and market influence, promoted product innovation and consolidated customer base, contributing to the steadily improved profitability and risk management and control.

Money market business

With regard to the use of RMB funds, the Bank actively strengthened the research and estimation on market liquidity, paid close attention to monetary policies guidance and reviewed funding supply movements and trends, so as to keep pace with funding inflow and outflow and safeguard the liquidity of the whole bank. Meanwhile, the Bank studied credit risk of its counterparties to ensure transaction security. With regard to the use of foreign currency funds, the Bank ensured the liquidity safety of foreign currency through various measures and expanded channels of fund utilisation, resulting in better efficiency in fund utilisation.

Investments in debt securities

With regard to investments in RMB debt securities, the Bank actively engaged in band trading and adjusting its existing portfolio, and continuously optimised investment mix and term structure. The Bank maintained a stable return on its RMB debt securities investments in spite of the dramatic decrease in market interest rates. The Bank enhanced post-investment management over bonds, detected and responded to potential credit risk, and disposed its holding in bonds of over-capacity or gradually shrinking industries. With regard to investments in debt securities denominated in foreign currencies, the Bank paid close attention to the interest rate fluctuation to take advantage of the right investment opportunities.

Customer-driven foreign exchange and interest rate trading business

The Bank proactively responded to changes of the market and regulatory policies, ensured compliant and sound business operations, enhanced products innovation and customer marketing, optimised foreign exchange transacting functions of corporate online banking, enhanced customer service ability and transaction activity, and expanded its market influence. In 2015, the transaction volume of customer-driven foreign exchange and interest rate trading business reached US\$518,382 million, an increase of 8.26%. The Bank also maintained its leading position in China interbank foreign exchange market, with the transaction volume of foreign exchange market-making increasing by 91.27% to US\$1.75 trillion.

Precious metals

The Bank proactively responded to changes in the precious metals market via pursuing marketing expansion, enlarging customer base and enforcing product innovation. The Bank launched innovative products and business models, including gold accumulation plan and silver lease, offering a wider coverage of 24 various kinds of tradable bulk commodities hedging service, which further expanded the Bank's source of income. The Bank was officially accepted as one of gold pricing banks by London Bullion Market Association, which helped to promote its pricing power and influence in the gold market. In 2015, the total trading volume of precious metals of the Bank reached 54,263.84 tonnes, an increase of 67.87%, and the number of personal precious metal trading customers totalled 21.15 million, with a new addition of 2.05 million.

Assets management business

The Bank accelerated the transformation and innovation of assets management business, and constantly improved customer experience and its brand image. It introduced eight categories of wealth management products (WMPs), including gold option-linked WMPs, CSI 300 Index-linked WMPs, WMPs focusing on repo investments in structured shares and offshore RMB-denominated assets investments for RQDII, to effectively satisfy the wealth management needs of middle-end and high-end customers. The Bank also issued its first Public-Private-Partnership (“PPP”) products and “BT-to-VAT” planning products and established a comprehensive investment and financing platform based on the assets management business. In 2015, the Bank independently issued 6,084 batches of WMPs with a total volume of RMB6,290,433 million to effectively meet the investment needs of customers. At the end of 2015, the balance of WMPs was RMB1,617,643 million. In this amount, the balance of non-principal-guaranteed WMPs was RMB1,366,318 million and the balance of principal-guaranteed WMPs was RMB251,325 million.

Investment banking business

Investment banking business developed rapidly, promoting the Bank to transform from the role of a pure fund supplier to a fund raiser and provider of comprehensive financial solutions. The Bank was actively engaged in innovation and underwriting financial instruments including perpetual notes, assets-backed notes, capital supplement bonds for insurance companies, and tier-2 capital bonds for commercial banks. The Bank successfully underwrote the first medium term notes through public placement for affordable housing projects as well as the first urbanisation bonds through private placement. Besides, the Bank actively and constantly explored new growth opportunities by underwriting fully independent local government bonds and financial bonds. In 2015, the underwriting amount of debt financing instruments for non-financial enterprises was RMB531,609 million, leading the market. Income from financial advisory services of the Bank reached RMB4,352 million. In this amount, income from new financial advisory services totalled RMB3,746 million.

Overseas Commercial Banking Business

In 2015, the Group made positive progress in the laying-out of overseas presence. Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under CCB Europe, Cape Town Branch (tier-two branch), London Branch, Zurich Branch, Dubai International Financial Centre Branch opened successfully. At the end of 2015, the Group had overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Cape Town, Tokyo, Osaka, Seoul, New York, Ho Chi Minh City, Sydney, Melbourne, Brisbane, Taipei, Luxembourg, Macau, Toronto, Paris, Amsterdam, Barcelona, Milan, London, Zurich and Dubai, and wholly-owned operating subsidiaries including CCB Asia, CCB London, CCB Russia, CCB Dubai, CCB Europe and CCB New Zealand, and held 99.05% of the total share capital of CCB Brasil. Its overseas entities covered 25 countries and regions. At the end of 2015, the Group’s total assets of overseas commercial banks were RMB1,187,702 million, an increase of 16.48% over 2014, and net profit was RMB4,113 million, a year-on-year increase of 29.52% on the same calculation basis.

CCB Asia

China Construction Bank (Asia) Corporation Limited is a licenced bank registered in Hong Kong with a registered capital of HK\$6,703.5 million and RMB17,600 million.

CCB Asia is the Group’s service platform for retail and small and medium-sized enterprises businesses in Hong Kong, with 43 branches, one private banking centre, five private lending

centres and five small and medium-sized enterprises centres along metro lines and in commercial/residential areas. CCB Asia also specialises in wholesale banking services for customers mainly from Hong Kong, Macau as well as Mainland China and Southeast Asia, especially for the targeted customers of Blue-Chip, large Red-Chip companies, large Chinese conglomerates, multinational corporations and local premium customers in these areas. The Bank has rich experience and traditional advantages in providing professional financial services in overseas syndicated loans and structured finance, and has achieved rapid growth in comprehensive corporate financial services in international settlements, trade finance, treasury business, large structured deposit and financial advisory. At the end of 2015, total assets of CCB Asia amounted to RMB361,062 million, and shareholders' equity was RMB38,403 million. Net profit was RMB2,027 million.

CCB London

China Construction Bank (London) Limited is a wholly-owned subsidiary of the Bank registered in the UK. In March 2009, CCB London obtained the banking licence issued by the UK financial regulatory authorities. It has a registered capital of US\$200 million and RMB1.5 billion, and is mainly engaged in corporate deposits and lending, international settlement and trade finance, RMB and British pound clearing, and treasury financial products. As the Group's British pound clearing centre, CCB London proactively served the Chinese institutions in the UK, British companies with investment in China, corporate customers involved in bilateral trade, expanding CCB's service channels in the UK and Europe. CCB London was appointed as RMB clearing bank in London by the PBOC.

CCB London will seize the opportunity of RMB internationalisation to proactively expand the service channels in the UK and Europe, promote the development of various software and hardware infrastructure, and provide convenient, fast and efficient multi-currency clearing service for its customers. It intensified risk management and control, actively consolidated customer base, developed new products and broadened development channels. At the end of 2015, total assets of CCB London amounted to RMB15,124 million, and shareholders' equity was RMB3,133 million. Net profit was RMB70.42 million.

CCB Russia

China Construction Bank (Russia) Limited Liability Company is a wholly-owned subsidiary of the Bank registered in Russia in March 2013 with a registered capital of RUB4.20 billion.

CCB Russia, holding the comprehensive banking license issued by the Central Bank of Russia, is mainly engaged in syndicated loan, bilateral loan, trade finance, international settlement, treasury business, financial institutional business, clearing business, cash business, deposits business, and safe deposit box services, etc. At the end of 2015, total assets of CCB Russia amounted to RMB1,775 million, and shareholders' equity amounted to RMB438 million. Net profit amounted to RMB47.88 million.

CCB Dubai

China Construction Bank (Dubai) Limited is the Bank's wholly-owned subsidiary in Dubai International Financial Centre (DIFC), with a registered capital of US\$100 million.

In April 2013, CCB Dubai obtained the "level-one banking license" issued by Dubai Financial Service Authority (DFSA), which allowed it to provide the widest business range of commercial banking in this area. It is specialised in wholesale business, including deposits and loans, proprietary/agency investment transaction, credit or investment arrangement, financial products or credit advisory and custody services. CCB Dubai has proactively expanded various assets and liabilities activities, providing commercial bank businesses including syndicated

loans, trade finance, international settlement and customer-driven foreign exchange trading for corporate customers since its opening. At the end of 2015, total assets of CCB Dubai amounted to RMB5,683 million, and shareholders' equity amounted to RMB654 million. Net profit reached RMB5.94 million.

