China Construction Bank Corporation

Capital Adequacy Ratio Report 2016

CONTENTS

IMPORTANT NOTICE

China Construction Bank Corporation (the “Bank” or “CCB” or the “Group”) warrants the authenticity, accuracy and completeness of all contents contained and information disclosed herein.

In accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the China Banking Regulatory Commission (the “CBRC”), the Group is required to disclose information relevant to capital adequacy ratios on a quarterly, semi-annual and annual basis; however, the disclosed contents might vary based on different disclosure frequencies. The Group is scheduled to release a detailed annual capital adequacy ratio report and quarterly highlights starting from March 2013. The *Capital Adequacy Ratio Report 2016 of China Construction Bank Corporation* (the “Report”) is prepared in accordance with the definition and rules of the capital adequacy ratios promulgated by the CBRC other than *Accounting Standards*, thus part of the information disclosed herein cannot be directly compared with the financial information as disclosed in the *Annual Report 2016 of China Construction Bank*, of which the disclosure of credit exposures are especially obvious.

China Construction Bank Corporation

March 2017

1 BACKGROUND

1.1 Profile

China Construction Bank Corporation, headquartered in Beijing, is a leading large-scale joint stock commercial bank in China. Its predecessor, China Construction Bank, was established in October 1954. The Bank was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and listed on the Shanghai Stock Exchange in September 2007 (stock code: 601939). At the end of 2016, the Bank’s market capitalisation reached USD192.6 billion, ranking 5th among listed banks in the world. In terms of Tier 1 capital, the Group ranked second among the World’s Top 1000 Banks by the UK magazine *The Banker* in 2016.

With 14,985 banking branches and sub-branches and 362,482 staff members, the Bank provides services to hundreds of millions of personal and corporate customers, and maintains close cooperation with numerous premium enterprises that serve in strategic industries in Chinese economy and a large number of high-end customers. The Bank maintains commercial banking branches and subsidiaries in 29 countries and regions with 251 overseas institutions at all levels, and has a number of subsidiaries, such as CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Property & Casualty, CCB International, CCB Futures and CCB Pension.

1.2 Objectives

The Report is prepared in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC, the *Circular of the China Banking Regulatory Commission on Printing and Distributing the Supporting Policy Documents for the Capital Regulation and Administration of Commercial Banks* and other relevant regulations. This report provides relevant qualitative and quantitative information, such as the calculation scope of the capital adequacy ratios, composition of capital, risk management framework, measurement and management of credit risk, market risk, operational risk and other risks, and remuneration, helping the investors and the public fully understand the Group’s capital, risk and remuneration management conditions.

2 CAPITAL ADEQUACY RATIOS

2.1 Consolidation Scope

The Group calculated the capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)* promulgated by the CBRC in June 2012. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and subsidiaries of the financial institution type (insurance company excluded).

2.1.1 Differences between Regulatory and Accounting Consolidation

According to the regulatory requirements, the Group includes neither the industrial and commercial enterprises, nor the subsidiaries of the insurance type to the consolidated calculation scope of the capital adequacy ratios, resulting in certain differences between the regulatory and financial consolidation scopes. As at 31 December 2016, the differences between the Group's regulatory and accounting consolidation scopes are outlined in the table below.

Table 1: Differences between regulatory and accounting consolidation

No.	Company Name	Type of Business	Place of registration	Under the accounting scope of consolidation	Under the regulatory scope of consolidation
1	CCB Life Insurance Company Limited	Insurance	Shanghai, China	Yes	No

1. Except the differences of consolidation resulting from the above subsidiaries, in accordance with the regulatory requirements, certain sub-subsidiaries of industrial and commercial types were also not within the regulatory scope of consolidation.

2.1.2 General Information of the Invested Institutions

According to the regulatory requirements, different types of the invested institutions are given different treatments while calculating the consolidated capital adequacy ratios.

- With respect to the financial institution type of subsidiaries that are included in both the regulatory and accounting scopes of consolidation, the Group includes their capital and risk-weighted assets to the calculation scope of consolidated capital adequacy ratios.
- With respect to the insurance subsidiary that are outside the scope of regulatory consolidation but within the scope of accounting consolidation, the Group deducts the investment in such subsidiary from the capital while calculating the consolidated capital adequacy ratios.
- With respect to the industrial and commercial enterprise type of subsidiaries that are outside the scope of regulatory consolidation but within the scope of accounting consolidation, while calculating the consolidated capital adequacy ratios, the Group calculates the risk-weighted assets for the investment in such subsidiaries based on the regulatory risk weights.

- With respect to other financial institutions outside both the regulatory and accounting scopes of consolidations, the Group follows the threshold deduction method for the investment in such type of financial institution. The portion of the investment exceeding the threshold is deducted from the capital, while the amounts that are not deducted from the capital will receive the corresponding regulatory risk weights.
- With respect to other industrial and commercial enterprises outside the scopes of both regulatory and accounting consolidations, the Group calculates their risk-weighted assets based on the regulatory risk weights.

Table 2: Particulars of the top 10 invested institutions under the scope of regulatory consolidation

No.	**Name of the invested institutions**	**Equity investment balance (In millions of RMB**	**% of ownership directly held by the Bank**	**% of ownership indirectly held by the Bank**	**Place of registration**
1	China Construction Bank (Asia) Corporation Limited	32,878	-	100%	Hong Kong, the PRC
2	CCB Financial Leasing Corporation Limited	8,163	100%	-	Beijing, the PRC
3	China Construction Bank (Brasil) Banco Múltiplo S/A	6,906	-	99.31%	São Paulo, Brasil
4	CCB International (Holdings) Limited	4,320	-	100%	Hong Kong, the PRC
5	CCB Trust Co., Ltd.	3,409	67%	-	Anhui, the PRC
6	China Construction Bank (London) Limited	2,861	100%	-	London, United Kingdom
7	CCB Pension Management Co., Ltd.	1,955	85%	-	Beijing, the PRC
8	China Construction Bank (Europe) S.A.	1,629	100%	-	Luxemburg
9	Sino-German Bausparkasse Corporation Limited	1,502	75.1%	-	Tianjin, the PRC
10	China Construction Bank (Malaysia) Berhad	1,334	100%	-	Kuala Lumpur, Malaysia
Total		**64,957**			

1. The table is listed by equity investment balance in descending order.

Table 3: Particulars of the top 10 invested institutions subject to deduction treatment

No.	**Name of the invested institutions**	**Equity investment balance (In millions of RMB)**	**% of ownership directly held by the Bank**	**Place of registration**	**Nature of industry**
1	CCB Life Insurance Company Limited	3,902	51%	Shanghai, the PRC	Insurance
Total		**3,902**			

1. Invested institutions subject to deduction treatment refer to capital investment which shall be fully deducted or meet the threshold deductions while calculating the eligible capitals.

2.2 Capital Adequacy Ratios

As at 31 December 2016, 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 14.94%, 13.15% and 12.98%, respectively, and were in compliance with the regulatory requirements. The total capital ratio, Tier 1 ratio and Common Equity Tier

1 ratio decreased by 0.45, 0.17 and 0.15 percentage points respectively compared with those as at 31 December 2015.

In 2016, the Group realised stable capital increase through internal retained profits. The Group also actively pushed forward the optimisation of business structure on and off-balance sheet and enhanced the business line risk-weighted assets management, leading to the growth rate of risk-weighted assets being lower than that of assets. Influenced by the decrease of unqualified subordinated debt securities that can be included in capital and the reduction of investment revaluation reserve due to the fluctuation of market interest rate in the fourth quarter, the growth rate of the total capital after deduction all over the year was lower than that of the risk-weighted assets, resulting a slight decrease in the capital adequacy ratio.

Table 4: Capital adequacy ratios

(In millions of RMB, except percentages)	**As at 31 December 2016**		**As at 31 December 2015**	
	The Group	**The Bank**	**The Group**	**The Bank**
Capital adequacy ratios calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*[1]				
Capital after deductions:				
Common Equity Tier 1 capital after deductions	1,549,834	1,456,011	1,408,127	1,328,994
Tier 1 capital after deductions	1,569,575	1,475,184	1,427,847	1,348,654
Total capital after deductions	1,783,915	1,686,768	1,650,173	1,567,187
Capital adequacy ratios:				
Common Equity Tier 1 ratio[2]	12.98%	12.89%	13.13%	12.94%
Tier 1 ratio[2]	13.15%	13.06%	13.32%	13.13%
Total capital ratio[2]	14.94%	14.93%	15.39%	15.26%
Capital adequacy ratios calculated in accordance with the Measures for the Management of Capital Adequacy Ratios of Commercial Banks				
Core capital adequacy ratio[3]	12.55%	12.57%	12.35%	12.32%
Capital adequacy ratio[3]	15.31%	15.16%	15.43%	15.19%

1. Since the 2014 Half-Year Report, the Group calculates capital adequacy ratios simultaneously with advanced approaches and other approaches for capital management, and complies with the relevant capital floors.
2. Common Equity Tier 1 ratio, Tier 1 ratio and total adequacy ratio are the ratios of Common Equity Tier 1 capital after deductions, Tier 1 capital after deductions and total capital after deductions to the risk-weighted assets, respectively.
3. Core capital adequacy ratio and capital adequacy ratio are the ratios of the common equity capital after deductions and total capital after deductions to the risk-weighted assets, respectively.

2.3 Regulatory Capital Gap of Consolidated Subsidiaries

As at the end of December 2016, financial institutions, of which the Bank holds majority of the equity or owns the control rights, had no regulatory capital gap in accordance with the *Capital Rules for Commercial Banks (Provisional)* and supporting policies issued by CBRC or local regulatory requirements.

2.4 Restrictions on Intragroup Transfer of Capital

In 2016, none of the Group's overseas subsidiaries experienced significant restrictions on transfer of capital such as capital increase, mergers & acquisitions and payment of dividends.

3 CAPITAL MANAGEMENT

3.1 Approaches and Procedure of Internal Capital Adequacy Assessment

The bank's internal capital adequacy assessment procedure including governance framework, risk identification and assessment, stress test, capital assessment, capital planning and emergency management, etc. Based on the comprehensive consideration and evaluation of major risks faced by the Bank, the Bank leveraged between capital and risk, established a management system considering both risk and capital and ensured the capital level is adapted to the risk statues under various market environments. The bank conducted internal capital adequacy assessment annually and continuously promoted the optimization of internal capital adequacy assessment methodology. At present, the Bank has established relatively standardised governance framework, thorough policy system, complete evaluation process, periodic monitoring and reporting mechanism and internal audit system, which promoted the adaption between capital and strategy, operating conditions and risk level, and the system can meet both the requirements of external supervision and the needs of internal management. Currently, the bank's capital levels adapt to the main risk level and risk management ability, capital planning matches with the operating conditions, tendency of risk changes and long-term development strategy. The Bank fully covered risks and maintained appropriate capital buffers, which laid a solid foundation for stable operation and sustainable business development.

3.2 Capital Planning and Capital Adequacy Ratio Management Plan

In accordance with the *Capital Rules for Commercial Banks (Provisional)*, the Bank formulated *China Construction Bank Capital Planning 2015-2017* in 2014, which was deliberated and approved by the Board of Directors and the shareholders' general meeting. *China Construction Bank Capital Planning 2015-2017* had comprehensively considered the regulatory requirements, strategic transformation plans of the Bank, risk appetite, risk level and risk management capabilities, funding capabilities, uncertainties of operational environment and etc. By adopting the latest regulatory rules, the Bank predicted the capital supplies and demands and gave considerations to the short-term and long-term capital demands, to ensure that both the regulatory requirements and internal capital management objectives were constantly met.

