Mainland China Banking Survey 2016

kpmg.com/cn

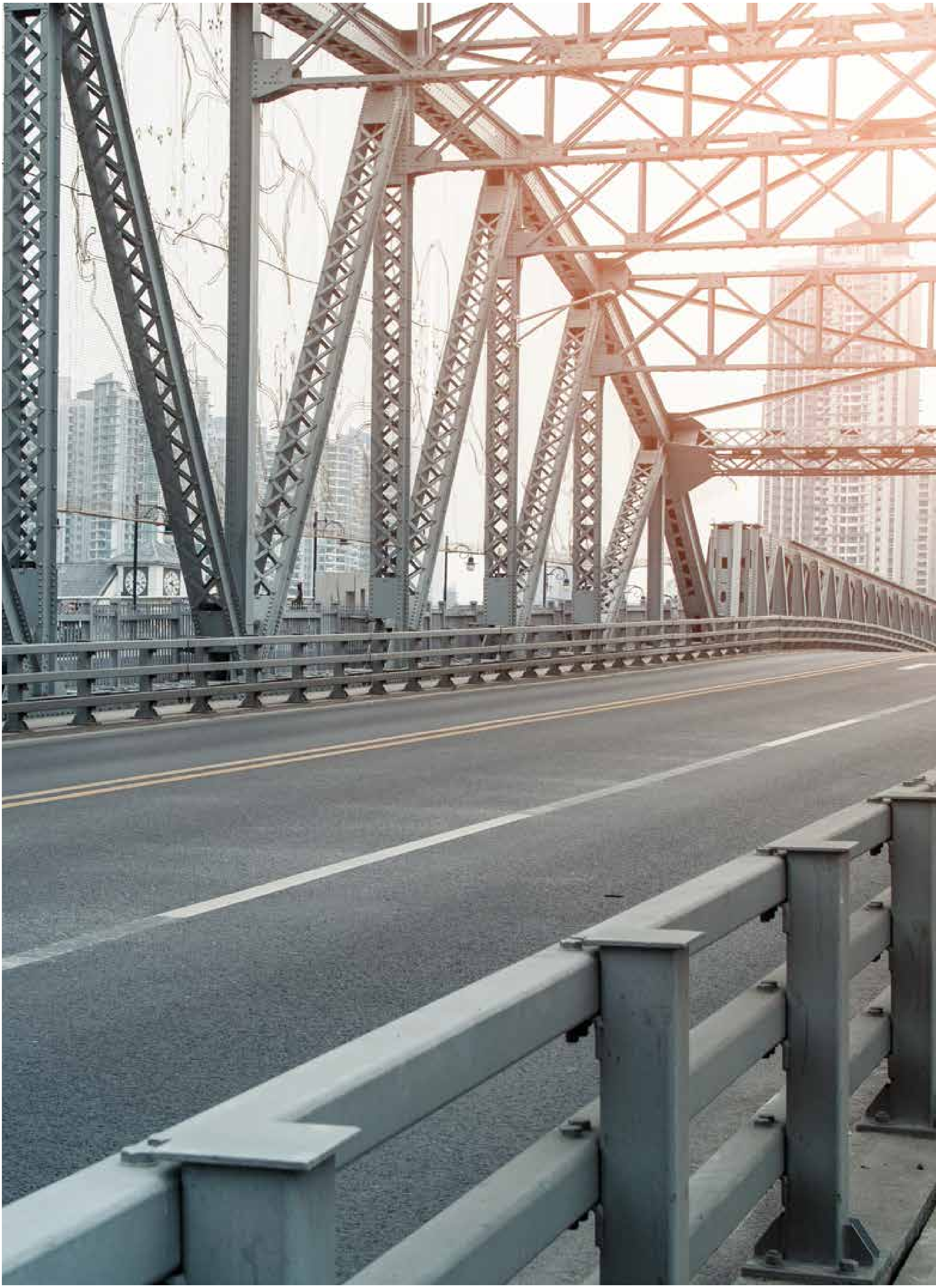
PREFACE

KPMG is delighted to release its annual Mainland China Banking Survey, which shares some important insights into the issues affecting the PRC banking sector. Our report presents a focused assessment of the financial data of domestic commercial banks, as well as current issues in China's banking industry.

This report provides an in-depth analysis of the key topics for banks in China, including the increasing importance of data analytics, the impact of full-blown VAT reform, understanding the China Banking Regulatory Commission's (CBRC) notice no. 82 on the transfer of the income right to credit assets, strategies for the disposal of non-performing loans (NPLs), analysis of a new wave of debt-to-equity swaps for NPLs, the return of bank wealth management businesses to the essence of asset management, green bonds and the improvement of the credit scoring system.

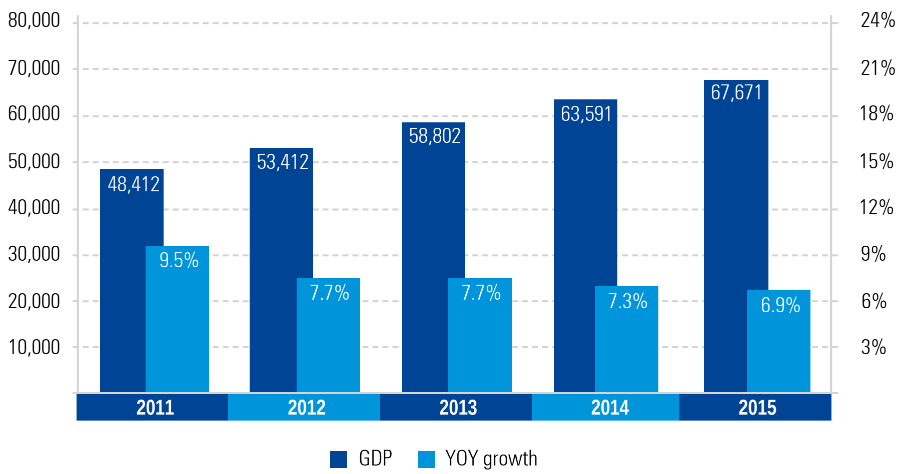
Through this publication, we seek to share our insight and inspire ideas to help banks and other market players as they take on risks and challenges in a rapidly evolving environment.

Contents



01 Introduction

In 2015, China's economy was characterised by the "New Normal" in many respects. The country's GDP grew by 6.9%, its slowest rate of growth in 25 years. However, since the size of China's economy already exceeded USD 10 trillion in 2014, the 6.9% growth registered in 2015 is still a significant figure. While China's economic growth might continue to slow in the future, we see this as a positive and necessary phase to transform into a high value-added economy – from an investment and export-oriented economy to one that is driven by consumption and innovation. On the one hand, basic manufacturing industries and traditional industries are facing difficulties as a result of this process. On the other hand, the services sector (including financial services), advanced manufacturing industries and consumer markets are showing great growth potential.



Source: National Bureau of Statistics of China; Wind Information

In 2015, the total assets and total liabilities of China's banking sector continued to grow steadily, and at a rate higher than in previous years. Earnings also increased in 2015. However, the earnings growth rate slowed compared to 2014 due to ongoing interest rate liberalisation, the impact of internet banking on the traditional financial services sector, and intensified competition among banks as licences are being gradually granted to privately owned banks. In addition, the economic structure will continue to see adjustments. Highly leveraged enterprises are mainly from those industries with overcapacity, and the effects of structural adjustments introduced to reduce leverage and solve the issue of overcapacity are being felt. With increasing downward pressure on the economy, the size of the banking sector's non-performing loans (NPLs) and NPL ratio continued to rise. In order to ensure the smooth growth of the economy, the Chinese government is implementing a proactive fiscal policy and a prudent monetary policy. Under the moderately tight financial environment, the banking sector is actively adapting to the new normal, speeding up the adjustment of business structure and strengthening risk control to ensure steady growth.

Total assets and total liabilities continue to grow at an accelerated pace

Overall, the banking sector operated steadily in 2015, with both total assets and total liabilities continuing to grow.

According to CBRC data, the total assets of commercial banks reached RMB 155.8 trillion at the end of 2015, an increase of RMB 21.0 trillion, or 15.6%, compared to the end of 2014. The growth rate was 2.1 percentage points higher than in 2014. Meanwhile, total liabilities amounted to RMB 144.3 trillion in 2015, an increase of RMB 19.2 trillion, or 15.3%, compared to the end of 2014. The growth rate was 2.4 percentage points higher in 2014.

1. Commercial banks comprise large commercial banks, joint stock commercial banks, city commercial banks, rural commercial banks and foreign banks

RMB (trillion)	2013		2014		2015	
	Amount	Increase	Amount	Increase	Amount	Increase
Total assets	118.8	13.6%	134.8	13.5%	155.8	15.6%
Total liabilities	110.8	13.4%	125.1	12.9%	144.3	15.3%

Source: CBRC

Chart 1.1: Total assets

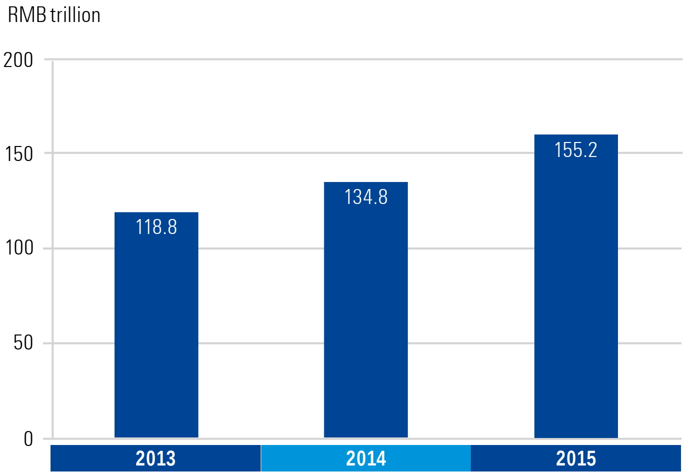
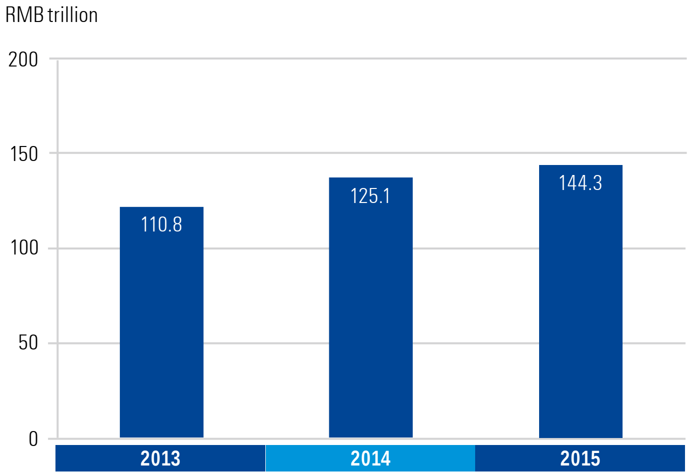


Chart 1.2: Total liabilities



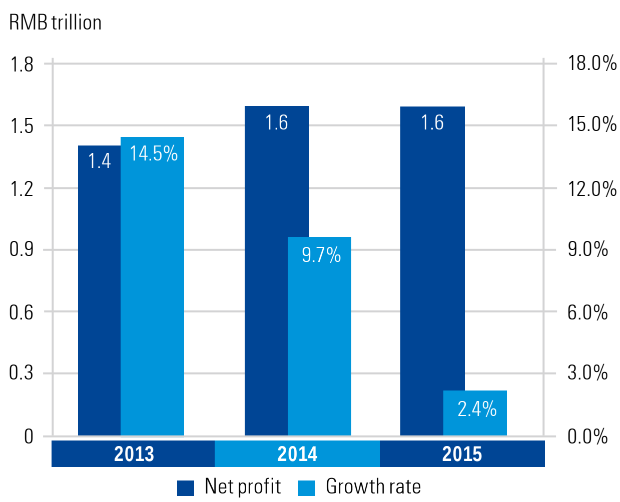
Source: CBRC

Earnings grew, though at a slower pace

Interest rate liberalisation and the penetration of internet banking into the core business of the banking sector are putting downward pressure on the overall economy and affecting earnings growth for banks. Interest rate cuts by the central bank have also reduced banks' profit margins.

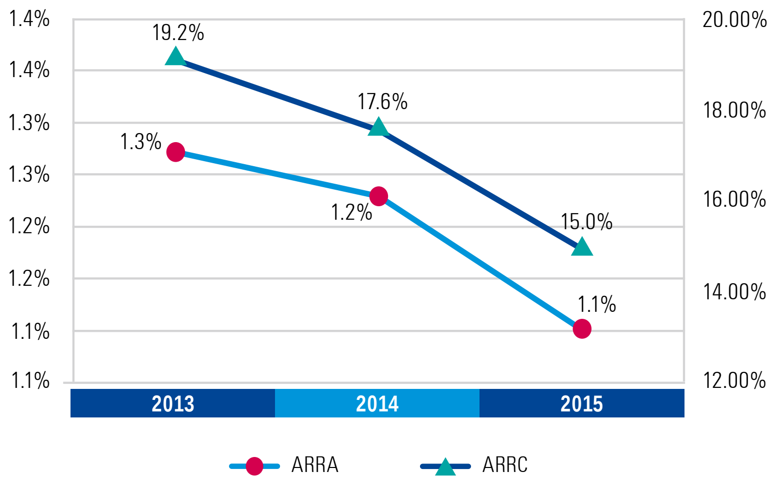
In 2015, commercial banks realised a net profit of RMB 1.6 trillion, an increase of RMB 37.8 billon, or 2.4%, compared to 2014. This 2.4% growth rate dropped sharply by 7.3 percentage points from 9.7% in 2014. In addition, due to regulatory requirements on the increase of capital and the slow growth of net profit, the growth rate of net profit has lagged behind that of capital. As a result, commercial banks' average rate of return on assets (ARRA) and average rate of return on capital (ARRC) has continued to decline over the past three years.

Chart 1.3: Net profit and its growth rate



Source: CBRC

Chart 1.4: ARRA and ARRC

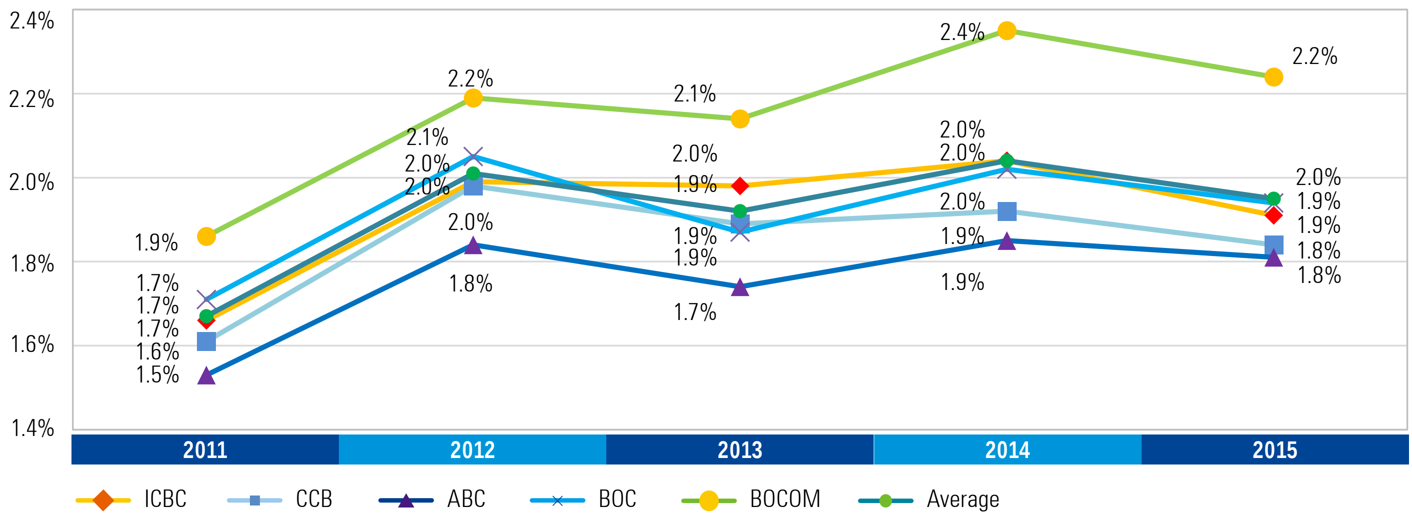


Competition among banks intensifying due to interest rate liberalisation and declining net interest margins

In 2015, China's Central Bank cut the deposit and loan interest rates five times, resulting in a sharp drop in deposit interest rates compared to the previous year, as shown in Chart 1.5.

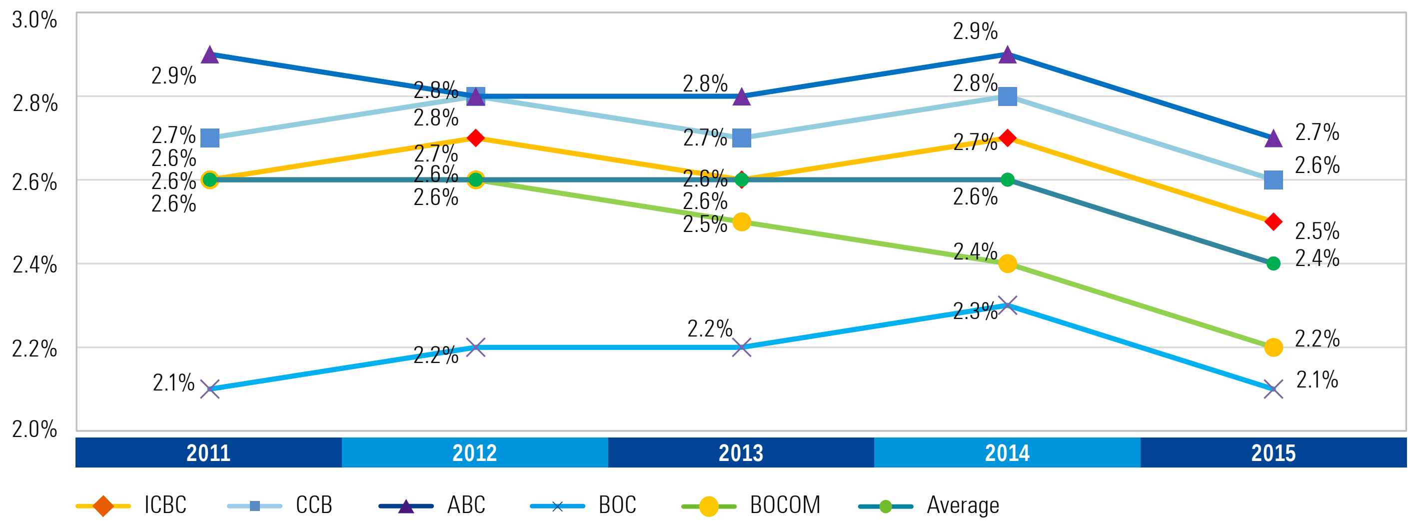
As interest rate liberalisation is being promoted, liquidity has improved, market competition has intensified and loan-deposit spreads have reduced gradually. As shown in Chart 1.6, the average net interest margins of the five state-owned banks have fallen considerably.

Chart 1.5: The deposit interest rates offered by the five state-owned banks from 2011 to 2015



Source: CBRC

Chart 1.6: The net interest margins of the five state-owned banks from 2011 to 2015



Source: CBRC

As credit risk continued to be exposed, the size of non-performing assets and the NPL ratio increased

According to the CBRC, the balance of all types of loans in commercial banks' asset portfolios at the end of 2015 was RMB 76.1 trillion, an increase of RMB 8.7 trillion, or 5.2%, compared to the end of 2014. The 5.2% growth rate is significantly lower than the 13.9% growth recorded in 2014.

Credit risk continued to be exposed in 2015, with the overall quality of credit assets falling. At the end of 2015, the balance of commercial banks' NPLs was RMB 1.27 trillion, an increase of RMB 431.8 billion, or 51.3%. The NPL ratio was 1.7%, up 0.4 percentage points compared to the end of 2014.

As shown in charts 1.7 and 1.8, both the balance of NPLs and the NPL ratio increased at an accelerated pace. The balance of NPLs at large commercial banks and joint stock commercial banks increased significantly, while large commercial banks' and rural commercial banks' NPL ratios were higher than average.

The reserve requirement ratio of commercial banks increased slightly. However, since the balance of provisions increased at a slower pace than that of NPLs, the provision coverage ratio dropped sharply. At the end of 2015, the balance of commercial banks' provisions for loan loss stood at RMB 2.3 trillion, an increase of RMB 353.7 billion, or 18.1%, compared to the end of 2014. The loan provision ratio was 3%, up 0.1 percentage points compared to the end of 2014. The provision coverage ratio was 181.2%, down 50.9 percentage points, primarily due to the sharp increase in the balance of NPLs.

Chart 1.7: The balance of commercial banks' non-performing loans

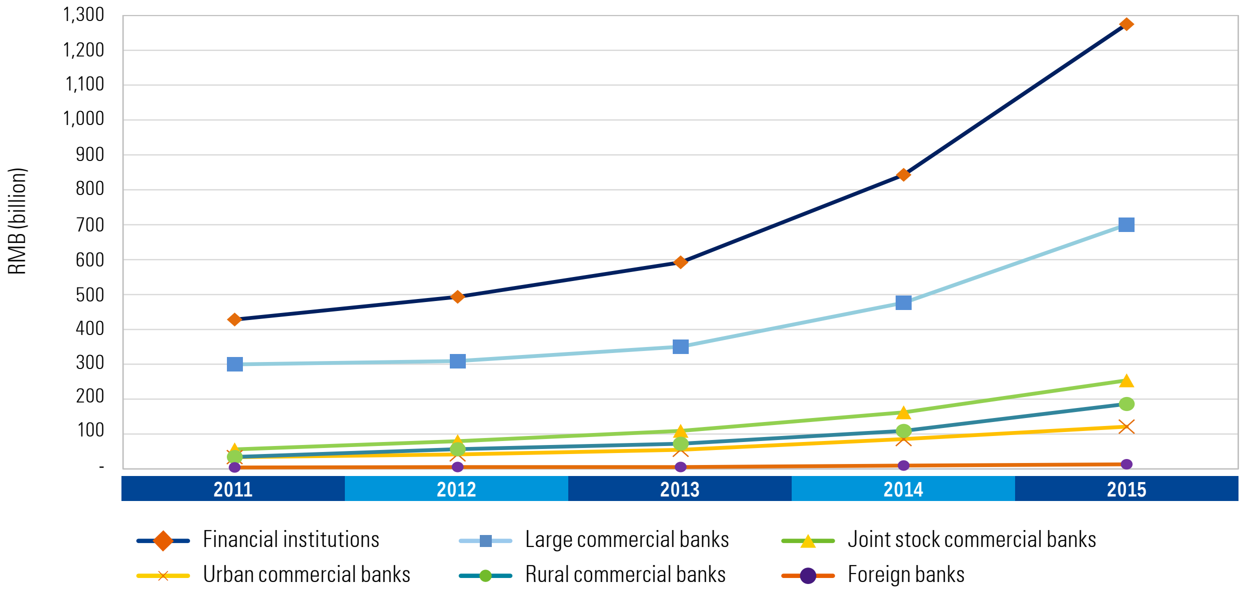
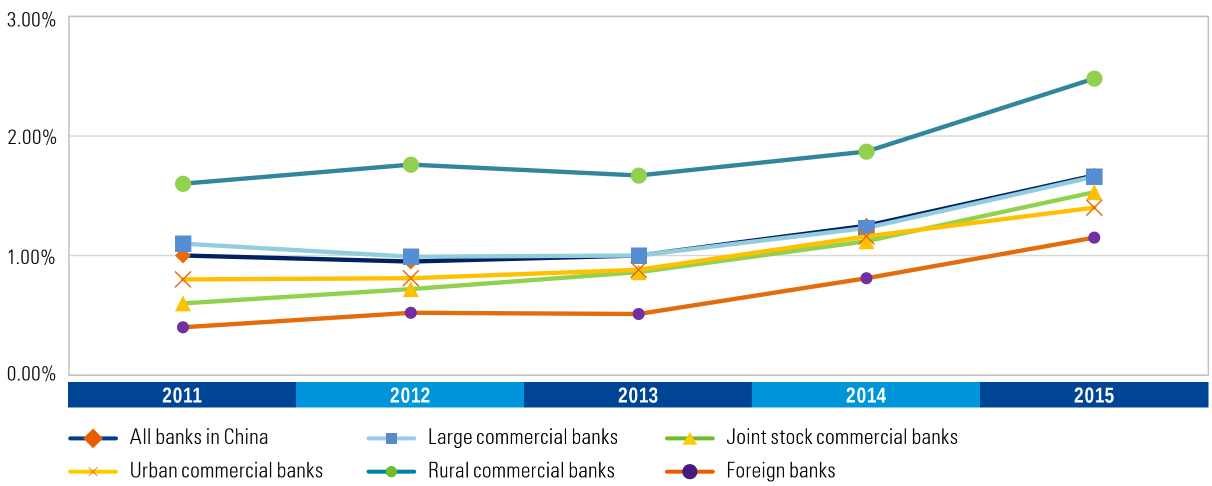


Chart 1.8: Commercial banks' non-performing loan ratio



Source: CBRC

Chart 1.9: Commercial banks' loan provision ratio

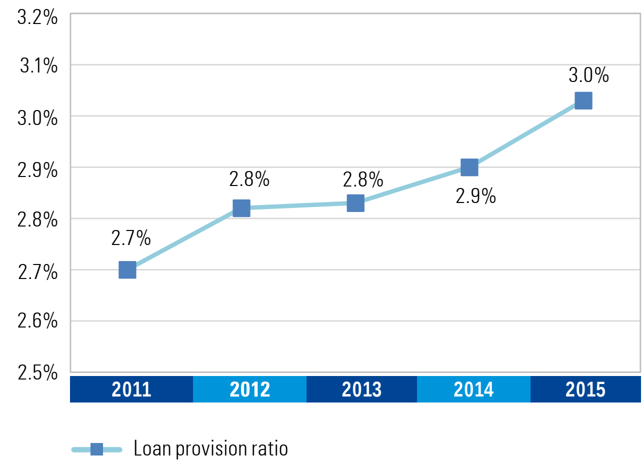
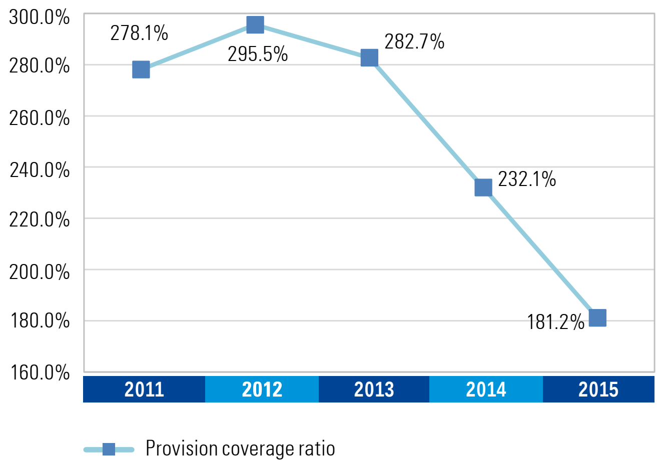


Chart 1.10: Commercial banks' provision coverage ratio



Source: CBRC

The interbank market had abundant liquidity, and the interest rate remained at a low level

China's Central Bank decreased the deposit reserve ratio several times in 2015 to increase liquidity in the interbank market, lower interest rates and reduce financing costs for enterprises. Charts 1.11 and 1.12 show that there was abundant liquidity in the interbank market and the interest rate remained at low levels. At the end of 2015, commercial banks' average liquidity ratio was 48%, a year-on-year increase of 1.6 percentage points. In December 2015, the weighted monthly average interbank borrowing rate was 2%, lower than 3.5% in December 2014.

Chart 1.11: Commercial banks' liquidity ratio from 2011 to 2015

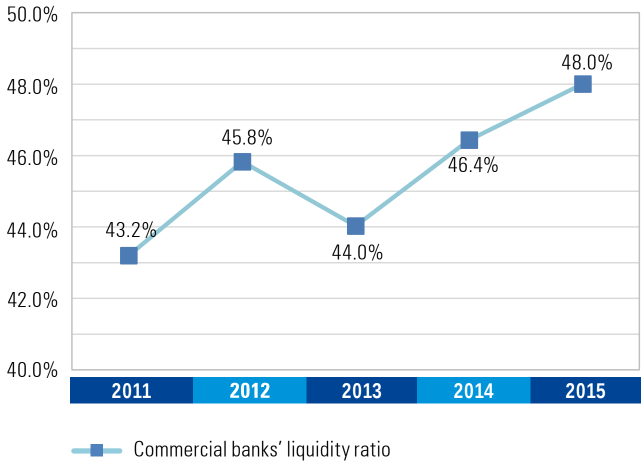
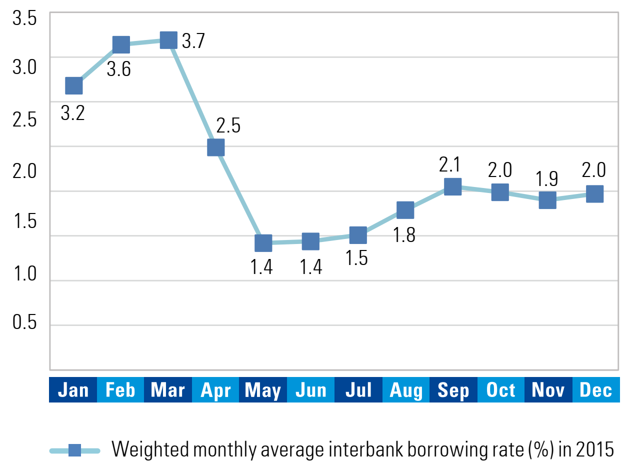


Chart 1.12: Weighted monthly average interbank borrowing rate



Source: CBRC

> *"China's Central Bank decreased the deposit reserve ratio several times in 2015 to increase liquidity in the interbank market, lower interest rates and reduce financing costs for enterprises."*

Stringent regulatory requirements and changing industry trends

Increasingly stringent regulatory requirements and changing industry trends are posing greater challenges to the banking sector.

Since 2015, some privately owned banks have benefitted from taking advantage of internet finance and inclusive finance. In view of this, the CBRC issued:

- The *Guiding Opinions on Promoting the Sound Development of Internet Finance.*

The State Council also issued:

- The *Notice of the General Office of the State Council on Forwarding the Guiding Opinions of the CBRC on Promoting the Development of Privately Owned Banks.*
- The *Notice of the State Council on Issuing the Plan for Promoting the Development of Inclusive Finance (2016 – 2020).*

In respect of risk management, the CBRC issued:

- The *Notice of the CBRC on Promulgation of the Measures on Information Disclosures Relating to the Liquidity Coverage Ratios of Commercial Banks.*
- The *Guidelines for Commercial Banks on the Management of Risks Relating to M&A Loans.*

In order to support supply-side structural reform with bank funds, the CBRC issued:

- *The Guiding Opinions of the CBRC on the Banking Sector Providing Support for the Construction of Major Projects in Key Fields.*

In addition, the CBRC also issued:

- The *Measures of the CBRC for the Implementation of Items Requiring Administrative Licensing for Chinese-funded Commercial Banks (Revision).*
- The *Measures of the CBRC for the Implementation of Items Requiring Administrative Licensing for Rural Small and Medium-sized Financial Institutions (Revision).*
- The *Implementation Measures of the CBRC on Administrative Licensing for Foreign-funded Banks (Revision).*
- The *Implementation Regulations for the Regulations of the People's Republic of China on Administration of Foreign-funded Banks (Revision).*
- The *Provisional Measures of the CBRC on Onsite Inspection and other important regulations.*

Since 2015, regulators have introduced more stringent requirements on the operations and internal controls of the banking sector. A series of regulatory measures have been implemented to standardise the banking sector's business processes, improve its compliance in business operations and guide commercial banks to improve their information disclosure mechanisms and risk control measures.

