



CITIC Group Corporation
2016 U.S. Resolution Plan
(Public Section)

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EXECUTIVE SUMMARY

This U.S. resolution plan (the “**2016 Plan**”) of CITIC Group Corporation (“**CITIC Group**”) is being filed pursuant to implementing regulations (the “**Final Rule**”) issued by the Board of Governors of the Federal Reserve System (“**FRB**”) (12 C.F.R. Part 243) and the Federal Deposit Insurance Corporation (“**FDIC**”) (12 C.F.R. Part 381) under Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”).

Section 165(d) of the Dodd-Frank Act and the Final Rule specify that any foreign bank or company that is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (the “**IBA**”) and has \$50 billion or more in global total consolidated assets is a “**Covered Company**” for purposes of Section 165(d) of the Dodd-Frank Act and the Final Rule. A Covered Company is required to periodically submit to the FRB and the FDIC a plan for such company’s rapid and orderly resolution of its U.S. operations in the event of material financial distress at or failure of the Covered Company.

CITIC Group is organized under the laws of the People’s Republic of China (“**PRC**”). Because China CITIC Bank International Limited (“**CNCBI**”), a Hong Kong-based indirect banking subsidiary of CITIC Group, maintains two uninsured federal branches in the United States, CITIC Group is treated as a bank holding company under Section 8(a) of the IBA. The global total consolidated assets of CITIC Group, including its U.S. operations, exceeded \$50 billion as of December 31, 2015. As a result, CITIC Group is a Covered Company and is required to file a U.S. resolution plan under Section 165(d) of the Dodd-Frank Act and the Final Rule.

The 2016 Plan is CITIC Group’s fourth annual submission under the Final Rule. CITIC Group submitted an initial tailored resolution plan on December 30, 2013, a second tailored resolution plan on December 31, 2014, and a third tailored resolution plan on December 30, 2015.

(1) The names of material entities

A “**Material Entity**” is defined in the Final Rule as “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.”¹ CITIC Group has determined that it does not have any U.S. Material Entities for purposes of this 2016 Plan.

(2) A description of core business lines

“**Core Business Lines**” are defined in the Final Rule as “those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.”² Based on both quantitative analysis and qualitative analysis, CITIC Group has determined that it has no Core Business Lines in the United States.

¹ 12 C.F.R. § 243.2(l).

² 12 C.F.R. § 243.2(d).

(3) Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources

Consolidated Balance Sheet

The consolidated balance sheet of CITIC Group, as of December 31, 2015, is presented below.³

Table 1: CITIC Group Consolidated Balance Sheet

CITIC Group Consolidated Balance Sheet		
<i>RMB in thousands</i>	At 31 December 2015 (Audited)	At 31 December 2014 (Audited; Restated)
Assets		
Cash and deposits	675,556,732	711,342,424
Placements with banks and non-bank financial institutions	118,776,469	68,180,333
Financial assets at fair value through profit or loss	34,155,680	29,780,742
Derivative financial assets	13,830,891	8,356,906
Bills and receivables.....	128,905,109	112,512,286
Inventories	114,495,461	107,412,001
Financial assets held under resale agreements.....	138,560,904	135,764,779
Loans and advances to customers.....	2,466,579,698	2,142,602,720
Available-for-sale financial assets.....	419,026,716	261,876,307
Held-to-maturity investments	181,972,140	179,000,884
Investment classified as receivables	1,115,320,332	658,431,812
Long-term equity investments	66,723,521	70,717,728
Investment properties	24,290,082	22,897,939
Fixed assets.....	125,752,714	119,103,568
Construction in progress.....	20,585,917	17,446,202
Intangible assets	32,611,113	30,941,614
Goodwill.....	16,297,308	10,838,771
Deferred tax assets.....	23,599,368	19,516,064
Other assets.....	26,089,951	26,180,477
Total assets	5,743,130,106	4,732,903,557
Liabilities		
Borrowing from the Central Bank	37,500,000	50,050,000
Placements from banks and non-bank financial institutions.....	48,709,652	19,135,535
Derivative financial liabilities	14,639,961	10,630,689
Bills and payables.....	183,969,379	167,268,620
Financial assets sold under repurchase agreements	71,168,274	41,609,290
Deposits from banks and non-bank financial institutions and customers ..	4,220,019,647	3,514,130,985
Financial liabilities at fair value through profit or loss.....	-	572,610
Employee benefits payable.....	16,176,469	17,320,658
Taxes payable.....	11,813,285	12,113,724
Loans	136,947,248	188,160,451
Debentures payable	377,824,864	215,460,755