CCB Europe

China Construction Bank (Europe) S.A. is a wholly-owned subsidiary of the Bank registered in Luxembourg with a registered capital of EUR200 million. In July 2013, CCB Europe obtained the full functional banking license issued by the Financial Ministry of Luxembourg. Based in Luxembourg, CCB Europe has established new branches in Paris, Amsterdam, Barcelona and Milan in 2015, and offers high quality financial services to various European customers throughout the continent.

Focusing on corporate finance and financial market businesses, CCB Europe mainly provides services to large and medium-sized Chinese enterprises in Europe and European multinational enterprises in China. At the end of 2015, total assets of CCB Europe amounted to RMB2,342 million, and shareholders' equity amounted to RMB1,373 million. Net profit was a negative value of RMB51.64 million.

CCB New Zealand

China Construction Bank (New Zealand) Limited is a wholly-owned subsidiary of the Bank registered in New Zealand with a registered capital of US\$50 million. CCB New Zealand obtained the commercial banking license with full functions issued by Reserve Bank of New Zealand in July 2014 and formally opened on 21 November 2014.

CCB New Zealand has the wholesale and retail business license to offer all-round and high-quality financial services, including corporate loans, trade financing, RMB clearing and cross-border treasury transaction to Chinese going-global corporate customers as well as local customers in New Zealand, and residential mortgages to personal customers and other cross-border financial demands to high-net personal customers. At the end of 2015, total assets of CCB New Zealand amounted to RMB1,787 million, and shareholders' equity amounted to RMB235 million. Net profit was a negative value of RMB21.94 million.

CCB Brasil

China Construction Bank (Brasil) Banco Múltiplo S/A is built on Banco Industrial e Comercial S.A. ("BIC"), formerly a relatively large medium-sized bank established in 1938 and headquartered in Sao Paulo. BIC was mainly engaged in corporate loan business, and also offered banking services, such as treasury and personal credit, as well as non-bank financial services, such as leasing and securities transactions. BIC has been listed on BOVESPA since 2007.

The Bank completed the acquisition of BIC on 29 August 2014. In accordance with local laws and regulations, the Bank initiated the offer to purchase the remaining tradable shares of BIC in August 2015, and completed the transaction in December 2015 with its shareholding increased to 99.05%, which was followed by delisting of BIC from the exchange and its renaming as China Construction Bank (Brasil) Banco Múltiplo S/A. At the end of 2015, CCB Brasil had 37 domestic branches in Brasil and one Cayman branch, with outlets covering most states and main cities in Brasil. CCB Brasil had five wholly-owned subsidiaries and one joint venture. Subsidiaries were engaged in equipment leasing, personal loans, securities services, VISA group credit card, prepaid card issuance and data processing respectively, while the joint venture focused on factoring and forfaiting. At the end of 2015, total assets of CCB Brasil

amounted to RMB23,086 million, and shareholders' equity amounted to RMB1,291 million. Net profit was a negative value of RMB834 million.

Integrated Operation Subsidiaries

The Group has preliminarily established an integrated operating framework and progressively optimised its comprehensive financial services. At the end of 2015, the Group owned domestic subsidiaries in non-banking financial sector, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Futures, CCB International and CCB Pension, and set up several banking entities providing professional and differentiated services in specific industries and regions, including Sino-German Bausparkasse and 27 rural banks. The overall business development of integrated operation subsidiaries was in a good shape with steady business expansion and sound asset quality. At the end of 2015, total assets of integrated operation subsidiaries were RMB266,596 million, an increase of 40.65% year-on-year. Net profit reached RMB3,900 million, an increase of 59.01%.

CCB Trust

CCB Trust Co., Limited has a registered capital of RMB1,527 million, of which the Bank, Hefei Xingtai Financial Holding Group Co., Ltd. and Hefei Municipal State-owned Assets Holding Corporation Limited contribute 67%, 27.5% and 5.5% of its shares, respectively. Its main operations include trust business, investment banking business and traditional business. Trust business mainly comprises single fund trust, collective fund trust, property trust, equity trust and family trust. Trust assets are mainly used for extending loans and investments. Investment banking business mainly comprises financial advisory, equity trust and bonds underwriting. Traditional business mainly comprises lending, equity investment and securities investment with equity funds.

At the end of 2015, the trust assets under management amounted to RMB1,096,839 million, ranking first among its peers. Total assets of CCB Trust were RMB10,968 million, and shareholders' equity was RMB8,475 million. Net profit was RMB1,196 million.

CCB Life

CCB Life Insurance Company Limited has a registered capital of RMB4,496 million, of which the Bank, China Life Insurance Co., Ltd. (Taiwan), the National Council for Social Security Fund, China Jianyin Investment Limited, Shanghai Jin Jiang International Investment and Management Company Limited, and Shanghai China-Sunlight Investment Co., Ltd contribute 51%, 19.9%, 14.27%, 5.08%, 4.9% and 4.85% of its shares respectively. CCB Life's scope of business includes personal insurance such as life, health, accidental injury insurance and reinsurance of the above-mentioned businesses, and the use of insurance funds permitted by the national laws and regulations.

In 2015, premium income of CCB Life ranked first among the bank-affiliated insurance companies with further broadened business areas and steadily improved investment income. At the end of 2015, total assets of CCB Life were RMB69,191 million, and shareholders' equity was RMB8,805 million. Net profit was RMB413 million.

CCB Financial Leasing

CCB Financial Leasing Corporation Limited is a wholly-owned subsidiary of the Bank with a registered capital of RMB8 billion. CCB Financial Leasing is mainly engaged in finance leasing, transferring and buying finance leasing assets, sales and disposal of lease, economic advisory and other businesses approved by the CBRC.

In 2015, CCB Financial Leasing actively promoted business transformation, explored specialised operational methods, and accelerated strategic planning and implementation, with notable achievements in market expansion and great improvement of market position and impact. At the end of 2015, total assets of CCB Financial Leasing were RMB101,805 million, and shareholders' equity totalled RMB10,675 million. Net profit was RMB955 million.

CCB International

CCB International (Holdings) Limited is the Bank's wholly-owned subsidiary in Hong Kong, with a registered capital of US\$601 million, offering investment banking related businesses, including listing sponsoring and underwriting, merger and acquisition ("M&A") and restructuring of corporations, direct investment, assets management, securities brokerage and market research.

In 2015, CCB International continued to push forward strategic transformation with sustainable and sound development of businesses. CCB International was a leading player in the number of projects where it acted as securities sponsor and underwriter and M&A financial advisor; through London Stock Exchange and Euronext, it issued the first RQFII-ETF both denominated and traded in RMB in Europe as well as the Euro Zone respectively. At the end of 2015, total assets of CCB International were RMB31,960 million, and shareholders' equity reached RMB8,754 million. Net profit was RMB681 million.

CCB Principal Asset Management

CCB Principal Asset Management Co., Ltd. has a registered capital of RMB200 million, of which the Bank, Principal Financial Services, Inc. and China Huadian Capital Holdings Company Limited contribute 65%, 25% and 10% of its shares respectively. It is engaged in raising and selling funds, assets management as well as other businesses permitted by the CSRC.

In 2015, CCB Principal Asset Management actively seized opportunities to achieve a great leap forward in various businesses. At the end of 2015, total volume of funds managed by CCB Principal Asset Management was RMB686.3 billion. In this amount, public offering fund was RMB314.7 billion and non-public offering fund was RMB161.7 billion. Total assets of CCB Principal Asset Management were RMB1,685 million, and shareholders' equity was RMB1,345 million. Net profit was RMB478 million.

CCB Futures

CCB Futures Co. Ltd. has a registered capital of RMB436 million, with 80% and 20% of its shares from CCB Trust and Shanghai Liangyou (Group) Co., Ltd. respectively. CCB Futures is mainly engaged in commodity futures brokerage, financial futures brokerage and assets management.

In January 2015, CCB Futures obtained the qualification for assets management to further expand the scope of its brokerage business. With increased efforts in cultivating industry customers as well as assets management operations, the scale of CCB Futures' trading volume and amount of futures agency and customers' deposits significantly increased. At the end of 2015, total assets of CCB Futures were RMB2,457 million, and shareholders' equity was RMB500 million. Net profit was RMB3.23 million.

CCB Pension

CCB Pension Management Co., Ltd., registered in Beijing and officially opened to business on 4 November 2015, with a registered capital of RMB2.3 billion, of which the Bank and National Council for Social Security Fund hold 85% and 15% of its shares respectively. CCB Pension is mainly engaged in businesses including investment management of national social security fund, businesses related to management of enterprise annuity fund, trusted management of capital for old age security, pension advisory for above businesses and other businesses as approved by banking regulators under the State Council.

