

Operating Manual for Treasury Department

1. Trading positions and qualification requirements

Dealers shall be classified into three job function categories: Deposit and Loan, FX and Fixed Income. All trading position personnel shall satisfy the local regulatory requirements as well as CCB hiring qualification requirements.

Dealers that conduct business across positions shall meet the following requirements:

- (i) Dealers with more than five (inclusive) years of trading experience can concurrently handle three categories of business;
- (ii) Dealers with more than three (inclusive) but less than five years of trading experience can concurrently handle two categories of business;
- (iii) Dealers with less than three years of trading experience can only handle one category of business; and
- (iv) Head of Treasury shall have more than five (inclusive) years of trade experience.

Dealers are not allowed to take the responsibilities of Risk department and Back Office. Dealers are not allowed to operate in any system of the Clearing, Back Office or Accounting departments. Dealers are forbidden to carry out any transactions or any related business outside the dealing room.

2. Process for Deposit and Loan transactions

2.1 Preparation before transaction

Dealers should first collect information from the market to make his daily business strategy. Dealers should check the daily cash position of different currencies in order not to make any overdraft.

Dealers can make quotes initiatively or can quote upon requests from counterparties. All quotes must stay within the price range set by the Bank. When Dealers request quotes from counterparties, they must ensure the competitiveness and accurateness of the price quoted. It is not allowed to harm the interest of the Bank by unfair prices.

2.2 Authorization controlling

2.2.1 The maximum transaction amount of a single deal must not be exceeded according to the authorization.

2.2.2 The maximum transaction tenor of a single loan deal must not be exceeded according to the authorization.

2.3 Counterparties' limits checking

For loan transactions related to limit occupation, Dealers should check country limits and counterparties' limits. Transactions causing limit exceeding are not allowed.

Treasury limits and Bond investment limits must not be mixed without any previously application to the Head Office.

2.4 Yearly Financial Markets Business Strategies controlling

All Deposit and Loan transactions must be carried out under the regulations set by the Yearly Financial Markets Business Strategies.

2.5 Interim Provisions on Counterparty Management checking

Dealers are only allowed to trade with Counterparties who comply with the admittance standards set by the Interim Provisions on Counterparty Management in Financial Market Business. Dealers are forbidden to carry any

transaction with Counterparties listed on the prohibition list. Dealers are only allowed to carry out zero credit risk transactions with Counterparties listed on the watch list.

2.6 Transaction Entry

After the transactions are completed, Dealers should print out Reuters transaction confirmations and input the deals into MTS system. Dealers should sign on the dealing tickets printed. Transactions must be input on the same day. In case of technical problems which prevent the deals to be input in time, an approval from the Head of Treasury are needed. The transactions are to be input no later than the settlement date.

2.7 Transaction Reviewing

Once the transaction is entered into system, the reviewing personnel shall conduct review operations, and sign his name together with the entry personnel for record purpose. In case of insufficient personnel, it shall be reported to Head of Treasury or General Manager who is in charge of Treasury to arrange for additional personnel to perform the reviewing tasks. The assigned additional personnel shall be recorded and tracked.

2.8 Transactions Modification

It is not allowed to modify or to delete transaction records without permission and it is prohibited from modifying the transaction records through inverse transactions etc. In case that the transaction records need to be modified or deleted, modify and delete it in accordance with the regulation and timely record it in the 《trading transactions modification registration/approval table》.

In case that Head of Treasury needs to modify trade records or to delete trades conducted by himself, he must get approval and signature of the superior competent director. It's not necessary to update the cancelled or terminated trades to the special FOLDER. The deletion shall be performed by Head of Treasury or authorized operators and shall get approval and signature of the superior competent director.

2.9 Dealing Tickets are to be sent to the Risk Department

Together with the fulfilled <<Financial Market Business Risk Review Form of Overseas institutions>>, the dealing tickets are to be sent to the Risk Department. After reviewing the deal amount, price and counterparties etc., the Risk Department shall sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

2.10 Dealing Tickets are to be sent to the Back Office

The <<Financial Market Business Risk Review Form of Overseas institutions>> should be sent to the Back Office for further reviewing. The Back Office should check the transaction details with the confirmation sent by counterparties before sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

3. Process for FX transactions

3.1 Preparation before transaction

Dealers should first collect information about the needs of clients and trend of market by telephone communication with dealers of the Chinese mainland branches.