³ Unless otherwise noted, all financial information of CITIC Group provided in this 2016 Plan refers to the year ending December 31, 2015, or to the values as of that date, as the context requires, and has been prepared in accordance with the requirements of “Accounting Standards Business Enterprises — Basic Standard” issued by the Ministry of Finance of the PRC on February 15, 2006 and the applicable guidance, bulletins and other relevant accounting regulations subsequently issued thereof.

Any discrepancies included in this 2016 Plan between totals and the sums of the amounts listed are due to rounding.

CITIC Group Consolidated Balance Sheet		
<i>RMB in thousands</i>	At 31 December 2015 (Audited)	At 31 December 2014 (Audited; Restated)
Provisions	6,568,380	6,174,037
Deferred tax liabilities	7,343,623	6,535,756
Other liabilities	16,638,067	16,919,351
Total liabilities	5,149,318,849	4,266,082,461
Shareholders' equity		
Paid-in capital	184,198,157	184,198,157
Capital reserve	12,572,561	28,256,364
Other comprehensive income	1,844,926	347,818
Surplus reserve	5,747,665	5,549,183
General reserve	24,636,372	18,952,754
Retained earnings	39,545,538	30,276,748
Total shareholder's equity attributable to shareholders of the Company	268,545,857	267,581,024
Non-controlling interests	325,265,719	199,240,072
Total shareholders' equity	593,811,257	466,821,096
Total liabilities and shareholders' equity	5,743,130,106	4,732,903,557

Capital

As of December 31, 2015, the total shareholders' equity for CITIC Group was RMB593.8 billion (\$91.7 billion), including paid-in capital of RMB184.2 billion (\$28.4 billion).⁴

CITIC Group is not subject to any regulatory capital requirements.

Major Funding Sources

CITIC Group's major funding sources include deposits as well as long-term and short-term borrowing.

Deposits

China CITIC Bank Corporation Limited ("CNCB") is CITIC Group's indirectly majority-owned subsidiary. As of December 31, 2015, the total deposits from customers of CNCB and its subsidiaries were RMB 3.183 trillion (\$491.3 billion). The table below presents deposits by source.

⁴ All RMB currency conversions in this 2016 Plan are conducted using an exchange rate of 6.4778 RMB to 1 USD, which was the exchange rate as of December 31, 2015, according to the FRB: http://www.federalreserve.gov/releases/h10/hist/dat00_ch.htm.

Table 2: CNCB — Deposits

CNCB — Deposits		
<i>RMB in millions</i>	At 31 December 2015	At 31 December 2014
Demand deposits		
Corporate customers	1,187,929	963,292
Personal customers	178,917	147,658
<i>Subtotal</i>	1,366,846	1,110,950
Time and call deposits		
Corporate customers	1,446,939	1,365,914
Personal customers	362,433	366,491
<i>Subtotal</i>	1,809,372	1,732,405
Outward remittance and remittance payable	6,557	6,219
Total	3,182,775	2,849,574

Source: CNCB 2015 Annual Report

Deposits from customers identified in the table above include pledged deposits for:

Table 3: CNCB — Pledged Deposits from Customers

CNCB — Pledged Deposits from Customers		
<i>RMB in millions</i>	At 31 December 2015	At 31 December 2014
Bank acceptance	292,556	268,607
Letters of credit	9,241	23,634
Guarantees	21,775	15,283
Others	121,310	149,327
Total	444,882	456,851

Source: CNCB 2015 Annual Report

Loans

As of December 31, 2015, CNCB had total loans of RMB 2.529 trillion (\$390.4 billion). The table below presents these loans by loan type.