At the end of 2015, total assets of CCB Pension were RMB2,310 million, and shareholders' equity was RMB2,296 million. Net profit was a negative value of RMB3.47 million.

Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. has a registered capital of RMB2 billion. The Bank and Bausparkasse Schwaebisch Hall AG hold 75.10% and 24.90% of its shares respectively. As a specialised commercial bank with overall functions in housing financing sector, Sino-German Bausparkasse is engaged in taking housing savings deposits, extending housing savings loans and personal residential mortgages, and extending development loans in support of the development and construction of economically affordable housing, low-rent housing, economically affordable rent housing and price-limited housing.

In 2015, Sino-German Bausparkasse grew steadily by proactively implementing strategic transformation. The sale of housing savings products of Sino-German Bausparkasse reached a record high of RMB12,097 million. At the end of 2015, total assets of Sino-German Bausparkasse were RMB27,805 million, and shareholders' equity was RMB2,661 million. Net profit was RMB191 million.

Rural banks

At the end of 2015, the Bank sponsored the establishment of 27 rural banks in Hunan Taojiang and many other places. The registered capital of these rural banks totalled RMB2,785 million, of which RMB1,377 million was contributed by the Bank.

Rural banks persisted in offering efficient financial services to "agriculture, farmers and rural areas" and small and micro enterprises in county regions, achieving good operating results. At the end of 2015, total assets of 27 rural banks were RMB15,819 million, total liabilities reached RMB12,625 million and shareholders' equity of the rural banks was RMB3,194 million. Loans were primarily extended to "the agriculture and small and micro enterprises", and the loan balance was RMB11,726 million. Net profit was RMB50.05 million.

Analysed by Geographical Segment

The following table sets forth, for the periods indicated, the distribution of the Group's profit before tax by geographical segment:

(In millions of RMB, except percentages)	Year ended 31 December 2015		Year ended 31 December 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	27,033	9.06	41,471	13.87
Pearl River Delta	30,269	10.14	36,709	12.27
Bohai Rim	48,249	16.16	48,212	16.12
Central	50,615	16.96	46,186	15.44
Western	51,681	17.31	50,240	16.80
Northeastern	12,405	4.16	14,931	4.99
Head office	72,935	24.43	54,996	18.39
Overseas	5,310	1.78	6,341	2.12
Profit before tax	298,497	100.00	299,086	100.00

The following table sets forth, as at the dates indicated, the distribution of the Group's assets by geographical segment:

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	2,565,723	12.82	2,839,279	13.23
Pearl River Delta	1,756,844	8.78	2,230,031	10.40
Bohai Rim	1,988,554	9.94	3,030,726	14.13
Central	2,855,335	14.27	2,590,457	12.08
Western	2,798,176	13.99	2,579,135	12.02
Northeastern	1,056,288	5.28	995,140	4.64
Head office	5,835,333	29.17	6,252,529	29.14
Overseas	1,149,541	5.75	935,469	4.36
Total assets¹	20,005,794	100.00	21,452,766	100.00

1. Total assets exclude elimination and deferred tax assets.

The following table sets forth, as at the dates indicated, the distribution of the Group's loans and NPLs by geographical segment:

(In millions of RMB, except percentages)	As at 31 December 2015				As at 31 December 2014			
	Gross loans and advances	% of total	NPLs	NPL ratio (%)	Gross loans and advances	% of total	NPLs	NPL ratio (%)
Yangtze River Delta	1,968,394	18.77	49,223	2.50	1,877,906	19.82	39,321	2.09
Pearl River Delta	1,432,094	13.66	30,285	2.11	1,299,615	13.72	17,719	1.36
Bohai Rim	1,812,640	17.29	22,941	1.27	1,633,965	17.25	10,860	0.66
Central	1,768,362	16.86	19,617	1.11	1,552,809	16.39	14,671	0.94
Western	1,803,236	17.20	24,668	1.37	1,641,394	17.32	13,039	0.79
Northeastern	612,441	5.84	11,998	1.96	562,403	5.94	8,471	1.51
Head office	402,733	3.84	4,671	1.16	342,476	3.61	3,250	0.95
Overseas	685,240	6.54	2,577	0.38	563,942	5.95	5,840	1.04
Gross loans and advances to customers	10,485,140	100.00	165,980	1.58	9,474,510	100.00	113,171	1.19

The following table sets forth, as at the dates indicated, the distribution of the Group's deposits by geographical segment:

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	2,493,253	18.24	2,401,640	18.62
Pearl River Delta	1,950,388	14.27	1,873,077	14.52
Bohai Rim	2,471,917	18.08	2,344,928	18.18
Central	2,669,673	19.53	2,457,370	19.05
Western	2,657,132	19.44	2,457,312	19.05
Northeastern	997,192	7.30	932,976	7.23
Head office	36,645	0.27	43,358	0.34
Overseas	392,333	2.87	388,492	3.01
Total deposits from customers	13,668,533	100.00	12,899,153	100.00

Distribution Channels and Transformation of Outlets

Physical Channels

The Bank has an extensive distribution network. Through branches and sub-branches, self-service facilities, specialised service entities across the country and electronic banking service platform, the Bank provides its customers with convenient and high quality banking services.

At the end of 2015, the Bank had a total of 14,917 domestic operating outlets, including the head office, 37 tier-one branches, 335 tier-two branches, 12,254 sub-branches, 2,289 entities under the sub-branches and a specialised credit card centre at the head office. The number of operating outlets increased by 61 over 2014. The operating outlets were mainly distributed in large cities, central cities, top counties and rich towns. The Bank accumulatively started 1,290 renovation projects of outlets, further improving physical environment and customer experience at the outlets and optimising the laying-out of outlets.

At the end of 2015, the Bank's total number of private banking special units in operation reached 338; the number of small business operating centres in the form of "Credit Factory" reached 288; the number of personal loan centres exceeded 1,500, and the overall layout was improved with growing brand influence.

The Bank continuously expanded the scale of self-service channels, increased the deployment of self-service equipment at the county level, optimised the layout of off-bank self-service equipment, and expanded the service scope of equipment, enabling self-service channels to effectively ease the service load of other channels. The Bank deepened granular management of self-service equipment and accelerated function innovation of equipment to further improve customer satisfaction. At the end of 2015, there were 91,500 cash-service ATMs in operation, an increase of 10,433 or 12.87% over 2014. There were 24,694 self-service banks in operation, an increase of 3,420 or 16.08% over 2014.

- ***Transformation of outlets***

The Bank continuously pushed forward the building of integrated outlets, and innovated comprehensive operation over the outlets to effectively enhance resource utilisation efficiency and improve comprehensive service capability of outlets. The Bank elevated convenient and efficient services to customers by transforming the single-function outlets, implementing integrated teller systems and developing an outlet service system featuring "targeted marketing, collaborative services, and integrated solutions". At the end of 2015, the number of integrated outlets reached 14,500, and the proportion of corporate business outlets and integrated tellers rose to 98% and 88% respectively. Customers may enjoy the convenient and comfort "one-stop" service at the transformed outlets. The Bank established over 21,500 integrated marketing teams and the comprehensive marketing service capability was significantly strengthened at the outlets.

The overall transformation and innovation pilot programmes were launched for physical channels of eight branches including Shenzhen Branch, improving customers' overall experience. The Bank researched and developed the innovative smart teller machines, transforming around 80% of main personal and corporate counter businesses into smart self-help services, and the efficiency of handling main businesses such as opening a personal account linked with signing the online banking and foreign exchange transactions by smart teller machines was increased to six times that of the counters. Flagship, comprehensive and nimble outlets were established by category to meet service demands of various customers. Pilot nimble outlets, as exemplified by Shenzhen Branch, enriched service experience, established WeChat interactive platform and integrated the online and offline channels to focus

on finishing the “last one kilometre” of serving customers relying on smart self-help service equipment and flexible business hours.

The Bank made new progress in deepening the segregation between front-office and back-office functions, enhancing the intensive service capability. Pursuant to the segregation, the Bank’s outlets and special units achieved centralised processing of 36 types of businesses and products at the head office level, with the average daily volume of more than 600,000 transactions and peak volume exceeding 1,000,000 transactions. 80% of corporate main accounting transactions were separated for centralised processing at the back-office of the headquarters. The efficiency of handling instant businesses rose by 60%, with significantly improved efficiency and notably improved customer experience.