Based on the medium-and-long-term capital planning, the Bank determined the annual management target of capital adequacy ratios, conducted annual capital adequacy ratio management plan which was incorporated to the annual comprehensive operational plan, ensuring that the annual capital management plan fits in with various business plans and that the capital level would be higher than the internal management objectives of the capital adequacy ratios. The Bank adopted various measures such as setting proper asset growth target, adjusting risk assets structure, accumulating internal capital and raising capital through external channels, to ensure that various capital adequacy ratios of the Group and the Bank be in full compliance with regulatory requirements and internal management requirements and that help to mitigate potential risks as well as support healthy and sustainable business developments.

3.3 Overview of Capital Composition

3.3.1 Composition of Capital

The following table shows the information related to the Group's composition of capital.

Table 5: Composition of capital

(In millions of RMB)	**As at 31 December 2016**	**As at 31 December 2015**
Common Equity Tier 1 capital		
Qualifying common share capital	250,011	250,011
Capital reserve [1]	132,800	157,613
Surplus reserve	175,445	153,032
General reserve	211,134	186,383
Undistributed profits	784,164	669,802
Minority interest recognised in Common Equity Tier 1 capital	4,069	4,121
Others[2]	798	(5,330)
Deductions from Common Equity Tier 1 capital		
Goodwill[3]	2,752	1,946
Other intangible assets (excluding land use right)[3]	2,083	1,657
Cash-flow hedge reserve from items that are not measured at fair value	(150)	-
Investments in common equity of financial institutions being controlled but outside the scope of consolidation	3,902	3,902
Additional Tier 1 capital		
Directly issued qualifying additional Tier 1 instruments including related premium	19,659	19,659
Minority interest recognised in Additional Tier 1 capital	82	61
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related premium	155,684	170,147
Provisions in Tier 2	58,281	50,014
Minority interest recognised in Tier 2 capital	375	2,165
Common Equity Tier 1 capital after deductions [4]	1,549,834	1,408,127
Tier 1 capital after deductions [4]	1,569,575	1,427,847
Total capital after deductions [4]	1,783,915	1,650,173

1. Investment revaluation reserve is included in capital reserve.
2. Others mainly contain 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.

3.3.2 Threshold Deductions and Limit of Provisions

As at 31 December 2016, neither the Group's capital investments in financial institutions outside the scope of regulatory consolidation, nor other net deferred tax assets that rely on the Bank's future profitability exceeded the thresholds; both of them were therefore not required to be deducted from the corresponding capital. The following table shows relevant information of threshold deductions.

Table 6: Threshold deduction limits

<table>
<tr><td>(In millions of RMB)</td><td colspan="4">As at 31 December 2016</td></tr>
<tr><td rowspan="2">Items applicable to threshold deduction method</td><td rowspan="2">Amount</td><td colspan="2">Capital deduction limits</td><td rowspan="2">Amount below thresholds for deduction</td></tr>
<tr><td>Item</td><td>Amount</td></tr>
<tr><td>Non-significant investments in the capitals of financial institutions outside the scope of regulatory consolidation</td><td>30,178</td><td rowspan="4">10% of Common Equity Tier 1 capital after deductions[1]</td><td rowspan="4">154,983</td><td rowspan="4">124,805</td></tr>
<tr><td>Common Equity Tier 1 capital</td><td>3,532</td></tr>
<tr><td>Additional Tier 1 capital</td><td>-</td></tr>
<tr><td>Tier 2 capital</td><td>26,646</td></tr>
<tr><td>Significant investments in the Common Equity Tier 1 capital of financial institutions outside the scope of regulatory consolidation</td><td>260</td><td rowspan="2">10% of Common Equity Tier 1 capital after deductions[2]</td><td>154,983</td><td>154,723</td></tr>
<tr><td>Other deferred tax assets that rely on the Bank's future profitability (net of related tax liability)</td><td>30,362</td><td>154,983</td><td>124,621</td></tr>
<tr><td>Amounts of significant investments in the Common Equity Tier 1 capital of financial institutions outside the scope of regulatory consolidation and other deferred tax assets that rely on the Bank's future profitability below the above thresholds for deduction</td><td>30,622</td><td>15% of Common Equity Tier 1 capital after deductions[3]</td><td>232,475</td><td>201,853</td></tr>
</table>

1. Common Equity Tier 1 capital after deductions is calculated by netting off the full deduction items from the Common Equity Tier 1 capital.
2. Common Equity Tier 1 capital after deductions is calculated by netting off the full deduction items and the amounts exceeding the 10% recognition cap of the non-significant investments in financial institutions outside the scope of regulatory consolidation in Common Equity Tier 1.
3. Common Equity Tier 1 capital after deductions is calculated by netting off the full deduction items and the amounts exceeding the 10% recognition caps of the non-significant and significant investments in the common equity Tier 1 of financial institutions outside the scope of regulatory consolidation and other deferred tax assets relying on the Bank's future profitability.

The Group always adhered to the prudent principle by making full provisions for impairment losses on loans and advances to customers. As at 31 December 2016, the Group's provisions eligible for inclusion in Tier 2 were RMB58,281 million in total. The following table shows the information relating to the limit of capital provisions eligible for inclusion in Tier 2 capital.

Table 7: Limit of provisions eligible for inclusion in Tier 2 capital

(In millions of RMB)		As at 31 December 2016
Measurement approach	**Item**	**Balance**
Uncovered by internal rating-based approach	Provisions	13,490
	Caps on the inclusion of provisions in Tier 2 capital	41,786
	Gaps with the upper limit if not reach the upper limit	28,296
	Provisions eligible for inclusion in Tier 2 capital	13,490
Covered by internal rating-based approach	Provisions	92,498
	Caps on the inclusion of provisions in Tier 2 capital	44,791
	Gaps with the upper limit if not reach the upper limit	-
	Provisions eligible for inclusion in Tier 2 capital	44,791

3.3.3 Changes in Qualifying Common Share Capital

During the reporting period, the Group experienced no change in qualifying common share capital, and separation or consolidation event.

3.3.4 Significant Capital Investments

During the reporting period, to explore overseas business and improve customer service capacity, the Bank established CCB Malaysia and invested equivalent MYR to USD200 million.

As at 28 September 2016, the Bank completed the acquisition of 60% of equity shares (i.e. 9.98 billion shares) of PT Bank Windu Kentjana International Tbk (Bank Windu) in Indonesia. In February 2017, after approved by China Banking Regulatory Commission and regulatory authorities in Indonesia, Bank Windu had officially changed its name to PT Bank China Construction Bank Indonesia Tbk.

In October 2016, China Insurance Regulatory Commission (CIRC) approved and agreed that CCB Life, the Bank's subsidiary, established CCB Property & Casualty Insurance Co., Ltd. with Ningxia Transportation Investment Group Co., Ltd. and Yinchuan Tonglian Capital Investment Operation Co. Ltd. The registered address of CCB Property insurance Co., Ltd. is Yinchuan, Ningxia Province and its registered capital is RMB1 billion, with the shareholdings of CCB Life, Ningxia Transportation Investment Group Co., Ltd. and Yinchuan Tonglian Capital Investment Operation Co. Ltd. being 90.2%, 4.9% and 4.9%, respectively.

In 2016, the Bank increased the capital of CCB New Zealand by equivalent NZD to USD100 million, so as to support the continuous business development in New Zealand, meet the regulatory requirements on capital adequacy ratio in New Zealand and improve customer service level and market image.

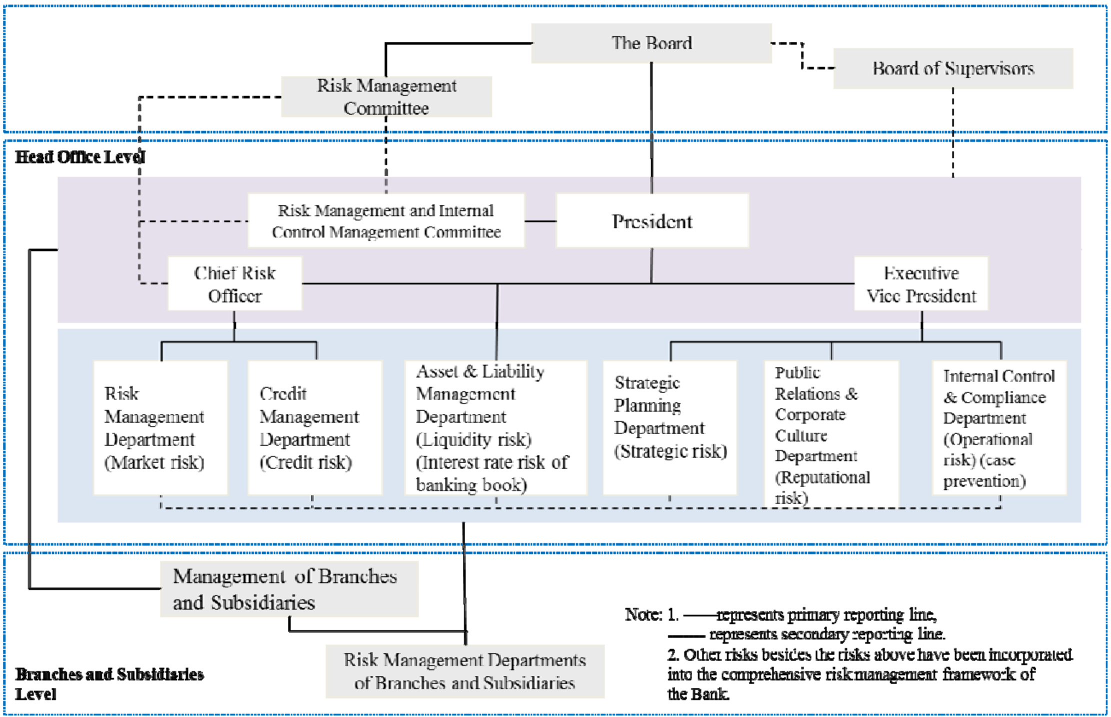
In April 2016, the Bank increased the capital of CCB Brasil (formerly "Banco Industrial e Comercial S.A." or "BIC Bank") by BRL760 million.

CCB Futures is a subsidiary of the Bank acquired through CCB Trust in 2014, with CCB Trust holding 80% of equity shares. On 15 December 2016, with the approval of the 4th Interim Shareholders' Meeting of CCB Trust, CCB Trust increased the capital of CCB Futures by RMB400 million.

4 RISK MANAGEMENT

4.1 Risk Management Framework

The Bank's risk management framework was consisted of the Board of Directors and its special committee, senior management and its special committee and risk management departments, etc. The following picture shows the framework of the Bank's risk management.



The Board of Directors of the Bank carries out the risk management responsibility pursuant to the Articles of Association of the Group and other related regulatory requirements. The Board of Directors has established Risk Management Committee, which is responsible for formulating risk management strategies, monitoring the implementation, and evaluating the overall risk profile on a regular basis. The Board of Directors regularly deliberates and approves the Group's risk appetite statement, and plays the core part to the risk management framework to ensure that the Bank's business activities were in line with the risk appetite, reflected and communicated through related capital management policies, risk management policies and business policies. The Board of Supervisors oversights the establishment of the overall risk management system as well as the performance of the Board of Directors and the senior management in assuming their comprehensive risk management responsibilities. The senior management of the Group is responsible for carrying out the risk strategy set up by the Board of Directors and the implementation of the comprehensive risk management of the Group.

The senior management appoints Chief Risk Officer who assists the president with the corresponding risk management work. Risk Management Department is responsible for the overall business risk management of the Bank. Credit Management Department is responsible for the overall credit risk management. Credit Approval

Department is responsible for the Bank's credit granting and approval. Asset and Liability Management Department is responsible for the comprehensive liquidity risk management. Internal Control and Compliance Department is the coordinating department responsible for internal control management, compliance risk and operational risk management. Other specialised departments are responsible for various corresponding risks.