In addition, a number of key changing trends had an impact on China's banking industry in 2015:

Data analysis: momentous change for the banking sector

The impact of the internet, telecommunications technologies and smart devices is rapidly changing customer behaviour. Data that has been accumulated over a long period and is irreplaceable has become a strategic asset for banks. Typical areas where data can be applied include customers, risk control and operations. Banks that fail to fully exploit their data as a strategic asset could lose their competitive edge amidst fierce market competition. Chinese banks have realised the importance of data analysis, and are looking to innovate by integrating data bases, changing their organisational structure, exploring cooperation models and building knowledge systems. However, banks should remove data silos and improve staff awareness and training to enable the efficient analysis of data.

The impact of full-blown VAT reform on the banking sector

At the opening ceremony of the fourth session of the 12th National People's Congress on 5 March 2016, Premier Li Keqiang announced that the reform of replacing business tax with VAT will be fully implemented this year. From 1 May, the real estate, construction, financial services and living services industries have been included in the scope of the pilot project. The reform has had an impact on the banking sector in a number of ways. Firstly, since banks belong to the financial services industry, the deductible input VAT is limited, resulting in a greater tax burden. Secondly, the complexities and difficulties involved in the implementation of the reform have generally been greater than banks expected. Thirdly, the reform of replacing business tax with VAT is not simply replacing one type of tax with another. Rather, it is a change that will have a significant impact on most of the banks'

major departments. Banks should push forward the implementation of the reform at different phases in an orderly manner.

Understanding Notice no. 82 from the CBRC and its impact on the banking sector

In May 2016, the CBRC issued the Notice on Introducing Standards for the Business of Banking Financial Institutions in the Transfer of Income Right on Credit Assets (Notice no. 82) to provide guidance to banks on developing their businesses in an orderly manner. The main impact of Notice no. 82 is that the principles of transparency and standardisation in regulating the development of financial instruments have been made clearer. For assets that have moved out of the balance sheet by applying accounting treatments, it is still necessary to make a provision for risk capital based on the original risk weighting, which reduces the room for regulatory arbitrage and creates pressure for banks in meeting indicators such as the capital adequacy ratio. In addition, the wealth management funds owned by a bank are not allowed to be invested directly or indirectly in its own income right on credit assets through any channel. "Hidden risks" have also been reduced. The Notice has introduced standards for business system, risk management and information disclosure requirements for banks' business in the transfer of income right on credit assets, resulting in greater compliance pressure.

Strategies for the disposal of NPLs

Due to the combined impact of changes in the economic environment and tightening financial system, the size of NPLs has been rising continuously. The result of normal cyclical market adjustments, the issue should be dealt with using market-based means. Regarding risk appetite and trading characteristics, the participants in the NPL market include asset management institutions, investment banks, special funds for the disposal of NPLs, cyclical industrial funds, large and medium-sized banks with retail funds, trusts, industry groups and their affiliated industry investment institutions. Revitalising the assets is the mode of disposing of non-performing assets that is most advantageous for the economy. During the process, investment banks, accountants, financial advisors, lawyers, industry experts and evaluation agencies can use their professional skills to help identify risks, valuate assets, design disposal plans, build product structures, expand sales channels, coordinate communication and solve the issue of material price differences between buyers and sellers caused by information asymmetry.

Analysis of the new wave of debt-to-equity swaps

The Chinese government and regulators attach great importance to the default risk of banks' NPLs, and have been looking for ways to mitigate these risks. The debt-for-equity swap programme that was used more than a decade ago to solve structural problems is now back on the agenda. According to available information, this round of debt-for-equity swaps will focus on market-based and commercialised forms to gradually reduce enterprises' leverage ratio. The implementation of debt-for-equity swaps can be led by both the government and banks. Later in the report, we will introduce the accounting and tax treatments for debtors and creditors participating in debt-for-equity swaps, the impact of the implementation of debt-for-equity swaps on banks' interest income, indicators of the quality of loans and the capital adequacy ratio. In addition, we also

touch upon some issues that remain to be clarified, such as the scope of targets in this round of debt-for-equity swaps in the banking sector, common stock or preferred stock, mode of operation, banks' pressure for the employment of capital, and exit channels after debt-for-equity swaps are implemented.

The return of the bank wealth management business to asset management

As banks' wealth management businesses return to asset management, wealth management product (WMP) innovation needs to be enhanced and the asset management product line should include more variety. Risk control and liquidity management also need to be strengthened. Since banks' wealth management businesses involve the monetary, credit and capital markets, they should effectively control credit risk, market risk, liquidity risk and compliance risk to lay a good foundation for the asset management business to grow. In addition, importance should be attached to market research and investment transactions. Banks should build their asset management capabilities to ensure that they are qualified to manage wealth on behalf of their customers and to increase their value.

Green bonds

In order to deal with environmental challenges, China is developing the green financial system. At the end of December 2015, the People's Bank of China (PBOC) and the National Development and Reform Commission (NDRC) issued guidelines on the issuance of green bonds as the first step in establishing the domestic green bond market. Green bonds can help issuers attract investors, enhance their reputation, provide access to government support, as well as reduce the cost of fund-raising, among other benefits. When issuing green bonds, a certification of independent third party professional bodies is generally needed to improve the credibility of green bonds. Third party certification includes "secondary opinions" provided by external experts on the green characteristics of the bonds and "third party independent assurances" issued by traditional auditors. Third party assurances apply to the certification of employment, monitoring and management of funds raised, the assessment and selection of green projects, as well as information disclosure and periodic reports. Third party assurances can also help issuers enhance the creditability of investors, underwriters and rating agencies, and reduce their own reputation risk.

Improving credit management by enhancing the credit scoring system

Due to China's large economy, the current credit scoring data needs to be improved. Failure to do so could directly affect social financing cost, lending efficiency and the banking sector's ability to resist risks, which could curb economic vitality. As providers of credit services, banks in China urgently need to establish an effective customer credit scoring model to quantify credit risk. Banks can set up their own scoring models, but since the domestic credit scoring system still needs to improve, they may face high risks and costs to obtaining information. Therefore, building up sound credit scoring data and promoting the credit scoring system is of great importance. This can not only reduce credit risk and improve efficiency, but it can also promote good repayment practices, enhance the stability of China's financial system, encourage the development of the banking industry, and enhance the credit risk management of society as a whole.

02 Data analysis: momentous change for the banking sector

In the "Bank 3.0" era, customer behaviour is changing due to the impact of the internet, communications and smart devices. Customers are moving from the counters toward internet and smartphones for banking services. With customer interaction becoming more reliant on online platforms, banks are increasingly using data to understand customer needs. Therefore, data itself has become an important asset to banks. Data analysis brings disruptive change to banking services, driving banks' business model transformation to intelligent digital marketing, operation and risk control, and reforming the banks' overall development and operation.

2.1 Data will become the core competency

Today, an increasing number of customers are using e-banking and mobile devices. Banks have recorded and collected a large number of information – on customer preferences for example – for data mining and analysis. For banks, staff, funds and technology can often be replaced in the short term, but data that is accumulated is an irreplaceable key factor. If banks fail to use data as a strategic asset, they could fall behind due to fierce market competition and lose their core competency in the future.

2.2 Typical areas to apply for data analysis

A. Customer

The bank collects and integrates internal and external data from customers, and develops a customer analysis map to predict the needs of its customers. The bank provides comprehensive services for its customers by integrating its products and services.

B. Risk control

The bank identifies potential risks accurately on a timely basis, using all types of information including customer transactions, industry trends, and regional environment and enterprise behaviour.

C. Operation

The bank applies big data to optimise operational management, and identifies problems arising from procedures and areas that need to be improved, in order to develop its product line.

2.3 The status of data analysis among domestic banks

Domestic banks are realising the importance of data analysis and are already starting to deploy big data solutions in retail, credit card and risk areas, achieving effective results. Although big data is considered an important asset for banks, its potential value has not been fully utilised in the following areas:

- Customer: The bank has established a customer information database Enterprise Customer Information Facility (ECIF), but has not analysed customer behaviour, values and preferences to help transform its business model from product-oriented to customer-oriented. The bank's insight into its customers needs to be improved.

- Risk control: The bank has developed a scoring system and a risk measurement system, but still needs to improve its risk warning. A traditional risk measurement relies on customers' financial data, which lags behind the actual situation.

For small and micro enterprises in particular, applying financial data to risk control is a problem that banks should deal with.

- Operation: In a traditional business model, domestic banks have formulated a fixed system for operation and procedures. However, internet companies have made fundamental changes by using big data technology in core procedures such as marketing and credit granting, and surpass banks in this area.

The main reasons that domestic banks have not adopted effective big data analysis compared to overseas banks are:

- Staff awareness: The application of big data is not just supplementary to the existing business model, but also a key driving force for business transformation. Staff at all levels have different levels of understanding of big data and its value.

- Data silos: Banks have established countless information systems, and in many cases the data has not been integrated, which can constrain banks.

- Proficiency: In order to gain valuable insight and actionable business strategies based on data mining, banks are seeking out talent with suitable technology, analytics techniques and business skills. People with professional data analytics skills are a scarce talent in the market.

- Corporate culture: In the process of adopting big data, challenges could arise in the existing business strategies and procedures model, and even in the performance of the business department. Without support from senior management, it might be impossible to develop effective big data application.

2.4 Innovation in data analysis

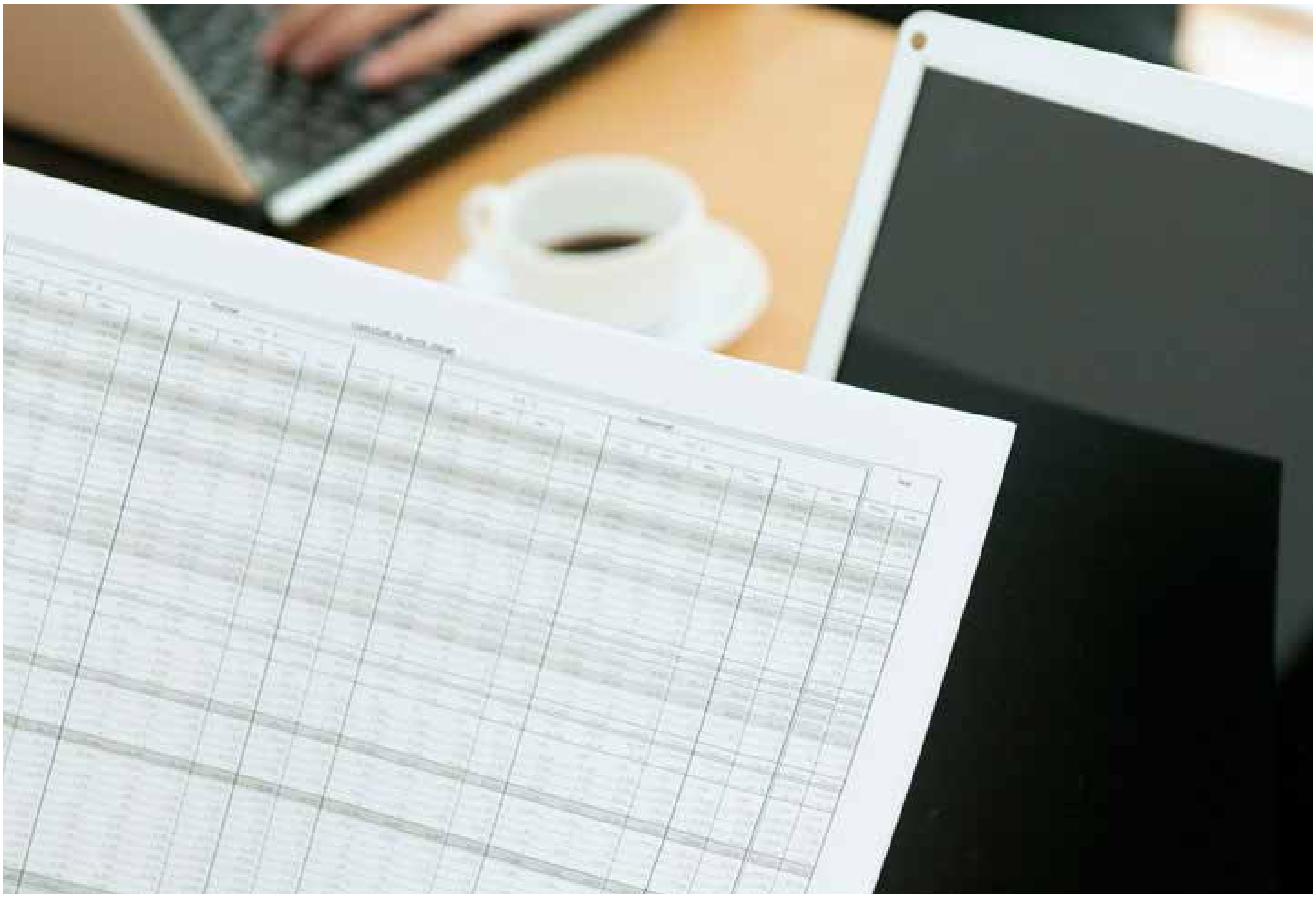
Some domestic banks have been exploring innovative approaches to data analysis by learning from the leading practice of overseas banks and internet companies, and considering big data as a strategy for the bank as a whole. They consider the results of data analysis as a key input for formulating business strategy and daily operation. Their measures include:

A. Integration of data base

The bank formulates data standards across the bank and collects internal and external data from different sources, including structural and non-structural data, to establish a big data analysis platform to ensure the data analysis is real-time and comprehensive. The results of data analysis are published and released to the front end business on a real-time basis.

B. Changes in organisational structure

The bank establishes a big data analysis centre, and integrates resources from talent in the technology, business, branches and management and information departments. It also introduces external talent with data analytics techniques and modelling skills. The bank considers delivering business



value as the core evaluation indicator for the analysis centre, and organises big data briefings across the bank to integrate big data into the corporate culture.

C. Partnership exploration

The bank applies big data from the perspective of income generation instead of risk and operation through a series of programmes featuring a short duration period and easy management. As a result, the bank can work out an efficient partnership pattern between the analysis centre and the business departments. During the course of cooperation, the bank insists on being value-oriented and focuses on the positive interaction between the maintenance and business departments, rather than the traditional model – namely, "demand + passive development". The bank discusses and verifies all kinds of assumptions undertaken by the business departments and conducts iterative optimisation, turning them into factual and practical business recommendations.

D. Building a knowledge system

Whereas insight used to be limited to a certain department, the bank communicates and shares the insight from data analysis as knowledge across the bank. To maximise interest, the bank prepares integrated business strategies, promotes customer-integrated marketing and provides a factual basis for a full range of services.

2.5 Illustration of data analysis

Data analysis, when conducted holistically, can solve challenges arising from the lack of coordination among business departments. For example:

A. Customer

- Sales activities management: The bank manages the sales activities of each business department holistically to enhance the efficiency and effectiveness of sales activities. Such management will avoid excessive or limited contact with customers, prevents repeated non-profitable activities, facilitates profitable sales activities automatically, and tracks and evaluates sales activities centrally. Sales activities proposed by business departments satisfy the requirement of minimum ROI.

- Marketing across product lines: By analysing bank card business holders' data, the bank can identify a large number of businesses that transfer the sales payment to an account under the same name in other banks. As a result, the bank's account acts as a transfer account. No marketing activity is undertaken, and therefore businesses do not satisfy the assets under management (AUM) standards for high-end private banking customers, but fall into the category of potential private banking customers. Analysis of bank card transaction data can also help identify the sectors (e.g. children's products) that have seen phenomenal growth for consecutive months. The business department can then follow up with customers from those sectors to launch marketing for cash management, financing or other services.

- Price flexibility management: Analysis finds that customers who pursue service quality and customer experience are not sensitive towards price. Under the basis of improving customer service, a proper and unanimous increase in handling charges across businesses is unlikely to impose a negative impact on customers' loyalty.

- Analysis on assets and liabilities: Analysis is conducted by grouping customers. For liabilities (e.g. demand deposit), the bank puts its investment into its long-term liabilities by recognising the ones with longer terms and paying the interest for those with shorter terms. This can improve the funding supply strategy of assets and liabilities, while loan products will be more attractive with regards to pricing.

B. Risk

- Risk management of small enterprises: Except for traditional financial data, risk management depends more on the behavioural data of small enterprises and their owners. Data analysis shows that the more enquiries in a bank's credit system there are, the higher the rate of past due loans or default rate of small enterprises will be.

- Fraud of loan application and issuance: Through Social Network Analysis (SNA), such as the sharing of phone numbers, conversion and the transfer of money, the bank can coordinate with customers, staff, accounts and other areas of the business, and recognise potential related parties and illegal intermediaries to prevent credit grants from too many institutions, repeated grants and organised loans fraud.

C. Operation

- Sales network incentives: Regarding the incentive mechanism for account managers, as well as the design, calculation and tracking of bonus payment, the bank can cut down the cost of sales incentives, increase sales income, promote cross-marketing and reduce problems arising from customer service. The bank can also identify the impact of the incentive mechanism on account managers' behaviour, in order to promote a good sales practice across the country.

- ATM considerations: The bank can optimise the routes of banknote carriers and cash additions by comprehensively considering the physical location of ATMs, transaction records, customer distribution and neighbouring facilities, which can help lower operating costs.

- Optimisation of online banking: With online banking, the bank can view the number of visits for each web page, retention time, the number of jumps. It can also assess the frequency of successful and unsuccessful deals by analysing the system logs to optimise the design and the trading process of online banking.

03 The impact of full-blown VAT reform on the banking sector

3.1 Background to the VAT reforms

For many years, China's indirect tax system has been characterised by the presence of two taxes: the value-added tax (VAT), generally imposed on industries engaged in the production and sale of commodities, and the business tax on service industries, which is levied on the services sector, including banking. This dual taxation system has created many barriers for the manufacturing and services industries, and discouraged specialised cooperation and division of work. Since the business tax is imposed on total revenue, double taxation becomes an important issue as more intermediate processes are involved in circulation.

Beginning in 2012, the Chinese government has been pressing ahead with various taxation reforms aimed at phasing out business tax in favour of VAT. During the pilot programmes that form part of the reforms, various tax policies were trialled in different provinces for certain industries. The government recently expanded these policies nationwide, and has been making steady progress with its supply-side reform.

At the opening ceremony of the fourth Session of the 12th National People's Congress on 5 March 2016, Chinese Premier Li Keqiang announced further plans to phase out business tax in favour of VAT. Since 1 May, the real estate and construction, financial services and consumer markets industries have been incorporated into the pilot programme for VAT reform.

Out of the 160 countries that have already adopted VAT (or a similar system), China has the most extensive VAT tax base now that the reforms have been implemented. VAT in China applies to practically all services carried out in banking, including interest income, which is unique to China. China's efforts to impose VAT on its banking sector have caught the eyes of many countries in the world, and if these efforts prove successful, other countries may follow suit and adopt similar tax policies.

On 24 March 2016, the Ministry of Finance and the State Taxation Administration jointly issued Announcement No. [2016] 36, clarifying VAT tax and specific policies applicable to the real estate and construction, financial services and consumer markets industries. On 29 April 2016, the two authorities jointly issued Announcement No. [2016] 46, providing further clarification on relevant policies related to the VAT pilot programmes in the financial services sector.

3.2 VAT policies for the banking sector

Businesses on which VAT is imposed mainly include lending services, financial services with direct charges, the transfer of financial products, financial agency services and the purchase and sale of general merchandise. Business tax is imposed on interest income from general loans, fee and commission income and other taxable income at a rate of 5%. Following the VAT reforms, the banking industry is subject to a VAT rate of 6%. When comparing the VAT rate with business tax, it is worth keeping in mind the fact that input tax is deductible in the case of VAT, whereas total business turnover is taxable for business tax purposes. Specific VAT treatment is as follows:

Definition of taxable service		VAT policies	Previous business tax treatment
Transfer of financial products	Transfer of financial products refers to the transfer of ownership of foreign exchange, negotiable securities, non-commodity futures and other financial products. Transfer of other financial products refers to the transfer of asset management products and financial derivatives of various kinds, including funds, trusts and wealth management products.	• In the case of the transfer of financial products, a sales turnover is the difference between the selling and buying price. • The balance is the sales turnover, and a negative balance can be carried forward to the next tax period and offset against the sales turnover. However, if the resulting balance is still negative at the end of the year, this cannot be carried forward to the next accounting period. • A VAT special invoice will not be issued for the transfer of financial products.	• Starting from 1 December 2013, an offset of negative differences against positive differences of financial products of various types within the same year is subject to business tax.
Financial services with direct charges	Financial services with direct charges refers to any business activity in which services related to monetary and fund financing and other financial businesses are provided. These services include currency conversion, account management, e-banking, credit cards, letter of credit, financial guarantees, asset management, trust management, fund management, financial trading floor (platform) management, fund settlement, fund liquidation and financial payment.	• In the case of financial services with direct charges, a sales turnover refers to the processing fee, commission, reward, administrative fee, service fee, brokerage, activation fee, transfer fee, settlement fee, custody fee and other fees that are charged commission income and is also subject to VAT. • The input tax on financial services with direct charges purchased by a taxpayer can be deducted from the output tax.	• A business tax rate of 5% is imposed on fee income.

Definition of taxable service		VAT policies	Previous business tax treatment
Lending services	Lending services refer to any business activity where funds are provided in the form of loans to others and accrue interest. Income from occupied or borrowed funds is subject to VAT as income from lending services including income from interest paid before or on the maturity date of financial products (principal guaranteed income, rewards, fund occupancy fees, compensations, etc.), interest income from credit card overdrafts, financial assets purchased under resale, margin trading and short selling and income from businesses such as sale and leaseback financing, documentary credit, penalty interest, discounted bills and re-lending. Fixed profit or guaranteed profit from monetary investment is subject to VAT as income from lending services.	• A sales turnover is the total interest income and income that is of the same nature as interest from lending services. • Input tax on lending services accepted by a taxpayer and investment and financing advisory fees, processing fees and consulting fees paid by a lender that are directly related to the loan in question shall not be deducted from output tax.	• Interest income from financial intermediary businesses provided by domestic banks is subject to a business tax rate of 5% based on total interest income (including non-price charges) and cannot be used for deduction purposes with regards to turnover tax on corresponding cost and expenditures. • In addition, where a borrower or lender is located within China, interest income shall be taxed in China for business tax purposes.
Financial agency services	Various brokerage, intermediary and agency services related to financial services such as insurance agency services.	• The balance of total payments and non-price charges minus government managed funds or administrative and institutional fees charged to an entrusting party and paid on behalf of such a party is the sales turnover. A VAT special invoice will not be issued for government managed funds or administrative and institutional fees charged to an entrusting party.	• The balance of all payments and non-price expenses charged to an entrusting party minus deductible amounts allowed by prevailing tax policies is the taxable turnover.

Definition of taxable service		VAT policies	Previous business tax treatment
Purchase and sale of general merchandise	This business includes precious metal trading, debt-repaid asset trading and disposal of fixed assets.	Subject to VAT in accordance with rules under 'General Taxation'.	Currently within the scope of VAT taxation.
Interbank transactions	Fund transactions between financial institutions.	Free tax on interest income from interbank transactions. Interbank transactions eligible for tax exemption include: fund transactions between a financial institution and the PBOC, including loans provided by the PBOC to general financial services institutions and rediscounts offered by the PBOC to commercial banks, intra-bank transactions: fund transactions between branches of a bank, fund transactions between financial services institutions - short-term, non-guaranteed financing (one year or less) through a nationwide interbank network between financial services institutions permitted by the PBOC to enter the interbank market, transfer of discounts between financial services institutions, financial assets purchased with pledges under resale: a short-term financing business with bonds and other financial products as pledges of rights, policy financial bonds held: bonds issued by development-oriented and policy-based financial institutions.	Income from interbank transactions are exempt from business tax.
Cross-border borrowing	Borrowers within China borrow from overseas banks.	A withholding model will be used. Service users within China pay VAT on the service fees paid but input tax on interest expenses is not deductible.	As long as the borrower is within China, an overseas bank should pay business tax on interest income obtained.
Cross-border lending	Banks within China lend to overseas borrowers.	According to current VAT policy, financial services provided for overseas entities are subject to VAT except for financial services with direct charges provided for monetary financing and other financial businesses between overseas entities and insurance services for export goods.	Interest income from financial services provided by banks within China to overseas entities is subject to business tax at a rate of 5%.

3.3 Impact of VAT reform on the banking sector

Firstly, as part of the financial services sector, banks enjoy limited deductible input tax. According to Announcement No. 36, input tax on interest expenses as well as investment and financing advisory fees, processing fees and consulting fees paid by a taxpayer to a lender in relation to a loan shall not be deducted from output tax. This means that input tax on loans as the main source of banks' profit is not deductible. In addition, labour costs, welfare expenses, transportation expenses and hospitality expenses that take up a large proportion of banks' business related expenses are not eligible for input tax deduction. As banks only have limited leeway in subjecting their output items to VAT through improved efficiency, the VAT burden is usually borne by banks themselves. As a result, banks that are not engaged in the purchase of large value fixed assets and immovable properties for the current period may face a larger tax burden following the VAT reforms.

Secondly, the complexity and difficulties involved in the implementation of the VAT reforms will exceed enterprises' expectations. The difficulties are unprecedented, especially for large banks with enormous scale, complex organisational structures, complex business types and large trading volumes. The VAT reforms will also impact the operating model of all business lines and internal procedures in the banking sector. Before the reforms, banks' business procedures were designed to deal with business tax. But with VAT, banks need to put in place significantly more risk controls to satisfy VAT policies and regulatory requirements compared with business tax. We have noticed that some banks have already made adjustments to businesses that are not in line with VAT requirements.

Thirdly, the VAT reforms are by no means simply about replacing one tax with another. Rather, the reforms will bring disruptive changes to most of the key departments within banks. These reforms affect not only work carried out in financial departments such as accounting, budget management, financial reporting, tax filing and invoice management, but also frontline businesses and middle and back office work such as business procedure management, marketing plan management, key account management, supplier management, procurement management, contract management and IT systems management. For instance, the business department may need to adjust pricing strategies in a timely fashion in accordance with changes in tax policies. The procurement department may need to organise supply materials and determine procurement procedures. The legal department may need to review or modify contractual terms. As a result, responses to the VAT reforms not only need the support of the human and material resources of the financial departments, but also call for concerted efforts of various departments from front to back offices. Experience from other industries shows that as the VAT reforms are being implemented, how to achieve effective cross-departmental communication and redefine and differentiate departmental responsibilities are major obstacles to overcome.

3.4 How to respond to the VAT reform

As there was not much time between the formulation of the policy and its implementation, enterprises in the financial services sector should give priority to their VAT work so that they can accurately calculate prices, record accounts, issue invoices and file taxes for VAT compliance purposes. Based on our experience in assisting numerous large financial institutions in adopting VAT practices, we suggest the following points around VAT work:

After the first filing period:

At the early stage of VAT reform, how tax policies are understood and executed may differ between banks and tax authorities, and between the tax authorities of different provinces. According to the VAT law, banking businesses are classified into the following types: lending services, financial services with direct charges, transfer of financial products, financial agency services and purchase and sale of general merchandise. With the growth of banking businesses, new innovative products will keep emerging. As many businesses may be complex in nature and have overlapping characteristics that defy a clear-cut classification, the inability to render an accurate judgment with respect to classification for VAT purposes may have profound implications as tax treatment differs for each type of business. In addition, the scope of tax exemption policies applicable to the banking sector is hard to grasp. Therefore, one of the key tasks for banks preparing to transition to a VAT regime is to make inquiries, exercise judgment, obtain confirmation and receive feedback with respect to specific VAT policies.

Both taxpayers and tax authorities need time to understand and assimilate the new VAT policy during which time financial and tax authorities may or may not unveil a series of application guidelines. Therefore, financial institutions are advised to prepare themselves for some unexpected developments. If VAT policies for the financial services sector are updated, banks should make corresponding changes to their VAT manuals and procedures.

It is worth noting that due to limited preparation time, most financial services enterprises made small changes to their financial tax systems, and this only constitutes a transition or contingency plan. As policies are made clearer, enterprises need to organise and analyse their business procedures and income and, if necessary, make front-end modifications to their business systems and effect optimised VAT chain management.

In addition, banks also need to consider whether their business models need to be adjusted following the VAT reforms. Currently, many enterprises have designed multiple business models to minimise their business tax burden. Following the implementation of the VAT reforms, they need to reconsider their business models to maximise the effect of preferential policies and circumvent tax risks.

The above observations show that the VAT reforms are not simply about replacing one tax with another. How to respond to the reforms does not just fall on the shoulders of the financial departments of banks. Rather, it calls for the active participation, collaboration and execution of all departments within the organisation. Therefore, banks need to strengthen communication lines between the financial and tax departments, as well as with the tax authorities, and understand VAT developments in the industry. They should form a special VAT team to formulate the objectives and execution plans for VAT programmes and, if necessary, introduce agencies with VAT experience to provide assistance in facilitating VAT progress.

It is expected that regulations for VAT practices in the financial services sector will be unveiled at some point. The regulations will provide clarification on unclear matters in VAT policies for the financial services sector and help alleviate the tax burden facing some banks following the reforms. Banks should pay close attention to the release of new regulations, refer to the practices of the sector, communicate with tax authorities and adjust VAT measures in a timely manner.

After the implementation of the VAT reforms, banks need to consider what measures to take under the new tax climate to optimise their overall tax burden and enhance tax risk control.

04

Understanding Notice No. 82 from the CBRC and its impact on the banking sector

4.1 Evolution of regulatory requirements

December 2009

The CBRC issued the circular on 'Issues Concerning Further Regulation of Cooperation between Banks and Trust Companies', prohibiting the "investment of bank-trust company financial products in credit assets or commercial papers issued by the issuing bank of the financial products". This requirement is restricted to the cooperation between banks and trust companies and does not extend to others.

December 2010

According to the circular from the CBRC on 'Further Regulating Transfer of Credit Assets of Banking Financial Institutions' (CBRC Fa [2010] No. 102), issued in December 2010, financial services institutions transferring credit assets should follow the principle of truthfulness. Any untruthful transfer of assets is prohibited. No repurchase agreements may be entered into by the two participating parties to evade regulation.