Electronic Channels

In 2015, the Bank’s e-finance business gave priority to the development of mobile finance in product deployment and customer cultivation and reaped rapid and solid development. The function of electronic banking as the Bank’s main channel was further highlighted, as the volume of accounting transactions through electronic banking and self-service channel accounted for 95.58% of that through all channels, up by 7.55 percentage points over 2014. In respect of internet-based payment, the Bank offered five online payment options, including account number payment, mobile payment, cross-bank payment, cloud-based Long Card payment and redirecting payment, achieving centralised processing of most major easy payment businesses, as the number of annual transactions reached 8,326 million with a total transaction volume of RMB3.78 trillion. The Bank expanded the service scope of its internet website to enhance service capability, with enriched website channel settings, increased service varieties, and optimised business processes. The daily average of page views to the websites reached 63.54 million. The life service payment platform of “Joy Life” added scenarios of nationwide bus ticket, payment of court related fees, transportation card top-up, and nationwide refuel card top-up. With enriched service varieties and offerings, the number of transactions through “Joy Life” reached 272 million.

- ***Mobile finance***

In order to achieve overall success of the strategy of priority on mobile business, the Bank accelerated product innovation and business promotion. The Bank innovatively launched the mobile apps of corporate mobile banking and e.ccb.com e-commerce platform, added functions including “Hospital registration”, “Pension” and “Social security account” to mobile banking, added account-checking function of the all-in-one account to corporate mobile banking, and added “Credit Card Points Help Fulfil Dreams” service to WeChat banking. Smart customer service directly served 165 million customers annually, becoming the Bank’s main customer service channel. At the end of 2015, the number of mobile banking users was 182.84 million, up by 24.56% over last year; the transaction volume was RMB15.42 trillion, a year-on-year increase of 108.89%; the number of transactions was 11,153 million, a year-on-year increase of 266.68%. The number of SMS financial service users reached 291.16 million, an increase of 19.72% over last year. The number of WeChat banking users who followed the Bank’s WeChat official account was 32.93 million, of which 22 million users attached their bank accounts.

- ***Online banking***

Personal online banking launched a series of innovative applications including new generation insurance, smart fund investment, comprehensive reporting of personal assets and liabilities, gold purchase and saving, banking account crude oil trading, non-tax central government payments, outlets business reservation and pension. Corporate online banking launched an exclusive customer version for corporate online banking and services for corporate certificate

of deposits. Under the Bank's international strategy, overseas corporate online banking was launched in ten overseas institutions including Toronto, New Zealand and others, with further expanded service channels for overseas institutions. At the end of 2015, the number of personal online banking customers increased by 16.84% to 208.78 million over the previous year; the transaction volume was RMB44.97 trillion, an increase of 13.57% over the previous year; the number of transactions was 13,283 million, an increase of 112.57%. The number of corporate online banking customers reached 4.02 million, an increase of 21.56%; the transaction volume was RMB177.62 trillion, an increase of 43.26%; the number of transactions was 2,778 million, an increase of 22.47%.

- ***E.ccb.com***

E.ccb.com remained committed to the strategy of "specialisation and excellence", continued to deepen involvement in causes relating to "agriculture, farmers and rural areas", promoted the use of credit card bonus points for direct shopping and air ticket booking for business travel, partnered with Microsoft to set up a flagship store, and carried out joint marketing, thus realising a rapid development. The accumulated transaction volume through e.ccb.com reached RMB67,099 million with 11,087 active internet merchants in 2015.

- ***Telephone banking***

The Bank proactively adjusted and optimised the structures of self-help services and live answering services in telephone banking, and boosted the promotion of smart customer services. The Bank accelerated the innovation of telephone banking related service method and operation management, improved the working mechanism of customer issue processing, and extended the service scope covering Hong Kong, Macau and Taiwan. At the end of 2015, the number of telephone banking customers was 206 million, including 138 million contracted customers. Self-help services accounted for 80.74% of the telephone banking services through various channels, live answering service completing rate increased by 13.02% and the volume of smart customer services increased by 100.49%.

Information Technology and Product Innovation

Information Technology

In 2015, the Bank intensified its efforts in information technology with a focus on ensuring safe operation and the building of the "New Generation Core Banking System", to support the development of its businesses.

An industry leader in maintaining safe and secure operations and in applying new technology to improve services. In 2015, all information system operated securely and stably. The availability rate of all key systems was 100%. The transaction peak numbers of key systems all rose, with transaction amount, transaction number and customer number in a leading position among Chinese peers. Technical indicators such as system processing capacity, successful transaction ratio, average response time and batch processing efficiency took the lead in the industry. Phase II of the "New Generation Core Banking System" successfully put into operation and released 4,465 business functions, completing the overall migration of corporate business from the previous core platform to the new one. The business value of the "New Generation Core Banking System" was fully proved as it mapped out a unified view of customers, products, units and employees at the Group level and laid the foundation for integrated operation and management. A parameterised financial product-assembling factory was built up to support fast product innovation. Integrated multifunctional product and service platform was set up to meet customers' diversified needs. Customer-oriented marketing service system was put into operation. The Bank streamlined and straightened its business processing, as well as making it automatic and intensive. Multi-channel interaction and sharing information

were realised, together with the rapid deployment of products and services. Risk monitoring and control were in place for all businesses and throughout whole processes. Constructive and standardised enterprise data management system and information application service capability came into being. The current functions of the “New Generation Core Banking System” effectively elevated the Bank’s service capacity and development ability and significantly improved customers’ and employees’ operational experience.

Optimising existing systems to satisfy business development requirements. The Bank supported product innovation, provided and optimised new products such as certificates of deposits, banking account crude oil trading, banking account basic metals and gold purchase and saving. The Bank was among the first to put into operation the mobile payment products such as Apple Pay, Samsung Pay, China Mobile SIM card, and launched various services such as HCE Cloud Quick Pass product of debit and credit cards, QR code money drawing function based on financial IC cards and top-up function of “Suixinyong” industry IC cards. The Bank was the first to have business proprietors selling ApplePay products via POS, as well as being the first to launch personal credit products such as “Car E-credit” and “Wo E-credit” based on “Quick Credit” product. The Bank improved customer experience, and launched the quick payment function of Flash Payment of UnionPay IC debit and credit cards, which required no password and signature, being the first to simultaneously support the reserved issuance of national commemorative coins in eight channels such as websites, online banking, WeChat, mobile banking, counters, pads, filling machines and self-service equipment. Smart teller machines achieved the business innovation mode of “based on customers’ self-service operation and supplemented by the Bank’s review in key links”. The Bank quickened external direct connection and popularisation, and pushed forward the development of system for the business regarding handling trans-provincial and remote traffic violation fines, and completing system connection and adoption with 20 new cooperative platforms for internet banking business.

Product Innovation

In 2015, adhering to the goal of establishing an “innovative bank”, the Bank continuously improved its product innovation capability, vigorously supporting transformation and development. The Bank innovated merger and acquisition (M&A) loans, supported the economic transformation and upgrading as well as the resolution of overcapacity, and improved its capability to support enterprise M&A. The Bank integrated its resources to push forward comprehensive financial service schemes for strategic group clients, offering comprehensive financial service solutions tailored for them. The Bank initiated service mode innovation of bank medical cards, establishing a more mature mode that was able to meet customers’ needs with existing technical conditions. Based upon big data technology, the Bank launched “Xinyidai” for small and micro enterprises, refining the small and micro enterprises big data credit product system. The Bank offered cross-bank smart money collection and integrated cross-bank money collection channels, smoothing the process as well as presenting various choices of signing and authorising. By introducing “Suixinyong” APP, the Bank realised functions like over-the-air issuing, off-line card transaction, inquiring, electronic cash recharging and industry application recharging, featuring convenient card activation and secure transaction. The Bank formulated comprehensive service solutions to housing reform finance and initiated new operation mode for provident housing fund loans, providing one-stop services for individual housing loan of housing provident fund (combined) customers. The Bank launched Long Card Cloud QuickPass to migrate the security management function of mobile payment from mobile hardware to Cloud platform, realising quick and secure mobile payment of simulated IC cards. The Bank launched market member bond lending, actively and steadily carrying forward bond lending transactions with market members. The Bank presented three brands comprising “Jiandantong, Jianpiaotong and Jianxintong”, to provide financing

services for companies contracted with foreign projects as well as those exporting whole set equipment. In 2015, the Bank finished 1,970 product innovation and innovative duplication projects.

Human Resources and Institutional Management

At the end of 2015, the Bank had 369,183 staff members, a decrease of 0.84% compared with the previous year (in addition, the Bank had 5,509 workers dispatched by labour leasing companies, a decrease of 12.21% over 2014). The number of staff members with academic qualifications of bachelor's degree or above was 231,474 or 62.70%, and the number of local employees in overseas entities was 567. In addition, the Bank assumed the expenses of 56,430 retired employees.