3.2 Authorization controlling

3.2.1 The maximum transaction amount of a single FX deal, including FX Forward and FX Swap must not be exceeded according to the authorization.

3.2.2 The maximum transaction tenor of a single FX Forward and FX Swap deal must not be exceeded according to the authorization.

3.2.3 The intraday FX exposure, the overnight FX exposure and the duration exposure are to be controlled and the hedging operation should be carried out timely. Overnight exposure, which is monitored by the MTS, is a rigid constraint and shall not be violated.

3.2.4 It is not permissible to conduct derivative trades including FX Forward and Swap with counterparties who have not signed the ISDA master agreements.

3.3 Counterparties' limits checking

For FX transactions related to Treasury limit occupation, Dealers should check country limits and counterparties' limits. Transactions causing limit exceeding are not allowed.

3.4 Interim Provisions on Counterparty Management checking

Dealers are only allowed to trade with Counterparties who comply with the admittance standards set by the Interim Provisions on Counterparty Management in Financial Market Business. Dealers are forbidden to carry any transaction with Counterparties listed on the prohibition list. Dealers are only allowed to carry out zero credit risk transactions with Counterparties listed on the watch list.

Dealers must ensure that not only the counterparties, together with related branches, but also the CCB Frankfurt are included in the ISDA master agreement.

3.5 Transaction Entry

After the transactions are completed, Dealers should send confirmations to Chinese mainland branches by Email and print out Reuters transaction confirmations and input the deals into MTS system. Dealers should sign on the dealing tickets printed. Transactions must be input on the same day. In case of technical problems which prevent the deals to be input in time, an approval from the Head of Treasury are needed. The transactions are to be input no later than the settlement date.

3.6 Transaction Reviewing

Once the transaction is entered into system, the reviewing personnel shall conduct review operations, and sign his name together with the entry personnel for record purpose. In case of insufficient personnel, it shall be reported to Head of Treasury or General Manager who is in charge of Treasury to arrange for additional personnel to perform the reviewing tasks. The assigned additional personnel shall be recorded and tracked.

3.7 Transactions Modification

It is not allowed to modify or to delete transaction records without permission and it is prohibited from modifying the transaction records through inverse transactions etc. In case that the transaction records need to be modified or deleted, modify and delete it in accordance with the regulation and timely

record it in the 《trading transactions modification registration/approval table》.

In case that Head of Treasury needs to modify trade records or to delete trades conducted by himself, he must get approval and signature of the superior competent director. It's not necessary to update the cancelled or terminated trades to the special FOLDER. The deletion shall be performed by Head of Treasury or authorized operators and shall get approval and signature of the superior competent director.

3.8 Dealing Tickets are to be sent to the Risk Department

Together with the fulfilled <<Financial Market Business Risk Review Form of Overseas institutions>>, the dealing tickets are to be sent to the Risk Department. After reviewing the deal amount, price and counterparties etc., the Risk Department shall sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

3.9 Dealing Tickets are to be sent to the Back Office

The <<Financial Market Business Risk Review Form of Overseas institutions>> should be sent to the Back Office for further reviewing. The Back Office should check the transaction details with the confirmation sent by counterparties before sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

4. Process for Fixed Income transactions

4.1 Preparation before transaction

Collecting market information including economic data and political and economical events of countries to make the strategy for fixed income business.

4.2 Authorization controlling

The maximum transaction amount of a single bond investment must not be exceeded according to the authorization.

4.3 Counterparties' limits checking

For bond investment transactions related to limit occupation, Dealers should check country limits and counterparties' limits. Transactions causing limit exceeding are not allowed. Treasury limits and Bond investment limits must not be mixed.

4.4 << Policy-based limit plan for Trading Business and Market Risk>> controlling

Bonds investment must be carried out in accordance with the Plan, especially for lowest rating requirement and single corporate bond cut loss regulation etc.