January 2012

The Ministry of Finance (MOF) and the CBRC issued the circular, 'Administrative Measures for Batch Transfer of Non-performing Assets of Financial Institutions' (Cai Jin [2012] No. 6), providing guidelines on liquid non-performing assets and non-credit assets of financial services institutions.

June 2015

The circular on 'Central Registration of Transfer of Banking Credit Assets' (No. 108), issued by the CBRC, requires financial services institutions to centrally register the transfer of their credit assets (the transfer of credit assets held and their corresponding beneficial rights).

August 2015

In August 2015, the 'Administrative Measures for Non-performing Assets Business Conducted by Financial Asset Management Companies' (Cai Jin [2015] No.56) was issued by the MOF. This allows state-owned asset management companies to acquire and dispose of the non-performing assets of non-financial services institutions.

The circular on 'Regulation of Acquisition of Non-performing Assets of Financial Asset Management Companies' (No. 56), issued by the CBRC, prohibits asset management companies from providing channels for financial services institutions to circumvent asset quality regulations for the first time.

May 2016

The circular on 'Regulating Transfer of Right to Receive Income from Credit Assets of Banking Financial Institutions' (No. 82), issued by the CBRC, aims to promote the healthy and orderly development of the income right transfer business related to credit assets.

4.2 Analysis of the impact of Circular No. 82:

4.3 Regulatory requirements of Circular No. 82 and interpretation of the provisions

Circular No. 82	Interpretation
In recent years, financial services institutions have been conducting business related to the transfer of income rights of credit assets, which helps them to liquidate their assets and accelerate capital turnover. However, the structure of transactions is irregular and opaque, with problems arising in relation to accounting treatment, capital accrual and provision. To promote the healthy and orderly development of the income rights transfer business, the following provisions should be adhered to:	At present, the size of credit asset transfers conducted by financial services institutions is large, and the structure of transactions is complicated and diverse. Some banks engage in regulatory arbitrage via various channels. In some income right transfers related to credit assets of banks, the transferor removes the loans from its financial statements, while the transferee accounts for the income right as an investment. In this way, a loan is turned into an investment, and the size of credit assets decreases as a result of such irregular accounting.Under such a background, the CBRC issued Circular No. 82, aiming to promote the healthy and orderly development of the income right transfer business related to credit assets.
1. Income right transfer related to credit assets should comply with the requirements on "filing approach, reporting of products and registration of transactions".	Creditors' right of credit assets is the basic right, which includes the right to mortgage and pledge, income right and file ownership. Income right of credit assets is attached to the creditors' rights. Circular No. 82 regulates the income right of credit assets. The major differences between the income right and creditors' right include: • Transfer of income rights where the debtor continues to make payments to the original creditor when the creditor's rights are not transferred. Where the creditor's rights are transferred, the debtor pays the full amount specified in the original contracts to the transferee. • Transfer of income rights where uncertainties exist in assets, especially with respect to future creditors' rights. The debtor-creditor relationship is relatively clear in the transfer of creditors' rights, especially in the transfer of well-defined debtors' rights receivables and credit assets. • Transfer of creditors' rights facilitates the segregation of the creditors' rights and transferor's assets in the case of bankruptcy. Some legal flaws exist in the transfer of income rights.
(1) Filing approach: Financial services institutions should formulate policies to manage the transfer of income rights of credit assets. The Credit Asset Registration and Exchange Center ("CARE Center") should, based on CBRC requirements, formulate and issue rules and procedures for this business and promptly submit them to the CBRC for filing purposes.	• Given that Circular No. 82 aims at regulating deal structure, accounting treatment, capital accrual and provision, the management policies of financial services institutions for the income right transfer business should specify asset composition, deal structure, accounting treatment, capital accrual, provisioning and regulatory-related requirements. In addition, the transfer of non-performing credit assets and normal credit assets should be distinguished with appropriate risk management policies formulated based on their risk characteristics. • Registered in June 2014, the CARE Center is responsible for the registration, custody, exchange and settlement of credit assets and other financial assets, provision of agency principal and interest payment services, transaction management and market monitoring, as well as the provision of financial information and related advisory and technical services, etc. • As of the end of March 2016, the underlying assets recorded at the CARE Center were merely RMB 34 billion. Compared with the size of the asset backed securitisation industry and businesses comprising other asset management channels, there is ample room for development.
(2) Reporting of products: The CARE Center should formulate and issue product reporting procedures and approval requirements according to CBRC requirements. Financial services institutions should submit the information for each transaction to the CARE Center.	• The submission of information for each transaction shows adherence to the transparency principle. • The disclosure of information may include debtors' information (its industry, operations and credit rating, etc.), mortgaged/pledged assets and risk disclosure statements. Based on the above, regulators may further standardise asset types, give registration permission to qualified assets and reject applications of unqualified assets.

Circular No. 82	Interpretation
(3) Registration of transactions: The transferor should follow the requirements of the circular from the General Office of CBRC on 'Central Registration of Transfer of Banking Credit Assets' (CBRC Fa [2015] No. 108) and promptly complete central registration for the transfer of income rights of credit assets with the CARE Center.	• Circular No. 108 requires financial services institutions to carry out the transfer of credit assets (the credit assets held and their corresponding beneficial rights to be transferred) and to centrally register the transfer of their credit assets. • On the one hand, central registration gives non-standardised loans some standardised attributes, turning them into financial assets with specific codes, thus allowing trading parties to conduct more transparent and standardised transactions. It also supports the exclusion of these assets in the calculation of non-standardised assets. On the other hand, it helps regulators obtain a true picture of the credit asset transfers of the banking industry and to keep track of items added to or removed from the balance sheet. This makes off-balance sheet items more transparent and market-oriented like asset backed securitisation and serves to drive regulated asset securitisation.
2. Income rights transfer related to credit assets should comply with the law to effectively mitigate associated risks.	
(1) The transferor should fully accrue capital based on the amount of the original credit assets after the transfer in accordance with the 'Measures for Managing Capital of Commercial Banks' (Trial).	• The risk capital for assets no longer recognised in financial statements should be accrued based on the original risk weighting. Banks cannot decrease capital by removing credit assets from their balance sheets, thereby reducing opportunities for regulatory arbitrage and putting pressure on capital adequacy ratios. • In substance, this rule converges with the concept of step-in risk proposed by the Basel Committee. For unconsolidated entities, banks exposed to step-in risk are required to accrue capital in accordance with specific rules even though the assets are no longer recognised in the financial statements.
(2) Transfer of income rights of credit assets should be accounted for and recorded in accordance with the 'Accounting Standards for Business Enterprises'. For the transfer of non-performing assets in which the transferor has a continued involvement after the transfer, the continued involvement part should be included when calculating the NPL balances and NPL ratios, as well as provision coverage ratios and other indicators.	• Accounting for the transfer of credit assets' income rights should comply with the requirements of the accounting standards by making judgment as to whether risk and reward are transferred. • NPLs seeing continuing involvement should be included in the calculation of NPLs to prevent banks from disguising loans as investments.
(3) In accordance with the 'Measures for Managing Loan Loss Provision of Commercial Banks, Guidelines for Loan Loss Provision of Banks and Measures on Managing Provisioning of Reserve by Financial Institutions' and other related regulations, the transferor should make provisions based on the actual risk exposure using appropriate accounting treatment.	• Provisioning depends on accounting treatment and risk exposure. From the perspective of accounting treatment, the continuing involvement part should be included in the scope of provisioning. From the perspective of actual risk exposure, when the amount of inferior assets is lower than the risk exposure of credit assets (that is the recoverable amount is lower than the share of priority assets), the good assets will suffer some losses. This means the total amount of provision will decrease compared with provision remaining in the balance sheet.

Circular No. 82	Interpretation
(4) The transferor shall neither directly nor indirectly invest in the income rights of credit assets of the bank using its own WMP, nor shall it assume either explicitly or implicitly any repurchase obligation in any form.	• In December 2009, the CBRC issued the 'Circular on Issues Concerning Further Regulation of Cooperation between Banks and Trust Companies', which prohibited the "investment of bank-trust company financial products in credit assets or commercial papers issued by the issuing bank of the financial products". This requirement is restricted to the cooperation between banks and trust companies and does not extend to others. In substance, Circular No. 82 keeps the spirit of the Circular. It shows that the regulators have always been firmly committed to prohibiting the use of arbitrage, whether on or off the balance sheet. In the wake of various types of channels emerging in recent years, Circular No. 82 has essentially prohibited the investment of the transferor's treasury funds in the income rights of credit assets through various channels (including fund subsidiaries, brokerage asset management companies and fund accounts). • Circular No. 82 agrees with the 'Circular on Regulation of Acquisition of Non-performing Assets of Financial Asset Management Companies' (No. 56). Circular No. 56 prohibits banks from removing non-performing assets from their balance sheets via asset management companies. This is designed to regulate imprudence and risk exposure associated with the acquisition of non-performing assets in order to prevent related risks from remaining in the banking system and not being truly diversified.
(5) Investors of income rights of credit assets should continue to meet the requirements of regulators on qualified investors. The investment of income rights of non-performing assets is limited to qualified institutional investors and not available to financial products, trust plans and asset management plans in which personal investors participate. The transparency principle should apply to the funding sources of institutional investors that are not allowed to obtain direct or indirect funding from individual investors using embedded instruments.	• Personal wealth management products cannot be invested in the income rights of credit assets. • Uphold the transparency principle and prohibit direct or indirect participation by individual investors. Non-performing assets, considered to be professional and risky, are not suitable for individual investors. Their risk level suits the needs of qualified institutional investors better. • Banks are expected to transfer existing business to corporate financial products. It is worth noting that further clarification is required with regards to the definition of qualified institutional investors, the proportion of non-performing assets in the investment portfolio and the disclosure of financial information.
(6) The transferor and other related trading entities should prudently assess the quality of credit assets and associated risk and set reasonable prices based on the market-oriented principle. Third-party organisations such as accounting firms, law firms, rating agencies and valuers are engaged to provide their professional opinions on specific matters where necessary.	• The introduction of various third-party professional organisations is an arrangement to increase the market-oriented level and 'sunniness'. It helps to improve the reliability and objectivity of judgement with respect to product pricing, accounting treatment, legal risk and other key areas. It supports the exclusion of the asset in the calculation of non-standardised assets.
(7) The transferor and other related trading entities should promptly provide accurate and complete information on the credit asset whose income rights are to be transferred in accordance with the related requirements. Contingency events with significant impact on investors' equity or investment income should be disclosed on a timely basis.	• The focus is still on information disclosure. Contingency events could be overdue principal and interests, downgraded rating and involvement in significant litigations. In order to promptly disclose significant contingency events, banks need to manage and monitor underlying assets. This poses quite a challenge to the existing banking and management systems.
(8) Qualified investors that meet the above requirements and purchase income rights of credit assets invested by financial products should complete the transfer and central registration at the CARE Center in accordance with the related requirements. Such assets are excluded from the calculation of non-standardised credit assets. They are presented separately in the national banking financial information registration system.	• Income rights of credit assets meeting the requirements are excluded from the calculation of non-standardised credit assets. This can release some investment quota and contribute to market expansion.

Circular No. 82	Interpretation
3. The CARE Center should strengthen market monitoring and promptly report major developments	
(1) Examination and approval of products, including but not limited to the composition of assets, deal structure, investor suitability, information disclosure and risk controls.	• From the key point of the review of products' registration, banks should regulate the choice of assets, design of deal structure, assessment of investor suitability, information disclosure and risk controls from two dimensions: business management policy and product design.
(2) Strengthen market infrastructure by enhancing the relevant functions of the platform for transfer of credit assets' income right, improve software and hardware facilities to ensure system stability and sustainability.	• The introduction of various third-party professional organisations is an arrangement to increase the market-oriented level and 'sunniness'. It helps to improve the reliability and objectivity of judgement with respect to product pricing, accounting treatment, legal risk and other key areas. It supports the exclusion of the asset in the calculation of non-standardised assets.
(3) Promptly report major developments. Banks should regularly report the transfer of income right of credit assets to the CBRC for filing, and register transfer information and related statistics and analyses. Contingency events should also be promptly reported to the CBRC.	

05 Strategies for the disposal of NPLs

Over the past two years, in the midst of slower economic growth, China's banking sector experienced slower growth of overall profitability and an increase in NPLs across nearly all sectors. The banking sector is faced with two main tasks: to strengthen asset risk control to curb the increase in NPLs and to continue disposing of NPLs in order to remove existing burdens and maximise asset recovery. NPLs are the result of various market factors and therefore proper disposal calls for a scientific methodology that combines theories with practice, as well as a set of effective and tailored disposal strategies that take into perspective China's prevailing economic climate, financial trends and the periodic fluctuations of the industries in which debtors operate.

5.1 The economic and financial backdrop behind the exponential growth of NPLs

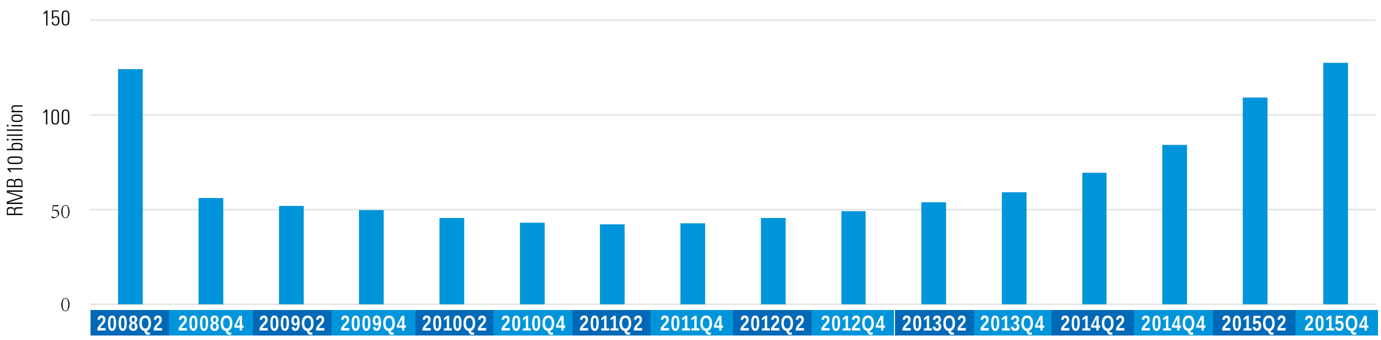
The evolving macroeconomic environment: In response to the international financial crisis in 2008, the United States government mobilised hundreds of billions of US dollars to bail out the banks. In order to stabilise the economy, the Chinese government also launched an economic stimulus plan worth trillions of RMB. Under this looser monetary policy environment, a considerable amount of funding flowed into the manufacturing, real estate and construction and infrastructure sectors. Investment soared and China's GDP grew by almost 9 percent in 2009. However, as the price of raw materials and energy continued to rise, the inflation that followed made enterprises excessively optimistic about the economy, and many failed to take the opportunity to reorganise their businesses in light of the crisis. As a result, after the short-lived effects of the stimulus plan began to wear off, growth started to slow. The steel, concrete, electrolytic aluminium and other low value added industries and traditional low-end manufacturing industries began to suffer from overcapacity, characterised by excessive supplies, high stocks and low demand.

Financial system: Following looser credit policies between 2009 and 2010, China's banking sector intensified its lending. Seeking expansion and greater performance, some financial services institutions even reduced their lending criteria to provide short-term loans based on a company's long-term projection of its own performance. Through the growth of wealth management, asset management, shadow banking and other financial services institutions, the financial services sector has grown exponentially in the last few years. The additional liquidity that was created served to postpone the NPL cycle. Since 2011, commercial banks have started to reassess their lending criteria and reduce credit limits under macro-control measures designed to prevent the economy from overheating. This has increased the risk for enterprises with highly leveraged operations. The rebound of NPLs since 2012 put an end to the trend of "double drops" for NPLs, followed by increasing risks in China's financial system that were driven by the economic slowdown and credit deterioration of enterprises.

In addition to various domestic factors, trade protectionism advocated by some countries has also posed a challenge to China's manufacturing and export industries, adding to the overcapacity and liquidity issues.

Against this backdrop, China's economy unsurprisingly started to slow. Since 2013, the slowdown has begun to affect other industries aside from manufacturing. As of the fourth quarter of 2015, the cumulative NPL total among the 16 commercial banks listed on the A-share market was over RMB 1 trillion, an increase of RMB 325.9 billion from the beginning of the year.

NPL balance of commercial banks from 2008 to 2015



Source: CBRC table of Key Regulatory Indicators for Commercial Banks

5.2 Disposal of NPLs is a critical component in the cycle of any market-oriented economy

Unlike previous NPL cycles over the past 30 years, this latest round occurred after China embraced market-oriented reforms. Although NPLs are still growing at an accelerated pace, this is simply the result of periodic market adjustments. Market behaviours need to be addressed with market-oriented approaches, and these approaches have their own market rules.

The period under which the 13th Five-Year Plan takes place represents a critical period for China as its economy will experience multiple structural adjustments. This will see government policy focus shift from a growth model – emphasising scale and speed – to one emphasising quality and efficiency. As a driver for this change, the market will inevitably go through many different cycles. This process is as important as the production and manufacturing of physical assets and the allocation of financial resources. It is an indispensable part of ensuring economic output, improving growth quality and upgrading industrial structures. In addition, the very presence of NPLs and the formulation of a mechanism for their disposal can play a positive role in deepening China's banking reform with respect to areas such as revitalising stock assets and strengthening credit risk management.

5.3 Disposal of NPLs will develop well under the market environment

Despite the complex situation involving NPLs, we believe that difficulties often coexist with opportunities, and that the market economy will provide a good environment for the disposal of NPLs. As the NPL market is capital and technology intensive, disposal strategies should be developed in accordance with Williamson's Transaction Cost Economics, which proposes that effective market roles and allocation of resources are mainly determined by two factors: transaction liberty and transaction cost.

Those likely to participate in the disposal of NPLs can be divided into the following groups based on their risk appetite and transaction characteristics:

- **Asset management institutions and investment banks:** They prefer bulk transfers, leverage asymmetric information about credit assets within an asset package to earn price differences and carry out arbitrage trading. The bigger the bulk of loans acquired, the higher the transfer cost will be. They will then liquidate the assets and make a profit by splitting large packages into smaller packages to be bought by a wider range of potential buyers. In other words, they direct large assets to market players of different types through economic capillaries.

- **Funds specialised in NPL disposal:** They are able to liquidate NPLs through litigation, reorganisations and disposals. They are usually well-informed about the background of NPLs and the parties involved, and are more willing to purchase and dispose of assets from a specific region, industry or field.

- **Cyclical industrial funds:** They have long-term funds and – due to their unique understanding of certain industries – can hold NPLs on a long-term basis to properly realise asset value through cyclical fluctuations. This approach places equal consideration on strategy and value investment.

- **Large and medium-sized banks, trusts and other financial institutions with access to retail capital:** Although it is difficult for them to have direct contact with NPLs, they can still act as a good supporter in terms of capital for NPL disposal because of their large funding capabilities and minimal appetite for risk.

- **Industry groups and their subsidiary investment institutions:** They are in urgent need of expanding capacity and improving their branding. Purchasing high-quality projects that have been poorly managed may be a better option than investing in brand new projects.

These types of market players may prefer NPLs with specific characteristics as they place a greater emphasis on strategy.

5.4 Building an informative environment for NPL disposal

We should also be aware another major issue with NPL disposal is the significant difference between buyers' and sellers' prices due to asymmetrical information. The most effective way to solve various problems arising from this asymmetry is to allow various market players – especially investment banks, accountants, deal advisors, lawyers, industry experts and other technical advisors – to help identify asset risks, assess asset value, design disposal plans, build product structures, expand sales channels and coordinate communication. The reputation of a well-known institution can help improve investor confidence and increase the chance of a successful transaction.

Many small and medium-sized private enterprises incurring NPLs have flawed historical financial data. Furthermore, due to complex related party transactions, their business backgrounds are hard to trace or verify. This makes it difficult for financial institutions to ensure due diligence quality in the lending process. Accounting firms can provide help by organising financial data professionally and reducing bias or misjudgement caused by information asymmetry, so that buyers and sellers can engage in effective and open negotiation.

The complexity involved in the recovery of NPLs entails large uncertainties with respect to future cash flows and timing. Professional services institutions boast specialised insights into specific types of NPLs, and can help identify the relationship between disposal plans and the inherent value of assets in order to fairly present the likely recovery value.

Complex issues arising from the inherent legal flaws of NPLs and a large number of transaction parties are often to blame for barriers impeding the disposal of NPLs. Experienced lawyers can solve specific legal problems and anticipate risks even at an early stage.

Numerous small advisors and independent advisory institutions form a key part of the process of collecting information and channeling resources. The NPL disposal market needs the participation of large, nationwide professional institutions as much as it needs the participation of flexible, efficient smaller institutions.

They act as investors in the NPL disposal process and also help bring the different investors and funds together. Leveraging various skills such as product structuring and loan bundling, they can help meet the cash flow needs of investors with different appetites, and improve asset valuations through the optimal allocation of resources.

This shows that all agencies participating in the disposal of NPLs have their own strengths and play an important role, provided they stay impartial and equitable throughout the process. Collectively, they help increase the availability of financial services, reduce risk resulting from the asymmetry of financial information and increase efficiency.

5.5 Revitalisation and reorganisation are the most economically beneficial modes of NPL disposal

Liquidation following litigation and reorganisation are currently the two methods for dissolving NPLs. Though commonly used by traditional financial institutions, liquidation leads to the winding down of the entity in question. The human resources, manufacturing equipment and all other things accumulated over a long period by the organisation will be completely wiped out. In addition, when a large number of creditors are involved, liquidation often takes a long time to complete. For instance, the first ever debt restructuring in China involved more than 1,000 trade creditors, 500 companies and 200 creditor banks, and took more than two years to complete.

Restructuring is more commonly used in mature market economies and is not necessarily realised through unilateral compromises made by debtors, but through the rearrangement of existing interests. This usually involves a change of the right to income, whether through shareholders' sale of equity or the lenders waiving a portion of the principal and/or interest. If implemented properly, this can allow companies subject to disposal to resume operations in an effective manner and avoid turning valuable assets into a sunk cost. Examples of this can generally be grouped into the following three scenarios:

Enterprises with normal operations and positive net profit that record negative net cash flows and experience a temporary shortage of liquidity due to leverage: Debt-to-equity swaps, absorption of M&A funds, transfers of equity by original shareholders and other restructuring approaches can be carried out to let new management take over. This allows for original assets to be kept intact and helps prevent any adverse consequences for the enterprise.

Enterprises whose severe losses and inadequate short-term cash flows are caused by high interest, taxes and depreciation due to previous large-scale investments, but which still record positive operating cash flows: Creditors may be subject to certain losses in restructuring NPLs, but after new management takes office, the overall value from maintaining normal operations will surpass any benefits that can be gained from liquidation. The key to achieving this is to find management willing to be taken over and provide new liquidity to help improve operations.

Enterprises facing overcapacity, intensified market competition and price pressure: Affected by a rise in labour costs and other factors, these enterprises fail to generate positive operating cash flows. Even under such circumstances, it is still possible to opt for restructuring. These enterprises should look for both opportunities in the domestic market, particularly in areas with insufficient capacity, as well as overseas. In addition, information and communication technologies and internet platforms can help improve sales and optimise operations.

5.6 The networks and knowledge of large professional services firms can benefit revitalisation and restructuring

- NPL disposals are complex processes involving various parties of different types and sizes. During this process, large professional services firms such as investment banks and accounting firms have an unmatched advantage in terms of their network across the whole industrial chain. Leveraging this information can help reduce transaction costs and increase the likelihood of a positive outcome.

- Large international accounting firms have extensive service lines and a wide range of clients. A large multinational accounting firm usually works with different types of industrial groups and financial services institutions. By providing audit, advisory and other services on a long-term basis, these firms have usually maintained a sound and trusting relationship with clients and have effective communication channels in place. Boasting both an international network and outlook, these firms also operate for the purpose of providing professional services to multinational corporations, and are inherently structured to engage in cooperation with multiple parties. These firms' branches typically have close relationships with local industrial groups, which translates into a strong network with wide coverage and flexibility. These competitive advantages can also be leveraged to facilitate cross-border transactions.

- Large investment banks have branches in practically every major financial centre worldwide, and their turnover is usually close to exceeding that of domestic financial institutions in their local markets. As financial markets continue to become more open, large multinational investment banks are well-positioned to utilise their extensive networks to help organisations expand into China, and also to help Chinese enterprises and investors make forays into other markets. With regards to business lines, large multinational investment banks are improving their M&A, asset management, financial consulting, risk control and other international businesses.

5.7 Recommendations for handling NPLs

As NPLs continue to rise, methods to facilitate their quick disposal are urgently needed. Based on KPMG China's experience, we offer the following recommendations to financial institutions with NPLs:

- Firstly, building a network platform for NPL disposals and forging stable relationships with different types of organisations is important. Improving communication channels is also an important part of the disposal process.
- Secondly, making proper use of intermediary institutions to draw upon their strengths in various fields can help. Leveraging their information advantages to stay informed about the latest and most comprehensive developments in the market is also important.
- Finally, building a network of external experts and creating effective communication channels with specialists is crucial.

06 Analysis of a new wave of debt-to-equity swaps

In a classic debt-to-equity swap, a country or a commercial bank forms a financial asset management company (AMC) to acquire the bank's assets in the form of loans. This transforms the creditor-debtor relationship between the bank and an enterprise as a borrower into an equity relationship in which the AMC is the controlling party or shareholder of the enterprise. After the debt has been restructured into equity, the original obligation to pay principal and interest becomes an obligation to distribute share-based dividends.

6.1 Background

In recent years, as China's economy has started to slow, many enterprises are facing increasing debt costs and operating difficulties. As a source of debt financing for Chinese enterprises, banks have seen their NPL ratios rise significantly. Statistics from the CBRC show that as of the end of the fourth quarter of 2015, the NPL ratio of commercial banks amounted to 1.67%, 0.42 percentage points higher than the ratio at the end of 2014. China's government and regulatory bodies attach great importance to the ratio of NPLs in the banking sector, and have been studying ways to contain the ratio. Debt-to-equity swaps, which were used to solve structural problems a decade ago, are being considered once again.

> *As a source of debt financing for Chinese enterprises, banks have seen their NPL ratios rise significantly. Statistics from the CBRC show that as of the end of the fourth quarter of 2015, the NPL ratio of commercial banks amounted to 1.67%, 0.42 percentage points higher than the ratio at the end of 2014.*

Debt-to-equity swaps, both at home and overseas, comprise two main models:

A. Government-led debt-to-equity swaps

Corporate loans are transferred from commercial banks to third party institutions that will hold the equity. Under this model, since third party institutions are often governed or financed by governments, this type of NPL divestiture is mostly policy-oriented, such as TRC in the United States, Japan's bridge bank and China's debt-to-equity practices in 1999. Unlike bank-led debt-to-equity swaps, following the transfer of NPLs from commercial banks to third party institutions, commercial banks will benefit from a significant improvement in asset quality and, at the same time, do not need to bear the risk of change in enterprises' assets following swap execution. Third party institutions can increase the value of NPLs through asset restructuring and operational improvements, and benefit from price differences or share-based dividends according to their equity contributions.

Government-led debt-to-equity swaps

B. Bank-led debt-to-equity swaps

Corporate loans are directly transferred to equity held by banks. The rationale underlying this model is that state laws and regulations allow commercial banks to hold certain amounts of equity in non-financial enterprises, and this equity may be gained from the direct transfer of banks' NPLs to these enterprises. The effect on enterprises is that they will see their debt reduced, their capital increase and their equity diluted as the result of banks' shareholdings. Banks, on the other hand, can make a distinction between the commercial banking business and investment banking business based on the relationship banks have with the enterprises i.e. whether they are lenders and borrowers or parent companies and subsidiaries. The investment banking business will be charged with directly managing corporate equity restructured from debt. Governments can share part of the liquidity risk and banks' profit-making pressure through capital contributions to banks, but should keep banks' decision-making power intact.

Bank-led debt-to-equity swaps

6.2 Accounting and tax treatment of debt-to-equity swaps

A. Accounting treatment

According to Article 6 and Article 11 of 'Accounting Standards for Business Enterprises No. 12 – Debt Restructuring and Interpretations of Accounting Standards for Business Enterprises', published in 2010, the accounting treatment for conversion of debt to capital is as follows:

(1) Debtors

The total carrying value of shares (or equity) held by creditors as a result of the surrender of their rights should be recognised as share capital (or paid-in capital). The difference between the total fair value of shares (or equity) and share capital (or paid-in capital) should be recognised as share premiums (or capital surplus) in capital reserve. The excess carrying value of restructured debt over the total fair value of shares (or equity) should be recognised as gains from debt restructuring through profit or loss.

For listed companies, since their issued shares have market value, the market value will be the fair value of the shares or equity. For other enterprises, as shares or equity held by creditors as a result of the surrender of their rights may not have market value, appropriate valuation techniques should be employed to determine their fair value.

(2) Creditors

As creditors, banks should recognise the shares held by them as a result of the surrender of their rights as investment to debtors based on the shares' fair value. The difference between the carrying value of restructured debt and the fair value of the shares should be recognised through profit or loss. Taxes incurred should be treated in accordance with standards pertaining to the recognition and measurement of long-term equity investments or financial instruments. The difficulty or uncertainty involved with the accounting treatment of debt-to-equity swaps in the banking sector lies in dealing with provisions that have been made for impairment of loans. Another difficulty or uncertainty is around whether intermediate accounts should be set up to account for and settle loans to customers, such as issues related to whether such provisions should be reversed when debt is converted to equity, and whether loans to customers should be settled through debt repaid assets.

B. Tax treatment

(1) Income tax

Pursuant to the 'Measures for the Treatment of Income Tax in the Debt Restructuring of Enterprises '(State Administration of Taxation Order No.6) and the 'Notice of the Ministry of Finance and the State Administration of Taxation on Several Issues Concerning Corporate Income Tax Treatment for Enterprise Reorganization '(Cai Shui No. [2009] 59), debt-to-equity swaps are treated for income tax purposes based on two approaches – general tax treatment and special tax treatment:

Tax treatment of debt-to-equity swaps

Approach	General tax treatment	Special tax treatment
Debtors	Debtors should recognise the excess debt settlement payments or the fair value of shares over the tax base of debt as gains from debt restructuring.	Debtors do not recognise the concession made by creditors as gains from debt restructuring on a temporary basis. Other income tax matters remain unchanged.
		If recognised gains from debt-to-equity swaps account for over 50% of debtors' taxable income for the year, debtors can distribute these gains from debt restructuring evenly over each year for up to a period of five tax years.
Creditors	Creditors should recognise the excess debt settlement payments received or the fair value of shares over the tax base of debt as loss from debt restructuring, and determine the tax base of equity gained based on its fair value.	Creditors do not recognise the concession made for debtors as loss from debt restructuring on a temporary basis, and the tax base of equity investment acquired by creditors is determined based on the tax base of the original debt.
	Loss from debt restructuring arising from debt-to-equity swaps can only be deducted on a pre-tax basis when approval of tax authorities is obtained.	