The compositions of the Bank's employees by age, academic qualification and responsibilities are as follows:

Category	Classification	Number of employees	% of total
Age	Below 30	106,094	28.74
	31 to 40	80,637	21.84
	41 to 50	140,595	38.08
	51 to 59	41,622	11.27
	Over 60	235	0.06
Academic qualification	Doctor's degree	492	0.13
	Master's degree	27,374	7.41
	Bachelor's degree	203,608	55.15
	Associate degree	106,602	28.88
	Post-secondary	15,849	4.29
	High school and below	15,258	4.13
Responsibilities	Operating outlets and integrated tellers	39,352	10.66
	Corporate banking	38,834	10.52
	Personal banking	195,641	52.99
	Financial market business	478	0.13
	Finance and accounting	7,968	2.16
	Management	12,680	3.43
	Risk management, internal audit, legal and compliance	18,899	5.12
	Information technology	27,244	7.38
	Others	28,087	7.61
Total		369,183	100.00

At the end of 2015, the Bank had 14,945 institutions, among which, there were 14,917 domestic institutions and 28 overseas institutions.

The following table sets forth, as at the date indicated, the geographical distribution of the Bank's branches and staffs:

	As at 31 December 2015			
	Number of branches	% of total	Number of staff	% of total
Yangtze River Delta	2,453	16.41	56,770	15.38
Pearl River Delta	1,904	12.74	46,495	12.59
Bohai Rim	2,426	16.23	60,543	16.40
Central	3,607	24.14	82,390	22.32
Western	3,049	20.40	69,722	18.89
Northeastern	1,475	9.87	37,075	10.04
Head office	3	0.02	15,470	4.19
Overseas	28	0.19	718	0.19
Total	14,945	100.00	369,183	100.00

Staff remuneration policies

The Bank upholds its philosophy of standardising distribution order and building a harmonious distribution relationship. It continuously improves the intensive level of performance and remuneration management, making due contribution of remuneration management to strategic transformation and development of the Bank.

The Bank's major allocation policies and other significant matters relating to remuneration management need to be reviewed by the Nomination and Remuneration Committee under the Board. Material proposals relating to remuneration allocation are required to be voted and approved by the shareholders' general meeting, or be reported to the competent authorities of the State for approval and filing. Pursuant to relevant government policies regarding remuneration reform of state-owned enterprise leaders, from 2015 on, annual remunerations for the Bank's leaders administered by central authorities include basic annual salary, performance annual salary and tenure incentive income. If a material mistake arises during a leader's tenure and causes a significant loss for the Bank, the paid-out performance annual salary and tenure incentive income can be partly or wholly retrospectively deducted.

The Bank fully maximised the function of performance remuneration in providing incentives and setting restraints for staffs. The Bank insisted on boosting more remuneration increase for sub-branch level staffs, frontline posts, and direct value creation posts. It reinforced the remuneration management of overseas entities and subsidiaries in accordance with the Bank's strategies of integrated operation and overseas development. The Bank further strengthened the guidance of performance assessment to match remuneration to performance. The Bank also formulated relevant remuneration reduction measures for staffs that faced disciplinary actions or other penalties due to violation of rules or breach of duty.

Staff training programme

Closely following its transformation and development strategy, and focusing on key areas of transformation such as internationalisation, corporate credit and emerging businesses, the Bank organised training programmes for all staff members on different levels and in different groups. It focused on training for employees at all levels in accordance with the employee competence requirements as prescribed by its transformation and development strategy, including job-related certificates training for front-line employees, qualification certificates trainings for professional staff, and overall capability enhancement trainings for managerial staff. The Bank put efforts in popularising on-line training and fundamentally realised full coverage of on-line training, providing rich self-training resources and convenient self-training channels for employees. In 2015, the Bank conducted 31,162 on-site training sessions, with a total enrolment of 1,672.2 thousand. The numbers of employees receiving on-line training and on-line lessons learnt were 352 thousand and 6,772 thousand respectively.

Profiles of institutions and staff in subsidiaries

The Bank had 43 subsidiaries with a total of 265 branches and sub-branches. In this amount, the number of domestic and overseas branches and sub-branches reached 157 and 108 respectively. The subsidiaries had 11,089 staff members (in addition, the subsidiaries had 324 workers dispatched by labour leasing companies). In this amount, the number of domestic and overseas staff members reached 7,108 and 3,981 respectively. In addition, the subsidiaries assumed the expenses of 37 retired employees.

CAPITAL MANAGEMENT

The Group has implemented a comprehensive capital management, which covers management of regulatory capital, economic capital and accounting capital, including but not limited to management of capital adequacy ratio, capital planning, capital raising and economic capital.

In 2015, the Group continuously strengthened the fundamental capability of capital management, improved capital pass-through and constraint mechanism, and actively promoted operational transformation towards more intensive utilisation of capital. The Group performed in-depth analysis on the items of capital occupation and risk-weighted assets, pushed forward business structural optimisation, reduced ineffective capital occupation, and constantly improved capital utilisation efficiency, further strengthening the guiding and restraint functions of capital on business development.

In 2015, the Group actively advanced the innovation of capital management tools. In May, the Bank issued offshore tier 2 capital bonds amounting to US\$2 billion, with a nominal interest rate of 3.875%. These bonds were the first batch of USD capital bonds issued in the name of the Group. In December, the Bank successfully issued offshore preference shares amounting to US\$3,050 million, with a dividend rate of 4.65%. These were the first batch of preference shares issued to replenish additional tier 1 capital, and S&P and Moody's gave this issuance BB and Ba2 ratings respectively. In December, the Bank successfully issued Tier 2 capital bonds amounting to RMB24 billion, with a nominal interest rate of 4% in the domestic interbank market.

In 2015, the Group continued to enhance internal verification mechanism of advanced capital measurement approach models, ensuring the prudence of regulatory capital measurement. It pushed forward the post-production verification work for internal rating model, comprehensively promoting operational performance of the model. It refined the policy system for model verification, and strengthened the implementation of rules and regulations. It pushed forward the formulation of overview chart of proposed risk measurement model, and consolidated the supervision and verification upon model risk.

Capital Adequacy Ratio

Scope for calculating capital adequacy ratios

In accordance with the regulatory requirements, the Group shall calculate and disclose capital adequacy ratios simultaneously in accordance with the *Capital Rules for Commercial Banks (Provisional)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and financial subsidiaries (insurance companies excluded).

Capital adequacy ratio

The following table sets forth, as at the dates indicated, the information related to the capital adequacy ratios of the Group and the Bank.

(In millions of RMB, except percentages)	As at 31 December 2015		As at 31 December 2014	
	The Group	The Bank	The Group	The Bank
Capital adequacy ratios calculated in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i>				
Total capital after deductions:				
Common Equity Tier 1	1,408,127	1,328,994	1,236,112	1,166,760
Tier 1 capital	1,427,847	1,348,654	1,236,149	1,166,760
Total capital	1,650,173	1,567,187	1,516,310	1,445,219
Capital adequacy ratios:				
Common Equity Tier 1 ratio	13.13%	12.94%	12.11%	11.78%
Tier 1 ratio	13.32%	13.13%	12.11%	11.78%
Total capital ratio	15.39%	15.26%	14.86%	14.59%
Capital adequacy ratios calculated in accordance with the <i>Measures for the Management of Capital Adequacy Ratios of Commercial Banks</i>				
Core capital adequacy ratio	12.35%	12.32%	12.09%	12.02%
Capital adequacy ratio	15.43%	15.19%	14.71%	14.39%

The Group calculates the capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC in June 2012, and began to implement advanced measurement approach for capital management as from 2 April 2014. As at 31 December 2015, considering relevant rules in the transition period, the Group's total capital ratio, tier 1 ratio and common equity tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*, were 15.39%, 13.32% and 13.13%, respectively, and were in compliance with the regulatory requirements. The total capital ratio, tier 1 ratio and common equity tier 1 ratio increased by 0.53, 1.21 and 1.02 percentage points respectively compared with those as at 31 December 2014.

The increases in the Group's capital adequacy ratios were mainly due to the following factors. Firstly, the Group realised good operating results, with increased retained profits. Secondly, the Group was actively engaged in capital instruments innovations and successfully issued different classes of qualified capital instruments in both domestic and overseas markets to help reinforce its capital base. Thirdly, the Group continued to push forward the optimisation of business structure, enhanced the delicacy capital management, while properly controlling the growth rate of risk-weighted assets.

Please refer to the *2015 Capital Adequacy Ratio Report of China Construction Bank Corporation* for the disclosure requirements regarding capital composition in the CBRC's *Regulatory Requirements for the Disclosure of Information on Capital Composition of Commercial Banks*.