Table 4: CNCB — Loans

CNCB — Loans		
<i>RMB in millions</i>	At 31 December 2015	At 31 December 2014
Unsecured loans	492,822	392,960
Guaranteed loans	493,095	513,735
Collateral loans	1,169,587	953,053
Pledge loans	280,531	260,117
<i>Subtotal</i>	2,436,035	2,119,865
Discounted bills	92,745	68,043
Total	2,528,780	2,187,908

Source: CNCB 2015 Annual Report

(4) A description of derivative activities and hedging activities

CNCB uses derivatives, including forward and swap contracts performed in the foreign currency market and interest rate market, to hedge its exposure on foreign exchange and interest rate risks. CNCB adopts hedge accounting for derivatives designated as hedging instruments if the hedge is effective. Other derivatives are accounted for as trading financial assets or financial liabilities. Derivatives are recognized at fair value upon initial recognition. The positive fair value is recognized as assets while the negative fair value is recognized as liabilities. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss.

When derivatives are embedded into non-derivative instruments (the “host contract”), the embedded derivatives are separated from the host contract and accounted for as a derivative when (i) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss.

The table below presents the notional amount and the positive and negative fair values of CITIC Group’s derivative instruments outstanding as of December 31, 2015 and 2014.

Table 5: CNCB — Derivative Financial Instruments

CNCB — Derivative Financial Instruments						
<i>RMB in millions</i>	At 31 December 2015			At 31 December 2014		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Hedging instruments						
Interest rate derivatives.....	11,144	237	38	8,128	238	30
Non-hedging instruments						
Interest rate derivatives.....	593,379	1,054	957	290,833	739	724
Currency derivatives.....	1,600,764	11,489	10,119	978,918	6,406	6,208
Precious metal derivatives.....	18,763	1,008	304	29,762	843	385
Other derivatives	5,222	---	---	21,007	---	---
Total	2,229,272	13,788	11,418	1,328,648	8,226	7,347

Source: CNCB 2015 Annual Report

(5) A list of memberships in material payment, clearing and settlement systems

CNCBI’s U.S. branches are direct participants in the Fedwire Funds Service (“**Fedwire**”) and the Clearing House Interbank Payments System (“**CHIPS**”). Fedwire is a real-time gross settlement system owned and operated by the Federal Reserve in which participants initiate payment orders that are individually processed and, once funds are transferred, settled in central bank money in real time upon receipt. CHIPS is the largest private-sector U.S. dollar funds transfer system in the world and is operated by The Clearing House.

CNCBI’s U.S. branches are also members of the Society for Worldwide Interbank Financial Telecommunication (“**SWIFT**”). SWIFT provides a network that enables financial institutions to send and receive secure, standardized and reliable messages to and from counterparties.

(6) A description of foreign operations

Headquartered in Beijing, CITIC Group is one of the largest Chinese conglomerates and operates both financial services and non-financial businesses in the PRC and internationally. It was founded in 1979 upon the approval of the State Council of the PRC (the “**State Council**”). On behalf of the State Council, the Ministry of Finance of the PRC took the responsibilities of investor and is the sole shareholder of CITIC Group. As of December 31, 2015, the total consolidated assets of CITIC Group were RMB5.7431 trillion (\$886.6 billion). The operating income for the year ended December 31, 2015 was RMB351.5 trillion (\$54.3 billion). The principal activities of CITIC Group and its subsidiaries are financial services, engineering contracting, resources and energy, manufacturing and other services.

The operating income of CITIC Group for the year ending December 31, 2015 was RMB351.5 trillion (\$54.3 billion) compared to RMB 340.9 billion (\$54.9 billion) in 2014. In 2015, the operating profit of CITIC Group was RMB61.8 trillion (\$9.5 billion) compared to RMB 58.0 billion (\$9.3 billion) in 2014.