4.2 Risk-Weighted Assets

On 2 April 2014, the CBRC officially approved the Group to implement the advanced measurement approach for capital management. Therefore, since the second quarter of 2014, the Group commenced to adopt the advanced approaches to calculate capital adequacy ratios. The capital requirements of corporate credit risk exposures that meet regulatory requirements are calculated with the foundation internal rating-based (FIRB) approach, the capital requirements of retail credit risk exposures are calculated with the internal rating-based approach, the capital requirements of market risk are calculated with the internal model approach, and the capital requirements of operational risk are calculated with the standardised approach. Pursuant to the regulatory requirements, the Bank calculates capital adequacy ratios simultaneously with advanced capital measurement approach and other methods, and complies with the relevant capital floors.

Table 8: Risk-weighted assets

(In millions of RMB)	**As at 31 December 2016**	**As at 31 December 2015**
	Risk-weighted assets	**Risk-weighted assets**
Credit risk-weighted assets	**10,821,591**	**9,632,990**
Covered by the internal rating-based approach	7,465,207	7,285,947
Uncovered by the internal rating-based approach	3,356,384	2,347,043
Market risk-weighted assets	**103,494**	**71,624**
Covered by the internal model approach	58,277	36,663
Uncovered by the internal model approach	45,217	34,961
Operational risk-weighted assets	**1,012,689**	**986,906**
Additional risk-weighted assets due to the application of capital bottom line	**-**	**30,562**
Total	**11,937,774**	**10,722,082**

5 CREDIT RISK

5.1 Credit Risk Management

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Bank.

The Bank's credit risk management aimed at establishing credit risk management processes that were aligned with the nature, scale and complexity of businesses, effectively identifying, measuring, controlling, monitoring and reporting the credit risk, keeping the credit risk within the limits that the Bank could bear, and realising revenue maximisation after risk adjustment.

The Bank developed the management policies for credit risk based on the development strategies and risk appetites, including:

- Industry policies: strictly implement the macroeconomic and industry policies, comply with the national trend of economic structure adjustment, keep pace with implementation of major national strategies, support traditional industry upgrading and enterprise technological innovation, strengthen green credit management, guide the whole Bank to proactively adjust the industry structure, optimise and improve the orientation of industry policies and credit arrangement through refining the industry classification management, and effectively guard against the systematic and concentration risk of industry.
- Customer policies: based on the national industry policies, the risk appetite of the Bank, as well as different customer risk characteristics of industry, specify the acceptance baseline and classification standards for customers from different industries and enhance the customer selections; adopt differentiated credit policy arrangements for financial service needs of different customer bases to improve comprehensive contribution by customers.
- Regional policies: according to the state regional development strategy, the development strategy of important regions and the economic characteristics of various regions, and fully taking into account the resource availability, market environment, market potentials and management foundation of the regions where the branches are located, specify the development orientation and the differentiated credit policies of credit businesses in various branches.
- Product policies: excavate customers' needs, focus on capital saving, consolidate traditional advantageous products, improve the proportions of products occupied with low capital and high profitability; strengthen product innovation and develop differentiated management processes, management requirements and acceptance conditions based on the characteristics of different product risks and key risk points.
- Limit policies: based on the Bank's current asset portfolios, and taking into account the credit risk, income, macro-policies, market development potential and other factors, set multi-dimensional limit indicators covering the country, region, industry, customer and CCB's institutions at all levels, to realise the optimised allocations of credit resources.

The Bank's credit risk management process comprised a series of comprehensive and timely risk management activities, such as risk identification, risk measurement, risk monitoring, risk mitigation and control and risk report, capable of implementing the specified risk appetites and strategic targets, and effectively maintaining the sound operation and sustainable development of the Bank. This process was aligned with the risk management culture of the Bank.

- Risk identification: identify the credit risk in the products and businesses, and give attentions to the relevance between the credit risk and other risks to prevent other risks from resulting in credit risk loss events.
- Risk measurement: measure and evaluate the credit risk at individual and portfolio levels. The measurement and evaluation subjects of individual credit risk comprise borrowers or transaction counterparties as well as specific loans or transactions; the measurement and evaluation subjects of portfolio credit risk comprise the Bank's overall institutions at all levels, countries, regions and industries, etc.
- Risk monitoring: monitor the contract implementation of individual debtors or counterparties; and oversee the investment portfolio on an overall basis to prevent the excessive risk concentration by country, industry, region, product and other dimensions.
- Risk mitigation & control: comprehensively balance the cost and returns, finalise corresponding risk control strategies and mitigation strategies targeted at different risk characteristics, and take measures, such as risk avoidance, risk diversification, risk hedging, risk transfer, risk compensation and risk mitigation, to effectively mitigate the credit risk the Bank was exposed to and reduce the occupation of the Bank's regulatory capital.
- Risk report: establish and optimise the credit risk reporting system, explicitly specify the reporting scope, process and frequency that the credit risk report shall comply with, and prepare the credit risk report at various levels and of various types, to meet the needs of different risk levels and functional departments for understanding credit risk conditions.

In 2016, in face of complex and changing economic environment and increasingly fierce market competition, the Group adhered to the risk bottom line, deepened the construction of the long-acting credit management mechanism and focused on strengthening the comprehensive credit risk management capability, precise credit structure control capacity and delicacy management capacity for the whole process. The Group firmly pushed forward credit structure adjustment, strengthened credit basis management level, improved the construction of the long-acting mechanism and strengthened its efforts to eliminate credit risks, to ensure basically stable asset quality.

5.2 Credit Risk Exposures

5.2.1 Overview of Credit Exposures

The following table shows the information related to the credit exposures of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional).*

Table 9: Credit exposures

(In millions of RMB)	As at 31 December 2016	
	Covered by the internal rating-based approach	**Uncovered by the internal rating-based approach[1]**
On and off-balance sheet credit exposures	**11,198,467**	**11,659,284**
Corporate exposures	6,843,372	1,907,804
Sovereign exposures	-	3,091,879
Financial institution exposures	-	3,295,596
Retail exposures	4,355,095	288,943
Equity exposures	-	19,182
Securitisation exposures	-	9,039
Other exposures	-	3,046,841
Counterparty credit exposures	**-**	**113,182**
Total	**11,198,467**	**11,772,466**

1. Credit exposures uncovered by the internal rating-based approach are exposures before impairment as the exposure categorisations under the internal rating-based approach has been adopted.

5.2.2 Overdue and Non-Performing Loans

Overdue loans

Overdue loans represent loans of which the whole or part of the principal or interest are overdue by 1 or more days. As at the end of 2016, the Group's overdue loans (under the accounting scope of consolidation) were RMB178,099 million, an increase of RMB4,918 million compared to the beginning of the year.

Non-performing loans (NPLs)

The Group adopts a loan risk classification approach to monitor the loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their risk level. Substandard, doubtful and loss loans are considered as NPLs and advances.

Since the beginning of the year, the Group has continued to firmly promote the adjustment of its credit portfolio structure, comprehensively enhanced risk monitoring and credit check, strengthened risk prevention and mitigation and expedited NPLs disposal. As a result, credit asset quality continued to be stable. As at the end of 2016, the Group's NPLs (under the accounting scope of consolidation) were RMB178,690 million, an increase of RMB12,710 million compared to the beginning of the year.

5.2.3 Allowances for Impaired Loans

The Group's method to assess the allowances for impaired loans consists of individual and collective assessments.

Loans and advances with amounts that are individually significant are subject to individual impairment assessment. If there exists objective evidence that the loans and advances are impaired, the carrying amount of such loans are reduced to present values of the expected future cash flow, which are determined based on discounting such loans with the original effective interest rate. The impaired amount is recognised as the impairment losses on such loans and recorded in the profits or losses of the current period.

As for loans and advances of the same nature with amounts that are not individually significant, the Group assesses the impairment losses of portfolios using migration model. The method calculates the impairment losses based on the probability of default and historical loss experience, and adjusts the output based on the observable data that reflect the current economic conditions.

With respect to loans and advances that are not impaired through an individual assessment method, the Group includes them in the loan portfolios with the similar credit risk characteristics, and assesses their impairment losses on a collective basis. The assessment on a collective basis takes into account the following factors: (i) historical loss experience on portfolios with similar characteristics; (ii) time required from emergence of losses to recognition of such losses; and (iii) current economic and credit environment, as well as the Group's judgment on losses under the current environment based on historical experience.

The Group always adhered to the prudent principle by fully considering the impact of changes in the external environment including macro economy and government control policies on credit asset quality, and made full allowances for impairment losses on loans and advances to customers. As at the end of 2016, the Group's allowances for impairment losses (under the accounting scope of consolidation) were RMB268,677 million, an increase of RMB18,060 million compared to the beginning of the year.

5.3 Credit Risk Measurement

5.3.1 Internal Rating-Based Approach

Having performed pre-evaluation, on-site evaluation and assessment and acceptance for the Group's IRB approach implementation from 2010 to 2012, the CBRC approved the Group to implement IRB approach in April 2014. The CBRC considered that the Group had established a relatively complete internal rating management structure, and its policies covered risk identification, risk measurement, risk mitigation, model verification, internal audit, capital management, etc. With a standardised rating process, the Group's model development methodology and parameter estimations were basically in compliance with the regulatory requirements. With the establishment of data quality control system and continuously intensified control of data recording system, the Group steadily improved its data quality, and set up a relatively comprehensive model with the support of the IT system. Internal rating-based results were thoroughly applied in risk management policy making, credit approval, credit limit monitoring, reporting, economic capital, risk-adjusted return on capital (RAROC), etc., and used as an important reference and source of risk appetite and performance assessment.

Governance structure

The Group defined clear roles for implementation and governance structure of internal rating system to ensure effective implementation and complete development of internal rating system under the structure of comprehensive risk management.

Risk Management Committee of the Board of Directors is responsible for overall management of internal rating system to monitor and ensure that the senior management develops and carries out necessary internal rating policies and procedures. The senior management is responsible for overall execution of the internal rating system management. Risk Management Department is responsible for overall structure design of internal rating system, organising development, selection and promotion of internal rating model, monitoring and continuously optimising the model, and leading to formulate related regulations on internal rating system. Credit Management Department participates in the construction and implementation of internal rating system and is in charge of internal rating approval. Business Management Department participates in the establishment of internal rating system and is in charge of initiating internal rating. Audit Department is in charge of auditing internal rating system and risk parameter valuation. Information Management Department is responsible for information management on internal rating system to ensure data accuracy and appropriateness of internal rating IT system. Information Technology Department is in charge of the establishment of internal rating IT system to support effective operation of internal rating system and risk quantification.

Internal rating system

Based on the features of different customers within the scope of non-retail exposures, the Bank established refined rating models which are suitable for large and medium sized corporate customers, small corporate customers, public institution customers, specialised lending customers, etc. to measure customers' probability of default (PD). Combination of qualitative and quantitative methods is used for the modelling approach and the modelling data meets the requirements of "no less than 5 years" formulated by the *Capital Rules for Commercial Banks (Provisional)* based on the Bank's adequate historical data. At present, internal rating system of non-retail customer has basically covered all non-retail customers. Meanwhile, the Bank has established retail scorecard models, which covered the whole life cycle including retail customer admission, credit approval and business management, and realised the measurement of future risk profiles of retail customer or individual loans.

Definitions of key risk parameters

The definitions of key risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD) are in accordance with those in the *Capital Rules for Commercial Banks (Provisional)*. PD refers to the default possibility of an individual loan/a debtor in the coming year. LGD refers to the ratio of loss amount due to default to exposure at default, i.e. the percentage of loss to total exposure. The LGD is measured based on economic loss, both direct and indirect, taking into account of time value of recovered amount. EAD refers to the total exposures expected on and off-balance sheet at default of a debtor, including used credit balance, overdue interest, expected withdrawal of unused credit limit and possible expenses.