Composition of capital

The following table sets forth, as at the dates indicated, the information related to the composition of capital of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(In millions of RMB)	As at 31 December 2015	As at 31 December 2014
Common Equity Tier 1 capital		
Qualifying common share capital	250,011	250,011
Capital reserve ¹	157,613	139,265
Surplus reserve	153,032	130,515
General reserve	186,383	169,478
Retained earnings	669,802	556,756
Minority interest given recognition in Common Equity Tier 1 capital	4,121	4,456
Others ²	(5,330)	(6,435)
Deductions for Common Equity Tier 1 capital		
Goodwill ³	1,946	2,058
Other intangible assets (excluding land use right) ³	1,657	1,984
Cash-flow hedge reserve	-	(10)
Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902	3,902
Additional Tier 1 capital		
Directly issued qualifying additional Tier 1 instruments including related stock surplus	19,659	-
Minority interest given recognition in Additional Tier 1 capital	61	37
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related stock surplus	170,147	149,839
Provisions in Tier 2	50,014	127,878
Minority interest given recognition in Tier 2 capital	2,165	2,444
Common Equity Tier 1 capital after deductions ⁴	1,408,127	1,236,112
Tier 1 capital after deductions ⁴	1,427,847	1,236,149
Total capital after deductions ⁴	1,650,173	1,516,310

1. The investment revaluation reserve is included in capital reserve.
2. Others mainly contain foreign exchange reserve.
3. Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.
4. Common Equity Tier 1 capital after deductions is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deductions is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deductions is calculated by netting off the corresponding deduction items from the total capital.

Risk-weighted assets

The following table sets forth, as at the dates indicated, the information related to the risk-weighted assets of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*. Corporate credit risk-weighted assets that meet the regulatory requirements are calculated with the foundation internal rating-based approach, the retail credit risk-weighted assets are calculated with the internal rating-based approach, the market risk-weighted assets are calculated with the internal models approach and the operational risk-weighted assets are calculated with the standardised approach.

(In millions of RMB)	As at 31 December 2015	As at 31 December 2014
Credit risk-weighted assets	9,632,990	8,739,677
Covered by internal ratings-based approach	7,285,947	7,020,935
Uncovered by internal ratings-based approach	2,347,043	1,718,742
Market risk-weighted assets	71,624	54,302
Covered by internal models approach	36,663	35,137
Uncovered by internal models approach	34,961	19,165
Operational risk-weighted assets	986,906	915,727
Additional risk-weighted assets arising due to the application of capital floors	30,562	494,048
Total risk-weighted assets	10,722,082	10,203,754

Leverage Ratio

From the first quarter of 2015 on, the Group calculated its leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)* promulgated by the CBRC in January 2015. As at 31 December 2015, the Group's leverage ratio was 7.28%, above the regulatory requirements. Compared with that as at 31 December 2014, the Group's leverage ratio rose by 0.77 percentage points, which was mainly because the growth rate of Tier 1 capital after deductions resulting from retained earnings and issuance of preference shares outpaced that of on and off-balance sheet assets, while the implementation of new measurement rules also helped raise the leverage ratio.

The following table sets forth, as at the dates indicated, the general information related to the Group's leverage ratio.

(In millions of RMB, except percentages)	As at 31 December 2015	As at 30 September 2015	As at 30 June 2015	As at 31 March 2015
Leverage Ratio ¹	7.28%	6.95%	6.69%	6.88%
Tier 1 capital after deductions	1,427,847	1,357,843	1,295,762	1,299,833
On and off-balance sheet assets after adjustment ²	19,616,647	19,523,861	19,372,182	18,902,608

- Leverage ratio is calculated in accordance with relevant regulatory requirements. The tier 1 capital after deductions is consistent with that used in the calculation of capital adequacy ratio by the Group.
- On and off-balance sheet assets after adjustment = On-balance sheet assets after adjustment + Off-balance sheet items after adjustment – Deductions from tier 1 capital.

The following table sets forth, as at the date indicated, the detailed items that constitute the on and off-balance sheet assets after adjustments used in the calculation of the Group's leverage ratio, and their differences with the accounting items.

(In millions of RMB)	As at 31 December 2015
Total on-balance sheet assets ¹	18,349,489
Consolidated adjustment ²	(63,471)
Customer assets adjustment	-
Derivatives adjustment	32,222
Securities financing transactions adjustment	1,278
Off-balance sheet items adjustment ³	1,304,634
Other adjustments ⁴	(7,505)
On and off-balance sheet assets after adjustments	19,616,647

- Total on-balance sheet assets refer to the one calculated in accordance with financial and accounting standards.
- Consolidated adjustment refers to the difference between regulatory consolidated total asset and accounting consolidated total asset.
- Off-balance sheet items adjustment refers to the balance of off-balance sheet items after being multiplied by credit conversion factor in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)*.
- Other adjustments mainly comprise deductions from tier 1 capital.

The following table sets forth, as at the date indicated, the information related to the Group's leverage ratio, tier 1 capital after deductions, and on and off-balance sheet assets after adjustments and their relevant detailed items.

(In millions of RMB, except percentages)	As at 31 December 2015
On-balance sheet assets (excluding derivatives and securities financing transactions) ¹	17,945,522
Less: Deductions from tier 1 capital	(7,505)
On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	17,938,017
Replacement costs of various derivatives (excluding eligible margin)	26,388
Potential risk exposures of various derivatives	36,782
Total collaterals deducted from the balance sheet	-
Less: Assets receivable arising from the provision of eligible margin	-
Less: Derivative assets arising from central counterparty transactions while providing clearing services to customers	-
Nominal principals arising from sales of credit derivatives	-
Less: Deductible assets arising from sales of credit derivatives	-
Derivative assets	63,170
Accounting assets arising from securities financing transactions	309,548
Less: Deductible assets arising from securities financing transactions	-
Counter-party credit risk exposure arising from securities financing transactions	1,278
Assets arising from the agency services in connection with securities financing transactions	-
Securities financing transactions assets	310,826
Off-balance sheet assets	2,402,284
Less: Decrease in off-balance sheet assets due to credit conversion	(1,097,650)
Off-balance sheet assets after adjustments	1,304,634
Tier 1 capital after deductions	1,427,847
On and off-balance sheet assets after adjustments	19,616,647
Leverage Ratio ²	7.28%

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.

2. Leverage ratio is calculated through dividing tier 1 capital after deductions by on and off-balance sheet assets after adjustments.

PROSPECTS

In 2016, the global economy as a whole is expected to continue this cycle of profound adjustments to find its new balance, while different economical plates as well as macro policies continue to diverge. The US economy shows a clear trend of continuous growth, while there are uncertainties in the pace as well as the intensity of interest rate increases. In the Euro zone and Japan, the economies are on the upturn, but their recovery foundation is still a bit shaky. The growth of emerging economies is feeble and hindered by risk factors such as continued slump of bulk commodity prices, currency devaluation and capital outflows. As for the Chinese economy, the favourable prospect will continue, and as the cumulative effects of earlier macro regulation measures begin to show and the structural reforms on the supply side continue to deepen, the national economy will expect a round of higher quality and more sustainable growth.

Against the backdrop of the economic “New Normal”, the banking sector enters into a new stage of slow growth in profit and development pattern transformation. The “13th Five-Year Plan” has shown the way forward for China’s future economic development clearly, and this represents challenges and opportunities for the banking sector. On the one hand, de-leveraging and de-capacity will exert pressure on the banks’ assets quality. Interest rate liberalisation, diversified financing options for customers and significant changes in the formats of capital will test the banks’ ability to maintain prudent and stable operations. Increasingly volatile fluctuations of exchange rates will pose new challenges to the banks’ foreign exchange management and overseas business development. Capital regulation, macro-prudential assessment system (MPA) and new supervisory regulations for service fee practices shall heighten the standards for banking operations and management. The increasing number of financing institutions and the expanded business scope of Internet-based financing will intensify market competitions. On the other hand, the implementation of China’s major strategies and reform initiatives means huge potentials for business development of the banking sector. The rapid growth of emerging industries and new business formats, upgrades in the consumption areas, urbanisation of rural migrant workers and other fields contain enormous business opportunities. The rapid development of the financial market and continuous expansion of the banks’ business scope will create new development space for integrated and comprehensive banking operations and financial services including innovative asset management business, comprehensive investment and financing business as well as asset-backed securitisation.