Financial Services

- **Banking business.** CITIC Group conducts its banking business through its indirectly majority-owned subsidiary, CNCB, and CNCB’s indirectly majority-owned subsidiary, CNCBI. CNCB was founded in 1987. As at the end of 2015, CNCB had 1,353 domestic outlets, including 38 tier-one branches, 88 tier-two branches and 1,227 other outlets of various types. As of December 31, 2015, the total assets of CNCB were RMB 5.122 trillion (\$790.75 billion). CNCBI is a Hong Kong-based full-service commercial bank that offers a broad spectrum of financial services, including wealth management, personal banking, wholesale banking as well as global markets and treasury solutions. At the end of 2015, CNCBI operated through 34 branches in Hong Kong as well as branches and a presence in Beijing, Shanghai, Shenzhen and Macau. CNCBI also had overseas branches in New York, Los Angeles, and Singapore.
- **Securities business.** CITIC Group conducts its securities business through CITIC Securities Company Limited (“**CITIC Securities**”).⁵ CITIC Securities’ principal businesses include investment banking, brokerage, asset management, and investment advisory services to retail, corporate and institutional clients in China and globally.
- **Trust business.** CITIC Group conducts its trust business through CITIC Trust Co., Ltd. (“**CITIC Trust**”). As of December 31, 2015, the assets under management of CITIC Trust totaled RMB 1.39 trillion (\$214 billion).
- **Insurance business.** CITIC Group conducts its insurance business through CITIC Prudential Life Insurance Co., Ltd. (“**CITIC Prudential**”). As of the end of 2015, CITIC Prudential’s business activities covered 64 cities in the PRC.
- **Other financial services.** CITIC Group’s other financial services include, among others, e-commerce platform “ecitic”; micro-pawn, financial leasing and factoring businesses; and funds and asset management businesses.

⁵ As of December 31, 2015, CITIC Group indirectly controlled 15.59% of the voting stock and equity of CITIC Securities. CITIC Group does not include CITIC Securities’ financial position, financial performance and cash flows in its consolidated financial statements.

Non-financial Businesses

- **Engineering contracting.** CITIC Group has developed its engineering contracting business in PRC and other countries worldwide. As of the end of 2015, the total assets of the engineering contracting business were HK\$42.245 billion (\$5.45 billion).
- **Energy and resources.** CITIC Group's energy and resources businesses span a wide range of sectors, including oil, coal mining, iron ore, manganese minerals, electrolytic aluminum and iron alloy. As of the end of 2015, the total assets of the energy and resources business were HK\$141.7 billion (\$18.3 billion).
- **Manufacturing.** CITIC Group's manufacturing business includes heavy equipment, special steel and auto parts. As of the end of 2015, the total assets of the manufacturing business were HK\$97.2 billion (\$12.5 billion).
- **Other businesses.** CITIC Group has other businesses in information technology, such as cable TV, satellite transponder leasing and information services, and in publishing, general aviation, logistics, tourism and health care.

(7) The identities of material supervisory authorities

The following table identifies the home country authorities that regulate CITIC Group's banking businesses.

Table 6: Home Country Authorities of CITIC Group

Home Country Authorities of CITIC Group	
Agency	Country/Region
Ministry of Finance of PRC	PRC
China Banking Regulatory Commission	PRC
People's Bank of China	PRC
China Securities Regulatory Commission	PRC
Hong Kong Monetary Authority	Hong Kong Special Administrative Region of PRC

For informational purposes only, the following table identifies the primary authorities who have the responsibility for ensuring the safety and soundness of the two uninsured federal branches of CNCBI.

Table 7: Primary Authorities of CNCBI's U.S. branches

Primary Authorities of CNCBI — U.S. branches	
Entity	Agency
CNCBI — U.S. branches	Office of the Comptroller of the Currency
	Board of Governors of the Federal Reserve System

(8) The identities of the principal officers

The table below presents the name, title and certain biographical information for CITIC Group's board of directors and senior management.