6.3 The implementation of debt-to-equity transfers in the banking sector

As debt-to-equity swaps are currently being studied by the authorities, there are currently few examples in China. According to publicly available information, banks known to be carrying out this business include Bank of China and Minsheng Bank.

Bank of China

On 8 March 2016, one of China's largest private shipmakers announced that it would issue up to 17.1 billion shares to its creditors (including 14.1 billion shares to 22 creditor banks and 3 billion shares to 1,000 creditor suppliers) to offset RMB 17.1 billion of debt. After the debt-to-equity swap, Bank of China, its largest creditor, will become its largest shareholder.

Other banks

In 2013, a number of creditor banks filed applications for property preservation with the courts, which paves the way for bankruptcy proceedings and the restructuring of a China-headquartered shipping company. According to the restructuring plan, which was approved in September 2014, every RMB 100 of ordinary debt was swapped for approximately 4.6 shares. Minsheng Bank, Bank of Communications (Hubei branch) and China Everbright Bank (Wuhan branch) have an equity interest of 2.91%, 1.97% and 1.75%, respectively, and are the company's fourth, seventh and tenth largest shareholders, respectively.

6.4 The impact of debt-to-equity transfers on the banking sector

A. Assumptions

Our analysis of the impact of debt-to-equity swaps on the banking industry is based on the following assumptions:

- The ratio of any debt-to-equity swap is 1:1, which is debt transaction equivalent equity.
- There is no fixed dividend income for the swapped equity of ordinary shares.
- Pursuant to Article 68 of the 'Measures for Capital Management of Commercial Banks' (Trial), the risk weighting for equity investments of commercial banks in industrial and commercial companies is 400%.
- Net profit arising from any debt-to-equity swap is fully credited to net core tier 1 capital.
- RMB 10 million is swapped from debt to equity, which is seen as either a swap of normal loans or NPLs. A simultaneous swap of both is not considered.
- The swap of NPLs is fully provided for in provision. Therefore, the provision is reversed at the amount of the swapped amount (i.e. RMB 10 million).
- Interest is accrued on the balance sheet for normal loans but not for non-performing ones.
- The impact of income tax, stamp duty and other related taxes is not considered.

B. General impact on the banking industry

Based on the assumptions mentioned above and available data, our analysis of the impact of debt-to-equity swaps for normal and NPLs on the banking industry is:

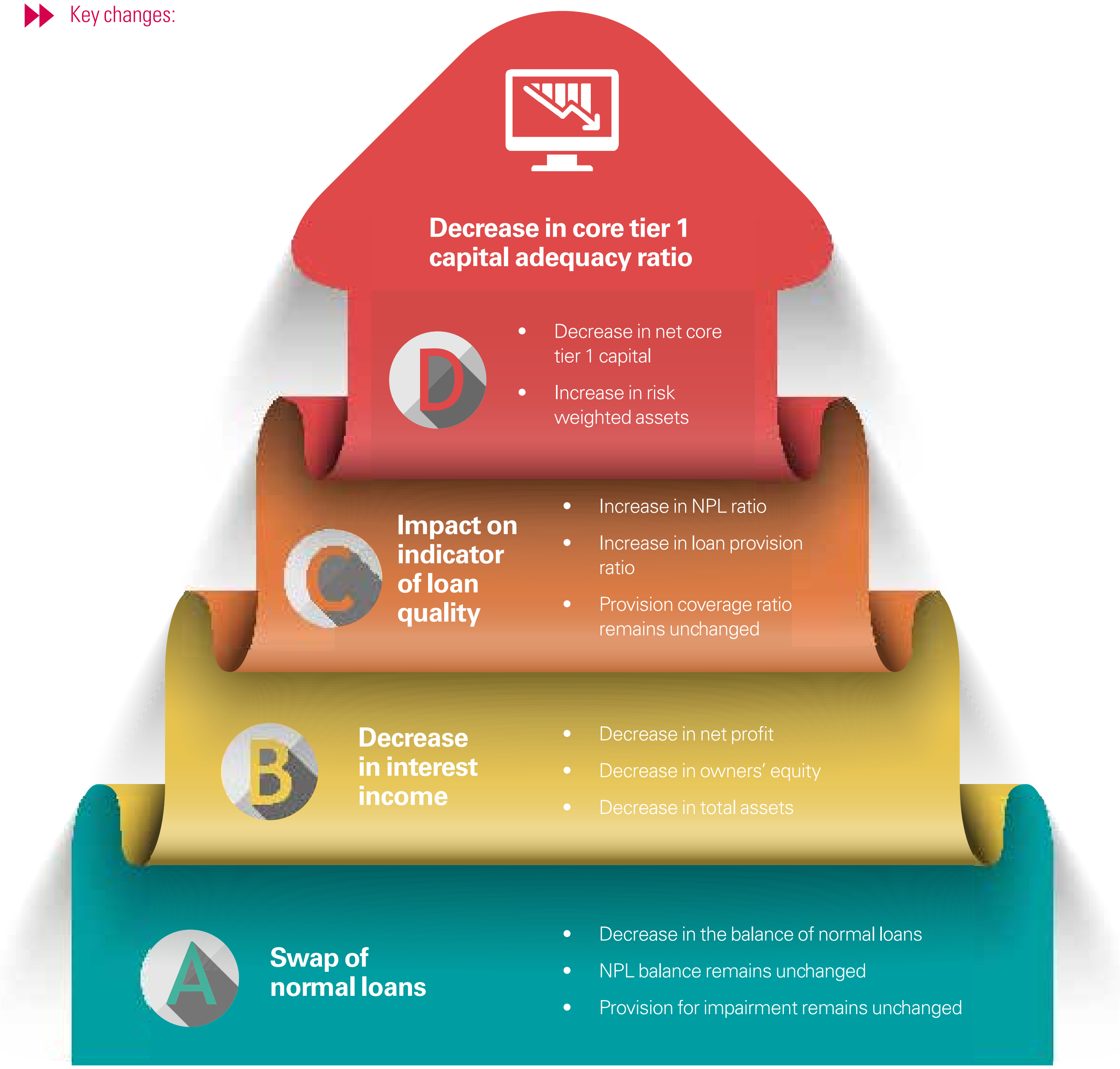
1) Swap of normal loans

When normal loans are converted into equity, the balance of normal loans decreases, and with all other variables held constant, no interest income is generated. This results in a fall in net profit, owners' equity and total assets.

A decline in total loans with the NPL balance and provision for impairment remaining unchanged results in higher NPL ratios and higher provision coverage ratios, while loan provision ratios stay the same.

With respect to the impact on capital adequacy ratios, a fall in net profit leads to a decrease in net core tier 1 capital. Risk-weighted assets increase as a result of additional investment brought by debt-to-equity swaps and a risk weighting of 400%. The combined impact of the two causes the adequacy ratio of core tier 1 capital to fall.

Key changes:



Detailed calculation:

		Normal loans		
		Before swap	After swap	Impact
Unit: RMB 1 million		A	B	C=B-A
Total loans	a=b+c	2500	2490	-10
-Normal loans	b	2450	2440	-10
-NPLs	c	50	50	0
Provisions for impairment	d	-100	-100	0
Balance of loans	e=a+d	2400	2390	-10
Net core tier 1 capital	f	1000	999.50	-0.50
Risk-weighted assets	g	10000	10040	40
Weight of additional investment from debt-to-equity swap	h	0	400%	400%
Additional investment from debt-to-equity swap	i	0	10	10
Lending rate	j	5%	5%	0
Interest income	k=b*j	122.50	122.00	-0.50
Investment income (dividend)	l	0	IND	IND
Impairment loss	m	0	0	0
Net profit	n=k+l+m	122.50	122.00	-0.50
Owners' equity	o	122.50	122.00	-0.50
Total assets	p	122.50	122.00	-0.50
NPL ratio	q=c/a	2.00%	2.01%	0.01%
Provision coverage ratio	r=d/c	200%	200%	0.00%
Loan provision ratio	s=d/a	4.00%	4.02%	0.02%
Core tier 1 capital adequacy ratio	t=f/g	10.00%	9.96%	-0.04%

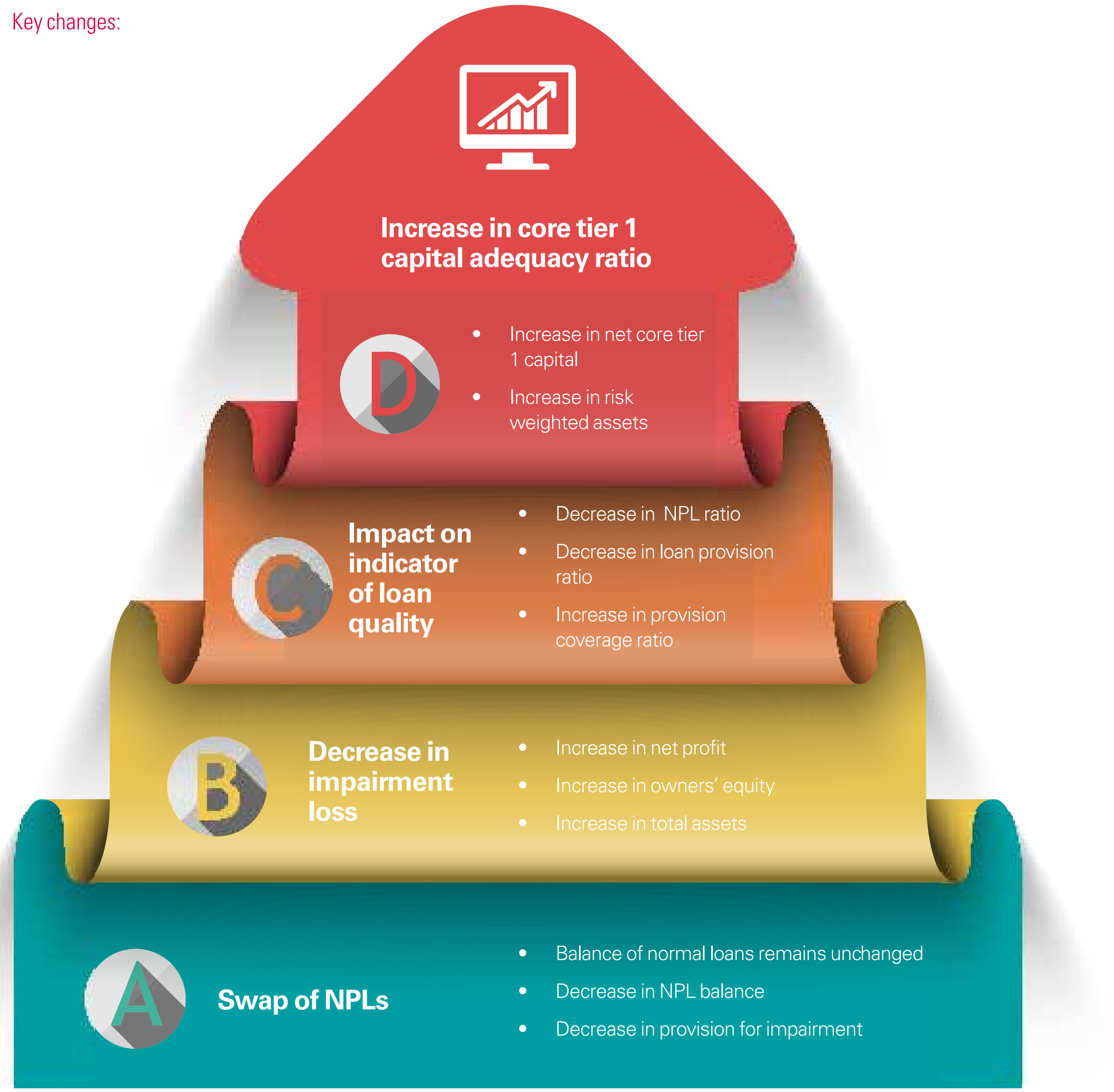
2) Swaps of NPLs

When NPLs are converted into equity, the NPL balance decreases, which has no impact on normal loans. With all other variables held constant, interest income is not affected. The need to reverse impairment provisions for NPLs causes impairment losses to decrease, while net profit, owners' equity and total assets increase.

A decline in total loans, NPL balance and provision for impairment results in lower NPLs ratios, an increase in provision coverage ratios and a decline in loan provision ratios.

The impact on capital adequacy ratios is more complex. Debt-to-equity swaps affect the numerator and denominator used to calculate the capital adequacy ratio. Therefore, specific changes in the magnitude and trends depend on changes in the numerator and denominator. In this example, an increase in profit leads to higher net core tier 1 capital. Risk-weighted assets grow as a result of additional investment brought by debt-to-equity swaps and a risk weighting of 400%. The combined impact of the two causes core tier 1 capital adequacy ratio to increase. However, core tier 1 capital adequacy ratio could rise if the magnitude of change is different from this example.

Key changes:



Detailed calculation:

		Normal loans		
		Before swap	After swap	Impact
Unit: RMB 1 million		A	B	C=B-A
Total loans	a=b+c	2500	2490	-10
-Normal loans	b	2450	2450	0
-NPLs	c	50	40	-10
Provisions for impairment	d	-100	-90	10
Balance of loans	e=a+d	2400	2400	0
Net core tier 1 capital	f	1000	1010	10
Risk-weighted assets	g	10000	10040	40
Weight of additional investment from debt-to-equity swap	h	0	400%	400%
Additional investment from debt-to-equity swap	i	0	10	10
Lending rate	j	5%	5%	0
Interest income	k=b*j	122.50	122.50	0
Investment income (dividend)	l	0	IND	IND
Impairment loss	m	0	10	10
Net profit	n=k+l+m	122.50	132.50	10
Owners' equity	o	122.50	132.50	10
Total assets	p	122.50	132.50	10
NPL ratio	q=c/a	2.00%	1.61%	-0.39%
Provision coverage ratio	r=d/c	200%	225%	25.00%
Loan provision ratio	s=d/a	4.00%	3.61%	-0.39%
Core tier 1 capital adequacy ratio	t=f/g	10.00%	10.06%	0.06%

6.5 Uncertainties around this wave of debt-to equity swaps in the banking sector

Since the latest round of debt-to-equity swaps has not yet been rolled out, and laws and regulations pose challenges for commercial banks to directly hold equity in industrial and commercial companies, several questions currently remain unanswered.

A. Target companies and scope

Most loans are presented as special mention or normal loans instead of NPLs in banks' statements. 'Zombie companies' are expected to be excluded from any swap exercises. The first round of any pilot programme will include only those companies with specified production capacities and projects that are in line with the government's economic policies. These are mostly state-owned enterprises and their subsidiaries. In reality, some zombie companies may be able to continue operating since the company's industry and size will be an important factor taken into consideration, which could outweigh other factors.

B. Ordinary shares or preference shares

Commercial banks may be faced with two options when converting debt into equity: ordinary shares or preference shares. Both have their advantages and disadvantages. Holders of preference shares have the right to receive fixed income payments (dividends), but cannot participate in the daily operation and decision-making process. Preference shares are still being piloted and could potentially create more difficulties for banks. Holders of ordinary shares have the right to participate in the company's day-to-day operations and decision-making, but do not receive fixed income payments. These shares are easier for banks to manage.

C. Operations

Commercial banks face two options when converting NPLs into equity. The first, like in 1999, is government-led debt-to equity swaps, which involves the four major state-owned asset management companies. This round of debt-to-equity swaps is more likely to be led by the banks. The second option is for banks to set up new asset management companies and equity investment funds to acquire bank debts. Equity investment funds will likely be structured general partnerships or financial funds with limited partnership structures.

D. The use of bank capital

According to the 'Measures for Capital Management of Commercial Banks', the risk weighting for equity investments in industrial and commercial companies passively held by commercial banks within the specified disposal period is 400%. Furthermore, the risk weighting for equity investments in industrial and commercial companies held by commercial banks is 400%, and the risk weighting for other equity investments by commercial banks in industrial and commercial companies is 1250%. The proportion of capital used for equity investments is significantly higher than that used for general lending. A balance of the two requires banks to perform detailed calculations.

E. Exiting investments after debt-to-equity swaps

Channels for commercial banks to exit investments after debt-to-equity swaps are limited. The transfer or sale of equity interest involves complicated pricing negotiations and can easily lead to losses. Methods to exit investments after swaps have been executed have yet to be explored.


08.05
04.05
02.05

07 The return of the bank wealth management business to asset management

7.1 Status quo of the bank wealth management business

A. As the growth of bank wealth management business slows, businesses are shifting their focus

The scale of growth of bank wealth management businesses started to slow down in 2014 due to a certain level of compulsory repayments and the large scale of wealth management products, which brought difficulties to asset allocation and banking liquidity management. In addition, a slowing macro economy and increasing regulatory supervision of wealth management have shifted the focus from simple high-growth to the innovation of wealth management products and business model transformation. Business operations have become more prudent and stable in order to address the challenges around this shift in focus.

B. The function of adjusting deposits still exists, but the structure of wealth management products has yet to be optimised

According to the present accounting system of domestic commercial banks, off-balance sheet wealth management products are not included in the scope of deposit accounting. However, the collection of payment for wealth management products can be realised preceding the timing of deposit assessments (the end of the quarter or the year) through the arrangement of an issuance and payment time of wealth management products to achieve deposit accumulation. Some banks transfer all the funds received from the wealth management business to their head offices' capital pool through interbank lending, charging them as "structured deposits" and including them under the scope of deposit assessment. They are managed centrally, together with the funds of the whole bank, without any differentiation between credit funds. In September 2014, the CBRC, Ministry of Finance, and PBOC jointly issued the Notice on Issues Concerning Strengthening the Management of Deposit Deviation Degree of Commercial Banks (No. 236 Document), demanding banks to reinforce their management of deposit deviation degrees. To some extent, this restricts the banks' urge to achieve scale of deposits at a critical time, and also lays out requirements on optimising the structure of products issued.

C. Transforming to the asset management model

The lines of business in many banks are distributed across different functions such as the individual financial, financial market, interbank and investment banking departments, all of which do not share the same management standards or business chain. The banking regulator requires the banks to isolate risk for wealth management products and promote the management of the wealth management business by establishing a wealth management product department.

D. Slow development of net worth products and a lack of wealth management awareness among clients

Banks have introduced wealth management plans based on the regulator's requirements. Positioned as open-ended net worth wealth management products, they periodically publish the net worth of products and accept purchases and redemptions from clients. These new products have changed significantly with regards to product transparency and operating models. However, these products have not been warmly welcomed. The development of these products has slowed because of the low acceptability of net worth products and the poor performance of corresponding direct financing tools, adherence to old business rules, the traditional positions of banks' wealth management businesses, and a lack of motivation. Banks still have a long way to go in developing their new wealth management business.

7.2 Issues faced by the bank wealth management business

In recent years, bank wealth management products have seen stable development, despite the challenges of a lack of interpenetration among assets, growing credit risk and increasing pressure to improve asset management capabilities.

More interpenetration among assets needed

As a major financing channel, the trust and asset management plans of domestic commercial banks are connected to the wealth management business through cooperation with trust, fund and securities companies. However, the interpenetration among them has not been fully realised. This is not beneficial to monitoring the quality of the invested underlying assets and their credit risk, and performing accounting or appraisements of invested assets and relevant products. This increases risks for both the commercial banks and the investors.

Credit risk management under pressure

During a domestic economic downturn, the quality of underlying assets (including bonds and non-standardised credit assets) invested by domestic commercial banks deteriorates. With the real economy having more impact on asset management businesses, default incidents of corporate bonds and non-standardised assets start to occur, directly influencing the normal payment of wealth management products, resulting in banks and investors incurring losses. Although credit risk management used to be commercial banks' traditional strength, the potential growing credit risk of wealth management businesses cannot be underestimated in the face of the current macro-environment. Therefore, it is important to reinforce the supervision and management of the risks associated with the wealth management business.

Increasing pressure to improve asset management capabilities

With accelerating interest rate liberalisation, the release of asset management business licenses and the expansion of investment scope, the asset management market is starting to become highly competitive. The CBRC has issued No.8 Document to standardise and define investment in non-standardised assets, which will shape future development trends for asset management. Asset management businesses need sound management to be competitive. The commercial banks should adapt to this trend, and implement business reform and product innovation based on their practical circumstances in a timely and effective manner to enhance their asset management capabilities.

7.3 The standardised asset management business

The essence of the asset management business is investment advisory for the clients (for example, after accepting the clients' entrusted funds, the financial institution fulfils its fiduciary obligations to reach the investment objectives agreed upon with the clients).

Information disclosure	Timely and accurate information disclosure is necessary for a standardised asset management business. Clients should be informed about the detailed operation method, investment scope and risk yield of the funds before purchasing the financial products. The asset management department should have clear, transparent and understandable product designs, with detailed specifications to inform clients. After purchasing the financial products, the asset management department should regularly supply its clients with an asset management report, stating the investment status of their funds and the potential effects of macro-economic trends. The asset management department should also perform an independent audit of its working capital at the end of each financial year, and offer an Auditors' Opinion to the clients in a timely fashion.
Emphasis on the function of management	The essence of the asset management business is to finance and manage funds on behalf of clients. The main function of an asset management department is to add value to the funds through its professional and information advantages. The asset management department can raise funds through the issuance of trust products and other relative financial products, and invest in industries in desperate need of funds with high-value return by making use of its professional knowledge and wide range of information. This can benefit clients and fill the cash flow gap in some industries. Market risk is inevitable, and clients need to assume the risks involved, which is why the asset management department usually does not promise its clients a guaranteed rate of return.
Risk management	As an important part of the asset management department's daily operations, risk management must cover the company's various sectors, departments and posts and be incorporated into each business aspect, including decision-making, implementation and feedback. Risk management not only needs the isolation of proprietary and client-driven businesses, but also proper physical and systematic segregation in terms of investment, research, transaction and finance, and strict separation between investment decisions and execution.

7.4 Returning to the essence of asset management

To meet regulatory requirements and adapt to a gradually changing wealth management market, major commercial banks have taken measures to fulfil the requirement of returning to the essence of asset management.

Business organisation and management reform

- In July 2014, the CBRC issued a Notice on Improving the System for Organisation and Management of the Wealth Management Business of Banks (Yin Jian Fa [2014] No. 35). It requires banks to reform their wealth management businesses pursuant to the principles of independent accounting, isolation of risk, code of conduct and centralised management by specified departments, and establish a special wealth management business department to manage the whole bank's wealth management business in a centralised way.
- The business organisation and management reform with respect to a bank's wealth management business is carried out by setting a specialised business division in the head office, which is responsible for designing the financial products, estimating cost and risk control. The bank can also establish an asset management department to combine inter-department duties and standardise its subordinate branch's business administration authority, focusing on the design of the wealth management product, investment operation and subsequent accounting.

Application and allocation of funds

- Banks should gradually establish a special accounts management system for wealth management products, which focuses on a special system of statistics and accounting, independent account management, transparent and public information, the separation of wealth management funds and self-owned funds, and not buying the bank's own loans or performing cash pooling business.
- Bank wealth management funds should be invested in real projects. Banking financial institutions should formulate transaction rules among various wealth management products, between proprietary business and wealth management products, and follow fair market pricing when engaging in related party transactions, avoiding the irregular transfer of internal benefits.
- The allocation of funds should be aligned with national macroeconomic control policy to support the development of the real economy.

Risk control	• On 15 August 2014, the CBRC issued the Guidance on the Supervision of Wealth Management Business of Banks in 2014 (Yin Jian Ban Fa [2014] No. 39) ("Guidance") to local banking regulatory bureaus. The Guidance requires banks to set restricted risk quotas to control risk concentration, limit the gearing ratio of the wealth management business and prevent the transfer of benefits. Regarding liquidity risk, the term mismatch degree of products and assets should be strictly controlled to set a minimum ratio of allocation for liquid assets. With respect to the market risk of the invested assets, banks should improve their capabilities in investment research to accurately follow market developments and set up corresponding loss-prevention mechanisms. For reputation risk, the management of crossing financial products should be strengthened to avoid the banks' reputation being affected by the problems of their cooperative institutions.
Accounting & provisioning	• For wealth management products with guaranteed benefits, or principal-guaranteed and floating earnings, banks should distinctly present the investment target based on the principle of truthfulness and transparency, make provisions and calculate the capital adequacy ratio by referring to the accounting standards for proprietary businesses. • In relation to wealth management products with an expected yield (instead of principal-guaranteed and floating earnings), the essential information on the risk of non-standardised credit assets should be truly presented in the statements of off-balance sheet activities, credit concentration ratio and liquidity risk. • For structured deposit products, the principal-guaranteed portion should be included in the bank's own balance sheet.
Product optimisation	• With respect to product mix, banks should make some arrangements to their existing product series, such as adding open-ended products and removing close-ended products, and replacing products with expected yields with net worth products. • Regarding product type, banks can introduce some structured products linked with various indexes, and gold and foreign currency reserves, which are applicable to high-end customers and those with a certain level of knowledge and investing experience. More opportunities to participate in the market can be offered to individual clients. • Regarding product yield, banks should determine the yield for wealth management products according to the existing state of the market.

7.5 Development of banks' wealth management businesses

A. Pursuing wealth management product innovation

During the initial stage of a bank's asset management business development, the bank needs to strike a balance between product-centred position and customer-orientation. Since most banks nowadays are still product-centred, they should pursue wealth management product innovation in order to provide clients with more diversified services. Based on current market and regulatory trends, bank wealth management products could possibly develop in the following directions:

1. Open-ended net worth products: Though these products are not growing as fast as those expected yields, they are in line with the regulator's direction. Banks are likely to gradually add more of these products to their portfolio and win investors' recognition.

2. Structured wealth management products: These products have been expanding quickly since the launch of wealth management products, but have recently slowed due to risks and investor complaints. Structured products can still offer high yields with a guarantee of risk-free benefits if they are linked with certain financial parameters in the commodity and capital markets, and have a "safety pad" embedded in the product design.

3. Fixed-term products issued to high-end customers: These fixed-term products are mainly designed for high net worth individuals, and some can guarantee expected earnings. Commercial banks should explore the design and issuance of these products, together with those with expected yields for the current stage. The establishment of asset management is another area that banks should pay attention to. On the basis of fixed income assets (mainly comprising the current monetary market and bond market), banks can add some products like investment interest, preferred stock, M&A and mezzanine financing to increase the earning capacity of the product investment portfolio and improve its liquidity status to satisfy certain special clients' needs.

B. Enhance risk control and liquidity management, laying a solid foundation for expanding the asset management business

Since a bank's wealth management business covers money, credit and capital markets, and involves credit risk for derivatives, market risk, liquidity risk and compliance risk, the asset management business cannot be expanded without effective control of the aforementioned risks.

In terms of risk management and control, not only is it important to follow the approval process under the current system – placing emphasis on the management of the whole process – but it is also necessary to explore the risk management and control model that is most suitable for the asset management business to mitigate risks. Regarding liquidity management, liquidity of the asset management business can be achieved through the control of the mismatch of wealth management products and the allocation of liquidity assets, or by considering separating the asset management business' liquidity management from the bank's overall liquidity management.

To sum up, both risk management and control and liquidity management are indispensable. To adapt to future business development, commercial banks should attempt to probe into a management mechanism and model with their own unique structure.

C. Focus on market research, investment and transactions

Asset managers have to cultivate the ability of research, investment and transaction. Firstly, upgrading research capabilities is key to ensuring the capacity of investment and transaction. International investment banks Bank of America Merrill Lynch, JPMorgan and UBS, for instance, all possess influential research staff, and domestic banks should focus more on building up similar teams. Improving research capabilities is directly related to the design and investment direction of wealth management products.

Secondly, investment and transaction represents the application of research. The role of commercial banks' asset management business should shift from that of a financial intermediary offering financing services, to an institutional investor managing wealth on behalf of clients. To realise this transformation, commercial banks should make overall arrangements beforehand to strengthen asset management, research, investment and transaction capabilities. This can enable commercial banks to offer wealth management services to customers in a real sense, and uplift their own value, which is in essence the return of the bank wealth management business to asset management.

08 Green bonds

8.1 Recent market developments

Eight years ago, green bonds did not exist. However, in 2015, the total global issuance of green bonds reached $42 billion. Interest in green bonds has reached new heights in recent years, with governments starting to promote the development of the green bond market, and investors flocking towards 'green' investments.

China is also developing a 'green' financial system in response to environmental challenges. As of the end of December 2015, the PBOC and the NDRC both released green bond issuance rules as a first step to stimulate the domestic green bond market. Green bonds have been well received by Chinese enterprises. On 27 January 2016, Shanghai Pudong Development Bank issued RMB 20 billion green financial bonds in the interbank market, which was two times oversubscribed. On 28 January 2016, Industrial Bank issued RMB 10 billion green financial bonds in the interbank market, which was also two times oversubscribed. The issuance cost for both Shanghai Pudong Development Bank and Industrial Bank was lower than that for similar financial bonds. These issuances also marked the official launch of the domestic green bond market in China. 2016 should mark the first year of the green bond era in China.

8.2 Third-party certification

Labelling bonds 'green' can benefit issuers by attracting investors, enhancing reputation, gaining government support and reducing capital issuance costs. Green bonds should not only hold the basic elements of regular bonds, but must also have 'green' attributes. In addition, green bonds should also differentiate from regular bonds in the use of proceeds, green project evaluation and selection, tracking and management of proceeds, information disclosure and ongoing reporting, among other things. There are various domestic and international green bond criteria and guidelines, such as the Green Bond Principles and Climate Bonds Standards, which are international rules, as well as relevant guidelines issued by the PBOC and the NDRC. These standards and sources of guidance on green bonds have different purposes and approaches. Some of them are voluntary, and in some cases, lacking in detail, leading to little consensus on defined criteria for green bonds. Therefore, issuers may feel confused and doubtful. To avoid accusations of 'greenwashing' and eventual losses to investors due to misconceptions about relevant criteria and guidelines, issuers must implement strict criteria to hold proceeds in expected green projects.

In the international market, credit rating agencies and independent professional organisations need to be involved to conduct credit assessments and provide assurance for the 'green' attributes of green bonds separately, which adds credibility to the green bonds.

There are two forms of third-party certification. The first form of third-party certification is referred to as a second opinion or second party consultation. A second opinion or second party consultation provides a view on the green aspects of a bond from an external expert, focusing on reviewing the 'green' criteria the issuer will use to select projects for funding to ensure that they are appropriate. Currently, professional international second opinion providers mainly include academic institutions and traditional environmental consulting and investigative agencies, such as the Center for International Climate and Environmental Research-Oslo (CICERO) and OEKOM research. Second opinions or second party consultation certifications are professional and authoritative to some extent, but also have their limitations. Firstly, certification procedures are subjective and random to some degree due to lack of a unified standard, and therefore it is harder to compare certification results from different agencies. Secondly, these certifications are usually only applicable for the period when green bonds are issued. Thirdly, second opinions are generally not disclosed to the public.