In 2016, the Group will seize new opportunities, face up to new challenges, and stick to prudent banking practices to promote its business transformation and development. Efforts will be made in the following areas. Firstly, the Group will actively support the development of the real economy. The Group will closely follow up the implementation of national strategies, actively identify and seize opportunities in connection with major projects, continue to increase support to key projects in transportation, water conservation, clean energy, urban infrastructure, health care and pension services, and vigorously promote green credit services in energy conservation and environmental protection as well as ecological management. Moreover, the Group will help address weaknesses in the economy by increasing support to small and micro enterprises and lending to agriculture, farmers and rural areas, consolidate and improve its traditional advantage in residential mortgages and mainly support people's demand for housing for personal use and second homes. The Group facilitates the upgrade of personal consumption by offering increased services and products in consumer lending. Secondly, the Group will continue to drive forward its transformation and development. With its transformation and development seamlessly in line with the themes of "Innovation, Coordination, Greenness, Openness, and Sharing" in the 13th Five-Year Plan, the Group will accelerate the implementation of its transformation plans in 2016 by embedding transformation in all core businesses and making it a key driving force for the structural adjustment and performance enhancement. Thirdly, the Group will include risk prevention and control as a top priority in all its business activities. The Group will strengthen the unified management and control of credit risk, and fully tap the potentials of the "three lines of defence" to timely and effectively mitigate risks and ensure a stable asset quality. Fourthly, the Group will strengthen its delicacy management and explore growth opportunities. The Group will make practical and effective improvement to its management practices, continue to enhance its comprehensive pricing capability as well as intensive capital management level, and continue to apply strict controls over costs and expenses to realise sustainable development.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

CHANGES IN ORDINARY SHARES

Unit: share

	1 January 2015		Increase/(Decrease) during the reporting period					31 December 2015	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to selling restrictions	-	-	-	-	-	-	-	-	-
II. Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	-	-	-	-	-	9,593,657,606	3.84
2. Overseas listed foreign investment shares	92,106,038,499	36.84	-	-	-	1,093,760,000	1,093,760,000	93,199,798,499	37.28
3. Others ¹	148,311,281,381	59.32	-	-	-	(1,093,760,000)	(1,093,760,000)	147,217,521,381	58.88
III. Total number of shares	250,010,977,486	100.00	-	-	-	-	-	250,010,977,486	100.00

1. H-shares of the Bank free from selling restrictions held by the promoters of the Bank, i.e. Central Huijin Investment Ltd. (“Huijin”), Baosteel Group Corporation (“Baosteel Group”), State Grid Corporation of China (“State Grid”), and China Yangtze Power Co., Limited (“Yangtze Power”).

DETAILS OF SECURITIES ISSUANCE AND LISTING

During the reporting period, the Bank has not issued any ordinary shares or convertible bonds.

For details of the Bank's preference shares issued, please refer to "Details of Preference Shares".

In May 2015, upon approval of the CBRC and the PBOC, the Bank issued offshore Tier 2 capital bonds of US\$2 billion with a term of 10 years and a fixed interest rate in the first five-year of 3.875% to replenish the Tier 2 capital of the Bank. At the end of the fifth year, the issuer has an option to redeem the bonds subject to pre-conditions. In October 2015, the Bank issued offshore London RMB ordinary financial bonds of RMB1 billion with a term of two years and a fixed interest rate of 4.3%. In December 2015, the Bank issued Tier 2 capital bonds of RMB24 billion in the national interbank bond market with a term of 10 years and a fixed interest rate of 4% to replenish the Tier 2 capital of the Bank. At the end of the fifth year, the issuer has an option to redeem the bonds subject to pre-conditions.

Please refer to Note "Debt Securities Issued" in the "Financial Statements" for details of the Bank's other debt securities issuance.

NUMBER OF ORDINARY SHAREHOLDERS AND PARTICULARS OF ORDINARY SHAREHOLDING

At the end of the reporting period, the Bank had a total of 449,475 ordinary shareholders, of whom 48,257 were holders of H-shares and 401,218 were holders of A-shares. As at 28 February 2016, the Bank had a total of 469,648 ordinary shareholders, of whom 48,411 were holders of H-shares and 421,237 were holders of A-shares.

Unit: share

Total number of ordinary shareholders	449,475 (Total number of registered holders of A-shares and H-shares as at 31 December 2015)
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Particulars of shareholding of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
		57.03	142,590,494,651(H-shares)	None	None
Huijin ¹	State	0.28	692,581,776(A-shares)	None	None
HKSCC Nominees Limited ²	Foreign legal person	30.93	77,336,101,264(H-shares)	None	Unknown
Temasek Holdings (Private) Limited ²	Foreign legal person	5.77	14,419,443,216(H-shares)	None	None
China Securities Finance Corporation Limited	State-owned legal person	1.00	2,512,160,056(A-shares)	None	None
		0.80	2,000,000,000(H-shares)	None	None
Baosteel Group	State-owned legal person	0.02	50,000,000(A-shares)	None	None
Ping An Life Insurance Company of China, Ltd. – Traditional– Ordinary insurance products	Domestic non-state-owned legal person	0.76	1,911,126,594(A-shares)	None	None
State Grid ^{2,3}	State-owned legal person	0.64	1,611,413,730(H-shares)	None	None
Yangtze Power ²	State-owned legal person	0.41	1,015,613,000(H-shares)	None	None
Reca Investment Limited	Foreign legal person	0.34	856,000,000(H-shares)	None	None
Hexie Health Insurance Co., Ltd. – Universal products	Domestic non-state-owned legal person	0.05	131,275,570(A-shares)	None	None

1. The remaining total number of shares held by Huijin includes 496,639,800 A-shares held by its wholly-owned subsidiary Central Huijin Asset Management Co., Ltd..
2. On 16 January 2015, Temasek declared its interests to Hong Kong Stock Exchange. It disclosed that it held a total of 14,419,443,216 H-shares of the Bank. As at 31 December 2015, State Grid and Yangtze Power held 1,611,413,730 H-shares and 1,015,613,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited. Save for the aforesaid H-shares of the Bank held by Temasek, State Grid and Yangtze Power, 77,336,101,264 H-shares of the Bank were held under the name of HKSCC Nominees Limited.
3. As at 31 December 2015, the shareholding of H-shares of the Bank held by State Grid through its wholly-owned subsidiaries was as follows: State Grid Yingda International Holdings Group Co., Ltd. held 54,131,000 shares, State Grid International Development Limited held 1,315,282,730 shares, Luneng Group Co., Ltd. held 230,000,000 shares, and Shenzhen Guoneng International Trading Co., Ltd. held 12,000,000 shares.
4. The Bank is not aware of any connected relations or concerted action among the aforesaid shareholders.

SUBSTANTIAL SHAREHOLDERS OF THE BANK

Huijin is the controlling shareholder of the Bank, holding 57.31% of the shares of the Bank as at the end of the reporting period. Huijin is a wholly state-owned company established in accordance with the Company Law on 16 December 2003 with the approval of the State Council. Both of its registered capital and paid-in capital are RMB828,209 million. Its legal representative is Mr. Ding Xuedong. Huijin makes equity investment in key state-owned financial institutions as authorised by the State Council, and exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution on behalf of the State to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial activities, nor does it intervene in daily operations of the key state-owned financial institutions in which it holds controlling shares.

Considering the audited financial report of Huijin for the year 2015 will be provided when all the institutions in which Huijin holds interests finish the audits of their financial statements, the following financial data are the audited data for the year 2014. As at 31 December 2014, total assets of Huijin were RMB3,188,812,072.4 thousand, total liabilities were RMB161,227,620.2 thousand, and total shareholders' equity was RMB3,027,584,452.2 thousand. Net profit for 2014 was RMB497,894,697.2 thousand. Net cash flows from operating activities, investing activities and financing activities for 2014 were RMB41,856,325.6 thousand.

As at 31 December 2015, the basic information on the enterprises whose shares were directly held by Huijin is as follows:

No.	Institution Name	Shareholding percentage held by Huijin (%)
1	China Development Bank Corporation	34.68
2	Industrial and Commercial Bank of China Limited ^{1,2}	34.71
3	Agricultural Bank of China Limited ^{1,2}	40.03
4	Bank of China Limited ^{1,2}	64.02
5	China Construction Bank Corporation ^{1,2,3}	57.11
6	China Everbright Group Ltd.	55.67
7	China Everbright Bank Company Limited ^{1,2}	21.96
8	China Export & Credit Insurance Corporation	73.63
9	China Reinsurance (Group) Corporation ²	71.56
10	New China Life Insurance Company Limited ^{1,2}	31.34
11	China Jianyin Investment Limited	100.00
12	China Galaxy Financial Holdings Co., Ltd.	78.57
13	Shenwan Hongyuan Group Co., Ltd. ¹	25.03
14	China International Capital Corporation Limited ²	28.45
15	China Securities Co., Ltd.	40.00
16	China Investment Securities Co., Ltd.	100.00
17	Jiantou Zhongxin Assets Management Co., Ltd.	70.00
18	Guotai Junan Investment Management Co., Ltd.	14.54
19	Central Huijin Asset Management Co., Ltd.	100.00

1. As at 31 December 2015, the A-share listed companies held by Huijin, the controlling shareholder of the Bank.
2. As at 31 December 2015, the H-share listed companies held by Huijin, the controlling shareholder of the Bank.
3. The percentage of Huijin's direct shareholding of the Bank did not include A-shares held by Central Huijin Asset Management Co., Ltd., Huijin's wholly-owned subsidiary.