Application of internal rating

As the basis for the Group's management and control over customers' credit risks, credit rating for customers plays an important role in improving the Group's refined management capabilities through its application in credit policies conduction, customer selection, designation of policy bottom lines, credit approval guidance, determination and adjustment of customers' credit limits, setting industrial lending limits, product pricing, 12-category risk classification of credit asset risks, loss provision, risk warning, economic capital allocation, performance assessment, etc.

In 2016, the Group continued to strengthen the depth and breadth of the application of internal rating. With respect to non-retail risks, the Group commenced to optimise rating models for customers from certain large and medium enterprises, further strengthened computer-controlled rating of customers and realised the online operation of overseas customer rating in Macau and Hong Kong. The retail measurement results were widely used in customer selection, loan approval, determination and adjustment of customers' credit limits, risk warning, economic capital allocation and performance assessment, which played an important role in improving the Bank's refined management capabilities.

The following table shows the corporate exposures and retail exposures under the IRB approach of the Group.

Table 10: Corporate exposures under the internal rating-based approach

(In millions of RMB)	As at 31 December 2016				
PD grade	**EAD**	**Average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Grade 1	737	0.04%	45.00%	117	15.85%
Grade 2	44,651	0.14%	45.00%	16,071	35.99%
Grade 3	123,955	0.19%	44.99%	52,720	42.53%
Grade 4	142,553	0.25%	44.90%	70,181	49.23%
Grade 5	992,648	0.59%	43.49%	712,542	71.78%
Grade 6	1,163,329	0.70%	39.90%	817,146	70.24%
Grade 7	1,293,050	0.93%	41.12%	1,026,161	79.36%
Grade 8	1,323,438	1.23%	41.46%	1,149,455	86.85%
Grade 9	580,447	1.63%	37.76%	488,932	84.23%
Grade 10	412,352	2.15%	38.62%	376,115	91.21%
Grade 11	157,333	2.85%	36.15%	143,288	91.07%
Grade 12	120,233	4.29%	39.76%	140,182	116.59%
Grade 13	115,434	5.69%	40.29%	150,338	130.24%
Grade 14	80,286	7.49%	40.07%	111,884	139.36%
Grade 15	81,458	12.99%	36.54%	128,444	157.68%
Grade 16	39,581	22.99%	39.54%	76,766	193.94%
Grade 17	16,040	41.99%	42.20%	33,219	207.10%
Grade 18	12,215	99.99%	42.68%	7	0.05%
Grade 19	143,632	100.00%	42.74%	120,881	84.16%
Total	**6,843,372**			**5,614,449**	

(In millions of RMB)	As at 31 December 2015				
PD grade	**EAD**	**Average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Grade 1	1,169	0.04%	45.00%	185	15.85%
Grade 2	23,324	0.14%	45.00%	8,395	35.99%
Grade 3	93,824	0.19%	44.99%	39,872	42.50%
Grade 4	136,616	0.25%	44.75%	67,165	49.16%
Grade 5	1,104,267	0.59%	44.05%	805,146	72.91%
Grade 6	1,226,301	0.70%	41.85%	896,009	73.07%
Grade 7	1,299,810	0.93%	41.38%	1,037,161	79.79%
Grade 8	1,358,240	1.23%	41.25%	1,169,640	86.11%
Grade 9	559,233	1.63%	37.68%	473,445	84.66%
Grade 10	397,924	2.15%	39.17%	377,995	94.99%
Grade 11	129,974	2.85%	37.69%	125,267	96.38%
Grade 12	99,410	4.29%	40.05%	116,443	117.13%
Grade 13	94,940	5.69%	36.90%	114,401	120.50%
Grade 14	73,435	7.49%	38.02%	100,392	136.71%
Grade 15	106,371	12.99%	39.33%	181,738	170.85%
Grade 16	57,677	22.99%	38.39%	109,668	190.14%
Grade 17	4,611	41.99%	37.60%	8,452	183.31%
Grade 18	9,136	99.99%	42.32%	5	0.05%
Grade 19	117,640	100.00%	42.44%	124,904	106.18%
Total	**6,893,902**			**5,756,283**	

Table 11: Retail exposures under the internal rating-based approach

(In millions of RMB)	As at 31 December 2016				
Category of retail exposures	**Default exposure**	**Average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Individual residential mortgage	3,589,830	1.40%	24.00%	988,694	27.54%
Qualified revolving retail	483,642	1.76%	37.31%	53,492	11.06%
Other retails	281,623	4.43%	28.13%	86,915	30.86%
Total	**4,355,095**			**1,129,101**	

(In millions of RMB)	As at 31 December 2015				
Category of retail exposures	**Default exposure**	**Average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Individual residential mortgage	2,780,561	1.53%	23.98%	772,018	27.76%
Qualified revolving retail	396,884	1.91%	38.39%	46,585	11.74%
Other retails	298,593	3.97%	27.27%	88,146	29.52%
Total	**3,476,038**			**906,749**	

5.3.2 Regulatory Weighting Approach

In terms of exposures not covered by the IRB approach, the Group determines related applicable risk weight and calculates credit risk-weighted assets in accordance with regulations related to regulatory weighting approach in the *Capital Rules for Commercial Banks (Provisional)*. The following table shows the information related to exposures by entities and weights covered by regulatory weighting approach as at 31 December 2016.

Table 12: Credit exposures by entities covered by regulatory weighting approach

(In millions of RMB)	As at 31 December 2016		As at 31 December 2015	
	Exposure	**Unmitigated exposure**	**Exposure**	**Unmitigated exposure**
On-balance sheet credit risk items	**11,206,652**	**10,442,649**	**9,453,959**	**8,683,440**
Cash and cash equivalents	2,747,928	2,747,928	2,285,506	2,285,506
Claims on central governments and central banks	1,211,034	1,211,034	1,380,787	1,380,787
Claims on public sector entities	1,869,598	1,755,267	1,030,785	871,350
Claims on domestic financial institutions	2,800,413	2,774,909	2,881,140	2,760,014
Claims on financial institutions registered in other countries/regions	112,807	112,107	101,318	101,147
Claims on ordinary enterprises and public institutions	1,733,359	1,115,189	1,216,877	728,766
Claims on qualified micro and small enterprises	86,182	84,881	58,059	56,613
Claims on individual customers	273,840	269,843	191,663	191,433
Equity investments	15,211	15,211	11,812	11,812
Securitisation	8,822	8,822	3,521	3,521
Other on-balance sheet items	347,458	347,458	292,491	292,491
Off-balance sheet credit risk items	**416,419**	**293,810**	**283,871**	**207,884**
Counterparty credit risk	**113,182**	**113,182**	**57,634**	**57,634**
Total	**11,736,253**	**10,849,641**	**9,795,464**	**8,948,958**

Table 13: Credit exposures by risk weights covered by regulatory weighting approach

(In millions of RMB)	As at 31 December 2016	
Risk weights	**Exposure**	**Unmitigated exposure**
0%	4,986,858	4,986,858
2%	8,494	8,494
20%	2,301,041	2,168,332
25%	1,260,037	1,258,548
50%	46,524	46,525
75%	337,377	329,316
100%	2,744,768	2,000,414
250%	34,150	34,150
400%	1,469	1,469
1250%	15,535	15,535
Total	**11,736,253**	**10,849,641**

Table 14: Credit exposures of investments in capital instruments issued by other commercial banks, investments in equity of industrial and commercial enterprises, and non-self-use real estate

(In millions of RMB)	As at 31 December 2016	As at 31 December 2015
	Exposure	**Exposure**
Investments in capital instruments issued by other commercial banks	6,472	9,051
Common Equity Tier 1 Capital	2,785	2,562
Other Tier 1 Capital	-	-
Tier 2 Capital	3,687	6,489
Investments in equity of industrial and commercial enterprises	11,423	8,396
Non-self-use real estate	1,631	1,490

5.3.3 Risk Mitigation Management

Management policies and processes

In accordance with the requirements under the *Capital Rules for Commercial Banks (Provisional)* and through the active formulation and improvement of relevant policies and systems, the Bank has developed a completed and integral policy system, and defined the baselines for the risk mitigation management. It specifies the Bank's basic management requirements and policy baselines for standardising the collaterals, such as requirements for eligible collaterals, classification, pledge and mortgage rate, receipt and examination, value assessment, establishment and modification, warrant management, monitoring, return and disposal, information input and data maintenance.

The risk mitigation system sets the management processes as the main line, mainly covering the processes of acceptance and examination, value assessment, receipt and changes, warrant management, monitoring, return and disposal, etc., characterised by being closely combined with business processes, and managed by front, middle and back offices. Except for that personnel involved in the processes belong to different departments, the collateral management processes are basically throughout the entire credit process including pre-lending evaluations, credit approval and post-lending monitoring, and achieved in the full life cycle management of the collaterals to a great extent.

Categories of major collaterals

In terms of the categories of collaterals, the collaterals accepted by the Bank are mainly classified into four types, namely financial collaterals, receivables, commercial and residential properties, and other collaterals. Financial collaterals include cash and cash equivalents, precious metals, debt securities, discounted bills, stocks/funds, insurance policy, principal-guaranteed wealth management products, etc.; receivables include receivables held for trading, road tolling rights, rent receivables, etc.; commercial and residential properties include commercial properties, residential properties, commercial and residential land use rights, etc.; while other collaterals comprise current assets, resources, construction in progress, mining rights, intellectual property right and forest ownership, etc.

Collaterals' valuation policies and processes

With respect to the valuation method of collaterals, the Bank adopts the approach of external valuations in combination of internal valuations. Some special and professional collaterals need to be assessed with both internal and external valuation methods. The Bank should review the compliance of operation procedures and the results of valuations upon the completion of either internal or external valuations.

External valuations are mostly adopted for collaterals' initial valuation, and professional appraisal institutions will be entrusted to assess the values of collaterals during the disposal phase. The Bank clearly defines access standards for appraisal institutions, establishes their exit mechanism, and performs regular and dynamic name list management through regular and ad-hoc checking of the external appraisal institutions. As per the regulations, the valuation results from the external appraisal institutions are subject to the Bank's internal examination. All branches are required to designate internal assessors and heads of department to perform preliminary examination and re-examination on the valuation results acquired from the external appraisal institutions.

The internal assessors are mainly responsible for the post-lending re-valuations. This also includes valuations of some collaterals, whose values can be directly assessed during the initial valuations. The Bank requires the internal assessors to perform dynamic valuations and monitor the collaterals with varied frequencies based on collaterals' categories and value fluctuation characteristics. The post-lending examination and 12-level risk classification should be carried out on a quarterly basis to examine and verify the collaterals. In case of any forms change of collaterals or any deterioration in collaterals' market prices or other adverse circumstances, re-valuations are required to be duly performed to reflect collaterals' fair values.

Guarantors

According to the characteristics of guarantors, the Bank classifies the acceptable guarantors into general corporate and institutions, cooperative guarantee institutions and natural persons. The general corporate and institution guarantor comprises sovereigns, public sector entities, multilateral Development Banks (MDBs), other banks and other legal persons and organisations. The cooperative guarantee institution guarantor specially refers to professional guarantee institutions approved by the Bank, as well as real estate developers, automobile dealers, housing brokerage companies and other intermediary organisations which provide guarantee for personal loans. The natural person guarantors refer to those having full capacity for civil conduct and certain debt repaying capacity as a guarantor. Natural persons are only considered as supplementary guarantors unless they are exclusively designated as the only guarantors bond by specific business rules.

Regulatory measurement

When measuring credit risk-weighted assets covered by the IRB approach, the Group finalises eligible collaterals and qualified guarantee strictly pursuant to risk mitigation management requirement of the IRB approach in the *Capital Rules for Commercial Banks (Provisional).* Risk mitigation instruments of net settlement and credit derivatives are temporarily not available for credit exposures covered by the IRB approach of the Group at the moment.

The following table shows the information related to the credit risk mitigation covered by the FIRB approach.