The other form of third-party certification is called third-party independent assurance, which is usually performed by traditional audit organisations. This assurance covers the whole life cycle, including the issuance period and the valid period. Third-party independent assurance can be provided on the bond criteria, project selection and evaluation, internal

processes for using and tracking proceeds, environmental outcomes, processes for information disclosure and ongoing reporting, among other things. Third-party independent assurance is conducted by audit professionals in line with professional standards to ensure transparent and unified criteria, and is recognised by the Green Bond Principles as the most rigorous form of assessment. Assurers are also bound by relevant independence professional standards. Currently, the International Standard on Assurance Engagements 3000 (ISAE 3000) is generally applied to third-party independent assurance both at home and abroad.

In general, while an opinion from a second party can help issuers to define their use of proceeds criteria (what is 'green'?), investors could still question the management of proceeds, ongoing reporting, environmental outcomes and so on. Third-party independent assurance can provide investors and other stakeholders with the confidence that issuers have put the right criteria and processes in place.

8.3 Green Bond Principles and third-party independent assurance

When issuing green bonds, many international issuers refer to the Green Bond Principles and Climate Bonds Standards, which encourage issuers to adopt third-party independent assurance to determine the compliance of bonds with 'green' principles.

In China, the administrative measures developed by the PBOC are consistent with the Green Bond Principles framework. The PBOC has also introduced the concept of independent professional evaluation or certification agency, to provide practical guidance on the issuance of green financial bonds. Financial institutions are encouraged by the PBOC to submit opinions issued by independent professional evaluation or certification agencies when applying for the issuance of green financial bonds. During the valid period of green financial bonds, issuers are encouraged to disclose evaluation reports to the market on an annual basis, which are issued by independent professional evaluation or certification agencies. Issuers are also encouraged to conduct ongoing follow-up evaluations on the development of green projects supported by green financial bonds and their environmental outcomes. The certification forms and content advocated by the PBOC are tied in with the Green Bond Principles. For example, Shanghai Pudong Development Bank cooperates with one of the Big Four accounting firms as its certification agency. The certification agency issued an assurance report in accordance with ISAE 3000 and the issuer publicly disclosed the assurance report. The Research Center for Climate and Energy Finance of Central University of Finance and Economics has been engaged by Industrial Bank as its certification agency.

Taking the Green Bond Principles and third-party independent assurance as examples, the following section briefly introduces the main points of certification.

The Green Bond Principles cover the use of proceeds, tracking and management, project selection and evaluation, information disclosure and ongoing reporting. Third-party independent assurance is applicable to certification of various principles in order to give investors greater confidence. In particular, third-party independent assurance can be used for both the issuance period and the valid period. Assurance for the issuance of green bonds can help investors understand that proceeds are properly held for qualifying projects, and the stringency of relevant processes and control measures adopted by issuers. Assurance for the valid period allows investors to understand the use of proceeds, satisfaction of expectations for environmental outcomes, and so on.

The use of proceeds, tracking and management: It is suggested that assurance should be conducted for both the issuance period and valid period. Assurance before issuance can help investors understand the relevant measures of issuers, such as internal management of receipt, appropriation and recovery of proceeds. Assurance for the valid period can be used to review whether proceeds are used in line with the bonds' terms, to ensure that proceeds are held for qualifying projects, and help investors understand that their investments meet expectations.

Project selection and evaluation: Assurance opinions for project selection and evaluation are very important. Third-party independent assurance is used to identify 'green' assets, or in other words, compliance of a nominated project. A sound selection and evaluation process can ensure that proceeds are used by issuers for qualifying projects, and are consistent with commitments made by issuers. Before performing assurance, assurers can review issuers' internal management policies on environmental and social responsibilities, and identify areas of improvement.

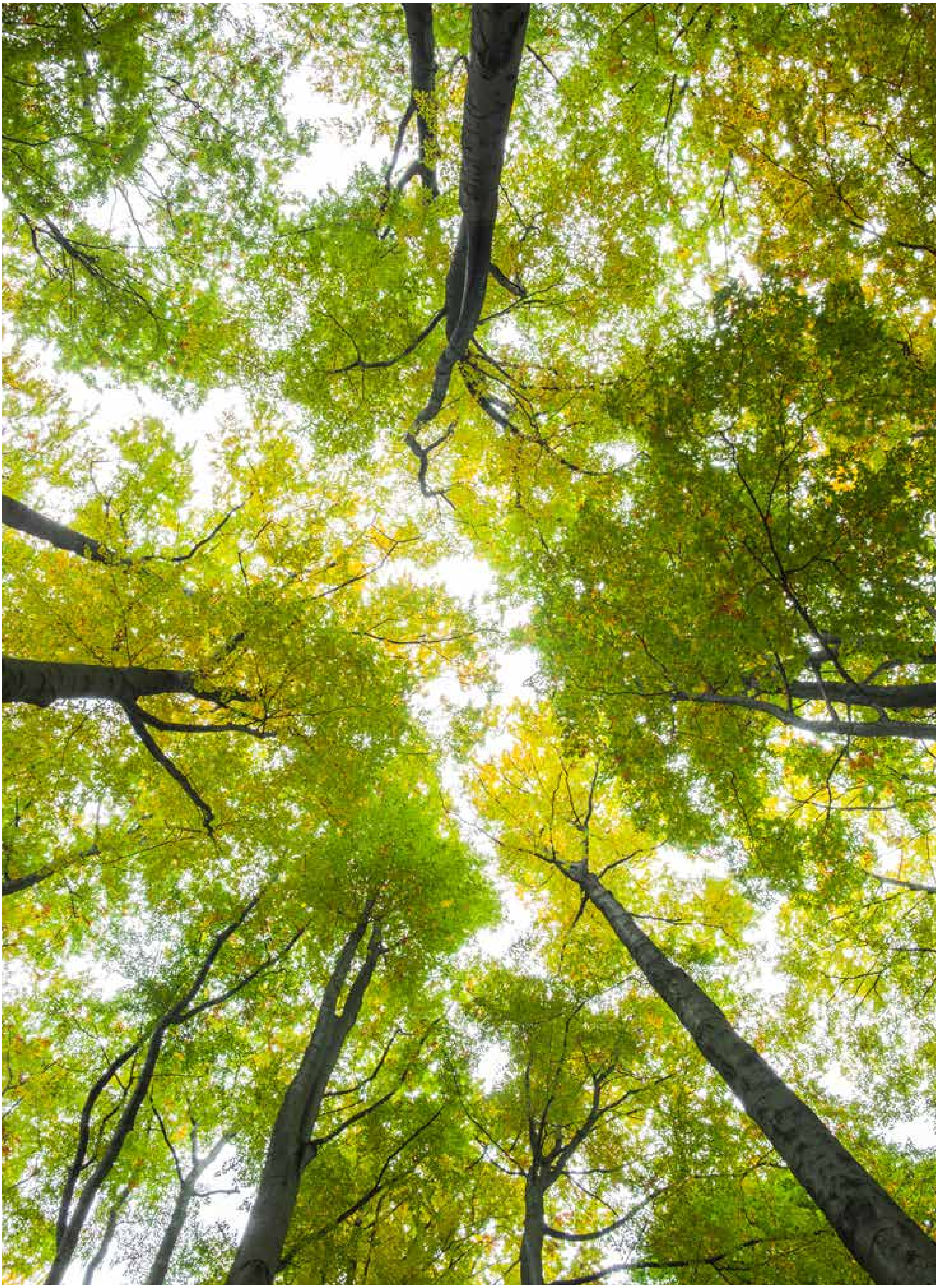
Information disclosure and ongoing reporting: Issuers are expected to disclose relevant information at least once a year. Assurance for information disclosure is mainly provided for non-financial data on processes for preparing progress reports and environmental outcomes. Assurance on processes for preparing progress reports is to review control measures for progress report preparation, to ensure effective disclosure of environmental outcomes. Assurance on non-financial data on environmental outcomes is to review data on environmental outcomes in accordance with stated criteria, and assess whether the green bonds meet objectives and expectations, as well as the credibility of related data. Issuers should implement key performance indicators and data collection systems to monitor environmental outcomes of projects over time.

Methods generally used for the above assurance include, but are not limited to, understanding criteria, policies, processes and management systems established by issuers, obtaining supporting documentation (such as project contracts, expert reports, and approval documents from relevant government departments), and assessing whether green projects are potentially violating green criteria.

8.4 Summary

In summary, third-party certification can greatly enhance the credibility of green bonds, making it a valuable option for issuers. Third-party certification can ensure that issuers' definitions of green bonds are in line with relevant criteria, and strengthen issuers' capabilities in measuring environmental outcomes. It can also boost investor confidence in an issuer's processes, monitoring and information disclosure to reduce reputational risk and accusations of 'greenwashing'. Furthermore, it can provide effective advice to issuers to help them establish internal controls, policies and systems that are in line with relevant standards and certification requirements, which can sufficiently reduce associated risks. Third-party certification also assures investors that issuers' green bond processes comply with relevant requirements.

The developing green bond market provides public and private sector organisations with an important source of funding for activities that can bring significant benefits to the environment and society. However, the market is not without risks and challenges. A number of issues need to be addressed if the market is to strengthen its credibility and continue to experience rapid growth. We predict that patterns of standard or accepted practice over the use, management and reporting of proceeds should begin to crystallise over the next two to three years, which would serve to encourage greater investor interest and confidence. Third-party certification is an important step towards the crystallisation and standardisation of accepted practice, and could help issuers enhance their credibility with investors, underwriters and rating agencies, and reduce their reputational risk. We expect that third-party certification will complement and boost the development of the green bond market.

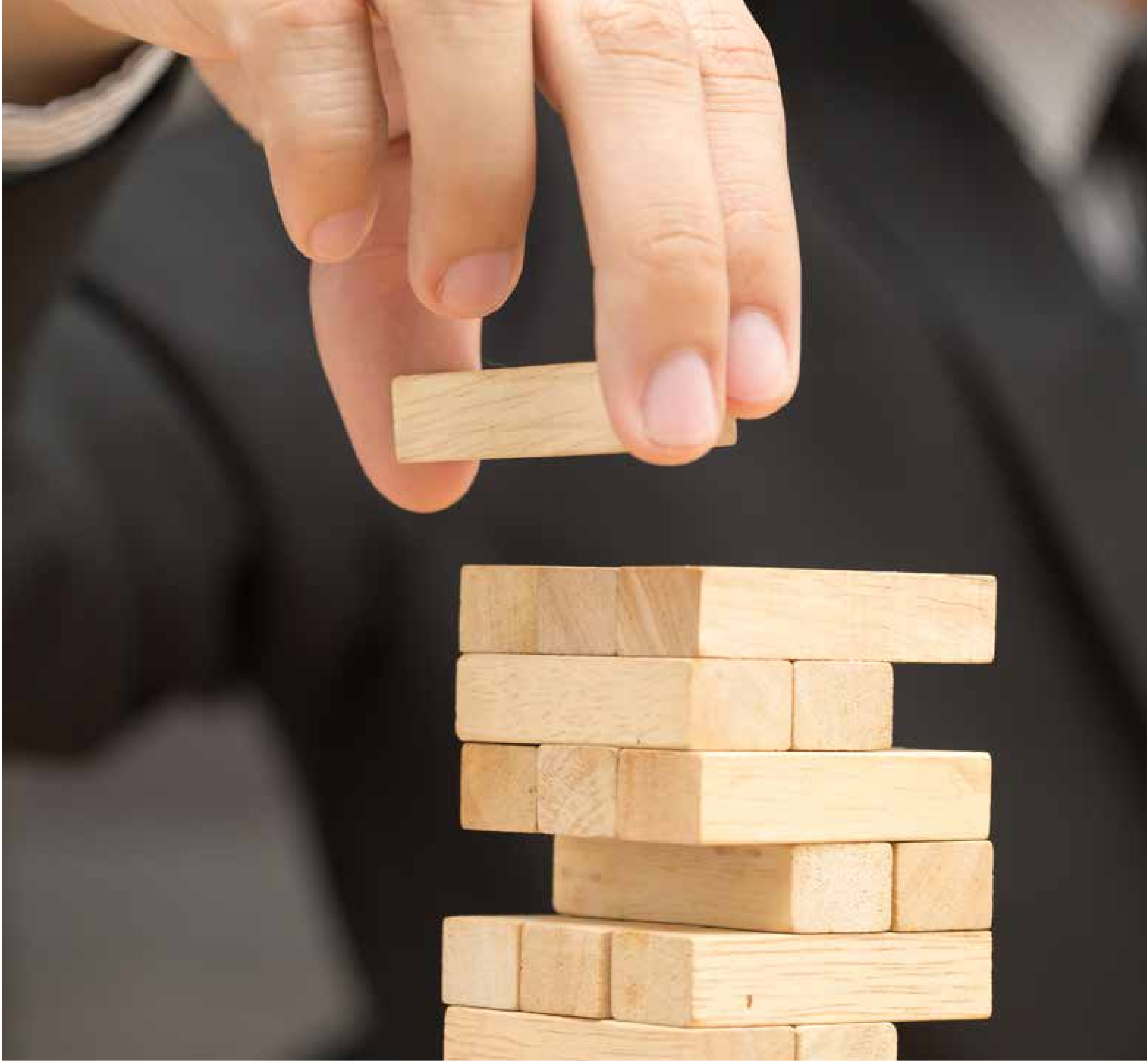


09

Improving credit management by enhancing the credit scoring system

Individuals who have a stable job that pays a steady income, and who repay their credit card bills on time can enjoy the benefits of "good credit".

Like FICO or EXPERIAN, Sesame Credit, which was launched by Alipay, is a reliable commercial credit scoring institution in China. The Credit Reference Center of the PBOC is a similar system led by the government, and can issue credit reference reports to individuals. Credit scoring is no longer something new in modern society. From bank loans, consumer finance, renting a house or a car to finding a job, the impact of credit scoring is visible in all aspects of social life. In as early as March 2013, the State Council issued the Regulations on the Administration of Credit



Investigation Industry, which serves as the legal basis of the credit scoring system. As of the end of 2014, there were already 1811 data institutions that have access to the Credit Reference Center of the PBOC and cover 350 million people with credit records. As a modern credit society is gradually being created, the credit scoring industry is bound to usher in a period of vigorous development. Currently, market relations are quite complex. Enterprises and individuals that have credit scores attached to them are gradually establishing mutually binding credit relations with each other. These credit relations are linked with, and independent of, traditional economic relations. They can sustain trading relations in the market, and support and promote orderly market conditions.

However, because of China's large economy, the current credit scoring data needs to be improved. Failure to do so could directly affect social financing costs, lending efficiency and the banking sector's ability to resist risks, which could curb economic vitality.

As the providers of credit services, banks are the most seriously affected. The credit of customers is of vital importance to them. In order to determine customers' credit, the bank may need to examine their personal information, such as job, income and track record. However, the judgment of bank employees based on personal information is inevitably subjective, which underscores the importance of establishing an effective customer credit scoring model to quantify credit risk. Calculating credit scores based on observable customer variables can make credit management more efficient, objective and targeted. Finally, banks can classify customers as "good" or "undesirable" and know whether to approve or reject an application.

Although banks can set up their own credit scoring models, reliable official or commercial credit scoring institutions are indispensable. When setting up or updating credit scoring models, banks need to use a large amount of historical data and find appropriate forecasting models — such as the logit model or probit model, for example. Customers' historical data can be classified into two kinds: information about approved applicants and information about rejected applicants.

The treatment of information on approved applicants and rejected applicants is enormously different. For approved applicants, banks have information on their applications and past performance. This data can be used to determine whether they are welcome or undesirable customers. However, for rejected applicants, banks only have their application information, and therefore do not know whether they are welcome or unwelcome customers. As a result, when setting up credit scoring models, data for these types of customer samples is often neglected.

A sound and effective credit scoring model should be designed and applied to all future applicants. Samples consisting entirely of approved applicants are not representative of the full picture, and models based on these samples are likely to be unsound. How to make up for this shortcoming, classify rejected applicants and include them in data samples are problems that have beset credit scoring institutions for many years.

In our empirical study based on a bank's credit card business data, we found that if there is accurate external credit data that can provide additional information on a rejected applicant, the credit scoring model is more appropriate and accurate. However, since the domestic credit scoring system still needs to improve, there is a limit on the accuracy of models, and banks have to face high risk and costs to obtain information.

The best way out of the dilemma facing credit scoring models could be to build up sound credit reference data. Commercial banks will then not have to face the risks involved in obtaining information on rejected applicants. Promoting the credit scoring system nationwide is of great significance. With existing customer information and reliable external credit reference reports, banks can create better credit scoring models to reduce credit risk and improve efficiency.

In addition, a sound credit reference system can also promote good repayment practices, enhance the stability of the financial system, and encourage the continued development of the banking industry. Meanwhile, customers with good track records can have fairer opportunities to obtain loans, and can enjoy many conveniences and rewards. In an age where credit is treated as wealth, building a sound credit reference system can help improve the credit risk management of society as a whole.

Financial summary (1 - 1)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Total assets 2015	Total assets 2014	Net assets attributable to equity holders of the parent company 2015	Net assets attributable to equity holders of the parent company 2014	Net assets per share attributable to equity holders of the parent company (RMB) 2015	Net assets per share attributable to equity holders of the parent company (RMB) 2014	Total loans and advances to customers 2015	Total loans and advances to customers 2014
1	Industrial And Commercial Bank Of China Limited	22,209,780	20,609,953	1,789,474	1,530,859	4.80	4.23	11,933,466	11,026,331
2	China Construction Bank Corporation	18,349,489	16,744,093	1,434,020	1,241,510	5.74	4.97	10,485,140	9,474,510
3	Agricultural Bank Of China Limited	17,791,393	15,974,152	1,210,091	1,031,066	3.48	3.05	8,909,918	8,098,067
4	Bank Of China Limited	16,815,597	15,251,382	1,304,946	1,140,859	4.09	3.70	9,135,860	8,483,275
5	Bank Of Communications Co.,Ltd.	7,155,362	6,268,299	534,885	471,055	7.00	6.34	3,722,006	3,431,735
6	China Merchants Bank Co.,Ltd.	5,474,978	4,731,829	360,806	314,404	14.31	12.47	2,824,286	2,513,919
7	Industrial Bank Co.,Ltd.	5,298,880	4,406,399	313,648	257,934	15.10	12.86	1,779,408	1,593,148
8	China Citic Bank Corporation Limited	5,122,292	4,138,815	317,740	259,677	6.49	5.55	2,528,780	2,187,908
9	Shanghai Pudong Development Bank Co.,Ltd.	5,044,352	4,195,924	315,170	260,169	15.29	13.15	2,245,518	2,028,380
10	China Minsheng Banking Corp., Ltd.	4,520,688	4,015,136	301,218	240,142	8.26	7.03	2,048,048	1,812,666
11	China Everbright Bank Co.,Ltd.	3,167,710	2,737,010	223,493	178,975	4.36	3.83	1,513,543	1,299,455
12	Ping An Bank Co.,Ltd.	2,507,149	2,186,459	N/A	N/A	N/A	N/A	1,216,138	1,024,734
13	Hua Xia Bank Co.,Ltd.	2,020,604	1,851,628	117,678	101,458	11.01	9.49	1,069,172	939,989
14	Bank Of Beijing Co.,Ltd.	1,844,909	1,524,437	116,551	95,903	8.81	7.57	775,390	675,288
15	China Guangfa Bank Co.,Ltd.	1,836,587	1,648,056	N/A	N/A	N/A	N/A	866,851	790,938
16	Bank Of Shanghai Co.,Ltd.	1,449,140	1,187,452	92,390	73,970	17.10	15.72	536,508	484,521
17	Bank Of Jiangsu Co.,Ltd.	1,290,333	1,038,309	65,156	55,935	6.27	5.38	561,783	488,512
18	China Zheshang Bank Co.,Ltd.	1,031,650	669,957	N/A	N/A	N/A	N/A	345,423	259,023
19	Bank Of Nanjing Co.,Ltd.	805,020	573,150	52,027	32,449	14.01	10.93	251,198	174,685
20	China Bohai Bank Co.,Ltd.	764,235	667,148	N/A	N/A	N/A	N/A	274,577	205,361
21	Chongqing Rural Commercial Bank Co.,Ltd.	716,805	618,889	46,763	41,426	5.03	4.45	268,586	242,198
22	Bank Of Ningbo Co.,Ltd.	716,465	554,113	45,001	34,091	10.30	8.74	255,689	210,062
23	Shengjing Bank Co.,Ltd.	701,629	503,371	41,269	35,700	N/A	N/A	195,460	158,644
24	Chengdu Rural Commercial Bank Co.,Ltd.	644,596	634,140	30,627	26,019	3.06	2.60	177,067	154,574
25	Huishang Bank Co.,Ltd.	636,131	482,764	41,159	36,374	3.72	3.29	243,434	219,397
26	Beijing Rural Commercial Bank Co.,Ltd.	628,283	522,946	35,757	31,499	N/A	N/A	267,817	263,993
27	Shanghai Rural Commercial Bank Co.,Ltd.	587,014	485,303	41,900	36,883	8.38	7.38	298,592	260,453
28	Guangzhou Rural Commercial Bank Co.,Ltd.	582,807	466,608	33,778	30,661	4.14	3.76	223,659	185,981
29	Bank Of Tianjin Co.,Ltd.	565,668	478,859	33,024	28,672	N/A	N/A	184,604	170,918
30	Bank Of Hangzhou Co.,Ltd.	545,315	418,541	31,835	26,095	N/A	N/A	215,256	196,657
31	Xiamen International Bank Co.,Ltd.	459,205	348,941	25,381	15,446	3.97	3.37	153,591	111,374
32	Harbin Bank Co.,Ltd.	444,851	343,642	33,100	29,530	3.01	2.69	148,675	123,930
33	Bank Of Guangzhou Co.,Ltd.	415,192	330,880	N/A	N/A	N/A	N/A	135,631	109,511
34	The Hongkong And Shanghai Banking Corporation Limited (China)	389,655	425,764	N/A	N/A	N/A	N/A	171,981	174,758
35	Bank Of Jinzhou Co.,Ltd.	361,660	250,693	25,598	15,658	N/A	N/A	101,174	88,799
36	Bank Of Jilin Co.,Ltd.	357,534	283,783	20,083	17,861	2.84	2.53	159,199	141,729
37	Baoshang Bank Co.,Ltd.	352,595	312,865	25,510	21,821	N/A	N/A	121,776	94,806
38	Bank Of Chengdu Co.,Ltd.	321,445	300,230	20,211	18,136	N/A	N/A	134,408	124,890
39	Bank Of Chongqing Co.,Ltd.	319,808	274,531	21,293	15,903	6.81	5.88	124,769	106,449
40	Zhongyuan Bank Co.,Ltd.	306,147	207,069	32,596	27,180	1.99	1.79	136,996	111,081
41	Dongguan Rural Commercial Bank Co.,Ltd.	299,626	258,231	21,307	18,177	N/A	N/A	119,709	106,795
42	Bank Of Kunlun Co.,Ltd.	290,179	278,299	22,885	20,568	3.11	2.79	88,304	73,063
43	Bank Of Changsha Co.,Ltd.	285,420	216,685	17,644	13,109	5.80	5.09	91,053	71,526
44	China Citic Bank International Limited*	282,535	249,141	N/A	N/A	N/A	N/A	169,870	150,720
45	Bank Of Zhengzhou Co.,Ltd.	265,623	204,289	17,795	11,406	N/A	N/A	94,294	77,986
46	Tianjin Rural Commercial Bank Co.,Ltd.	255,959	225,952	19,769	17,131	2.64	2.27	124,797	115,784
47	Bank Of Dalian Co.,Ltd.	244,360	259,100	N/A	N/A	N/A	N/A	137,641	131,425
48	Bank Of Guiyang Co.,Ltd.	238,197	156,100	13,954	10,550	7.76	5.87	83,174	70,071
49	Jiangsu Jiangnan Rural Commercial Bank Co.,Ltd.	234,329	194,974	13,986	12,433	N/A	N/A	102,704	91,514
50	Bank Of Suzhou Co.,Ltd.	230,901	204,250	18,668	17,118	6.22	5.71	89,207	72,079
51	Guangdong Shunde Rural Commercial Bank Co.,Ltd.	226,036	208,394	22,377	20,385	5.81	5.82	112,222	103,368
52	Wing Hang Bank(China) Ltd	224,968	235,308	N/A	N/A	N/A	N/A	150,483	150,839
53	Bank Of Hebei Co.,Ltd.	222,639	182,161	15,245	10,696	3.15	2.85	100,017	75,230
54	The Bank Of East Asia (China)	219,779	216,806	N/A	N/A	N/A	N/A	119,947	118,380
55	Jiangxi Bank Co.,Ltd.	213,088	155,833	19,369	10,690	4.14	3.84	86,745	61,017

Total deposits		Operating income		Net interest income		Net profit		Profit attributable to equity holders of the parent company		Cost-to-income ratio	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
16,281,939	15,556,601	697,647	658,892	507,867	493,522	277,720	276,286	277,131	275,811	25.49%	26.75%
13,668,533	12,899,153	605,197	570,470	457,752	437,398	228,886	228,247	228,145	227,830	26.98%	28.85%
13,538,360	12,533,397	536,168	520,858	436,140	429,891	180,774	179,510	180,582	179,461	33.28%	34.56%
11,729,171	10,885,223	474,321	456,331	328,650	321,102	179,417	177,198	170,845	169,595	28.30%	28.57%
4,484,814	4,029,668	193,828	177,401	144,172	134,776	66,831	66,035	66,528	65,850	30.36%	30.29%
3,571,698	3,304,438	201,471	165,863	136,729	117,202	58,018	56,049	57,696	55,911	27.67%	30.54%
2,483,923	2,267,780	154,348	124,898	119,834	95,560	50,650	47,530	50,207	47,138	21.59%	23.78%
3,182,775	2,849,574	145,134	124,716	104,433	94,741	41,740	41,454	41,158	40,692	27.85%	30.32%
2,954,149	2,793,224	146,550	123,181	113,009	98,183	50,997	47,360	50,604	47,026	21.86%	23.12%
2,732,262	2,433,810	154,425	135,469	94,268	92,136	47,022	45,567	46,111	44,546	31.22%	33.27%
1,993,843	1,785,337	93,159	78,531	66,459	58,259	29,577	28,928	29,528	28,883	26.91%	29.82%
1,733,921	1,533,183	96,163	73,407	66,099	53,046	21,865	19,802	N/A	N/A	31.31%	36.33%
1,351,663	1,303,216	58,844	54,885	46,083	46,241	18,952	18,023	18,883	17,981	35.01%	37.57%
1,022,300	922,813	44,081	36,878	35,785	31,285	16,883	15,646	16,839	15,623	24.99%	24.65%
1,132,854	1,026,803	54,735	44,644	32,818	29,237	9,064	12,037	N/A	N/A	32.33%	36.36%
792,680	724,618	33,159	28,098	26,682	23,474	13,043	11,400	13,002	11,376	22.99%	25.06%
776,428	681,297	28,047	25,326	23,971	22,339	9,505	8,699	9,497	8,685	29.37%	29.57%
516,026	363,280	25,130	17,397	20,586	14,535	7,051	5,096	N/A	N/A	27.66%	28.32%
504,197	368,329	22,830	15,992	18,829	13,435	7,066	5,656	7,001	5,609	24.10%	27.91%
406,266	354,730	18,480	15,573	15,428	13,432	5,689	5,031	N/A	N/A	33.07%	34.89%
470,228	409,720	21,889	19,802	20,166	18,349	7,228	6,813	7,223	6,828	34.69%	35.74%
355,686	306,532	19,516	15,357	15,617	13,355	6,567	5,634	6,544	5,627	34.03%	32.07%
402,379	315,944	14,184	11,205	11,949	9,901	6,224	5,424	6,211	5,405	19.04%	19.06%
409,317	391,462	10,507	11,090	8,847	10,347	4,297	5,320	4,286	5,356	34.87%	29.92%
359,225	317,870	16,977	12,748	14,843	11,423	6,212	5,676	6,161	5,673	32.02%	33.08%
463,418	422,054	13,268	12,948	11,964	12,179	5,195	5,045	5,198	5,043	38.20%	38.81%
450,368	395,674	15,285	14,151	11,685	12,272	5,807	5,013	5,634	4,848	35.68%	38.26%
391,062	354,439	16,073	13,893	11,947	12,087	5,000	5,481	5,001	5,375	28.84%	31.16%
334,691	289,467	11,922	9,941	10,679	9,149	4,932	4,429	4,916	4,417	22.49%	23.63%
312,047	279,681	12,404	11,027	11,037	9,296	3,705	3,511	3,704	3,506	31.53%	30.90%
310,342	224,185	8,589	5,604	7,911	4,511	3,318	2,228	3,318	2,228	22.52%	27.30%
306,818	233,794	11,945	10,253	9,633	8,398	4,510	3,841	4,458	3,807	31.75%	35.04%
250,368	205,204	7,124	6,637	6,045	5,732	3,162	3,515	N/A	N/A	25.92%	24.00%
227,416	226,628	11,768	10,992	8,067	8,518	5,377	4,014	N/A	N/A	N/A	N/A
170,179	119,403	11,517	5,795	10,804	5,628	4,908	2,123	4,899	2,116	18.80%	31.26%
232,257	208,789	8,713	8,957	4,185	4,813	2,638	2,700	2,586	2,664	40.94%	37.35%
177,613	169,526	11,150	9,452	8,673	7,799	3,418	2,886	3,325	2,807	41.83%	43.19%
240,647	219,555	8,959	9,131	7,965	8,370	2,821	3,552	2,816	3,548	27.75%	28.76%
199,299	167,932	8,593	7,483	7,002	6,232	3,170	2,827	3,170	2,827	30.69%	31.02%
205,370	163,733	11,002	9,400	10,269	8,960	3,130	2,613	3,080	2,555	39.54%	37.53%
181,652	172,151	9,009	7,925	7,504	6,844	3,819	3,372	N/A	N/A	N/A	N/A
141,106	113,103	6,242	7,384	5,324	6,216	2,957	2,937	2,939	2,925	26.58%	18.01%
196,985	159,591	8,396	6,416	7,287	5,874	2,767	2,412	2,731	2,411	30.58%	N/A
220,684	188,930	5,831	6,006	3,420	4,157	2,168	2,801	N/A	N/A	44.00%	40.90%
169,195	132,561	7,861	5,504	6,907	5,284	3,356	2,463	3,356	2,463	23.27%	27.72%
179,577	176,811	8,415	7,543	3,700	4,320	2,635	2,448	2,598	2,379	30.03%	32.76%
177,125	197,881	5,564	7,404	4,903	6,508	129	477	N/A	N/A	46.96%	38.19%
180,987	130,452	7,705	5,743	6,826	5,216	3,240	2,447	3,222	2,436	26.43%	27.19%
149,766	137,203	6,947	6,015	3,956	4,105	1,596	1,592	1,579	1,570	30.78%	33.19%
132,214	123,935	6,918	5,809	1,808	2,101	1,841	1,800	1,815	1,760	32.20%	36.96%
153,318	141,503	7,165	6,596	6,418	5,988	2,969	2,810	2,953	2,803	28.22%	28.73%
180,399	195,256	4,698	4,408	3,586	3,495	2,028	1,702	N/A	N/A	N/A	N/A
163,245	138,234	7,128	5,963	6,090	5,224	2,240	1,777	2,239	1,774	35.32%	35.75%
152,655	163,606	4,683	5,695	3,754	4,633	209	796	N/A	N/A	52.21%	47.26%
149,360	106,275	6,929	5,447	2,908	2,946	721	1,669	709	1,655	28.37%	29.48%