Please refer to the *Announcement on Matters related to the Incorporation of China Investment Corporation* published by the Bank on 9 October 2007 for details of China Investment Corporation.

At the end of the reporting period, there were no other corporate shareholders holding 10% or more of shares of the Bank (excluding HKSCC Nominees Limited), nor were there any internal staff shares.

DETAILS OF PREFERENCE SHARES

Details of Issuance and Listing of Preference Shares

On 16 December 2015, the Bank made a non-public issuance of offshore preference shares in the offshore market. Such offshore preference shares have been listed on the Hong Kong Stock

Exchange on 17 December 2015. The total amount of the issued offshore preference shares is US\$3.05 billion with a total number of 152,500,000 issued shares, having a par value of RMB100 each, and raising US\$20 for each share. The preference shares adopt a dividend rate that is adjustable at different intervals. The rate will be adjusted every five years, and within each adjustment period, the dividend rate remains unchanged. The dividend rate is the 5-year US Treasury Notes yield during the adjustment period plus a fixed interest margin, and the dividend rate of the first five years upon issuance date is 4.65%. In accordance with the middle rate of RMB exchange rate on 16 December 2015 published by China Foreign Exchange Trade System, total proceeds raised from the issued offshore preference shares amounted to about RMB19,711 million. After the deduction of issuance fees, net proceeds raised from the issued offshore preference shares reached around RMB19,659 million. All proceeds would be used to replenish additional Tier 1 capital.

Number of Preference Shareholders and Particulars of Shareholding

At the end of the reporting period, the Bank had one preference shareholder (or proxy). As at 28 February 2016, the Bank had one preference shareholder (or proxy).

Particulars of shareholding of the top ten preference shareholders (or proxies) of the Bank (The following data is based on the register of preference shareholders as at 31 December 2015.) :

Name of preference shareholder	Nature of shareholder	Type of shares	Increase/decrease during the reporting period	Shareholding percentage (%)	Total number of shares held	Number of shares subject to selling restrictions	Number of shares pledged or frozen
The Bank of New York Depository (Nominees) Limited	Foreign legal person	Offshore preference shares	152,500,000	100	152,500,000	-	Unknown

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's registered members of preference shareholders.
2. As the issuance was offshore non-public offering, the registered members of the preference shareholders presented the information of shareholdings that the Bank of New York Depository (Nominees) Limited as proxies of placees in liquidation system of Euroclear Bank S.A./N.V. and Clearstream Banking S.A. as at the end of the reporting period.

Profit Distribution of Preference Shares

Dividends of preference shares shall be paid annually in cash by the Bank to preference shareholders. Any amount of dividends not fully distributed to preference shareholders will not be accumulated to next year. After the distribution upon the agreed dividend rate, preference shareholders will not participate in the distribution of any remaining profit with ordinary shareholders.

During the reporting period, the issued preference shares are yet due for the dividend distribution, and there was no dividend payment in respect of preference shares.

Redemption or Conversion of Preference Shares

During the reporting period, there was no redemption or conversion of preference shares issued by the Bank.

Restoration of Voting Rights of Preference Shares

During the reporting period, there was no restoration of voting rights of preference shares issued by the Bank.

Accounting Policy Adopted for Preference Shares and Grounds

In accordance with *Accounting Standards for Enterprise No.22 – Recognition and Measurement of Financial Instruments*, *Accounting Standards for Enterprise No. 37 – Presentation of Financial Instruments* and *Rules on the Financial Liability and the Equity Instruments and Relevant Accounting Treatment* promulgated by the MOF, as well as *International Accounting Standards No. 39 – Financial Instruments: Recognition and Measurement* and *International Accounting Standards No. 32 – Financial Instruments: Presentation* formulated by the International Accounting Standards Board, the provisions of the issued and existing preference shares of the Bank conform to the accounting requirements as equity instruments, and will be calculated as equity instruments.

OTHER INFORMATION

Purchase, Sale and Redemption of Shares

During the reporting period, there was no purchase, sale or redemption by the Bank or any of its subsidiaries of the shares of the Bank.

Corporate Governance

The Bank is committed to maintaining a high-level of corporate governance. In strict compliance with the *Company Law*, *Law on Commercial Banks* and other laws and regulations, as well as the listing rules of the listing venues, the Bank optimised its corporate governance structure and improved related rules based on its corporate governance practices. During the reporting period, the Bank elected new executive directors, non-executive directors and independent non-executive directors, and amended its Articles of Association. The Bank also formulated management measures on internal transaction and stress testing, and amended the measures on consolidated management, capital adequacy ratio, and reporting procedure of major risk events.

The Bank has complied with the code provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange. The Bank has also substantially adopted the recommended best practices therein.

During the reporting period, the Bank amended its *Articles of Association* pursuant to relevant requirements of laws and regulations, as well as taking reference with the plan of preference shares issuance. The *Articles of Association* of the Bank was reviewed and approved by the shareholders' general meeting and was approved by the CBRC.

Compliance with Model Code for Securities Transactions by Directors

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the *Model Code for Securities Transactions by Directors of Listed Issuers*, Appendix 10 to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code in the year ended 31 December 2015.

Profit and Dividends

The profit of the Group for the year ended 31 December 2015 and the Group's financial position as at that date are set out in the "Financial Statements" of this annual report. The financial position and operating results as well as related changes during the reporting period are set out in the "Management Discussion and Analysis" of this annual report.

In accordance with the resolutions passed at the 2014 annual general meeting held on 15 June 2015, the Bank paid an annual cash dividend for 2014 of RMB0.301 per share (including tax), totalling approximately RMB75,253 million, to all of its shareholders whose names appeared on the register of members on 30 June 2015.

The Board recommends a cash dividend for 2015 of RMB0.274 per share (including tax), subject to the approval of the 2015 annual general meeting. Subject to the approval of the annual general meeting, the dividend will be distributed to the shareholders whose names appeared on the register of members of the Bank after the closing of the stock market on 29 June 2016. The expected payment date of the H-shares annual cash dividend for 2015 is 22 July 2016. The expected payment date of the A-shares annual cash dividend for 2015 is 30 June 2016.

During the reporting period, the Bank was not involved in any issue regarding the payment of preference shares dividend.

The Bank's register of members will be closed from 24 June 2016 to 29 June 2016, both days inclusive, during which period no transfer of H-shares will be effected. In order to receive the final dividend, holders of H-shares of the Bank, who have not registered the transfer documents, must deposit the transfer documents together with the relevant share certificates at the H-Share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on 23 June 2016. The address is Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Annual General Meeting and Closure of Register of Members

The 2015 annual general meeting will be held on 17 June 2016. In order to determine the holders of H-shares who are entitled to attend the annual general meeting, the Bank's register of members will be closed from 18 May 2016 to 17 June 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to attend the 2015 annual general meeting, holders of H-shares must deposit the transfer documents together with the relevant share certificates at the H-Share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on 17 May 2016. The address is Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Annual Report and Announcement

This results announcement is available on the "HKExnews" website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk, Shanghai Stock Exchange at www.sse.com.cn and the Bank at www.ccb.com. The annual report prepared in accordance with IFRS and PRC GAAP will be published on the "HKExnews" website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk, Shanghai Stock Exchange at www.sse.com.cn and the Bank at www.ccb.com in due course.

Review of Annual Results

The audit committee has reviewed the Annual Report 2015 of the Bank. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, the Bank's external auditors, have audited the financial statements of the Bank prepared in accordance with PRC GAAP and those prepared in accordance with IFRS respectively, and have issued unqualified audit reports.

By order of the board of directors

CHINA CONSTRUCTION BANK CORPORATION

Wang Zuji

Vice chairman, executive director and president

30 March 2016

As of the date of this announcement, the Bank's executive directors are Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; non-executive directors are Mr. Li Jun, Ms. Chen Yuanling, Ms. Hao Aiqun, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and independent non-executive directors are Mr. Zhang Long, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.