Table 15: Particulars on credit risk mitigation of credit exposures covered by the FIRB approach

(In millions of RMB)	As at 31 December 2016			As at 31 December 2015		
Exposure category	**Exposure covered by financial collaterals**	**Exposure covered by other eligible collaterals**	**Exposure covered by guarantee**	**Exposure covered by financial collaterals**	**Exposure covered by other eligible collaterals**	**Exposure covered by guarantee**
Corporate exposures	488,912	700,194	478,985	359,591	904,241	462,027
Total	**488,912**	**700,194**	**478,985**	**359,591**	**904,241**	**462,027**

When calculating credit risk-weighted assets covered by the regulatory weighting approach, the Group only took risk mitigation, which was permitted by the *Capital Rules for Commercial Banks (Provisional)*, of the eligible collaterals and guarantors covered by regulatory weighting approach in consideration. The following table shows the information related to the risk mitigation distribution of credit exposures covered by the regulatory weighting approach.

Table 16: Particulars on credit risk mitigation of credit exposures covered by the regulatory weighting approach

(In millions of RMB)	As at 31 December 2016						
	Cash and cash equivalents	**Domestic central government, PBOC, Chinese policy banks**	**Domestic public sector entities**	**Domestic commercial banks**	**National or regional governments and Central Banks in other countries or regions**	**Commercial banks and public sector entities in other countries or regions**	**MDBs, Bank for International Settlements and IMF**
On-balance sheet credit risk items	415,003	151,887	-	196,986	34	51	42
Off-balance sheet credit risk items	122,202	235	-	108	-	64	-
Counterparty credit risk	-	-	-	-	-	-	-
Total	**537,205**	**152,122**	**-**	**197,094**	**34**	**115**	**42**

(In millions of RMB)	As at 31 December 2015						
	Cash and cash equivalents	**Domestic central government, PBOC, Chinese policy banks**	**Domestic public sector entities**	**Domestic commercial banks**	**National or regional governments and Central Banks in other countries or regions**	**Commercial banks and public sector entities in other countries or regions**	**MDBs, Bank for International Settlements and IMF**
On-balance sheet credit risk items	302,558	292,661	-	175,212	51	37	-
Off-balance sheet credit risk items	73,305	198	-	2,484	-	-	-
Counterparty credit risk	-	-	-	-	-	-	-
Total	**375,863**	**292,859**	**-**	**177,696**	**51**	**37**	**-**

5.4 Securitisation

5.4.1 Overview of securitisation activity

As originator and loan servicer

In order to revitalise existing assets, improve asset and liability structure, raise capital adequacy ratios etc., the Bank provided asset securitisation service as originator, and proactively explores new instruments for liquidity management, risk management and capital management through asset securitisation. Meanwhile, the Bank started the business of non-performing asset securitisation so as to maintain the stability of asset quality as well as explore new means for disposing of non-performing assets.

The main risk assumed by the Bank is the possible loss arising from prioritised and substandard securities held by the Bank pursuant to regulatory requirements and the possible loss arising from cash overdraft facilities as a result of advance payment of disposal expenses by the Bank in non-performing asset securitisation projects as loan servicer. Besides these, other risks have been transferred to other entities through securitisation.

The Bank provided securitisation projects as originator and servicer. As the originator, the Bank established the asset pool, organised participants to prepare for securities issuance, and disclosed relevant information in a complete, accurate and timely manner; as the servicer, the Bank provided services regarding asset pool’s subsequent management, including recovery and transfer of principles and interests, servicer report preparation, loan collection and disposal, etc.

The table below presents the external appraisal institutions for all securitisation products issued by the Bank as originator.

Table 17: External appraisal institutions for securitisation products

Securitisation project	Appraisal institutions
Jianyuan 2005-1 residual mortgage backed securitisation	Moody's Investors Service (Beijing) Ltd. China Cheng Xin International Credit Rating Co., Ltd. (CCXI)
Jianyuan 2007-1 residual mortgage backed securitisation	China Lianhe Credit Rating Co., Ltd.
Jianyuan 2015-1 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2015-2 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-1 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-2 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-3 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. (CCXI)
Jianyuan 2016-4 residual mortgage backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2016-1 non-performing asset backed securitisation	China Credit Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. (CCXI)
Jianxin 2016-2 non-performing asset backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2016-3 non-performing asset backed securitisation	China Credit Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.

As investor

As the major investor in the asset-backed securities market, the Group obtained returns on investments through purchasing and holding asset-backed securities, and bore corresponding credit risk, market risk and liquidity risk. The Group determined the investment amount based on the annual investment strategy, as well as the risk and returns of securities.

5.4.2 Accounting policies

A financial asset is derecognised when the Group transfers substantially all (95% and above, same hereinafter) the risks and rewards of ownership of the financial asset to the transferee, namely that the financial assets is written off from the Group's accounts and balance sheets; while a financial asset continued to be recognised when substantially all the risks and rewards of ownership of the financial asset are reserved.

The transfer of financial assets meeting the derecognisation conditions is measured using the following methods. Where the overall transfer meets the derecognisation conditions, the difference of the following two items is recognised in the profit and loss of the current period: (i) the carrying amount of the transferred financial asset; (ii) the sum of the transfer consideration received and the accumulated changes in fair values that are recorded in the owner's equity directly (the financial asset transferred is the available-for-sale financial asset); where part of the transfer meets the derecognisation conditions, the overall carrying amount of the financial asset transferred is amortised over the deregoconised and recognised portions (the reserved service assets are deemed as a part of the recognised financial assets) according to respective fair value, and the difference between the following items is recognised in the profit and loss of the current period: (i) the carrying amount of the deregoconised portion; (ii) the sum of the consideration of the deregoconised portion and the accumulated changes in fair values that are recorded in the owner's equity directly (including the circumstance that the financial asset transferred is the available-for-sale financial asset).

Where the Group still reserves substantially all the risks and rewards of ownership of the financial asset transferred, the overall financial asset transferred is continued to be recognised, and the consideration received is recognised as a financial liability. The financial asset and the recognised financial liability are not allowed to be offset. The Group continues recognising the income arising from such financial asset, as well as the expenses arising from such financial liability in subsequent accounting periods. Where the transferred financial asset is measured at amortised cost, the recognised financial liability is not allowed to be designated as the financial liability at fair value through profit and loss.

5.4.3 Securitisation exposures

As at 31 December 2016, the Group's total securitisation exposures were RMB9,039 million, more details and the distribution of underlying assets that the Group as the originator of securitisation are as shown in the following tables

Table 18: Securitisation exposures

(In millions of RMB)	As at 31 December 2016		As at 31 December 2015	
	Traditional	**Synthetic**	**Traditional**	**Synthetic**
As originator[1]	4,968	-	1,138	-
As investor	4,071	-	2,383	-
Total	**9,039**	-	**3,521**	-

1. As originator refers to the exposures arising from the prioritised and substandard portions of the securitisation held by the Bank where the Bank also acts as originator, other than the total securitisation amount issued by the Bank as originator

Table 19: Securitisation underlying assets as originator[1]: non-performing assets, overdue and loss information

(In millions of RMB)	As at 31 December 2016			
Type of underlying assets	**Balance of underlying assets[2]**	**Total non-performing assets**	**Total overdue assets**	**Losses recognised during the reporting period[3]**
Corporate loans	2,553	2,553	-	-
Individual residential mortgage loans	43,334	2,425	2,628	-
Credit card	2690	2690	2690	-
Other assets	-	-	-	-
Total	**48,577**	**7,668**	**5,318**	-

1. This table provides the information with reference to the Group's unsettled securitisation at the end of reporting period as both originator and servicer.
2. The balance of underlying assets refers to the carrying amount of securitisation assets at the end of reporting period.
3. Losses recognised during the reporting period refers to the provisions for impairment and writing off aimed at the securitisation assets held by the Bank during the reporting period.

5.4.4 Measurement of securitisation risk

The Group's risk exposures of asset securitisation are measured by standard approach, and the risk weights are determined by credit ratings issued by eligible external appraisal institutions recognised by the Bank and asset securitisation category. As at 31 December 2016, the Group's total capital requirement of asset securitisation reached RMB1,804 million.

5.5 Counterparty Credit Risk

In recent years, the Group has constantly improved management system of counterparty credit risk (CCR), specified the Names List management and concentration management policies over counterparties in the financial markets, and optimised specific management processes and requirements for CCR management, realising systematic management, exposure measurement and collateral reminder of derivatives. In 2016, the Group completed the popularisation of the new-generation counterparty risk management system for derivative products in Macau and CCB Asia, improved the timeliness and accuracy of measuring risk exposures, and timely performed pressure test and early-warning, offering the Bank robust support and guarantee for responding to rapid changes of market and businesses.

In order to support the development of credit derivative market in China, hedge credit risks arising from the debt securities held, increase returns on investments and transactions, and develop new products, the Bank launched credit risk mitigation instruments which were all credit default swap by far. As at 31 December 2016, the nominal amount of credit derivatives stood at RMB90 million, including 2 buyings and 3 sellings.

The Group adopt the current exposure approach to measure the counterparty credit exposures and the regulatory weighting approach to measure the counterparty credit risk-weighted assets. The following table shows the information of CCR exposures by product classifications of the Group as at 31 December 2016.

Table 20: Counterparty Credit exposures by product classifications

(In millions of RMB)	**As at 31 December 2016**
	Exposure
Counterparty credit risks from OTC derivative transactions under regulatory weighting approach	**104,688**
Interest rate contracts	2,398
Exchange rate and gold contracts	96,547
Equity contracts	108
Precious metals and other commodities contracts (excluding gold)	5,626
Credit derivative contracts	9
Counterparty credit risks from transactions with central counterparties	**8,494**
Total	**113,182**

6 MARKET RISK

6.1 Market Risk Management

Market risk is the risk of loss in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates, including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and banking book. A trading book consists of financial instruments and commodity positions held either with trading intent or in order to hedge other risks of the trading book. A banking book records those financial instruments and commodity positions which are not included in the trading book.

The market risk management of the Group aims at building a comprehensive risk management system of market risk management and transaction business throughout the Group, effectively identifying, measuring, controlling, monitoring and reporting market risk. By effectively operating and managing various market risks, the Group keeps competitive net interest spread and return on investment portfolio, and balances risk and return, further improving market competitiveness of the Bank.

The Group has constantly improved market risk management system. The Market Risk Management Department plays the leading role in formulating overall market risk management policies and rules, developing market risk measurement instruments, monitoring and reporting trading market risks and doing other daily management works. The Asset and Liability Management Department is responsible for the management of banking book market risk, and for the management of the total volume and structure of assets and liabilities, for the purpose of addressing structural market risks. The Financial Market Department is responsible for the overall management of RMB and foreign currency investment portfolios, and the Financial Market Transaction Centre is responsible for conducting proprietary and customer-driven transactions, as well as implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

In 2016, confronted with complex business situation and pressure arising from risk prevention and control, the Group further enhanced market risk management and overall risk management of transaction business, improved the risk prevention and control system of the "6 transaction-related" (transaction business, transaction counterparty, transaction product, transaction system, transaction process, transaction personnel), and proactively propelled the establishment of risk system and mechanism for self-operated business, thereby properly responding to significant changes in market trends, constantly enhancing computer control in transaction business and effectively promoting the stable development of the Bank's financial market business.

6.2 Market Risk Measurement

In 2014, the CBRC approved the Group to implement the advanced approaches of capital management and the capital requirements of market risk are calculated with the internal model approach. The following table shows the market risk capital requirements of the Group as at 31 December 2016.