Table 8: CITIC Group Board of Directors and Senior Management

CITIC Group Board of Directors and Senior Management		
Name	Title	Information
Chan, Zhenming	Chairman	Chairman of CITIC Group since December 2011
Wang, Jiong	Vice Chairman & President	Vice Chairman and President of CITIC Group since May 2013
Li, Qingping	Executive Director & Vice President	Vice President and a member of the executive committee of CITIC Group since September 2014
Pu, Jian	Executive Director & Vice President	Vice President and a member of the executive committee of CITIC Group since September 2014
Yang, Jinming	Non-executive Director	Non-executive Director of CITIC Group since December 2011
Liu, Yeqiao	Non-executive Director	Non-executive Director of CITIC Group since September 2014
Song, Kangle	Non-executive Director	Non-executive Director of CITIC Group since January 2016
Yan, Shuqin	Non-executive Director	Non-executive Director of CITIC Group since March 2016
Yang, Lin	Staff-elected Director	Mr. Yang has been the staff-elected director of CITIC Group Corporation since February 2016.

(9) A description of the corporate governance structure and processes related to resolution planning

To provide timely, credible and complete responses to supervisory resolution planning initiatives designed to enable authorities to resolve financial institutions in an orderly manner, CITIC Group has integrated resolution planning into its existing governance structure. In addition to the board of directors of CITIC Group (the “**Board of Directors**”), CITIC Group has established three governance and operative bodies for resolution planning, namely the Global Resolution Planning Steering Committee (the “**Global Steering Committee**”), the U.S. Resolution Planning Steering Committee (the “**U.S. Steering Committee**”) and the Office of U.S. Resolution Planning (the “**RP Office**”). The Global Steering Committee and U.S. Steering Committees (together, the “**Steering Committees**”) are responsible for overseeing the development, maintenance, implementation and filing of the 2016 Plan. The RP Office is responsible for establishing a comprehensive governance and management process to execute the creation and maintenance of the 2016 Plan.

The preparation of the 2016 Plan commenced with data gathering by the RP Office through various businesses and functions. During the data gathering period, the RP Office liaised with external consultants and legal counsel as well as the representative from each business or function to define, collect and analyze data responsive to the regulatory requirements. The data was used to create background materials covering a broad scope of topics related to resolution planning.

Development of the 2016 Plan was an iterative process involving frequent consultation with all relevant governance bodies including, notably, the Steering Committees. Further, the RP Office communicated with the Steering Committees frequently on the development of the 2016 Plan. Ultimately, the Steering Committees were responsible for reviewing drafts of the 2016 Plan and making recommendations to the Board of Directors for approval.

This 2016 Plan was approved by the Board of Directors on December 29, 2016.

Board of Directors of CITIC Group

The Board of Directors, together with the Global Steering Committee, a sub-committee of the Board of Directors of CITIC Group, is ultimately responsible for evaluating and approving the 2016 Plan.

Global Resolution Planning Steering Committee

The Global Steering Committee, a committee composed of senior leadership at the CITIC Group level, has primary responsibility for oversight of U.S. resolution planning.

The Global Steering Committee's key responsibilities include:

- establishing project governance and the oversight framework for resolution planning required by regulators in all jurisdictions where CITIC Group operates;
- approving the project charter and project plan milestones;
- monitoring and reviewing resolution planning status/progress;
- making significant strategic decisions, including scope and approach;
- determining project scope, ensuring that scope aligns with the agreed business requirements of key stakeholder groups, and resolving any prioritization or resource allocation issues as necessary;
- providing formal approval of project plans and *ex ante* plans, if any;
- communicating progress and/or issues to executive management and the Board of Directors as appropriate;
- accepting final drafts of resolution plans and recommending submission to the Board of Directors for approval; and
- approving business-as-usual maintenance and/or update procedures proposed by the RP Office.