Financial summary (1 - 2)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Total assets 2015	Total assets 2014	Net assets attributable to equity holders of the parent company 2015	Net assets attributable to equity holders of the parent company 2014	Net assets per share attributable to equity holders of the parent company (RMB) 2015	Net assets per share attributable to equity holders of the parent company (RMB) 2014	Total loans and advances to customers 2015	Total loans and advances to customers 2014
56	Huarong Xiangjiang Bank Co.,Ltd.	211,125	165,309	12,802	11,021	2.09	1.80	79,380	60,765
57	Bank Of Xi'An Co.,Ltd.	210,024	151,282	14,352	9,763	N/A	N/A	85,801	72,286
58	Bank Of Dongguan Co.,Ltd.	192,062	186,992	15,081	13,707	N/A	N/A	88,106	78,212
59	Bank Of Qingdao Co.,Ltd.	187,235	156,166	N/A	N/A	N/A	N/A	72,696	62,988
60	Hankou Bank Co.,Ltd.	183,142	169,090	15,816	14,569	3.85	3.54	86,276	84,824
61	Standard Chartered Bank (China) Limited	179,210	209,329	N/A	N/A	N/A	N/A	79,716	97,646
62	Bank Of Jiujiang Co.,Ltd.	174,876	133,650	12,161	10,490	N/A	N/A	50,292	41,806
63	Wuhan Rural Commercial Bank Co.,Ltd.	170,512	154,066	16,028	14,068	3.77	3.44	95,522	85,368
64	Bank Of Luoyang Co.,Ltd.	166,707	117,270	12,332	8,511	N/A	N/A	58,626	51,521
65	Guangdong Nanyue Bank Co.,Ltd.	165,985	143,637	10,458	9,822	1.68	1.59	68,287	52,481
66	Citibank (China) Co.,Ltd.	163,327	157,632	N/A	N/A	N/A	N/A	65,137	66,918
67	Xiamen Bank Co., Ltd.	160,320	119,109	N/A	N/A	N/A	N/A	35,876	26,241
68	Chang'An Bank Co.,Ltd.	159,892	126,418	9,846	8,525	2.12	2.09	63,196	52,704
69	Jinshang Bank Co.,Ltd.	157,243	143,528	8,967	8,169	N/A	N/A	65,115	50,972
70	Bank Of Wenzhou Co.,Ltd.	156,067	126,283	N/A	N/A	N/A	N/A	65,270	58,356
71	Hubei Bank Co.,Ltd.	154,704	121,285	10,923	10,074	N/A	N/A	76,381	69,904
72	Nanchong City Commercial Bank Co.,Ltd.	154,447	130,652	10,222	8,148	N/A	N/A	51,189	38,402
73	Fudian Bank Co.,Ltd.	154,035	145,131	13,861	12,768	2.92	2.69	79,249	69,193
74	Qilu Bank Co.,Ltd.	152,881	122,881	9,960	7,195	3.51	3.04	69,779	61,493
75	Weihai City Commercial Bank Co.,Ltd.	151,278	117,348	N/A	N/A	N/A	N/A	52,322	44,551
76	Guilin Bank Co.,Ltd.	143,636	113,485	8,000	6,333	N/A	N/A	45,730	31,331
77	Hangzhou United Rural Commercial Bank Co.,Ltd.	143,317	109,864	12,983	11,635	N/A	N/A	85,946	63,446
78	Fujian Haixia Bank Co.,Ltd.	133,683	107,834	N/A	N/A	N/A	N/A	53,331	45,870
79	Zhe Jiang Chou Zhou Commercial Bank Co.,Ltd.	133,049	122,420	11,193	10,143	N/A	N/A	59,868	54,806
80	Chongqing Three Gorges Bank Co.,Ltd.	132,630	100,892	9,890	6,141	3.23	2.61	34,915	26,845
81	Guangdong Nanhai Rural Commercial Bank Co.,Ltd.	132,464	121,014	N/A	N/A	N/A	N/A	69,160	63,143
82	Bank Of Langfang Co.,Ltd.	129,764	58,399	6,607	3,053	N/A	N/A	26,294	17,473
83	Chong Hing Bank*	127,838	108,046	N/A	N/A	N/A	N/A	63,600	56,925
84	Huashang Bank	127,286	91,531	N/A	N/A	N/A	N/A	N/A	N/A
85	Bank Of Tangshan Co.,Ltd.	124,864	57,264	N/A	N/A	N/A	N/A	30,388	22,388
86	Bank Of Taizhou Co.,Ltd.	123,400	102,454	9,559	8,544	5.31	4.75	77,968	67,378
87	Zhejiang Xiaoshan Rural Cooperative Bank Co.,Ltd.	119,650	95,762	N/A	N/A	N/A	N/A	60,590	56,073
88	Bank Of Ningxia Co.,Ltd.	118,998	103,823	N/A	N/A	N/A	N/A	54,918	49,353
89	China Resources Bank Of Zhuhai Co.,Ltd.	116,394	107,534	8,734	8,582	N/A	N/A	54,971	47,157
90	Wuxi Rural Commercial Bank Co.,Ltd.	115,491	104,463	7,208	6,413	N/A	N/A	54,754	49,632
91	Guangxi Beibu Gulf Bank Co.,Ltd.	113,028	85,595	10,814	9,031	N/A	N/A	42,274	40,128
92	Mizuho Bank(China),Ltd.	109,248	94,611	N/A	N/A	N/A	N/A	43,274	41,778
93	Zhejiang Tailong Commercial Bank Co.,Ltd.	108,716	86,858	6,971	5,764	2.32	1.92	63,439	51,205
94	Jiangsu Changshu Rural Commercial Bank Co.,Ltd.	108,504	101,670	8,077	7,118	4.04	4.68	53,205	45,942
95	Bank Of Inner Mongolia Co.,Ltd.	106,774	83,561	8,896	8,308	N/A	N/A	44,587	37,594
96	Guangdong Huaxing Bank Co.,Ltd.	106,032	68,239	N/A	N/A	N/A	N/A	30,534	23,782
97	Zhe Jiang Mintai Commercial Bank Co.,Ltd.	105,006	88,714	6,481	5,733	2.32	3.29	57,369	49,105
98	Bank Of Urumqi Co.,Ltd.	103,439	83,992	N/A	N/A	N/A	N/A	46,217	41,069
99	Jiangsu Zijin Rural Commercial Bank Co.,Ltd.	101,786	70,795	N/A	N/A	N/A	N/A	52,394	43,001
100	Ningbo Yinzhou Rural Cooperative Bank	99,832	90,245	8,658	7,805	N/A	N/A	55,318	50,455
101	Sumitomo Mitsui Banking Corporation (China) Limited	96,589	98,960	N/A	N/A	N/A	N/A	42,055	42,244
102	Development Bank Of Singapore (China) Limited	95,329	98,054	N/A	N/A	N/A	N/A	45,058	52,555
103	Bank Of Anshan Co.,Ltd.	93,141	80,615	N/A	N/A	N/A	N/A	47,716	43,384
104	Bank Of Rizhao Co.,Ltd.	91,988	73,073	7,539	6,924	N/A	N/A	44,867	37,053
105	Hang Seng Bank (China) Limited	91,971	99,355	N/A	N/A	N/A	N/A	53,024	49,732
106	Bank Of Weifang Co.,Ltd.	91,786	82,325	6,990	6,244	N/A	N/A	43,755	42,335
107	Jiangsu Jiangyin Rural Commercial Bank Co.,Ltd.	90,478	83,586	7,234	6,260	N/A	N/A	49,857	48,392
108	Bank Of Liuzhou Co.,Ltd.	89,926	80,994	7,956	7,330	N/A	N/A	N/A	N/A
109	Bank Of Ganzhou Co.,Ltd.	89,915	73,318	5,960	5,292	N/A	N/A	32,092	26,174
110	Bank Of Shaoxing Co.,Ltd.	86,547	55,769	4,535	4,252	3.47	3.25	37,149	33,299

Total deposits		Operating income		Net interest income		Net profit		Profit attributable to equity holders of the parent company		Cost-to-income ratio	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
140,073	117,402	6,014	5,274	2,094	2,266	2,287	2,051	2,278	2,037	N/A	N/A
121,709	111,975	4,708	4,104	4,096	3,776	1,994	1,810	1,990	1,807	28.19%	26.62%
128,698	113,568	6,129	5,596	5,280	4,717	1,874	2,060	1,868	2,056	28.89%	28.53%
115,322	101,734	5,006	4,365	4,114	3,596	1,814	1,495	N/A	N/A	35.80%	39.61%
122,610	114,212	5,159	5,733	4,398	4,809	1,495	1,480	1,488	1,472	33.54%	28.56%
114,378	125,819	6,703	7,173	5,299	6,029	973	997	N/A	N/A	N/A	N/A
100,488	88,040	4,903	4,457	4,568	4,178	1,797	1,826	1,778	1,788	29.44%	26.29%
138,879	121,360	6,617	6,482	4,975	4,442	2,333	2,317	2,328	2,310	30.47%	27.02%
92,317	76,679	5,306	4,308	4,927	4,122	2,135	1,762	2,021	1,661	N/A	18.46%
110,813	93,200	4,844	4,388	4,036	3,822	1,118	1,190	1,116	1,187	36.47%	40.12%
124,812	99,886	5,673	5,511	2,477	2,792	1,063	1,598	N/A	N/A	N/A	56.00%
87,079	70,901	3,215	2,305	2,912	2,121	890	723	N/A	N/A	29.40%	36.66%
100,250	82,178	3,957	3,743	2,677	2,856	1,086	1,316	1,085	1,311	N/A	32.82%
103,777	91,078	4,394	4,335	3,860	3,954	1,085	1,031	1,081	1,028	32.64%	30.13%
90,104	80,018	3,782	3,178	3,008	2,443	813	646	N/A	N/A	N/A	N/A
108,965	91,469	4,542	4,261	4,178	3,986	1,080	1,319	1,094	1,319	32.31%	32.54%
92,684	82,382	5,021	4,378	4,536	3,763	2,350	2,072	2,271	2,020	26.27%	25.21%
104,274	93,131	4,412	4,385	3,932	3,996	1,537	1,654	1,523	1,644	37.05%	35.43%
123,447	101,000	4,232	3,531	3,683	3,112	1,196	1,095	1,187	1,090	35.97%	33.93%
93,123	79,537	3,734	3,391	3,105	2,868	1,580	1,253	N/A	N/A	N/A	N/A
87,531	74,712	3,487	3,183	2,881	2,689	780	1,056	768	1,023	36.54%	34.85%
113,304	89,019	5,071	4,010	4,962	3,482	1,743	1,595	1,505	1,590	32.16%	26.09%
71,733	63,562	3,293	2,629	3,164	2,568	717	831	N/A	N/A	N/A	N/A
79,116	75,417	5,087	4,791	1,608	2,462	1,367	1,327	1,362	1,321	N/A	N/A
90,982	67,855	3,953	3,100	2,973	2,439	1,664	1,323	N/A	N/A	N/A	N/A
101,954	92,552	4,371	4,025	4,053	3,802	1,992	1,900	N/A	N/A	29.34%	30.04%
80,547	37,277	2,470	1,446	761	817	399	155	390	148	46.27%	46.03%
99,392	82,133	N/A	N/A	1,779	1,372	1,193	2,742	N/A	N/A	48.83%	52.78%
44,138	40,762	2,142	2,013	1,127	1,753	1,133	1,131	N/A	N/A	N/A	N/A
90,602	50,055	N/A	N/A	3,270	1,977	1,282	705	N/A	N/A	N/A	N/A
101,493	83,295	6,512	5,321	5,375	4,724	2,437	2,234	2,219	2,092	33.51%	32.22%
87,877	80,387	3,122	3,307	2,077	2,651	750	1,216	N/A	N/A	23.43%	21.07%
77,866	69,599	4,193	3,695	3,960	3,537	881	1,390	N/A	N/A	29.78%	34.63%
75,251	64,790	3,648	3,137	2,816	2,735	71	676	66	670	40.22%	43.86%
87,213	78,376	2,397	2,278	2,163	2,118	819	918	833	926	32.11%	30.01%
63,854	56,329	2,867	3,678	2,540	3,395	353	134	336	115	39.39%	32.17%
68,790	67,638	2,086	2,216	1,047	1,218	417	589	417	589	N/A	N/A
79,109	65,417	5,466	4,906	4,364	3,877	1,483	1,184	1,470	1,171	N/A	N/A
82,291	74,287	3,492	3,068	3,168	2,816	983	1,000	966	999	34.87%	33.83%
68,115	59,519	2,656	2,915	1,501	2,233	451	809	429	793	53.56%	49.35%
67,182	39,172	1,736	1,120	1,333	1,008	308	108	N/A	N/A	54.69%	61.90%
66,678	59,967	3,790	3,747	2,652	3,282	839	808	764	759	N/A	N/A
69,727	58,119	2,867	2,724	2,513	2,460	1,189	1,080	N/A	N/A	N/A	N/A
73,909	59,649	2,883	2,486	2,264	2,123	815	860	N/A	N/A	34.69%	36.56%
73,226	64,783	3,568	3,315	2,179	2,329	1,360	1,344	1,274	1,293	N/A	N/A
61,467	66,202	2,463	2,113	1,134	1,187	679	502	N/A	N/A	N/A	N/A
44,987	68,440	2,694	2,959	1,581	2,010	120	353	N/A	N/A	63.74%	55.01%
80,079	68,129	2,160	2,194	N/A	N/A	715	791	N/A	N/A	32.41%	28.25%
67,388	56,782	3,182	3,091	2,883	2,718	803	1,172	799	1,166	N/A	N/A
40,631	37,406	1,812	1,831	874	922	131	(231)	N/A	N/A	N/A	N/A
59,699	56,145	3,246	2,885	2,292	2,304	769	689	750	673	32.76%	34.87%
67,653	63,083	2,504	2,362	2,371	2,253	815	851	814	818	31.35%	36.85%
66,885	56,458	2,706	2,556	2,637	2,414	735	950	695	924	37.38%	38.05%
61,664	56,075	2,531	2,588	938	938	817	991	806	974	37.19%	33.28%
47,592	40,227	1,735	1,408	865	1,209	351	303	349	290	37.67%	42.33%

Financial summary (1 - 3)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

		Total assets		Net assets attributable to equity holders of the parent company		Net assets per share attributable to equity holders of the parent company (RMB)		Total loans and advances to customers	
No.	Name of bank	2015	2014	2015	2014	2015	2014	2015	2014
111	Bank Of Cangzhou Co.,Ltd.	83,550	58,139	N/A	N/A	N/A	N/A	36,114	28,587
112	Qi Shang Bank Co.,Ltd.	83,229	70,734	7,013	6,266	3.78	3.71	44,171	38,185
113	Bank Of Deyang Co.,Ltd.	82,727	56,444	N/A	N/A	N/A	N/A	N/A	N/A
114	Jiangsu Zhangjiagang Rural Commercial Bank Co.,Ltd.	82,354	71,970	7,027	6,340	4.32	3.90	39,849	38,300
115	Bank Of Quanzhou Co.,Ltd.	73,794	60,740	N/A	N/A	N/A	N/A	24,741	19,280
116	Fubon Bank	73,647	61,604	N/A	N/A	N/A	N/A	30,822	31,163
117	Leshan City Commercial Bank Co.,Ltd.	72,459	63,942	5,569	5,008	3.06	2.75	24,025	19,685
118	Jiangsu Wujiang Rural Commercial Bank Co.,Ltd.	71,453	61,945	6,562	6,011	N/A	N/A	40,994	38,044
119	Bank Of Qinghai Co.,Ltd.	70,435	53,334	N/A	N/A	N/A	N/A	35,699	28,927
120	Zhejiang Hangzhou Yuhang Rural Commercial Bank Co.,Ltd.	67,082	58,788	N/A	N/A	N/A	N/A	36,388	31,350
121	Jincheng Bank Co.,Ltd.	65,680	53,549	5,027	3,644	N/A	N/A	20,680	17,233
122	Bank Of Chengde Co.,Ltd.	64,452	43,934	3,770	3,100	1.58	1.57	27,942	21,724
123	Laishang Bank Co.,Ltd.	64,196	55,251	N/A	N/A	N/A	N/A	32,233	28,089
124	Bank Of Dandong Co.,Ltd.	63,659	41,776	N/A	N/A	N/A	N/A	22,701	18,722
125	Jiangsu Kunshan Rural Commercial Bank Co.,Ltd.	63,539	54,940	4,331	3,907	3.50	3.15	32,196	29,708
126	Panzhihua City Commercial Bank Co.,Ltd.	62,811	62,054	N/A	N/A	N/A	N/A	29,041	25,456
127	Deutsche Bank (China) Limited	62,729	78,752	N/A	N/A	N/A	N/A	16,790	20,662
128	Hefei Science Technology Rural Commercial Bank Co.,Ltd.	62,566	56,403	N/A	N/A	N/A	N/A	29,914	25,184
129	Cixi Rural Commercial Bank Co.,Ltd.	58,980	52,147	N/A	N/A	N/A	N/A	33,225	30,653
130	Dongying Bank Co.,Ltd.	55,967	46,156	N/A	N/A	N/A	N/A	28,852	25,050
131	Bank Of Jinhua Co.,Ltd.	55,291	48,516	N/A	N/A	N/A	N/A	30,045	27,977
132	Yantai Bank Co.,Ltd.	53,369	47,795	N/A	N/A	N/A	N/A	30,801	28,072
133	Zhejiang Yiwu Rural Commercial Bank Co.,Ltd.	53,010	51,381	N/A	N/A	N/A	N/A	31,494	30,477
134	Bank Of Taian Co.,Ltd.	52,749	35,859	N/A	N/A	N/A	N/A	16,515	14,134
135	Mianyang City Commercial Bank Co.,Ltd.	52,697	44,586	N/A	N/A	N/A	N/A	22,240	19,273
136	Bank Of Fushun Co.,Ltd.	52,308	38,810	N/A	N/A	N/A	N/A	19,622	16,974
137	Jiangmen Xinhui Rural Commercial Bank Co.,Ltd.	50,913	42,919	N/A	N/A	N/A	N/A	24,135	23,557
138	Jiangsu Haian Rural Commercial Bank Co.,Ltd.	50,817	43,181	3,915	3,486	4.61	4.10	25,172	23,122
139	Bank Of Chaoyang Co.,Ltd.	50,631	37,716	N/A	N/A	1.93	1.80	25,501	21,517
140	Ningbo Commerce Bank Co.,Ltd.	50,296	43,698	N/A	N/A	1.18	1.09	19,071	15,801
141	Bank Of Jiaxing Co.,Ltd.	50,058	40,733	3,176	2,909	N/A	N/A	26,030	24,208
142	Bank Of Huludao Co.,Ltd.	46,401	41,686	3,596	3,282	3.00	2.45	25,271	23,198
143	Bank Of Jining Co.,Ltd.	45,481	34,198	3,636	3,285	N/A	N/A	24,621	21,214
144	United Overseas Bank (China) Limited	43,157	49,023	N/A	N/A	N/A	N/A	23,706	25,237
145	Zigong Commercial Bank Co.,Ltd.	42,213	26,952	3,603	3,153	N/A	N/A	11,517	8,347
146	Bank Of Shizuishan Co.,Ltd.	39,652	34,925	N/A	N/A	N/A	N/A	17,234	14,500
147	JP Morgan Chase Bank (China) Co.,Ltd.	39,147	42,086	N/A	N/A	N/A	N/A	12,752	12,984
148	Oversea-Chinese Banking Co.,Ltd.	37,333	54,279	N/A	N/A	N/A	N/A	16,937	20,521
149	Zhejiang Shangyu Rural Commercial Bank Co.,Ltd.	34,691	32,326	N/A	N/A	N/A	N/A	20,744	19,873
150	Jiangsu Taicang Rural Commercial Bank Co.,Ltd.	34,146	32,054	2,519	2,302	N/A	N/A	17,037	16,893
151	Bank Of Tieling Co.,Ltd.	33,948	29,590	2,845	2,755	N/A	N/A	14,545	17,454
152	Hana Bank (China) Co.,Ltd.	33,652	43,468	N/A	N/A	N/A	N/A	20,769	18,925
153	Bank Of Hengshui Co.,Ltd.	33,629	33,331	N/A	N/A	N/A	N/A	18,732	15,814
154	Bank Of Huzhou Co.,Ltd.	33,326	29,559	N/A	N/A	N/A	N/A	17,886	16,828
155	Zhuji Rural Commercial Bank Co.,Ltd.	32,877	29,486	N/A	N/A	N/A	N/A	19,718	18,657
156	Zhejiang Yueqing Rural Cooperation Bank	32,678	29,760	N/A	N/A	N/A	N/A	21,151	18,979
157	Luzhou Commercial Bank Co.,Ltd.	31,473	22,828	N/A	N/A	N/A	N/A	9,887	7,635
158	Suining City Commercial Bank Co.,Ltd.	31,197	24,451	2,808	1,775	N/A	N/A	11,186	9,296
159	Fujian Na'Nan Rural Commercial Bank Co.,Ltd.	31,128	24,991	N/A	N/A	N/A	N/A	13,932	12,646
160	Zhejiang Fuyang Rural Commercial Bank Co.,Ltd.	31,015	28,668	N/A	N/A	N/A	N/A	19,296	17,924
161	Rural Commercial Bank Of Fuzhou Co.,Ltd.	30,891	23,664	N/A	N/A	N/A	N/A	16,210	13,319
162	Yinbin City Commercial Bank Co.,Ltd.	29,225	21,155	3,194	1,459	2.60	2.32	9,887	8,439
163	Wuhu Yangzi Rural Commercial Bank Co.,Ltd.	28,953	27,153	N/A	N/A	N/A	N/A	16,428	14,489
164	Jiangsu Jiangdu Rural Commercial Bank Co.,Ltd.	27,819	25,105	N/A	N/A	N/A	N/A	16,025	14,607
165	Qujing City Commercial Bank Co.,Ltd.	27,680	19,646	N/A	N/A	N/A	N/A	11,790	9,909

Total deposits		Operating income		Net interest income		Net profit		Profit attributable to equity holders of the parent company		Cost-to-income ratio	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
67,750	48,516	2,433	1,997	2,481	2,050	725	649	N/A	N/A	43.37%	40.78%
67,319	58,933	2,512	2,477	2,311	2,287	638	767	625	763	41.81%	36.70%
45,122	36,619	2,187	1,686	2,019	1,520	405	315	N/A	N/A	29.60%	27.13%
56,387	53,320	2,406	2,364	2,000	2,098	681	721	673	731	35.20%	32.69%
44,731	34,646	N/A	3,287	N/A	N/A	346	366	N/A	N/A	36.25%	39.80%
46,013	42,063	1,179	1,065	307	579	390	422	N/A	N/A	N/A	N/A
39,517	37,686	2,215	2,496	2,062	2,389	686	844	676	823	N/A	N/A
57,188	51,918	2,368	2,430	2,238	2,308	612	777	604	768	N/A	N/A
52,221	39,650	3,843	3,239	N/A	N/A	672	960	N/A	N/A	26.31%	21.13%
56,750	50,750	2,009	1,836	1,358	1,632	581	560	N/A	N/A	N/A	N/A
34,562	32,691	2,470	2,256	2,031	1,892	678	647	629	613	40.46%	35.42%
52,241	40,044	2,200	1,867	1,620	1,537	891	833	862	816	N/A	32.49%
42,328	40,189	2,035	2,152	1,267	1,625	216	512	210	487	39.32%	29.38%
40,601	34,844	1,518	1,408	1,054	1,149	429	610	N/A	N/A	N/A	N/A
49,237	44,134	1,873	1,651	1,667	1,491	484	499	506	508	34.66%	33.44%
37,528	39,048	1,885	1,939	1,443	1,672	530	724	N/A	N/A	31.38%	27.69%
27,670	27,378	2,119	2,491	1,184	1,617	956	762	N/A	N/A	N/A	N/A
41,641	35,858	1,625	1,393	246	442	622	539	N/A	N/A	N/A	N/A
47,155	43,562	3,082	3,067	869	1,095	639	733	N/A	N/A	31.41%	29.40%
45,028	38,872	1,981	1,772	1,853	1,697	683	671	N/A	N/A	N/A	N/A
40,045	37,942	2,691	2,273	N/A	N/A	344	389	N/A	N/A	N/A	N/A
45,635	41,580	N/A	N/A	1,640	1,579	417	395	N/A	N/A	44.91%	40.88%
41,905	40,716	1,695	1,717	1,498	1,643	508	669	N/A	N/A	32.62%	33.43%
29,652	24,943	1,369	1,015	334	507	370	307	N/A	N/A	31.54%	39.67%
31,175	28,519	1,421	1,258	N/A	N/A	535	530	N/A	N/A	31.58%	30.37%
32,308	27,254	1,751	1,572	1,617	1,518	756	573	N/A	N/A	27.37%	29.42%
38,610	35,547	2,374	2,313	1,421	1,438	461	659	N/A	N/A	N/A	N/A
37,723	32,822	1,272	1,282	774	1,013	520	513	517	513	29.62%	28.70%
40,814	32,465	1,562	1,549	784	1,085	456	364	N/A	N/A	N/A	N/A
27,294	22,812	1,670	1,159	1,499	1,023	437	283	N/A	N/A	37.52%	43.76%
33,804	31,884	1,364	1,266	1,283	1,215	214	120	202	121	37.45%	35.37%
38,884	34,106	1,604	1,330	1,149	1,237	490	427	428	384	45.39%	46.62%
34,080	28,529	1,570	1,552	1,180	1,461	425	465	409	454	34.72%	27.81%
22,457	29,385	1,021	976	697	732	80	132	N/A	N/A	77.30%	72.40%
26,902	17,742	1,134	737	872	540	445	296	436	289	N/A	N/A
25,102	22,273	1,601	1,333	635	743	566	554	N/A	N/A	N/A	N/A
15,785	22,137	960	981	825	959	326	299	N/A	N/A	N/A	N/A
18,338	23,507	995	1,259	518	783	190	238	N/A	N/A	61.86%	50.35%
29,912	27,566	1,187	1,216	979	1,101	352	400	N/A	N/A	59.44%	52.56%
26,148	23,792	1,052	1,006	1,011	975	254	265	251	260	35.79%	35.06%
28,564	25,325	752	859	501	665	188	206	N/A	N/A	N/A	N/A
24,487	34,539	855	535	690	477	165	21	N/A	N/A	N/A	N/A
30,106	29,572	1,336	1,321	915	970	458	486	N/A	N/A	41.52%	39.18%
27,814	25,395	1,117	1,054	699	799	219	216	N/A	N/A	34.99%	33.97%
27,913	25,739	1,762	1,819	N/A	N/A	348	493	N/A	N/A	25.46%	26.41%
26,425	24,725	2,018	1,770	N/A	1,306	538	503	N/A	N/A	N/A	N/A
20,383	14,448	N/A	690	N/A	528	442	341	N/A	N/A	24.41%	21.61%
20,392	19,709	1,142	1,019	557	497	501	457	N/A	N/A	N/A	N/A
22,484	20,335	1,301	1,175	767	924	338	422	N/A	N/A	26.89%	33.70%
26,298	24,068	N/A	N/A	N/A	N/A	407	469	N/A	N/A	N/A	N/A
23,832	20,570	2,068	1,757	584	537	396	298	N/A	N/A	27.37%	32.69%
19,490	17,718	974	972	719	860	347	325	316	296	N/A	N/A
20,693	17,999	764	739	424	368	285	293	N/A	N/A	N/A	N/A
23,810	20,694	1,680	1,531	668	691	350	368	N/A	N/A	29.88%	29.91%
24,191	17,399	909	1,043	683	872	237	364	N/A	N/A	N/A	N/A

Financial summary (1 - 4)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

		Total assets		Net assets attributable to equity holders of the parent company		Net assets per share attributable to equity holders of the parent company (RMB)		Total loans and advances to customers	
No.	Name of bank	2015	2014	2015	2014	2015	2014	2015	2014
166	Xinhan Bank (China) Limited	26,822	22,525	N/A	N/A	N/A	N/A	11,015	10,780
167	Jiangsu Jiangyan Rural Commercial Bank Co.,Ltd.	26,167	23,518	2,064	1,823	N/A	N/A	15,493	13,845
168	Zhejiang Deqing Rural Commercial Bank Co.,Ltd.	26,136	20,963	N/A	N/A	N/A	N/A	13,067	12,213
169	Zhejiang Yongkang Rural Commercial Bank Co.,Ltd.	24,684	22,517	N/A	N/A	N/A	N/A	14,460	13,300
170	Liangshan Prefecture Commercial Bank Co.,Ltd.	23,086	20,985	N/A	N/A	N/A	N/A	8,998	8,501
171	Dazhou City Commercial Bank Co.,Ltd.	23,032	16,692	N/A	N/A	N/A	N/A	5,981	4,508
172	Benxi City Commercial Bank Co.,Ltd.	22,228	22,788	1,619	1,537	N/A	N/A	9,594	11,216
173	Woori Bank China Limited	22,079	21,276	N/A	N/A	N/A	N/A	1,395	1,753
174	Jingdezhen Rural Commercial Bank Co.,Ltd.	21,897	17,037	N/A	N/A	N/A	N/A	9,758	8,610
175	Jiangsu Taizhou Rural Commercial Bank Co.,Ltd.	21,645	19,555	N/A	N/A	N/A	N/A	14,458	12,740
176	Luqiao Rural Cooperative Bank	21,612	19,776	N/A	N/A	N/A	N/A	13,299	12,233
177	Fujian Putian Rural Commercial Bank Co.,Ltd.	19,722	17,440	N/A	N/A	N/A	N/A	11,072	9,188
178	Industrial Bank Of Korea (China) Ltd	18,099	14,911	N/A	N/A	N/A	N/A	8,066	7,754
179	Jiangsu Shuyang Rural Commercial Bank Co.,Ltd.	17,817	15,548	N/A	N/A	N/A	N/A	13,391	11,887
180	Jiangsu Changjiang Commercial Bank Co.,Ltd.	17,147	13,362	N/A	N/A	N/A	N/A	12,059	8,670
181	Jiangsu Yizheng Rural Commercial Bank Co.,Ltd.	16,443	14,272	N/A	N/A	N/A	N/A	9,763	8,366
182	Societe Generale Bank (China) Limited	16,181	22,109	N/A	N/A	N/A	N/A	4,684	6,530
183	Chizhou Jiuhua Rural Commercial Bank Co.,Ltd.	14,490	12,189	1,214	1,156	1.43	1.41	8,053	7,469
184	Feixi Rural Commercial Bank Co.,Ltd.	13,746	12,126	N/A	N/A	N/A	N/A	6,509	5,665
185	Bengbu Rural Commercial Bank Co.,Ltd.	13,561	12,114	N/A	N/A	N/A	N/A	6,636	6,263
186	Bangkok Bank (China) Co.,Ltd	13,413	15,938	N/A	N/A	N/A	N/A	4,800	5,163
187	Kecheng Rural Commercial Bank Co.,Ltd.	13,381	10,579	N/A	N/A	N/A	N/A	7,912	6,767
188	Jiangsu Xinyi Rural Commercial Bank Co.,Ltd.	12,773	11,804	N/A	N/A	N/A	N/A	8,876	8,143
189	Guangdong Jieyang Rural Commercial Bank Co.,Ltd.	12,427	10,545	N/A	N/A	N/A	N/A	6,500	6,185
190	Credit Agricole Corporate And Investment Bank (China) Limited	11,888	14,280	N/A	N/A	N/A	N/A	3,126	2,950
191	Anhui Lujiang Rural Commercial Bank Co.,Ltd.	11,628	9,687	N/A	N/A	N/A	N/A	5,943	4,972
192	Anqing Rural Commercial Bank Co.,Ltd.	11,105	9,612	1,092	1,054	N/A	N/A	7,079	6,066
193	Jiangsu Gaochun Rural Commercial Bank Co.,Ltd.	10,679	9,020	N/A	N/A	N/A	N/A	5,727	5,319
194	Kookmin Bank (China) Limited	9,132	6,930	N/A	N/A	N/A	N/A	1,652	1,573
195	Anhui Dongzhi Rural Commercial Bank Co.,Ltd.	6,965	6,110	468	439	N/A	N/A	3,598	3,363
196	Anhui Qingyang Rural Commercial Bank Co.,Ltd.	6,362	5,712	587	559	N/A	N/A	3,739	3,322
197	East West Bancorp, Inc. (China)	5,379	4,786	N/A	N/A	N/A	N/A	1,722	1,368
198	Morgan Stanley Bank International (China) Limited	3,237	2,781	N/A	N/A	N/A	N/A	200	300
199	UBS (China) Limited	2,682	2,613	N/A	N/A	N/A	N/A	15	24
200	SPD Silicon Valley Bank Co.,Ltd.	2,609	1,746	N/A	N/A	N/A	N/A	588	328