4.5 Yearly Financial Markets Business Strategies controlling

All bond investment transactions must be carried out under the regulations set by the Yearly Financial Markets Business Strategies especially for the strategies related to investment type, tenor and country.

4.6 Interim Provisions on Counterparty Management checking

Dealers are only allowed to trade with Counterparties who comply with the admittance standards set by the Interim Provisions on Counterparty Management in Financial Market Business. Dealers are forbidden to carry any transaction with Counterparties listed on the prohibition list. Dealers are only

allowed to carry out zero credit risk transactions with Counterparties listed on the watch list.

4.7 Permission application

Treasury department should apply for the permission of bond investment to the Credit Committee of the Branch before any purchasing instruction is carried out.

4.8 Transaction input

After the purchasing of the bond is done, the transaction must be input in POMS system. Transactions must be input on the same day. In case of technical problems which prevent the deals to be input in time, an approval from the Head of Treasury are needed. The transactions are to be input no later than the settlement date.

4.9 Transactions Modification

It is not allowed to modify or to delete transaction records without permission and it is prohibited from modifying the transaction records through inverse transactions etc. In case that the transaction records need to be modified or deleted, modify and delete it in accordance with the regulation and timely record it in the 《trading transactions modification registration/approval table》.

In case that Head of Treasury needs to modify trade records or to delete trades conducted by himself, he must get approval and signature of the superior competent director. It's not necessary to update the cancelled or terminated trades to the special FOLDER. The deletion shall be performed by Head of

Treasury or authorized operators and shall get approval and signature of the superior competent director.

4.10 Dealing Tickets are to be sent to the Risk Department

Business Risk Review Form of Overseas institutions>>, the dealing tickets are to be sent to the Risk Department. After reviewing the deal amount, price and counterparties etc., the Risk Department shall sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

4.11 Dealing Tickets are to be sent to the Back Office

The <<Financial Market Business Risk Review Form of Overseas institutions>> should be sent to the Back Office for further reviewing. The Back Office should check the transaction details with the confirmation sent by counterparties before sign on the <<Financial Market Business Risk Review Form of Overseas institutions>>.

5. Ratio management and other daily tasks

5.1 Cash position management for all currencies

Based on the Daily Movement Sum from ODAS and in-out flow reports from other departments, controlling the daily cash positions for all currencies of the Branch.

5.2 Liquidity management

Accounting Department is the mainly responsible department for liquidity management while Treasury gives assistance to the management for LiqV and LCR.

Based on the data from ODAS Fristen, Treasury should calculate the LiqV and LCR for two coming weeks.

5.3 OBLIGO management

Based on ODAS HOBR SUM and the daily OBLIGO Asset-Liability movement, Treasury should control the daily OBLIGO. Based on the ODAS Fristen, Treasury should control the OBLIGO in different maturities and ensure the ratio always be positive.

5.4 Single Large Loan exposure controlling for CIC

Based on PS TOOL, Treasury should control the single large loan exposure with CIC (China Investment Company) which should not exceed the bank capital. All Loan business with Bank of China, China Everbright Bank and CCB subsidiaries together with FX Forward and Swap with CCB mainland branches are to be calculated with the exposure.

5.5 Non-EUR profit squaring by month end

On the end of each month, based on the non-EUR profit data from OCBS, Treasury should square the profit into EUR by FX Spot deal.

5.6 Checking the FX open position of two different sheets from OCBS CS-D-1006 and MTS.

5.7 Checking the Balance Statement of all major currencies.

5.8 Make pairs of the FX customer deals and FX squared deals of the previous working day.

5.9 Report the daily outstanding of CNH lending business with other banks to the Head Office.

5.10 On the day when RMB time deposit is matured, make money transfer in time.

5.11 On the day when RMB borrowed from Head Office matured, make money transfer.

6. Annul Leave and Obligated holidays for Dealers

Each Dealer should have an unbroken annul leave for at least 10 working days. Treasury department should have at least one Dealer to have the obliged holiday for at least 5 working days yearly.