Table 21: Market risk capital requirements

(In millions of RMB)	As at 31 December 2016	As at 31 December 2015
	Capital requirement	**Capital requirement**
Covered by the internal model approach	**4,662**	**2,933**
Uncovered by the internal model approach	**3,618**	**2,797**
Interest rate risk	941	725
Equity position risk	249	87
Foreign exchange risk	2,428	1,985
Commodity risk	-	-
Option risk	-	-
Total	**8,280**	**5,730**

The Group measures market risk by using Value-at-risk (VaR) model. The VaR model is an approach to estimate potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices within a specific timeframe and a fixed confidence interval. The Group calculates VaR and stressed VaR and conducts back-testing in compliance with the regulatory requirements. As of the reporting period, the number of back-testing breakthroughs occurred within the yellow zone (primarily due to the change of exchange rate and interest rate) according to the requirements of the CBRC, and no abnormal model was identified. The following table shows the VaR and stressed VaR of the Group covered by the internal model approach.

Table 22: VaR, stressed VaR of the Group covered by the internal model approach

(In millions of RMB)	For the year ended 31 December 2016			
	Amount			
	Average	**Maximum**	**Minimum**	**Period end**
VaR	354	712	130	212
Stressed VaR	690	1286	370	474

(In millions of RMB)	For the year ended 31 December 2015			
	Amount			
	Average	**Maximum**	**Minimum**	**Period end**
VaR	276	1432	115	364
Stressed VaR	660	1432	245	625

7 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, staff and IT systems, and external events. The definition includes legal risk, but excludes strategic risk and reputation risk.

Operational risk management is a critical part of the Group's comprehensive risk management. The aims of the Group's operational risk management are as follows:

(1) Reduce the uncertainties of operational risk and control the risk within a reasonable range that is acceptable to the Bank;

(2) Improve service efficiency, realise process optimisation and advance sound businesses development of the Bank;

(3) Reduce management cost and increase income level;

(4) Lower the impact of emergencies and ensure the normal and consistent operation of businesses.

The Group has established an operational risk management system with a cascaded protection named "Three Lines of Defence" as the core, among which each business department is the first defence line for guarding against operational risk. The business departments are the direct bearers and managers of operational risk and take important responsibility for identifying, assessing, monitoring and managing operational risk. Internal Control and Compliance Department, Risk Management Department and Legal Affairs Department are the second defence line, taking charge of coordinating, guiding, evaluating and monitoring activities of operational risk management in the first defence line. Audit Department and Disciplinary and Supervisory Department are the third defence line for guarding against operational risk, taking charge of auditing, monitoring and evaluating the formation and implementation of operational risk management framework.

The process of the Group's operational risk management includes risk identification, assessment, control/mitigation, monitoring and reporting. Apart from identification and monitoring with risk management tools such as risk self-assessment and key risk indicators, the Group transfers, disperses, reduces and avoids operational risk through a series of control/mitigation methods such as system control, process control, behaviour monitoring, electronisation and insurance so as to adjust the risk to acceptable levels. Meanwhile, the Group has established a business continuity management system and enhanced the establishment and drill of emergency plans to ensure the safe and consistent operation of businesses.

The Group adopts the standardised approach to measure the capital requirements of operational risk as approved by the CBRC. As at 31 December 2016, the Group's capital requirements of operational risk were RMB81,015 million.

8 OTHER RISKS

8.1 Equity Exposures of Banking Book

The Group's equity exposures of banking book mainly relate to investment in equity of associates and joint ventures, available-for-sale equity investments, etc. The investment in equity of associates and joint ventures is the equity investment by which the Bank, together with other associates and joint ventures, intends to exercise significant impact on or joint control over investees. Available-for-sale equity investment mainly refers to equity investment with uncertain profits and proposed holding period.

Listed available-for-sale equity investments are measured at fair value. The Group valuates those traded in an active market by quoted market price, and valuates those not traded in an active market by valuation technique, which is generally accepted by market participants and the reliability of which has been proved by historical actual transaction prices. The assumption used by the Group in valuation is that used by market participants to price relevant assets and liabilities, including the assumptions that transactions are orderly under current market conditions and market participants pursue maximum economic benefits etc.

According to the regulatory requirements, the Group adopted different handling methods based on investment nature and proportion while calculating regulatory capital for equity exposures of banking book.

- With respect to the subsidiaries of the industrial and commercial enterprise type that are outside the scope of regulatory consolidation but within the scope of accounting consolidation, the Group calculates the risk-weighted assets for the investment in such subsidiaries based on the regulatory risk weights while calculating the consolidated capital adequacy ratios.
- With respect to other financial institutions outside the scopes of both the regulatory and accounting consolidations, the Group follows the threshold deduction method for the investment in such financial institutions. The portion of the investment exceeding the materiality level is deducted from the capital, while the amounts that are not deducted from the capital receive the corresponding regulatory risk weights.
- With respect to other industrial and commercial enterprises outside the scopes of both regulatory and accounting consolidations, the Group calculates their risk-weighted assets based on the regulatory risk weights.

Table 23: Equity exposures of banking book

(In millions of RMB)			**As at 31 December 2016**
Invested institution categories	**Publicly traded equity exposure[1]**	**Non-publicly traded equity exposure[1]**	**Unrealised potential risk gains and losses[2]**
Financial institutions	2,605	1,182	1,211
Non-financial institutions	1,678	9,745	211
Total	**4,283**	**10,927**	**1,422**

(In millions of RMB)			As at 31 December 2015
Invested institution categories	**Publicly traded equity exposure[1]**	**Non-publicly traded equity exposure[1]**	**Unrealised potential risk gains and losses[2]**
Financial institutions	1,887	1,529	807
Non-financial institutions	2,161	6,235	841
Total	**4,048**	**7,764**	**1,648**

1. Publicly traded equity exposure is the equity exposure of invested institutions that are listed companies. Non-publicly traded equity exposure is the equity exposure of invested institutions that are unlisted companies.
2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

8.2 Interest Rate Risk of Banking Book

Interest rate risk is the risk of loss in the overall income and economic value of the banking book as a result of adverse movements in interest rates, term structure and other interest-related factors. Re-pricing risk and basis risk arising from mismatch of term structure and pricing basis of assets and liabilities are the primary sources of interest rate risk for the Bank, while yield curve risk and option risk have relatively less impact on interest rate risk. The overall objective of the Bank's interest rate risk management is to minimise the decrease of net interest income due to interest rate movement, while keeping interest rate risk within a tolerable range in accordance with the risk appetite and risk management capability.

In 2016, the Bank focused on risks and benefits. It proactively responded to the adverse impacts arising from interest rate liberalisation by formulating reasonable pricing strategies, encouraging value creation, optimising pricing management etc. In addition, the Bank measured interest rate risk, performed regular analysis on risk indicators of interest rate risk and the forecast of net interest income, and reasonably designed the structure of asset and liability portfolio, term structure and product structure through comprehensive application of the sensitivity gap of interest rate, sensitivity analysis of net interest income, stress test and other methods, thereby ensuring that overall interest rate risk was controlled under the given limitation.

9 REMUNERATION

9.1 Nomination and Remuneration Committee of the Board of Directors

The Bank's Nomination and Remuneration Committee consists of six directors. Mr. Wim Kok, independent non-executive director of the Bank, serves as chairperson of the Nomination and Remuneration Committee. Members include Ms. Anita Fung Yuen Mei, Mr. Carl Walter, Mr. Chung Shui Ming Timpson, Mr. Murray Horn, and Mr. Dong Shi. Among them, one is non-executive director, and five are independent non-executive directors.

The primary responsibilities of the Nomination and Remuneration Committee include:

- formulating criteria and procedures for the selection and appointment of directors and senior management;
- proposing candidates for directors, presidents, chief audit officer, secretary to the Board and board committee members to the Board of Directors;
- evaluating the structure, number of members and formation of the Board of Directors (including aspect on expertise, knowledge and experience), and proposing suggestions on the adjustment of the Board of Directors to implement the corporate strategies;
- examining the performance of members of the Board of Directors;
- evaluating candidates for senior management nominated by the president;
- formulating development plans for senior management and back-up personnel for key positions;
- reviewing the remuneration management system submitted by the president;
- formulating performance evaluation measures for directors and senior management and submitting the measures to the Board of Directors for deliberation;
- organising performance evaluation of directors and senior management, proposing advice on the remuneration distribution plan for directors and senior management in accordance with the performance evaluation results and the diligence evaluation made by the Board of Supervisors and submitting to the Board of Directors for deliberation;
- proposing advice on the remuneration distribution plan for supervisors in accordance with the performance evaluation of the supervisors made by the Board of Supervisors and submitting the plan to the Board of Directors for deliberation;
- monitoring the implementation of the Bank's performance evaluation and remuneration systems; and
- other matters authorised by the Board of Directors.

In 2016, the Nomination and Remuneration Committee convened five meetings in total.

The remuneration of members of the Nomination and Remuneration Committee is disclosed in Remunerations for Directors, Supervisors and Senior Management in the 'Annual Report 2016 of China Construction Bank Corporation'.

9.2 Remuneration Policy

The Bank upholds its philosophy of standardising distribution order and building a harmonious distribution relationship and constantly improves intensive management in developing remuneration policy and payment, making due contribution to strategic development of the Bank.

The Bank's major allocation rules and other significant matters relating to remuneration management need to be proposed to the Nomination and Remuneration Committee of the Board for review and approval. Important proposals relating to remuneration allocation are required to be voted and approved by the shareholders' general meeting, or reported to the state competent authorities for approval and filing.

Remuneration and risks

In accordance with relevant policies concerning remuneration reform of state-owned enterprise principles, since 2015, the remuneration of state-owned enterprise principles includes basic annual salary, performance salary and tenure incentive income. The Bank may retroactively deduct partial or full of the paid performance salary and tenure incentive income for those who make serious mistakes and cause great losses for the enterprise during the tenure.

The Bank brings performance remuneration's function of intensive and restraint into full play. It establishes the principle of assessment and allocation that encourages value creation, continues to implement frontline-oriented remuneration policy, and persists to favour frontline posts, sub-branch level and the posts which directly create value when determining remuneration distribution, thus offering frontline employees the impetus to create extra values. The Bank strengthens remuneration management over overseas institutions and controlling subsidiaries and adheres to strategy of comprehensive operation of the Bank and overseas development. The Bank further consolidated performance assessment orientation, making remuneration match the performance. The Bank also established relevant remuneration reduction measures for staff that were facing disciplinary actions or other penalties due to violation of rules or dereliction of duty.

The remuneration for staff engaging in risk and compliance management is independent from the business areas they supervise, and has nothing to do with the performance evaluation of the business areas they supervise. Their performance objective is consistent with the risk control responsibilities they undertake.

Remuneration and performances

Staff remuneration of the Bank includes fixed salary and performance bonus, and relies mainly on the fixed salary. Fixed salary is divided into basic salary and post salary. Basic salary mainly relates to staff's years of working and job level, representing the fundamental guarantee and overall balance, while post salary mainly represents post difference and post value. Performance bonus is the reflection of the completion status of current year's objective and performance assessment result, and relates to economic value added ("EVA") realised in current year, last year's KPI result and the completion status of current year's strategic business indicators, which are distributed according to linkage coefficients set at the beginning of the year or calculated in accordance with the assessment result.

The Bank consistently focuses on the balance between long-term and short-term development in the distribution of remuneration. It makes relevant adjustments to performance bonus, and the current policy methods mainly include: 1. Establish performance bonus pool to balance the great volatility of each year's performance bonus, make up for possible shortages with surpluses and encourage the continuous and steady development; 2. Set up reasonable credit cost rate range for non-discounted loans to corporate customers. The performance bonus of credit costs which are above the upper limit and lower than the lower limit in the current year may enter the cash pool to reduce the impacts of asset quality on current year's performance and encourage the focus on the quality of long-term assets.

Flexible remuneration

Risk measurement factors are reflected in allocation of gross staff cost, allocation linked with staff cost in line of business and staff salary distribution. The Bank supports risk control behaviours, as well as the other behaviours that are consistent with the risk framework system and long-term financial indicator, and focuses on the ratio of fixed to flexible remuneration, in order to achieve an appropriate balance. The fixed salary portion can attract and keep skilled staff, while flexible remuneration can stimulate staff that have remarkable performance but prohibit excessive risk-taking, both of which support the Bank in realising its business strategies and targets within the controllable risk goals and risk management framework.