Total deposits		Operating income		Net interest income		Net profit		Profit attributable to equity holders of the parent company		Cost-to-income ratio	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
19,817	17,769	431	456	339	384	43	91	N/A	N/A	N/A	55.32%
21,105	18,600	800	875	680	761	259	283	256	282	N/A	31.25%
19,536	17,212	1,403	1,260	519	479	332	292	N/A	N/A	31.65%	33.35%
20,939	18,808	N/A	N/A	N/A	N/A	315	N/A	N/A	N/A	N/A	N/A
17,678	16,679	648	858	274	468	252	400	N/A	N/A	30.85%	20.78%
13,231	10,422	622	777	368	654	263	396	N/A	N/A	N/A	N/A
17,744	18,076	539	644	431	637	106	223	N/A	N/A	N/A	N/A
15,330	16,545	329	447	325	388	4	20	N/A	N/A	N/A	N/A
15,352	13,277	1,253	1,071	N/A	N/A	261	216	N/A	N/A	31.17%	35.71%
19,086	17,231	1,000	947	940	889	260	262	N/A	N/A	26.91%	24.53%
18,407	16,937	1,388	1,311	N/A	896	N/A	358	N/A	N/A	N/A	N/A
17,069	14,710	1,468	1,274	1,400	1,255	289	118	N/A	N/A	33.59%	33.47%
11,709	10,997	234	371	268	319	(35)	39	N/A	N/A	N/A	N/A
15,455	13,461	1,291	1,105	N/A	N/A	363	344	N/A	N/A	28.23%	31.30%
14,024	11,621	597	412	579	402	160	125	N/A	N/A	39.01%	40.50%
13,759	11,948	1,019	858	565	494	192	181	N/A	N/A	27.37%	N/A
6,732	10,138	570	731	150	214	(80)	33	N/A	N/A	N/A	N/A
11,671	10,366	416	433	290	403	91	105	91	105	43.54%	40.93%
12,243	10,169	401	337	262	272	90	77	N/A	N/A	N/A	N/A
10,544	10,491	564	384	401	341	111	150	N/A	N/A	N/A	N/A
5,944	8,137	438	410	281	365	120	106	N/A	N/A	N/A	N/A
10,356	9,005	784	687	313	301	103	116	N/A	N/A	35.19%	33.34%
10,563	9,304	676	709	670	708	77	96	N/A	N/A	30.04%	28.24%
9,254	8,300	783	745	N/A	N/A	166	221	N/A	N/A	37.03%	35.17%
3,999	5,542	361	398	175	260	144	123	N/A	N/A	N/A	N/A
10,412	8,644	648	557	N/A	N/A	87	107	N/A	N/A	48.36%	50.30%
9,099	8,266	355	388	345	381	91	156	N/A	N/A	37.29%	34.99%
9,053	7,760	604	595	N/A	N/A	148	146	N/A	N/A	34.37%	36.44%
3,301	2,641	90	177	106	163	(36)	18	N/A	N/A	N/A	N/A
6,224	5,278	250	224	200	221	53	47	53	47	45.83%	40.33%
5,411	4,717	238	216	200	201	60	66	60	66	N/A	N/A
3,636	2,772	158	167	116	146	41	41	N/A	N/A	N/A	N/A
1,249	1,052	192	176	60	61	89	74	N/A	N/A	N/A	N/A
574	474	108	119	66	75	6	21	N/A	N/A	N/A	N/A
1,553	683	78	71	61	57	(4)	1	N/A	N/A	N/A	N/A

Financial summary (2 - 1)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Basic earnings per share (RMB) 2015	Basic earnings per share (RMB) 2014	Return on average equity 2015	Return on average equity 2014	Net interest spread 2015	Net interest spread 2014	Net interest margin 2015	Net interest margin 2014
1	Industrial And Commercial Bank Of China Limited	0.77	0.78	17.10%	19.96%	2.30%	2.46%	2.47%	2.66%
2	China Construction Bank Corporation	0.91	0.91	17.27%	19.74%	2.46%	2.61%	2.63%	2.80%
3	Agricultural Bank Of China Limited	0.55	0.55	16.79%	19.57%	2.49%	2.76%	2.66%	2.92%
4	Bank Of China Limited	0.56	0.61	14.53%	17.28%	N/A	N/A	2.12%	2.25%
5	Bank Of Communications Co.,Ltd.	0.90	0.89	13.46%	14.87%	2.06%	2.17%	2.22%	2.36%
6	China Merchants Bank Co.,Ltd.	2.29	2.22	17.09%	19.28%	2.59%	2.45%	2.75%	2.64%
7	Industrial Bank Co.,Ltd.	2.63	2.47	18.89%	21.21%	2.26%	2.23%	2.45%	2.48%
8	China Citic Bank Corporation Limited	0.88	0.87	14.55%	16.84%	2.13%	2.19%	2.31%	2.40%
9	Shanghai Pudong Development Bank Co.,Ltd.	2.67	2.52	18.82%	21.02%	2.26%	2.27%	2.45%	2.50%
10	China Minsheng Banking Corp., Ltd.	1.30	1.31	16.98%	20.41%	2.10%	2.41%	2.26%	2.59%
11	China Everbright Bank Co.,Ltd.	0.63	0.62	15.50%	17.36%	2.01%	2.06%	2.25%	2.30%
12	Ping An Bank Co.,Ltd.	1.56	1.44	14.94%	16.35%	2.63%	2.40%	2.77%	2.57%
13	Hua Xia Bank Co.,Ltd.	1.77	1.68	17.18%	19.31%	2.40%	2.52%	2.56%	2.69%
14	Bank Of Beijing Co.,Ltd.	1.33	1.23	16.26%	17.98%	N/A	N/A	N/A	N/A
15	China Guangfa Bank Co.,Ltd.	0.59	0.78	9.80%	14.98%	1.68%	1.66%	1.84%	1.85%
16	Bank Of Shanghai Co.,Ltd.	2.47	2.46	15.67%	18.44%	1.82%	1.96%	2.02%	2.21%
17	Bank Of Jiangsu Co.,Ltd.	0.91	0.84	15.63%	16.74%	N/A	N/A	N/A	N/A
18	China Zheshang Bank Co.,Ltd.	0.54	0.44	17.03%	16.72%	2.12%	2.38%	2.31%	2.62%
19	Bank Of Nanjing Co.,Ltd.	2.21	1.89	17.59%	19.00%	2.44%	2.41%	2.61%	2.59%
20	China Bohai Bank Co.,Ltd.	0.41	0.36	17.51%	18.71%	1.89%	2.00%	2.11%	2.22%
21	Chongqing Rural Commercial Bank Co.,Ltd.	0.78	0.73	15.80%	17.06%	2.99%	3.14%	3.20%	3.37%
22	Bank Of Ningbo Co.,Ltd.	1.68	1.89	17.68%	19.45%	2.40%	2.50%	2.38%	2.51%
23	Shengjing Bank Co.,Ltd.	1.07	1.25	N/A	N/A	2.00%	2.07%	2.14%	2.32%
24	Chengdu Rural Commercial Bank Co.,Ltd.	0.43	0.53	14.32%	21.57%	1.25%	1.81%	1.41%	1.97%
25	Huishang Bank Co.,Ltd.	0.56	0.51	15.75%	16.64%	2.52%	2.47%	2.71%	2.74%
26	Beijing Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	Shanghai Rural Commercial Bank Co.,Ltd.	N/A	N/A	14.30%	14.10%	N/A	N/A	N/A	N/A
28	Guangzhou Rural Commercial Bank Co.,Ltd.	0.61	0.66	14.65%	18.16%	N/A	N/A	N/A	N/A
29	Bank Of Tianjin Co.,Ltd.	0.96	0.88	15.88%	18.32%	1.74%	1.73%	2.08%	2.06%
30	Bank Of Hangzhou Co.,Ltd.	1.64	1.75	12.84%	15.67%	2.04%	2.22%	2.25%	2.47%
31	Xiamen International Bank Co.,Ltd.	0.52	0.49	16.26%	16.87%	N/A	N/A	N/A	N/A
32	Harbin Bank Co.,Ltd.	0.41	0.37	N/A	N/A	2.47%	2.49%	2.68%	2.71%
33	Bank Of Guangzhou Co.,Ltd.	0.38	0.42	16.89%	21.48%	N/A	N/A	N/A	N/A
34	The Hongkong And Shanghai Banking Corporation Limited (China)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35	Bank Of Jinzhou Co.,Ltd.	1.09	0.54	N/A	N/A	3.29%	2.43%	3.51%	2.63%
36	Bank Of Jilin Co.,Ltd.	0.37	0.38	13.63%	15.98%	N/A	N/A	N/A	N/A
37	Baoshang Bank Co.,Ltd.	0.77	0.72	14.05%	13.81%	N/A	N/A	N/A	N/A
38	Bank Of Chengdu Co.,Ltd.	0.87	1.09	14.69%	21.32%	N/A	N/A	N/A	N/A
39	Bank Of Chongqing Co.,Ltd.	1.17	1.05	N/A	N/A	2.29%	2.56%	2.52%	2.81%
40	Zhongyuan Bank Co.,Ltd.	N/A	N/A	10.30%	11.74%	N/A	N/A	N/A	N/A
41	Dongguan Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
42	Bank Of Kunlun Co.,Ltd.	0.40	0.40	13.35%	15.09%	1.66%	2.17%	1.90%	2.42%
43	Bank Of Changsha Co.,Ltd.	1.00	1.07	18.88%	23.50%	N/A	N/A	N/A	N/A
44	China Citic Bank International Limited*	N/A	N/A	10.20%	14.90%	N/A	N/A	N/A	N/A
45	Bank Of Zhengzhou Co.,Ltd.	0.85	0.62	22.99%	23.52%	2.95%	3.07%	3.12%	3.31%
46	Tianjin Rural Commercial Bank Co.,Ltd.	0.35	0.33	14.08%	15.17%	N/A	N/A	N/A	N/A
47	Bank Of Dalian Co.,Ltd.	0.03	0.12	N/A	N/A	N/A	N/A	N/A	N/A
48	Bank Of Guiyang Co.,Ltd.	1.79	1.35	26.37%	26.44%	N/A	N/A	N/A	N/A
49	Jiangsu Jiangnan Rural Commercial Bank Co.,Ltd.	0.29	0.32	N/A	N/A	N/A	N/A	N/A	N/A
50	Bank Of Suzhou Co.,Ltd.	0.61	0.59	9.95%	10.90%	2.53%	2.55%	2.79%	2.88%
51	Guangdong Shunde Rural Commercial Bank Co.,Ltd.	0.77	0.80	13.66%	15.85%	N/A	N/A	N/A	N/A
52	Wing Hang Bank(China) Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
53	Bank Of Hebei Co.,Ltd.	0.49	0.42	17.53%	18.05%	N/A	N/A	N/A	N/A
54	The Bank Of East Asia (China)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
55	Jiangxi Bank Co.,Ltd.	0.24	0.60	6.18%	16.58%	3.32%	3.44%	3.53%	3.67%

	Non-performing loans (NPL) ratio		Allowance to total loans ratio		Loan-to-deposit ratio		Capital adequacy ratio		Tier 1 capital adequacy ratio	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	1.50%	1.13%	2.35%	2.34%	71.40%	68.40%	15.22%	14.53%	13.48%	12.19%
	1.58%	1.19%	2.39%	2.66%	69.80%	67.53%	15.39%	14.86%	13.32%	12.11%
	2.39%	1.54%	4.53%	4.42%	N/A	N/A	13.40%	12.82%	10.96%	9.46%
	1.43%	1.18%	2.62%	2.68%	N/A	N/A	14.06%	13.87%	12.07%	11.35%
	1.51%	1.25%	2.35%	2.24%	74.08%	74.07%	13.49%	14.04%	11.46%	11.30%
	1.68%	1.11%	3.00%	2.59%	73.93%	70.49%	12.57%	12.38%	10.83%	10.44%
	1.46%	1.10%	3.07%	2.76%	67.62%	64.76%	11.19%	11.29%	9.19%	8.89%
	1.43%	1.30%	2.39%	2.36%	75.63%	73.08%	11.87%	12.33%	9.17%	8.99%
	1.56%	1.06%	3.30%	2.65%	N/A	N/A	12.29%	11.33%	9.45%	9.13%
	1.60%	1.17%	2.46%	2.12%	71.00%	69.88%	11.49%	10.69%	9.19%	8.59%
	1.61%	1.19%	2.52%	2.16%	73.59%	70.10%	11.87%	11.21%	10.15%	9.34%
	1.45%	1.02%	2.41%	2.06%	69.01%	65.39%	10.94%	10.86%	9.03%	8.64%
	1.52%	1.09%	2.55%	2.54%	75.29%	68.52%	10.85%	11.03%	8.89%	8.49%
	1.12%	0.86%	3.11%	2.78%	N/A	71.41%	12.27%	11.08%	9.14%	9.16%
	1.43%	1.04%	2.16%	1.77%	72.06%	70.74%	11.43%	10.50%	8.02%	8.12%
	1.19%	0.98%	2.82%	2.54%	67.68%	66.87%	12.65%	12.57%	10.32%	10.38%
	1.43%	1.30%	N/A	N/A	72.35%	71.30%	11.54%	12.17%	8.60%	8.76%
	1.23%	0.88%	2.95%	2.59%	N/A	68.63%	11.04%	10.60%	9.35%	8.62%
	0.83%	0.94%	3.57%	3.06%	49.82%	47.43%	13.11%	12.00%	10.35%	8.59%
	1.35%	1.20%	2.77%	2.46%	N/A	N/A	11.61%	11.09%	7.75%	8.64%
	0.98%	0.78%	4.11%	3.58%	57.12%	59.11%	12.09%	12.45%	9.89%	10.12%
	0.92%	0.89%	2.85%	2.53%	63.73%	64.12%	13.29%	12.40%	10.12%	10.07%
	0.42%	0.44%	N/A	N/A	48.58%	50.21%	13.03%	12.65%	9.42%	11.04%
	1.00%	0.95%	4.22%	6.13%	43.26%	39.49%	13.95%	15.92%	10.73%	11.98%
	0.98%	0.83%	2.47%	2.13%	N/A	N/A	13.25%	13.41%	9.81%	11.51%
	1.00%	0.99%	3.71%	3.69%	N/A	N/A	12.87%	14.20%	11.07%	11.57%
	1.38%	1.28%	2.79%	2.72%	66.49%	65.85%	12.50%	13.25%	11.36%	12.10%
	1.80%	1.54%	N/A	N/A	N/A	N/A	12.76%	14.45%	10.29%	11.17%
	1.34%	1.09%	2.73%	2.61%	55.93%	58.51%	12.23%	12.61%	9.33%	10.64%
	1.36%	1.20%	2.64%	2.35%	60.86%	65.50%	11.70%	12.12%	9.45%	9.19%
	0.56%	0.46%	2.21%	1.90%	48.52%	48.15%	11.55%	10.60%	9.59%	8.17%
	1.40%	1.13%	N/A	N/A	48.46%	53.01%	11.64%	14.64%	11.14%	13.94%
	0.90%	0.30%	N/A	N/A	N/A	54.78%	10.68%	11.54%	10.34%	11.02%
	N/A	N/A	N/A	N/A	N/A	N/A	18.00%	15.80%	17.60%	15.40%
	1.03%	0.99%	N/A	N/A	47.44%	55.70%	10.50%	10.45%	8.97%	8.64%
	1.50%	1.07%	2.83%	3.08%	68.61%	67.98%	10.50%	9.69%	8.20%	7.82%
	1.41%	1.37%	N/A	N/A	68.56%	55.92%	12.22%	11.19%	9.34%	10.59%
	2.35%	1.19%	N/A	N/A	55.87%	56.96%	15.95%	12.69%	11.13%	10.45%
	0.97%	0.69%	N/A	N/A	62.60%	63.39%	11.63%	11.00%	10.49%	9.63%
	1.90%	1.82%	4.11%	4.16%	66.71%	67.84%	16.40%	19.58%	15.28%	18.47%
	1.30%	0.96%	N/A	N/A	N/A	N/A	12.89%	13.06%	N/A	N/A
	1.15%	0.88%	N/A	N/A	N/A	N/A	14.19%	12.21%	13.07%	11.06%
	1.03%	1.06%	N/A	N/A	46.79%	47.06%	12.19%	12.27%	10.65%	10.52%
	N/A	N/A	N/A	N/A	73.50%	74.20%	16.50%	17.30%	11.70%	11.80%
	1.10%	0.75%	2.85%	2.26%	55.73%	58.83%	12.20%	11.12%	10.09%	8.66%
	2.47%	2.28%	4.07%	3.91%	69.27%	65.48%	14.38%	13.73%	11.21%	10.43%
	3.89%	5.59%	3.89%	5.22%	N/A	N/A	10.50%	6.90%	10.50%	6.90%
	1.48%	0.81%	3.56%	3.26%	45.96%	53.71%	13.54%	13.54%	10.68%	10.81%
	1.95%	1.76%	N/A	N/A	68.32%	66.78%	12.58%	12.10%	8.96%	10.17%
	1.48%	1.37%	3.03%	2.78%	66.60%	56.81%	14.07%	12.41%	10.67%	11.68%
	1.79%	1.31%	2.89%	2.82%	72.54%	71.70%	14.36%	14.44%	13.62%	13.43%
	N/A	N/A	N/A	N/A	N/A	N/A	17.20%	15.30%	13.60%	11.70%
	1.38%	1.16%	3.23%	N/A	61.27%	54.42%	11.93%	12.37%	9.52%	9.00%
	2.60%	1.26%	2.73%	1.95%	77.23%	72.55%	12.46%	13.37%	12.40%	12.82%
	1.79%	1.81%	3.61%	3.64%	N/A	N/A	14.56%	11.32%	13.06%	9.62%

Financial summary (2 - 2)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Basic earnings per share (RMB) 2015	Basic earnings per share (RMB) 2014	Return on average equity 2015	Return on average equity 2014	Net interest spread 2015	Net interest spread 2014	Net interest margin 2015	Net interest margin 2014
56	Huarong Xiangjiang Bank Co.,Ltd.	0.37	0.33	19.08%	19.95%	N/A	N/A	N/A	N/A
57	Bank Of Xi'An Co.,Ltd.	0.57	0.60	N/A	N/A	N/A	N/A	N/A	N/A
58	Bank Of Dongguan Co.,Ltd.	0.86	0.95	13.06%	16.17%	N/A	N/A	N/A	N/A
59	Bank Of Qingdao Co.,Ltd.	0.58	0.59	N/A	16.62%	2.23%	2.25%	2.36%	2.43%
60	Hankou Bank Co.,Ltd.	0.36	0.36	9.82%	10.57%	N/A	N/A	N/A	N/A
61	Standard Chartered Bank (China) Limited	N/A	N/A	5.20%	5.70%	N/A	N/A	N/A	N/A
62	Bank Of Jiujiang Co.,Ltd.	1.19	1.20	N/A	N/A	N/A	N/A	N/A	N/A
63	Wuhan Rural Commercial Bank Co.,Ltd.	0.54	0.57	14.97%	17.82%	N/A	N/A	N/A	N/A
64	Bank Of Luoyang Co.,Ltd.	N/A	0.76	N/A	21.39%	N/A	N/A	N/A	N/A
65	Guangdong Nanyue Bank Co.,Ltd.	0.18	0.20	0.72%	0.86%	N/A	N/A	N/A	N/A
66	Citibank (China) Co.,Ltd.	N/A	N/A	7.50%	N/A	N/A	N/A	N/A	N/A
67	Xiamen Bank Co., Ltd.	0.50	0.46	12.12%	N/A	N/A	N/A	N/A	N/A
68	Chang'An Bank Co.,Ltd.	0.23	0.32	11.77%	18.07%	N/A	N/A	N/A	N/A
69	Jinshang Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
70	Bank Of Wenzhou Co.,Ltd.	0.32	0.32	8.20%	6.89%	N/A	N/A	N/A	N/A
71	Hubei Bank Co.,Ltd.	0.32	0.38	10.54%	14.25%	N/A	N/A	N/A	N/A
72	Nanchong City Commercial Bank Co.,Ltd.	2.27	2.02	N/A	N/A	N/A	N/A	N/A	N/A
73	Fudian Bank Co.,Ltd.	N/A	N/A	11.44%	16.72%	2.49%	3.09%	2.75%	3.33%
74	Qilu Bank Co.,Ltd.	0.46	0.46	13.76%	16.66%	N/A	N/A	N/A	N/A
75	Weihai City Commercial Bank Co.,Ltd.	0.38	0.34	18.11%	18.69%	N/A	N/A	N/A	N/A
76	Guilin Bank Co.,Ltd.	0.31	0.46	N/A	N/A	N/A	N/A	N/A	N/A
77	Hangzhou United Rural Commercial Bank Co.,Ltd.	0.95	1.07	12.23%	14.51%	3.16%	3.33%	N/A	N/A
78	Fujian Haixia Bank Co.,Ltd.	0.22	0.27	10.05%	12.79%	N/A	N/A	N/A	N/A
79	Zhe Jiang Chou Zhou Commercial Bank Co.,Ltd.	0.44	0.43	12.83%	13.54%	N/A	N/A	N/A	N/A
80	Chongqing Three Gorges Bank Co.,Ltd.	0.64	0.56	20.75%	23.88%	N/A	N/A	N/A	N/A
81	Guangdong Nanhai Rural Commercial Bank Co.,Ltd.	0.58	0.61	N/A	N/A	N/A	N/A	N/A	N/A
82	Bank Of Langfang Co.,Ltd.	0.12	0.09	N/A	N/A	N/A	N/A	N/A	N/A
83	Chong Hing Bank*	2.06	6.09	N/A	N/A	N/A	N/A	1.53%	1.58%
84	Huashang Bank	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
85	Bank Of Tangshan Co.,Ltd.	0.49	0.60	15.73%	22.67%	N/A	N/A	N/A	N/A
86	Bank Of Taizhou Co.,Ltd.	1.23	1.16	24.52%	25.82%	N/A	N/A	5.66%	5.67%
87	Zhejiang Xiaoshan Rural Cooperative Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
88	Bank Of Ningxia Co.,Ltd.	0.48	0.77	N/A	N/A	N/A	N/A	N/A	N/A
89	China Resources Bank Of Zhuhai Co.,Ltd.	0.01	0.12	0.81%	8.21%	N/A	N/A	N/A	N/A
90	Wuxi Rural Commercial Bank Co.,Ltd.	0.50	0.56	12.30%	15.83%	N/A	N/A	N/A	N/A
91	Guangxi Beibu Gulf Bank Co.,Ltd.	0.08	0.04	N/A	N/A	N/A	N/A	N/A	N/A
92	Mizuho Bank(China),Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
93	Zhejiang Tailong Commercial Bank Co.,Ltd.	0.49	0.39	N/A	N/A	N/A	N/A	6.21%	5.49%
94	Jiangsu Changshu Rural Commercial Bank Co.,Ltd.	0.48	0.66	12.79%	15.30%	N/A	N/A	N/A	N/A
95	Bank Of Inner Mongolia Co.,Ltd.	0.14	0.26	5.17%	9.89%	N/A	N/A	N/A	N/A
96	Guangdong Huaxing Bank Co.,Ltd.	0.06	0.02	5.51%	2.15%	1.43%	1.35%	1.74%	1.77%
97	Zhe Jiang Mintai Commercial Bank Co.,Ltd.	0.30	0.51	12.64%	14.17%	N/A	N/A	N/A	N/A
98	Bank Of Urumqi Co.,Ltd.	0.40	0.36	16.19%	17.10%	N/A	N/A	N/A	N/A
99	Jiangsu Zijin Rural Commercial Bank Co.,Ltd.	0.34	0.36	N/A	N/A	N/A	N/A	N/A	N/A
100	Ningbo Yinzhou Rural Cooperative Bank	0.58	0.59	N/A	N/A	N/A	N/A	N/A	N/A
101	Sumitomo Mitsui Banking Corporation (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
102	Development Bank Of Singapore (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
103	Bank Of Anshan Co.,Ltd.	0.24	0.29	9.73%	11.55%	N/A	N/A	N/A	N/A
104	Bank Of Rizhao Co.,Ltd.	0.32	0.47	N/A	N/A	N/A	N/A	N/A	N/A
105	Hang Seng Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
106	Bank Of Weifang Co.,Ltd.	0.28	0.27	N/A	N/A	N/A	N/A	N/A	N/A
107	Jiangsu Jiangyin Rural Commercial Bank Co.,Ltd.	0.52	0.53	12.13%	14.12%	N/A	N/A	2.55%	2.70%
108	Bank Of Liuzhou Co.,Ltd.	0.41	0.71	8.70%	15.46%	N/A	N/A	N/A	N/A
109	Bank Of Ganzhou Co.,Ltd.	0.66	0.79	N/A	N/A	N/A	N/A	N/A	N/A
110	Bank Of Shaoxing Co.,Ltd.	0.26	0.24	7.87%	7.23%	N/A	N/A	N/A	N/A

	Non-performing loans (NPL) ratio		Allowance to total loans ratio		Loan-to-deposit ratio		Capital adequacy ratio		Tier 1 capital adequacy ratio	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	0.99%	0.78%	N/A	N/A	56.54%	51.49%	13.15%	10.89%	9.50%	9.28%
	1.18%	0.78%	2.64%	2.50%	70.51%	64.39%	15.38%	12.24%	12.56%	11.12%
	1.82%	1.33%	3.07%	2.88%	68.67%	68.96%	12.50%	13.61%	11.16%	11.86%
	1.19%	1.14%	2.81%	2.76%	59.99%	55.54%	15.04%	10.75%	12.48%	9.72%
	1.99%	1.93%	N/A	N/A	67.51%	67.47%	14.13%	13.07%	12.00%	10.83%
	2.02%	1.51%	N/A	N/A	N/A	N/A	16.60%	13.60%	16.10%	13.10%
	1.86%	1.42%	N/A	N/A	50.05%	47.49%	13.40%	13.23%	10.29%	11.34%
	1.74%	1.44%	N/A	N/A	72.49%	71.37%	14.59%	14.75%	12.51%	12.53%
	N/A	0.82%	N/A	N/A	N/A	60.02%	15.54%	12.28%	12.03%	11.12%
	1.76%	1.26%	N/A	N/A	63.75%	57.90%	10.82%	13.10%	8.83%	10.22%
	0.74%	N/A	1.89%	0.98%	N/A	N/A	15.54%	15.14%	14.75%	14.83%
	1.37%	1.09%	3.07%	3.06%	41.01%	33.70%	12.36%	11.59%	9.55%	11.41%
	1.46%	0.48%	2.93%	2.58%	N/A	67.84%	10.82%	12.07%	9.92%	10.93%
	1.87%	1.67%	N/A	N/A	62.75%	55.97%	13.47%	11.34%	N/A	N/A
	1.23%	1.23%	N/A	N/A	65.53%	70.92%	11.94%	11.29%	8.96%	9.58%
	1.87%	1.58%	N/A	N/A	69.64%	76.42%	13.14%	14.39%	N/A	N/A
	1.56%	0.97%	N/A	N/A	55.23%	46.61%	11.52%	11.87%	10.95%	11.05%
	1.90%	0.99%	N/A	N/A	71.51%	71.64%	14.46%	15.56%	13.50%	14.42%
	2.19%	1.72%	3.74%	N/A	56.12%	61.03%	11.69%	11.15%	10.54%	10.00%
	0.97%	0.70%	N/A	N/A	54.16%	52.20%	14.71%	13.34%	10.25%	11.52%
	1.53%	1.27%	N/A	N/A	52.24%	41.94%	11.49%	11.17%	10.45%	10.45%
	1.91%	1.90%	3.98%	4.18%	N/A	N/A	14.61%	13.09%	N/A	N/A
	2.47%	1.67%	N/A	N/A	68.68%	67.64%	12.19%	11.08%	N/A	N/A
	1.18%	1.00%	3.54%	3.07%	72.74%	71.45%	12.83%	13.23%	10.29%	10.43%
	0.89%	0.30%	N/A	N/A	34.40%	32.83%	14.01%	10.54%	11.59%	8.74%
	1.71%	1.15%	3.32%	3.26%	N/A	N/A	15.77%	13.14%	12.03%	12.00%
	1.56%	2.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	59.01%	62.01%	17.73%	15.94%	15.22%	12.77%
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	0.06%	0.16%	2.70%	2.70%	33.54%	44.78%	11.25%	10.71%	10.24%	9.58%
	0.55%	0.39%	2.70%	2.50%	N/A	N/A	13.00%	11.46%	11.81%	10.37%
	2.21%	1.97%	4.19%	4.33%	N/A	N/A	15.30%	16.39%	N/A	N/A
	1.97%	1.58%	N/A	N/A	N/A	N/A	11.66%	12.34%	N/A	N/A
	2.49%	1.72%	N/A	N/A	72.10%	69.63%	11.27%	12.13%	10.38%	11.55%
	1.12%	1.17%	2.61%	2.57%	63.64%	64.61%	13.72%	13.99%	10.80%	10.74%
	N/A	N/A	6.87%	7.52%	64.95%	64.84%	14.94%	15.27%	12.97%	13.01%
	0.66%	0.12%	3.10%	2.35%	62.39%	54.28%	19.16%	19.59%	18.08%	18.62%
	1.23%	0.93%	N/A	N/A	73.55%	71.74%	12.07%	12.65%	9.13%	9.15%
	1.42%	0.96%	3.14%	3.03%	70.01%	65.51%	12.51%	13.25%	11.33%	12.08%
	2.56%	1.91%	N/A	N/A	65.46%	63.16%	11.25%	12.26%	10.45%	13.40%
	1.28%	1.28%	2.32%	1.92%	45.40%	60.71%	12.35%	11.10%	8.84%	10.79%
	1.57%	1.39%	N/A	N/A	N/A	N/A	11.78%	11.87%	9.82%	10.30%
	1.24%	0.88%	N/A	N/A	66.28%	70.66%	12.20%	14.48%	N/A	N/A
	2.26%	2.49%	N/A	N/A	70.95%	72.17%	12.58%	12.52%	9.16%	11.42%
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	2.06%	1.10%	62.67%	39.48%	21.25%	16.95%	20.34%	16.32%
	1.71%	1.58%	2.60%	2.36%	N/A	N/A	14.41%	11.61%	11.30%	11.07%
	1.70%	1.69%	N/A	N/A	59.59%	63.68%	11.13%	11.29%	9.32%	9.33%
	2.47%	1.80%	N/A	N/A	63.09%	65.25%	11.46%	12.42%	10.14%	10.96%
	N/A	N/A	2.07%	2.08%	N/A	N/A	14.00%	12.70%	13.40%	12.10%
	1.89%	1.82%	N/A	N/A	68.32%	71.36%	12.99%	11.71%	9.94%	10.71%
	1.99%	1.91%	3.52%	3.29%	70.86%	74.05%	13.99%	13.92%	12.87%	12.85%
	1.74%	0.81%	N/A	N/A	43.55%	43.04%	12.36%	13.51%	11.36%	12.59%
	1.81%	1.43%	N/A	N/A	52.04%	46.68%	12.54%	12.41%	11.03%	10.74%
	1.68%	1.56%	N/A	N/A	71.05%	73.09%	12.28%	11.63%	8.72%	10.78%