U.S. Resolution Planning Steering Committee

The U.S. Steering Committee is a management subcommittee of the Global Steering Committee, having primary responsibility for oversight of CITIC Group's resolution planning in the United States. Its responsibilities are analogous to the Global Steering Committee's responsibilities, but with a focus on this 2016 Plan.

Office of U.S. Resolution Planning

The RP Office provides day-to-day project management and functional leadership for oversight, development, maintenance, implementation, filing and compliance of this 2016 Plan, as well as updating, as part of business-as-usual processes.

The RP Office's key responsibilities include:

- recommending a project management and reporting framework;
- providing periodic reporting to the Steering Committees and other oversight groups;
- working with key business and support functions to determine CITIC Group's resolution planning strategies;
- monitoring the progress of working groups and identifying areas of synergy or divergence;
- drafting resolution plans for review and approval by senior management and the Board of Directors;
- supporting primary liaisons with U.S. and foreign regulators regarding resolution planning matters; and
- identifying necessary *ex ante* action as part of resolution planning development processes and monitoring progress in completing these actions in accordance with established timelines.

The RP Office is also responsible for any ancillary activities related to resolution planning, which may include responding to related regulatory requests.

(10) A description of material management information systems

Both CITIC NYB and CITIC LAB utilize MIS to support a variety of business functions. These systems include applications to conduct business activities across all financial products, as well as to generate accounting, financial, operations, regulatory and risk management reports.

Systems and applications are essential for effective operations and are managed through a best practices business continuity approach. The Information Technology Department of CITIC NYB (the “**IT Department**”) is one of the shared services departments that provide MIS support. Based on the Business Impact Analysis results and the determination of each business department, the systems and applications identified below are deemed vital to the businesses and operations of CITIC Group’s U.S. banking operations.

The following table provides an inventory of key MIS and applications managed by the IT Department. Each system and application has a brief description of the functional use of the respective system or application. Along with a brief description, it also lists the legal owner and/or licensee.

Table 9: Key MIS and Applications Inventory

An Inventory of Key MIS and Applications						
System/ Application Name	Description	Internal/ External	Third- Party Providers	SLA (Yes/No)	Contracting Legal Entity (Licensee/ Owner)	CBL mapping
e/IBS	e/IBS is a core business system which records all business transactions and generating reports for risk management and decision making. It is an upgraded version of IBS with enhanced capabilities.	External	Datapro	Yes	CITIC NYB	N/A
GPS (Global Payment System)	GPS system is used to process domestic and international wires	External	Montran	Yes	CITIC NYB	N/A
Check21 System	Check clearing system	External	DRS Group	Yes	CITIC NYB	N/A
Call Report Premier	Quarterly FFIEC 002 Call Report preparation system	External	Fidelity Regulatory Solutions	Yes	CITIC NYB	N/A
SWIFT	Global financial payment and messaging service system by SWIFT	External	SWIFT	Yes	CITIC NYB	N/A

(11) A description, at a high level, of the covered company’s resolution strategy, covering such items as the range of potential purchasers of the covered company, its material entities and core business lines

CITIC Group expects that, in the event of material financial distress at or failure of CITIC Group, its nonbanking U.S. entities or substantially all of their assets will be sold as a going concern or, if not

sold, will be resolved under the appropriate resolution regime applicable to each entity consistent with the fiduciary duties of the board of directors of such entity and other applicable laws and/or rules (*e.g.*, a proceeding or a jointly-administered proceeding, if one or more nonbanking U.S. entities of CITIC Group enter into such proceeding, under Chapter 11 of the U.S. Bankruptcy Code (11 USC §§ 101 *et seq.*)). CITIC Group expects the resolution of the uninsured federal branches of CNCBI to be governed by the International Banking Act of 1978 (12 USC §§ 3101 *et seq.*) in conjunction with the receivership provisions of the National Banking Act (12 USC §§ 191 *et seq.*).