Pursuant to relevant government restriction policies, the Bank's payment tools of flexible remuneration include cash and equity; however, Bank's Employee Stock Incentive Plan implemented in 2007 is frozen in compliance with relevant government policies.

9.3 Remuneration of Senior Management

The remuneration standards of the Bank's directors, supervisors and senior management are implemented after the procedures of the corporate governance. The remuneration standards of chairman of the Board of Directors, the chairman of the Board of Supervisors, the president and the vice president follow the state relevant policies. *The remuneration of directors, supervisors and senior management is disclosed in Remunerations for Directors, Supervisors and Senior Management in the 'Annual Report 2016 of China Construction Bank Corporation'.*

APPENDIX: INFORMATION RELATED TO COMPOSITION OF CAPITAL

In accordance with the *regulatory requirements for the disclosure of information on capital composition of commercial banks* issued by CBRC, the following table shows the Group's composition of capital, minimum regulatory capital requirements, as well as their connections with the balance sheets under the scope of regulatory consolidation.

(In millions of RMB, except percentages)		Code	**As at 31 December 2016**	**As at 31 December 2015**
Common Equity Tier 1 capital:				
1	Qualifying common share capital	o	250,011	250,011
2	Retained earnings		1,170,743	1,009,217
2a	Surplus reserve	t	175,445	153,032
2b	General reserve	u	211,134	186,383
2c	Undistributed profits	v	784,164	669,802
3	Accumulated other comprehensive income and disclosed reserves		133,598	152,283
3a	Capital reserve	q+s	132,800	157,613
3b	Others	w	798	(5,330)
4	Amount recognised in Common Equity Tier 1 capital during transitional period(Only applicable to unlisted companies, while banks of joint-stock companies to be completed with "0")		-	-
5	Minority interest recognised in Common Equity Tier 1 capital	x	4,069	4,121
6	**Common Equity Tier 1 capital before regulatory adjustment**		**1,558,421**	**1,415,632**
Common Equity Tier 1 capital: Regulatory adjustment				
7	Prudent valuation adjustment		-	-
8	Goodwill (excluding deferred tax liabilities)	l	2,752	1,946
9	Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)	k	2,083	1,657
10	Net deferred tax assets relying on future profits and arising from operating losses		-	-
11	Cash-flow hedge reserves	r	(150)	-
12	Gaps of loan loss provisions		-	-
13	Gains from sales of asset securitisation		-	-
14	Unrealised profit/loss arising from the changes in own credit risk on fair values of liability		-	-
15	Net defined-benefit pension assets (excluding deferred tax liabilities)		-	-
16	Directly or indirectly investments in own shares		-	-
17	Reciprocal cross-holdings in common equity		-	-
18	Non-significant investments in capital of financial institutions outside the scope of regulatory consolidation(amount above 10% threshold)		-	-
19	Significant investments in capital of financial institutions outside the scope of regulatory consolidation(amount above 10% threshold)		-	-
20	Mortgage-servicing rights		N/A	N/A

21	Other deferred tax assets relying on the Bank's future profitability(amount above 10% threshold)		-	-
22	Significant investments in the capital of financial institutions outside the scope of regulatory consolidation and other deferred tax assets that rely on the Bank's future profitability after all regulatory adjustment (amount exceeding the 15% threshold)		-	-
23	of which: significant investments in the capital of financial institutions		-	-
24	of which: Mortgage-servicing rights		N/A	N/A
25	of which: Other deferred tax assets that rely on the Bank's future profitability		-	-
26a	Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	i	3,902	3,902
26b	Gaps of common equity of financial institutions being controlled but outside the scope of regulatory consolidation		-	-
26c	Total regulatory adjustments to Common Equity Tier 1 capital		-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-	-
28	**Total regulatory adjustment in Common Equity Tier 1 capital**		**8,587**	**7,505**
29	**Common Equity Tier 1 capital after regulatory adjustment**		**1,549,834**	**1,408,127**
Additional Tier 1 capital:				
30	Other directly issued qualifying additional Tier 1 instruments including related premium	p	19,659	19,659
31	of which: classified as equity	p	19,659	19,659
32	of which: classified as liabilities		-	-
33	of which: Instruments not recognised in Additional Tier 1 capital after the transition period		-	-
34	Minority interest recognised in Additional Tier 1 capital	y	82	61
35	of which: Portions not recognised in Additional Tier 1 capital after the transition period		-	-
36	**Additional Tier 1 capital before regulatory adjustment**		**19,741**	**19,720**
Additional Tier 1 capital: regulatory adjustments				
37	Direct or indirect investments in own Additional Tier 1 instruments		-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments		-	-
39	Non-significant investments in the capital of financial institutions outside the scope of regulatory consolidation(amount above 10% threshold)		-	-
40	Significant investments in the Additional Tier 1 capital of financial institutions outside the scope of regulatory consolidation		-	-
41a	Investments in Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		-	-
41b	Gaps of Additional Tier 1 capital of financial institutions being controlled but outside the scope of regulatory consolidation		-	-
41c	Other deductions from Additional Tier 1 capital		-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**		-	-
44	**Additional Tier 1 capital after regulatory adjustment**		**19,741**	**19,720**
45	**Tier 1 capital after regulatory adjustment (Common Equity Tier 1 capital after regulatory adjustment + Additional Tier 1 capital after regulatory adjustment)**		**1,569,575**	**1,427,847**
Tier 2 capital:				

46	Directly issued qualifying Tier 2 instruments including related premium	n	155,684	170,147
47	of which: Portions not recognised in Tier 2 capital after the transition period		95,901	111,884
48	Minority interest recognised in Tier 2 capital	z	375	2,165
49	of which: Portions not recognised after the transition period		-	271
50	Provisions in Tier 2	-(c+e)	58,281	50,014
51	**Tier 2 capital before regulatory adjustments**		214,340	222,326
Tier 2 capital: regulatory adjustments				
52	Direct or indirect investments in the Bank's Tier 2 instruments		-	-
53	Reciprocal cross-holdings in Tier 2 instruments		-	-
54	Non-significant investments in capital of financial institutions outside the scope of regulatory consolidation (amount above 10% threshold)		-	-
55	Significant investments in the Tier 2 capital of financial institutions outside the scope of regulatory consolidation		-	-
56a	Investments in Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		-	-
56b	Gaps of Tier 2 capital of financial institutions being controlled but outside the scope of regulatory consolidation		-	-
56c	Other deductions from Tier 2 capital		-	-
57	**Total regulatory adjustments in Tier 2 capital**		-	-
58	**Tier 2 capital after regulatory adjustment**		**214,340**	**222,326**
59	**Total capital after regulatory adjustment (Tier 1 capital after regulatory adjustment +Tier 2 capital after regulatory adjustment)**		**1,783,915**	**1,650,173**
60	**Total risk-weighted assets**		**11,937,774**	**10,722,082**
Capital adequacy ratio and reserve capital requirements				
61	**Common Equity Tier 1 ratio**		**12.98%**	**13.13%**
62	**Tier 1 ratio**		**13.15%**	**13.32%**
63	**Total Capital ratio**		**14.94%**	**15.39%**
64	Specific buffer requirements of regulators		2.70%	2.30%
65	of which: capital conservation buffer requirements		1.70%	1.30%
66	of which: countercyclical buffer requirements		0.00%	0.00%
67	of which: Additional buffer requirements of Global Systemically Important Banks		1.00%	1.00%
68	Common Equity Tier 1 capital available to meet buffers as a percentage of risk-weighted assets		7.98%	8.13%
Domestic minimum regulatory capital requirements				
69	Common Equity Tier 1 ratio		5.00%	5.00%
70	Tier 1 ratio		6.00%	6.00%
71	Total Capital ratio		8.00%	8.00%
Amounts below the threshold deductions				
72	Non-significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	a+f+g+h	30,178	39,731
73	Significant investments in the capital of other financial institutions outside of the scope of regulatory consolidation	j	260	230
74	Mortgage-servicing rights (net of deferred tax liabilities)		N/A	N/A
75	Other deferred tax assets relying on the Bank's future profitability (net of deferred tax liabilities)	m	30,362	25,229
Limit of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to regulatory weighting approach (prior to the application of cap)	-b	13,490	3,551
77	Provisions eligible for inclusion in Tier 2 capital under regulatory weighting approach	-c	13,490	3,551

78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal rating-based approach (prior to the application of cap)	-d	92,498	107,044
79	Provisions eligible for inclusion in Tier 2 capital under internal rating-based approach	-e	44,791	46,463
Capital instruments subject to phase-out arrangements				
80	Amount recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		-	-
81	Amount not recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		-	-
82	Amount recognised in current-period Additional Tier 1 capital due to transitional arrangements		-	-
83	Amount not recognised in current-period Additional Tier 1 capital due to transitional arrangements		-	-
84	Amount recognised in current-period Tier 2 capital due to transitional arrangements		95,901	111,884
85	Amount not recognised in current-period Tier 2 capital due to transitional arrangements		42,016	26,013

The following table shows the balance sheet of the accounting and regulatory consolidation.

(In millions of RMB)	As at 31 December 2016	
	Balance sheet of the accounting consolidation	Balance sheet of the regulatory consolidation
Assets		
Cash and deposits with central banks	2,849,261	2,849,200
Deposits with banks and non-bank financial institutions	494,618	490,913
Precious metals	202,851	202,851
Placements with banks and non-bank financial institutions	260,670	261,698
Financial assets at fair value through profit or loss	488,370	470,607
Positive fair value of derivatives	89,786	89,360
Financial assets held under resale agreements	103,174	102,622
Interest receivable	101,645	100,982
Loans and advances to customers	11,488,355	11,507,907
Available-for-sale financial assets	1,633,834	1,570,966
Held-to-maturity investments	2,438,417	2,433,328
Investment classified as receivables	507,963	472,278
Investments in subsidiaries	-	4,941
Interests in associates and jointly ventures	7,318	5,096
Investments in consolidated structured entities	-	-
Fixed assets	170,095	168,918
Land use rights	14,742	14,742
Intangible assets	2,599	2,083
Goodwill	2,947	2,752
Deferred tax assets	31,062	30,362
Other assets	75,998	82,402
Total assets	**20,963,705**	**20,864,008**
Liabilities		
Borrowings from central banks	439,339	439,339
Deposits from banks and non-bank financial institutions	1,612,995	1,616,394
Placements from banks and non-bank financial institutions	322,546	330,514
Financial liabilities at fair value through profit or loss	396,591	396,676
Negative fair value of derivatives	90,333	90,331
Financial assets sold under repurchase agreements	190,580	185,928
Deposits from customers	15,402,915	15,402,915
Accrued staff costs	33,870	33,586
Taxes payable	44,900	44,594
Interest payable	211,330	211,901
Provisions	9,276	9,271
Debt securities issued	451,554	438,257
Deferred tax liabilities	570	318
Other liabilities	167,252	81,244
Total liabilities	**19,374,051**	**19,281,268**
Equity		
Share capital	250,011	250,011
Other equity instruments – preference shares	19,659	19,659

Capital reserve	133,960	134,203
Investment revaluation reserve	(976)	(1,403)
Surplus reserve	175,445	175,445
General reserve	211,193	211,134
Retained earnings	786,860	784,164
Exchange reserve	348	798
Total equity attributable to equity shareholders of the Bank	1,576,500	1,574,011
Non-controlling interests	13,154	8,729
Total equity	**1,589,654**	**1,582,740**

The following table shows the information related to the expanded balance sheet under regulatory scope of consolidation.