Financial summary (2 - 3)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Basic earnings per share (RMB) 2015	Basic earnings per share (RMB) 2014	Return on average equity 2015	Return on average equity 2014	Net interest spread 2015	Net interest spread 2014	Net interest margin 2015	Net interest margin 2014
111	Bank Of Cangzhou Co.,Ltd.	0.42	0.38	N/A	N/A	N/A	N/A	N/A	N/A
112	Qi Shang Bank Co.,Ltd.	0.33	0.45	9.52%	14.17%	N/A	N/A	N/A	N/A
113	Bank Of Deyang Co.,Ltd.	0.25	0.21	8.28%	8.50%	N/A	N/A	N/A	N/A
114	Jiangsu Zhangjiagang Rural Commercial Bank Co.,Ltd.	0.41	0.45	9.92%	12.38%	N/A	N/A	N/A	N/A
115	Bank Of Quanzhou Co.,Ltd.	0.15	0.17	6.93%	8.49%	N/A	N/A	N/A	N/A
116	Fubon Bank	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
117	Leshan City Commercial Bank Co.,Ltd.	0.37	0.45	12.81%	17.76%	N/A	N/A	N/A	N/A
118	Jiangsu Wujiang Rural Commercial Bank Co.,Ltd.	0.60	0.77	9.74%	13.68%	N/A	N/A	N/A	N/A
119	Bank Of Qinghai Co.,Ltd.	0.36	0.52	12.51%	20.40%	N/A	N/A	N/A	N/A
120	Zhejiang Hangzhou Yuhang Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
121	Jincheng Bank Co.,Ltd.	0.26	0.27	16.00%	19.00%	N/A	N/A	N/A	N/A
122	Bank Of Chengde Co.,Ltd.	0.36	0.41	25.77%	30.19%	N/A	N/A	N/A	N/A
123	Laishang Bank Co.,Ltd.	0.11	0.24	N/A	N/A	N/A	N/A	N/A	N/A
124	Bank Of Dandong Co.,Ltd.	0.28	0.43	10.10%	17.21%	N/A	N/A	N/A	N/A
125	Jiangsu Kunshan Rural Commercial Bank Co.,Ltd.	0.41	0.41	12.61%	14.90%	N/A	N/A	N/A	N/A
126	Panzhihua City Commercial Bank Co.,Ltd.	0.36	0.57	10.85%	17.80%	N/A	N/A	N/A	N/A
127	Deutsche Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
128	Hefei Science Technology Rural Commercial Bank Co.,Ltd.	0.35	0.32	N/A	N/A	N/A	N/A	N/A	N/A
129	Cixi Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
130	Dongying Bank Co.,Ltd.	0.38	0.38	15.50%	17.59%	N/A	N/A	N/A	N/A
131	Bank Of Jinhua Co.,Ltd.	0.33	0.37	0.78%	1.10%	N/A	N/A	N/A	N/A
132	Yantai Bank Co.,Ltd.	0.16	0.15	8.62%	8.48%	N/A	N/A	N/A	N/A
133	Zhejiang Yiwu Rural Commercial Bank Co.,Ltd.	0.38	0.55	9.02%	12.80%	N/A	N/A	N/A	N/A
134	Bank Of Taian Co.,Ltd.	0.34	0.28	15.42%	14.99%	N/A	N/A	N/A	N/A
135	Mianyang City Commercial Bank Co.,Ltd.	N/A	N/A	15.84%	21.99%	N/A	N/A	N/A	N/A
136	Bank Of Fushun Co.,Ltd.	N/A	N/A	21.09%	16.78%	N/A	N/A	N/A	N/A
137	Jiangmen Xinhui Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
138	Jiangsu Haian Rural Commercial Bank Co.,Ltd.	0.61	0.65	13.87%	16.79%	N/A	N/A	N/A	N/A
139	Bank Of Chaoyang Co.,Ltd.	0.22	0.20	N/A	N/A	N/A	N/A	N/A	N/A
140	Ningbo Commerce Bank Co.,Ltd.	0.08	0.05	7.36%	5.10%	N/A	N/A	N/A	N/A
141	Bank Of Jiaxing Co.,Ltd.	0.15	0.12	6.80%	4.12%	N/A	N/A	N/A	N/A
142	Bank Of Huludao Co.,Ltd.	0.32	0.28	12.80%	12.25%	N/A	N/A	N/A	N/A
143	Bank Of Jining Co.,Ltd.	0.41	0.45	N/A	N/A	N/A	N/A	N/A	N/A
144	United Overseas Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
145	Zigong Commercial Bank Co.,Ltd.	0.22	0.14	N/A	N/A	N/A	N/A	N/A	N/A
146	Bank Of Shizuishan Co.,Ltd.	0.55	0.75	N/A	N/A	N/A	N/A	N/A	N/A
147	JP Morgan Chase Bank (China) Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
148	Oversea-Chinese Banking Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
149	Zhejiang Shangyu Rural Commercial Bank Co.,Ltd.	0.45	0.68	N/A	N/A	N/A	N/A	N/A	N/A
150	Jiangsu Taicang Rural Commercial Bank Co.,Ltd.	0.32	0.36	10.36%	11.63%	N/A	N/A	N/A	N/A
151	Bank Of Tieling Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
152	Hana Bank (China) Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
153	Bank Of Hengshui Co.,Ltd.	0.45	0.52	17.45%	22.31%	3.50%	3.83%	3.66%	4.06%
154	Bank Of Huzhou Co.,Ltd.	0.36	0.35	N/A	N/A	N/A	N/A	N/A	N/A
155	Zhuji Rural Commercial Bank Co.,Ltd.	0.49	0.69	N/A	N/A	N/A	N/A	N/A	N/A
156	Zhejiang Yueqing Rural Cooperation Bank	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
157	Luzhou Commercial Bank Co.,Ltd.	0.51	0.50	24.27%	29.59%	N/A	N/A	N/A	N/A
158	Suining City Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
159	Fujian Na'Nan Rural Commercial Bank Co.,Ltd.	0.24	0.34	N/A	N/A	4.65%	5.01%	4.67%	5.25%
160	Zhejiang Fuyang Rural Commercial Bank Co.,Ltd.	N/A	N/A	13.82%	18.29%	N/A	N/A	N/A	N/A
161	Rural Commercial Bank Of Fuzhou Co.,Ltd.	0.33	0.34	N/A	N/A	2.36%	2.62%	2.44%	2.95%
162	Yinbin City Commercial Bank Co.,Ltd.	0.39	0.47	N/A	N/A	N/A	N/A	N/A	N/A
163	Wuhu Yangzi Rural Commercial Bank Co.,Ltd.	0.28	0.29	11.78%	12.93%	N/A	N/A	N/A	N/A
164	Jiangsu Jiangdu Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
165	Qujing City Commercial Bank Co.,Ltd.	0.62	0.97	17.21%	31.66%	N/A	N/A	N/A	N/A

	Non-performing loans (NPL) ratio		Allowance to total loans ratio		Loan-to-deposit ratio		Capital adequacy ratio		Tier 1 capital adequacy ratio	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	1.42%	0.55%	N/A	N/A	53.26%	58.86%	11.46%	13.74%	9.74%	11.48%
	2.13%	1.90%	N/A	N/A	N/A	N/A	10.91%	11.96%	10.14%	11.23%
	1.57%	0.93%	N/A	N/A	65.83%	66.55%	11.16%	15.44%	8.94%	14.33%
	1.96%	1.51%	N/A	N/A	70.67%	71.83%	15.07%	14.49%	13.93%	13.35%
	1.55%	1.10%	N/A	N/A	N/A	48.70%	10.63%	11.11%	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	13.76%	15.08%	12.61%	13.93%
	1.31%	0.83%	4.17%	3.33%	N/A	N/A	19.15%	13.41%	12.86%	12.25%
	1.86%	1.69%	3.52%	3.57%	71.68%	73.28%	13.58%	13.47%	12.44%	12.34%
	1.88%	0.94%	N/A	N/A	67.75%	72.07%	14.62%	18.40%	13.66%	17.29%
	1.93%	1.88%	N/A	N/A	64.12%	61.75%	12.44%	14.48%	11.31%	13.37%
	1.53%	1.11%	N/A	N/A	60.24%	52.48%	15.29%	12.94%	14.13%	11.79%
	0.93%	0.46%	N/A	N/A	53.49%	54.00%	14.17%	12.13%	10.33%	11.00%
	2.72%	1.41%	N/A	N/A	65.34%	64.51%	10.41%	11.87%	9.38%	10.86%
	1.02%	0.71%	N/A	N/A	53.27%	53.74%	12.98%	13.74%	11.89%	13.00%
	2.21%	2.48%	N/A	N/A	65.13%	67.24%	11.83%	13.36%	10.70%	12.26%
	1.49%	0.98%	N/A	N/A	N/A	63.88%	15.35%	13.31%	11.88%	11.86%
	1.20%	0.40%	2.50%	2.50%	N/A	N/A	21.86%	16.73%	21.30%	15.80%
	N/A	N/A	N/A	N/A	N/A	N/A	12.76%	14.82%	11.70%	13.70%
	2.06%	1.65%	4.73%	4.39%	70.46%	70.37%	16.44%	17.21%	15.34%	16.35%
	1.17%	0.87%	N/A	N/A	64.13%	62.95%	13.75%	11.95%	10.21%	10.76%
	1.46%	1.09%	2.57%	2.51%	72.88%	69.80%	10.61%	11.60%	9.73%	10.45%
	2.78%	2.62%	4.92%	4.70%	67.49%	67.51%	11.37%	12.78%	N/A	N/A
	1.93%	1.70%	4.14%	4.22%	74.93%	74.50%	15.65%	16.47%	14.52%	15.35%
	2.29%	2.52%	N/A	N/A	52.48%	51.22%	12.05%	10.70%	N/A	N/A
	N/A	0.76%	N/A	N/A	N/A	N/A	14.83%	14.60%	N/A	N/A
	1.48%	1.51%	N/A	N/A	60.73%	62.28%	12.69%	14.45%	11.62%	13.65%
	2.59%	1.22%	N/A	N/A	N/A	N/A	13.93%	16.06%	12.79%	14.93%
	1.08%	0.80%	3.25%	3.51%	66.46%	70.55%	13.99%	12.73%	12.64%	13.17%
	1.17%	0.95%	N/A	N/A	N/A	N/A	12.15%	13.02%	N/A	N/A
	0.96%	0.73%	2.90%	1.79%	72.67%	70.90%	15.60%	16.56%	14.71%	16.09%
	1.55%	2.67%	N/A	N/A	N/A	N/A	10.89%	11.02%	9.98%	9.89%
	1.41%	1.22%	2.89%	2.66%	64.99%	68.02%	12.42%	13.43%	11.22%	12.20%
	2.67%	1.93%	N/A	N/A	71.36%	73.48%	13.05%	14.57%	11.89%	13.46%
	1.20%	0.50%	N/A	N/A	82.50%	69.40%	23.50%	15.60%	22.90%	14.70%
	1.24%	1.42%	N/A	N/A	N/A	N/A	13.32%	15.78%	12.51%	15.06%
	0.98%	0.89%	2.87%	2.59%	70.32%	61.51%	12.82%	11.53%	9.79%	10.52%
	N/A	N/A	N/A	N/A	N/A	N/A	34.25%	33.06%	33.50%	32.29%
	0.13%	0.30%	N/A	N/A	70.62%	52.37%	17.50%	16.75%	16.45%	15.70%
	2.49%	1.89%	5.78%	6.37%	69.35%	72.09%	15.93%	16.85%	14.80%	15.73%
	2.31%	2.44%	N/A	N/A	N/A	69.57%	12.68%	12.29%	11.52%	11.13%
	N/A	N/A	N/A	N/A	N/A	N/A	11.59%	N/A	10.43%	N/A
	1.53%	1.08%	N/A	N/A	N/A	54.79%	18.85%	20.41%	18.28%	19.56%
	1.75%	0.61%	N/A	N/A	62.22%	53.48%	11.97%	11.26%	11.30%	10.12%
	1.26%	1.19%	3.39%	2.99%	64.31%	67.08%	12.23%	13.30%	11.14%	12.24%
	1.93%	1.70%	N/A	N/A	70.64%	72.48%	15.60%	17.00%	N/A	N/A
	N/A	0.68%	N/A	N/A	N/A	N/A	N/A	16.89%	N/A	15.81%
	0.30%	0.32%	N/A	N/A	N/A	N/A	18.96%	12.01%	17.83%	10.91%
	1.40%	0.88%	N/A	N/A	53.04%	47.17%	16.42%	12.82%	N/A	N/A
	2.29%	1.49%	5.61%	5.39%	61.97%	62.19%	13.37%	15.57%	12.28%	14.47%
	2.36%	1.28%	N/A	N/A	73.28%	74.26%	14.68%	14.43%	N/A	N/A
	2.59%	1.12%	4.13%	2.91%	68.02%	64.75%	12.14%	12.53%	9.09%	11.41%
	N/A	N/A	N/A	N/A	N/A	N/A	17.37%	13.80%	16.27%	12.58%
	1.57%	1.14%	N/A	N/A	74.58%	74.49%	12.18%	12.22%	11.06%	N/A
	2.87%	2.30%	5.37%	5.89%	67.31%	70.59%	13.22%	12.32%	12.11%	11.22%
	2.17%	0.84%	4.20%	N/A	48.94%	56.95%	13.69%	14.53%	12.01%	12.58%

Financial summary (2 - 4)

In RMB million unless otherwise stated

The unit of the amount of the bank marked "*" is HK Million $.

No.	Name of bank	Basic earnings per share (RMB)		Return on average equity		Net interest spread		Net interest margin	
		2015	2014	2015	2014	2015	2014	2015	2014
166	Xinhan Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
167	Jiangsu Jiangyan Rural Commercial Bank Co.,Ltd.	N/A	0.56	N/A	15.95%	N/A	N/A	N/A	3.91%
168	Zhejiang Deqing Rural Commercial Bank Co.,Ltd.	0.43	0.38	N/A	N/A	N/A	N/A	N/A	N/A
169	Zhejiang Yongkang Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
170	Liangshan Prefecture Commercial Bank Co.,Ltd.	0.41	0.72	12.75%	23.47%	1.84%	2.25%	1.76%	3.59%
171	Dazhou City Commercial Bank Co.,Ltd.	0.26	0.40	N/A	N/A	N/A	N/A	N/A	N/A
172	Benxi City Commercial Bank Co.,Ltd.	N/A	N/A	6.28%	16.23%	N/A	N/A	N/A	N/A
173	Woori Bank China Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
174	Jingdezhen Rural Commercial Bank Co.,Ltd.	0.35	0.33	18.29%	17.56%	N/A	N/A	N/A	N/A
175	Jiangsu Taizhou Rural Commercial Bank Co.,Ltd.	0.55	0.48	N/A	N/A	4.84%	4.88%	N/A	N/A
176	Luqiao Rural Cooperative Bank	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
177	Fujian Putian Rural Commercial Bank Co.,Ltd.	0.24	0.11	N/A	N/A	5.96%	5.75%	6.14%	5.98%
178	Industrial Bank Of Korea (China) Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
179	Jiangsu Shuyang Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	5.74%	5.90%	N/A	N/A
180	Jiangsu Changjiang Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
181	Jiangsu Yizheng Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
182	Societe Generale Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
183	Chizhou Jiuhua Rural Commercial Bank Co.,Ltd.	0.11	0.13	N/A	N/A	N/A	N/A	N/A	N/A
184	Feixi Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
185	Bengbu Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
186	Bangkok Bank (China) Co.,Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
187	Kecheng Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
188	Jiangsu Xinyi Rural Commercial Bank Co.,Ltd.	0.13	0.19	5.72%	7.31%	5.22%	6.28%	5.54%	5.83%
189	Guangdong Jieyang Rural Commercial Bank Co.,Ltd.	0.15	0.25	9.87%	12.51%	N/A	N/A	N/A	N/A
190	Credit Agricole Corporate And Investment Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
191	Anhui Lujiang Rural Commercial Bank Co.,Ltd.	0.17	0.18	12.31%	11.95%	N/A	N/A	N/A	N/A
192	Anqing Rural Commercial Bank Co.,Ltd.	0.17	0.29	8.35%	14.79%	N/A	3.85%	N/A	4.24%
193	Jiangsu Gaochun Rural Commercial Bank Co.,Ltd.	N/A	N/A	N/A	N/A	4.32%	4.77%	N/A	N/A
194	Kookmin Bank (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
195	Anhui Dongzhi Rural Commercial Bank Co.,Ltd.	0.18	0.16	N/A	N/A	N/A	N/A	N/A	N/A
196	Anhui Qingyang Rural Commercial Bank Co.,Ltd.	0.22	0.24	N/A	N/A	N/A	N/A	N/A	N/A
197	East West Bancorp, Inc. (China)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
198	Morgan Stanley Bank International (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
199	UBS (China) Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
200	SPD Silicon Valley Bank Co.,Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	Non-performing loans (NPL) ratio		Allowance to total loans ratio		Loan-to-deposit ratio		Capital adequacy ratio		Tier 1 capital adequacy ratio	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	N/A	1.15%	N/A	N/A	N/A	56.33%	22.92%	25.27%	21.97%	24.30%
	N/A	1.85%	N/A	6.92%	N/A	73.90%	N/A	13.50%	N/A	12.40%
	1.37%	1.49%	3.89%	3.33%	66.89%	70.90%	12.61%	12.71%	N/A	N/A
	2.92%	1.78%	N/A	N/A	69.06%	70.71%	15.96%	16.45%	14.86%	15.36%
	1.35%	0.94%	3.74%	2.90%	50.90%	50.97%	21.87%	15.40%	19.62%	14.07%
	1.73%	1.48%	N/A	N/A	N/A	N/A	13.04%	16.83%	N/A	N/A
	1.98%	1.60%	N/A	N/A	54.07%	62.05%	12.62%	12.80%	11.61%	12.41%
	1.55%	1.28%	1.85%	2.20%	48.36%	65.27%	25.97%	26.43%	25.70%	25.37%
	2.42%	2.43%	5.37%	5.31%	63.56%	64.85%	12.93%	12.54%	N/A	N/A
	2.86%	1.69%	N/A	N/A	75.23%	73.94%	14.12%	13.25%	N/A	N/A
	1.66%	1.08%	N/A	N/A	71.7%	71.64%	16.59%	16.39%	15.52%	15.28%
	2.17%	2.96%	5.02%	5.01%	64.86%	61.88%	15.33%	16.16%	14.25%	15.07%
	N/A	N/A	N/A	N/A	N/A	N/A	26.64%	26.55%	25.94%	25.89%
	1.76%	1.49%	5.66%	5.25%	86.65%	88.31%	15.65%	15.14%	14.57%	14.06%
	0.99%	0.96%	N/A	N/A	76.01%	72.88%	13.18%	14.57%	12.06%	13.46%
	1.94%	1.96%	5.52%	N/A	70.95%	70.02%	14.06%	14.44%	12.95%	13.34%
	N/A	N/A	N/A	N/A	N/A	N/A	28.47%	24.34%	27.82%	23.58%
	2.15%	2.15%	3.51%	3.33%	69.00%	72.05%	14.78%	16.13%	13.66%	15.01%
	2.56%	2.79%	N/A	N/A	N/A	N/A	15.31%	19.39%	14.55%	18.79%
	2.94%	1.15%	4.75%	3.16%	62.94%	54.87%	13.14%	11.35%	11.99%	10.18%
	N/A	N/A	N/A	N/A	N/A	N/A	46.32%	48.61%	45.18%	47.51%
	2.97%	1.62%	6.48%	N/A	N/A	N/A	12.89%	13.67%	N/A	N/A
	4.70%	2.41%	N/A	N/A	N/A	N/A	17.05%	16.30%	N/A	N/A
	2.80%	2.35%	N/A	N/A	70.23%	74.52%	15.60%	18.03%	14.78%	17.66%
	N/A	N/A	N/A	N/A	N/A	N/A	35.93%	36.79%	35.07%	35.82%
	1.78%	1.99%	N/A	N/A	57.09%	57.53%	11.94%	12.72%	10.80%	11.59%
	1.97%	1.41%	3.17%	2.86%	N/A	73.38%	14.53%	16.66%	13.48%	15.54%
	2.35%	1.80%	5.36%	8.29%	63.27%	68.54%	18.87%	18.59%	17.78%	17.50%
	4.72%	4.85%	7.72%	8.92%	50.04%	59.55%	72.92%	94.58%	71.91%	93.48%
	3.62%	2.96%	5.53%	4.97%	57.82%	63.72%	12.24%	12.99%	12.24%	12.99%
	2.46%	2.27%	3.79%	3.61%	69.13%	70.46%	15.63%	16.98%	14.52%	N/A
	N/A	N/A	3.14%	5.28%	N/A	N/A	42.29%	48.93%	41.36%	47.98%
	N/A	N/A	2.00%	1.50%	17.00%	30.00%	76.00%	130.00%	76.00%	130.00%
	N/A	N/A	N/A	N/A	N/A	N/A	570.00%	394.00%	570.00%	394.00%
	N/A	N/A	N/A	N/A	33.02%	48.04%	82.54%	102.47%	81.98%	102.00%

About KPMG

KPMG: a leading global provider of financial services

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 155 countries and have 174,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

In 1992, KPMG became the first international accounting firm to be granted a joint venture licence in China. On 1 August 2012, KPMG was the first of the big four accounting firms to be transformed from a Sino-Foreign partnership to a Special General Partnership. Our Hong Kong SAR operations have been established for over 60 years since 1945. This early commitment to the China market, together with our unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in our appointment by some of the China's most prestigious companies.

KPMG China has 17 offices in Beijing, Beijing Zhongguancun, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Xiamen, Hong Kong and Macau, with around 10,000 professionals. Our single management structure for all our China offices allows efficient and rapid allocation of experienced professionals wherever the client is located in China.

Glossary

Names of banks

PBOC - People's Bank of China

CDB - China Development Bank

ICBC - Industrial & Commercial Bank of China

CCB - China Construction Bank

BOC - Bank of China

ABC - Agricultural Bank of China

BOCOM - Bank of Communications

CMB - China Merchants Bank

CITIC Bank - China CITIC Bank

CMBC - China Minsheng Banking Corporation

SPD Bank - Shanghai Pudong Development Bank

CIB - China Industrial Bank

CEB - China Everbright Bank

General terms

GDP - Gross Domestic Product

Basel Committee - Basel Committee on Banking Supervision

CBRC - China Banking Regulatory Commission

NDRC - National Development and Reform Commission

ABS - Asset Backed Securitisation

AMC - Asset Management Companies

NPLs - Non-performing Loans

IASE - International Standard on Assurance Engagements

CICERO - Center for International Climate and Environmental Research - Oslo

GBP - Green Bond Principles

CBS - Climate Bonds Standards

Contact us

KPMG China has around 10,000 staff, working in 17 offices: Beijing, Beijing Zhongguancun, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Xiamen, Hong Kong SAR and Macau SAR.

Our dedicated financial services team brings together partners from audit, tax and advisory practices and is linked closely to other member firms in the KPMG network.

For more information, contact one of the financial services partners listed below.

Simon Gleave
Partner, Regional Head,
Financial Services
:+86 (10) 8508 7007
: simon.gleave@kpmg.com

Edwina Li
Partner, Head of
Financial Services Assurance
:+86 (21) 2212 3806
: edwina.li@kpmg.com

Christopher Abbiss
Partner, Tax
:+852 2826 7226
: chris.abbiss@kpmg.com

Tony Cheung
Partner, Head of Advisory,
KPMG China Eastern & Western Region
:+86 (21) 2212 2705
: tony.cheung@kpmg.com

Egidio Zarrella
Partner, Head of Clients &
Innovation
:+852 2847 5197
: egidio.zarrella@kpmg.com

Tracy Zhang
Partner, Tax
:+86 (10) 8508 7509
: tracy.h.zhang@kpmg.com

Thomas Chan
Partner, Financial Services
:+86 (10) 8508 7014
: thomas.chan@kpmg.com

Louis Ng
Partner, Transaction Services
:+86 (10) 8508 7090
: louis.ng@kpmg.com

Thomas Li
Partner, Tax
:+86 (10) 8508 7574
:thomas.li@kpmg.com

Arthur Wang
Partner, China Head of banking
:+86 (10) 8508 7104
: arthur.wang@kpmg.com

Terence Fong
Partner, Financial Services
:+852 2978 8953
: terence.fong@kpmg.com

Kevin Liu
Partner, IT Advisory
:+86 (21) 2212 3980
: kevin.liu@kpmg.com

Christine Song
Partner, Financial Services
:+86 (10) 8508 7015
: christine.song@kpmg.com

Kenny Shi
Partner, Financial Services
:+86 (21) 2212 2261
: kenny.shi@kpmg.com

Derrick Day
Partner, DPP Accounting
:+86 (10) 8508 5008
: derrick.day@kpmg.com

Walkman Lee
Partner, Financial Services
:+86 (10) 8508 7043
: walkman.lee@kpmg.com

James Chen
Partner, Financial Services
:+86 (21) 2212 2424
: james.chen@kpmg.com

Simon Topping
Partner, Regulatory Advisory
:+852 2826 7283
: simon.topping@kpmg.com

Raymond Li
Partner, Financial Services
:+86 (10) 8508 7114
: raymond.li@kpmg.com

Ivan Li
Partner, Financial Services
:+86 (755) 2547 1218
: ivan.li@kpmg.com

Wilson Pang
Partner, Head of China, Portfolio Solutions Group
:+86 (21) 2212 3280
: wilson.pang@kpmg.com

Larry Choi
Partner, Financial Services
:+86 (20) 3813 8883
: larry.choi@kpmg.com

Mainland China

Beijing
8th Floor, KPMG Tower, Oriental Plaza
1 East Chang An Avenue
Beijing 100738, China
Tel : +86 (10) 8508 5000
Fax : +86 (10) 8518 5111

Beijing Zhongguancun
Room 603, Flat B, China Electronic Plaza
No.3 Danling Street
Beijing 100080, China
Tel : +86 (10) 5875 2555
Fax : +86 (10) 5875 2558

Chengdu
17th Floor, Office Tower 1, IFS
No. 1, Section 3 Hongxing Road
Chengdu, 610021, China
Tel : +86 (28) 8673 3888
Fax : +86 (28) 8673 3838

Chongqing
Unit 1507, 15th Floor, Metropolitan Tower
68 Zourong Road
Chongqing 400010, China
Tel : +86 (23) 6383 6318
Fax : +86 (23) 6383 6313

Foshan
8th Floor, One AIA Financial Center
1 East Denghu Road
Foshan 528200, China
Tel : +86 (757) 8163 0163
Fax : +86 (757) 8163 0168

Fuzhou
Unit 1203A, 12th Floor
Sino International Plaza,137 Wusi Road
Fuzhou 350003, China
Tel : +86 (591) 8833 1000
Fax : +86 (591) 8833 1188

Guangzhou
38th Floor, Teem Tower
208 Tianhe Road
Guangzhou 510620, China
Tel : +86 (20) 3813 8000
Fax : +86 (20) 3813 7000

Hangzhou
8th Floor, West Tower, Julong Building
9 Hangda Road
Hangzhou 310007, China
Tel : +86 (571) 2803 8000
Fax : +86 (571) 2803 8111

Nanjing
46th Floor, Zhujiang No.1 Plaza
1 Zhujiang Road
Nanjing 210008, China
Tel : +86 (25) 8691 2888
Fax : +86 (25) 8691 2828

Qingdao
4th Floor, Inter Royal Building
15 Donghai West Road
Qingdao 266071, China
Tel : +86 (532) 8907 1688
Fax : +86 (532) 8907 1689

Shanghai
50th Floor, Plaza 66
1266 Nanjing West Road
Shanghai 200040, China
Tel : +86 (21) 2212 2888
Fax : +86 (21) 6288 1889

Shenyang
19th Floor, Tower A, Fortune Plaza
61 Beizhan Road
Shenyang 110013, China
Tel : +86 (24) 3128 3888
Fax : +86 (24) 3128 3899

Shenzhen
9th Floor, China Resources Building
5001 Shennan East Road
Shenzhen 518001, China
Tel : +86 (755) 2547 1000
Fax : +86 (755) 8266 8930

Tianjin
Unit 06, 40th Floor, Office Tower
Tianjin World Financial Center
2 Dagu North Road
Tianjin 300020, China
Tel : +86 (22) 2329 6238
Fax : +86 (22) 2329 6233

Xiamen
12th Floor, International Plaza
8 Lujiang Road
Xiamen 361001, China
Tel : +86 (592) 2150 888
Fax : +86 (592) 2150 999

Hong Kong SAR and Macau SAR

Hong Kong
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23rd Floor, Hysan Place
500 Hennessy Road
Causeway Bay, Hong Kong
Tel : +852 2522 6022
Fax : +852 2845 2588

Macau
24th Floor, B&C, Bank of China Building
Avenida Doutor Mario Soares
Macau
Tel : +853 2878 1092
Fax : +853 2878 1096

kpmg.com/cn

Publication number: CN-FS16-0001c

Publication date: September 2015