(In millions of RMB)	As at 31 December 2016	
	Balance sheet of the regulatory consolidation	**Code**
Assets		
Cash and deposits with central banks	2,849,200	
Deposits with banks and non-bank financial institutions	490,913	
Precious metals	202,851	
Placements with banks and non-bank financial institutions	261,698	
Financial assets at fair value through profit or loss	470,607	
of which: non-significant investments in the capital of other institutions outside of the scope regulatory consolidation	-	a
Positive fair value of derivatives	89,360	
Financial assets held under resale agreements	102,622	
Interest receivable	100,982	
Loans and advances to customers	11,507,907	
of which: Provisions eligible actually accrued under regulatory weighting approach	(13,490)	b
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under regulatory weighting approach	(13,490)	c
of which: Provisions eligible actually accrued under internal rating-based approach	(92,498)	d
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under internal rating-based approach	(44,791)	e
Available-for-sale financial assets	1,570,966	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	7,693	f
Held-to-maturity investments	2,433,328	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	733	g
Investment classified as receivables	472,278	
of which: non-significant investments in the capitals of other financial institutions outside of the scope of regulatory consolidation	21,752	h
Investments in subsidiaries	4,941	
of which: investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902	i
Interests in associates and jointly ventures	5,096	
of which: significant investments in the Common Equity Tier 1 capital of other financial institutions outside of the scope of regulatory consolidation	260	j
Investments in consolidated structured entities	-	
Fixed assets	168,918	
Land use rights	14,742	
Intangible assets	2,083	k
Goodwill	2,752	l
Deferred tax assets	30,362	m
Other assets	82,402	
Total assets	**20,864,008**	
Liabilities		
Borrowings from central banks	439,339	
Deposits from banks and non-bank financial institutions	1,616,394	

Placements from banks and non-bank financial institutions	330,514	
Financial liabilities at fair value through profit or loss	396,676	
Negative fair value of derivatives	90,331	
Financial assets sold under repurchase agreements	185,928	
Deposits from customers	15,402,915	
Accrued staff costs	33,586	
Taxes payable	44,594	
Interest payable	211,901	
Provisions	9,271	
Debt securities issued	438,257	
of which: tier 2 capital instruments an premium	155,684	n
Deferred tax liabilities	318	
Other liabilities	81,244	
Total liabilities	**19,281,268**	
Equity	c	
Share capital	250,011	o
Other equity instruments – preference shares	19,659	p
Capital reserve	134,203	q
of which: deferred hedging reserves	(150)	r
Investment revaluation reserve	(1,403)	s
Surplus reserve	175,445	t
General reserve	211,134	u
Retained earnings	784,164	v
Exchange reserve	798	w
Total equity attributable to equity shareholders of the Bank	1,574,011	
Non-controlling interests	8,729	
of which: minority interest recognised in common equity tier 1 capital	4,069	x
of which: minority interest recognised in other equity tier 1 capital	82	y
of which: minority interest recognised in tier 2 capital[1]	375	z
Total equity	**1,582,740**	

1. Pursuant to regulatory requirements, Tier 2 capital instruments issued by the Group's wholly-owned subsidiaries that don't comply with domestic regulations are not recognised in the Group's Tier 2 capital instruments and premium, which is different from the accounting treatment of such instruments.

Main features of eligible regulatory capital instruments

The following table shows the information related to main features of various kinds of eligible regulatory capital instruments issued by the Group

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issues	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identifier code	0939.HK	601939.SH	0939.HK、601939.SH	ISIN: CND100007Z10	ISIN: HK0000223849	ISIN: XS1227820187
3	Governing law(s)	Hong Kong SAR law	Chinese law	Chinese/Hong Kong SAR law	Chinese law	Hong Kong SAR law	British law
	Regulatory treatment						
4	of which: transitional rules under *the Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: eligible at the Bank/ Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level	the Bank and Group level
7	Instrument type	Equity instrument	Equity instrument	Equity instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	72,550	57,119	61,159	19,982	1,995	13,828
9	Par value of instrument	RMB 30,459 million	RMB 9,000 million	RMB 16,322 million	RMB 20,000 million	RMB 2,000 million	USD 2,000 million
10	Accounting classification	Share capital and capital reserve	Share capital and capital reserve	Share capital and capital reserve	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	27 October 2005	25 September 2007	19 November 2010, 16 December 2010	15 August 2014	12 November 2014	13 May 2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated

13	of which: original maturity date	No maturity	No maturity	No maturity	18 August 2029	12 November 2024	13 May 2025
14	Issuer call subject to regulatory approval	No	No	No	Yes	Yes	Yes
15	of which: optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	18 August 2024, all redeemed	12 November 2019, all redeemed	13 May 2020, all redeemed
16	of which: subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons / dividends						
17	of which: fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed for the first five years while floating for the rest five years	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date for the consecutive five years.
18	of which: coupon rate and any related index	N/A	N/A	N/A	5.98%	Fixed rate of 4.90% for the first five years while resetting annually (plus 1.538% on the one year CNHHibor) for the rest five years.	The interest rate is fixed at 3.875% for the first five years, and is reset based on the five-year U.S. government bond benchmark rate plus the initial interest spread (2.425%) at the coupon rate reset date for the consecutive five years.
19	of which: existence of a dividend brake mechanism	N/A	N/A	N/A	No	No	No
20	of which: fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	of which: existence of redemption incentive mechanism	No	No	No	No	No	No

22	of which: noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	N/A	N/A	N/A	No	No	No
24	of which: if convertible, specify conversion trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A
25	of which: if convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: if convertible, specify conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: if convertible, specify if it is mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: if convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: if convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	N/A	N/A	N/A	Yes	Yes	Yes
31	of which: if write-down, specify write-down trigger(s)	N/A	N/A	N/A	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.

32	of which: if write-down, specify if it is full or partial	N/A	N/A	N/A	Full	Full	Full
33	of which: if write-down, specify if it is permanent or temporary	N/A	N/A	N/A	Permanent	Permanent	Permanent
34	of which: if temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument type immediately senior to instrument)	The lowest priority of all claims	The lowest priority of all claims	The lowest priority of all claims	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: if yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Preference shares	Tier 2 capital instrument
1	Issuer	CCB	CCB
2	Identifier code	4606.HK	ISIN: CND1000099M8
3	Governing law(s)	Overseas preference shares and rights and obligations attached apply to the Chinese law and are interpreted according to the Chinese law	Chinese law
	Regulatory treatment		
4	of which: transitional rules under *the Capital Rules for Commercial Banks (Provisional)*	Additional Tier 1 capital	Tier 2 capital
5	of which: post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Additional Tier 1 capital	Tier 2 capital
6	of which: eligible at the Bank/ Group level	The Bank and the Group level	The Bank and the Group level
7	Instrument type	Additional Tier 1 capital instruments	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	19,659	23,978
9	Par value of instrument	RMB 15,252 million	RMB 24,000 million
10	Accounting classification	Other equity instruments	Debt securities issued
11	Original date of issuance	16 December 2015	21 December 2015
12	Perpetual or dated	Perpetual	Dated
13	of which: original maturity date	No maturity	20 December 2025
14	Issuer call subject to regulatory approval	Yes	Yes
15	of which: optional call date, contingent call dates and redemption amount	The first call date is 16 December 2020, all or partial redeemed	20 December 2020, all redeemed
16	of which: subsequent call dates, if applicable	Every 16 December after the first call date	N/A
	Coupons / dividends		
17	of which: fixed or floating dividend/coupon	Adjustable dividend rate (benchmark rate plus the fixed interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the dividend rate during each adjusting period remains unchanged.	Fixed
18	of which: coupon rate and any related index	The dividend yield fixed at 4.65% for the first five years, is reset based on the five-year U.S. government bond rate plus the fixed interest spread (2.974%) at the dividend reset date for the consecutive five years, and the dividend yield during each reset period remains unchanged (the first dividend yield reset date is 16 December 2020 and the subsequent reset date is 16 December of every 5 years thereafter).	4%

19	of which: existence of a dividend brake mechanism	Yes	No
20	of which: fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	of which: existence of redemption incentive mechanism	No	No
22	of which: noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Yes	No
24	of which: if convertible, specify conversion trigger (s)	Additional Tier 1 capital instruments triggers or additional Tier 2 capital instruments triggers	N/A
25	of which: if convertible, specify if it is fully or partially	Fully or partially convertible for additional Tier 1 capital instruments triggers, and fully convertible for additional Tier 2 capital instruments triggers	N/A
26	of which: if convertible, specify conversion rate	The initial conversion price is the average trading price of H shares of the Bank for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the preference shares (namely HKD 5.98 per share). Since the date when the Board of Directors passed the resolution to issue the preference shares, Where the Bank distributes bonus shares or stock dividends for H ordinary shareholders, issues new shares at a price lower than the market price (excluding the shares converted from financing instruments that are issued by the Bank and subject to the clauses of conversion into ordinary shares) and makes rights issue after the plan on the preference share issuance is approved by the Board of Directors, the Bank will accumulatively adjust the conversion price in sequence for the matters above. In case of cancellation of repurchased shares, merger, split-up or other circumstances that may lead to changes in the Bank's share class, number and/or shareholders' equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the forced conversion price in a fair and impartial manner, so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders.	N/A
27	of which: if convertible, specify if it is mandatory or optional conversion	Yes	N/A
28	of which: if convertible, specify instrument type convertible into	Common Equity Tier 1 capital	N/A
29	of which: if convertible, specify issuer of instrument it converts into	CCB	N/A

30	Write-down feature	No	Yes
31	of which: if write-down, specify write-down trigger(s)	N/A	Write-down is triggered at the earlier of followings: (1) CBRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: if write-down, specify if it is full or partial	N/A	Full
33	of which: if write-down, specify if it is permanent or temporary	N/A	Permanent
34	of which: if temporary write-down, specify the description of write-up mechanism	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument type immediately senior to instrument)	The lower priority behind all debts, and the capital instruments issued or guaranteed by the Bank and prior to overseas preference shares, the same priority with capital instruments with the same priority	The lower priority behind the depositor and general creditor, the same priority with other tier 2 debt
36	Non-eligible transitioned features	No	No
37	of which: if yes, specify non-eligible features	N/A	N/A

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

Bank	China Construction Bank Corporation
Basis Point	1% of one percentage point
BIC	Banco Industrial e Comercial S.A.
CBRC	China Banking Regulatory Commission
CCB Asia	China Construction Bank (Asia) Corporation Limited
CCB Brasil	China Construction Bank (Brasil) Banco Múltiplo S/A
CCB Europe	China Construction Bank (Europe) S.A.
CCB Financial Leasing	CCB Financial Leasing Corporation Limited
CCB Futures	CCB Futures Co., Ltd.
CCB Life	CCB Life Insurance Company Limited
CCB International	CCB International (Holdings) Limited
CCB London	China Construction Bank (London) Limited
CCB Malaysia	China Construction Bank (Malaysia) Berhad
CCB New Zealand	China Construction Bank (New Zealand) Limited
CCB Pension	CCB Pension Management Co., Ltd.
CCB Property & Casualty	CCB Property & Casualty Insurance Co., Ltd.
CCB Principal Asset Management	CCB Principal Asset Management Co., Ltd.
CCB Russia	China Construction Bank (Russia) Limited Liability Company
CCB Trust	CCB Trust Co., Ltd.
CCR	Counterparty credit risk
CIRC	China Insurance Regulatory Commission
EAD	Exposure at default
FIRB	Foundation internal rating-based
Group, CCB	China Construction Bank Corporation and its subsidiaries
IRB	Internal rating-based
LGD	Loss given default
PBOC	People’s Bank of China
PD	Probability of default
PRC GAAP	Accounting Standards for Business Enterprises promulgated by the MOF on 15 February 2006 and other relevant requirements
RMB	Renminbi
Sino-German Bausparkasse	Sino-German Bausparkasse Co., Ltd.
Windu	Indonesia PT Bank Windu Kentjana International Tbk.
VaR	Value-at-risk