ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

2013 Annual Report

Company Profile

Industrial and Commercial Bank of China Limited, formerly known as Industrial and Commercial Bank of China, was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both SSE and SEHK.

Through its continuous endeavor and stable development, the Bank has developed into the top large listed bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank has its presence in six continents, and its overseas network has expanded to 40 countries and regions. The Bank provides comprehensive financial products and services to 4,735 thousand corporate customers and 432 million personal customers by virtue of the distribution channels consisting of 17,245 domestic institutions, 329 overseas institutions and 1,903 correspondent banks worldwide, as well as through its E-banking network comprising a range of internet and telephone banking services and self-service banking centers, forming an diversified internationalized, information-based operating structure focusing on commercial banking business and continuously maintaining a leading position in the domestic market. Upholding the management tenet of "Focusing on Customers and Creating Value through Services", the Bank constantly improves its financial services to enrich brand connotation, with the brand image of "By Your Side and as Your Trust" being widely recognized. In 2013, the Bank ranked in the first place among Top 1000 World Banks by *The Banker*. Among the Global 2000 listed by the US magazine *Forbes*, the Bank became the largest enterprise in the world and was selected as one of Global Systemically Important Banks for the first time.

The Bank strives to duly implement the organic unification of economic and social responsibilities, establishing the image of a large responsible bank in the aspects of supporting economic and social development, protecting environment and resources, and participating in community services, and has won awards such as "Best Social Responsibility Financial Institution Award" and "Most Responsible Enterprise".

In future, the Bank will strive for the goal of becoming a global leading bank with the best profitability, performance and prestige.

CONTENTS

Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated by CBRC in June 2012
CBRC	China Banking Regulatory Commission
Company Law	Company Law of the People's Republic of China
convertible bonds	convertible corporate bonds
CSRC	China Securities Regulatory Commission
Global Systemically Important Banks	Banks undertaking key functions with global features in the financial markets as released by the Financial Stability Board
HIBOR	Hong Kong Interbank Offered Rate
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	Industrial and Commercial Bank of China, (London) plc
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Moscow)	ZAO Industrial and Commercial Bank of China (Moscow)
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC Credit Suisse Investment Management	ICBC Credit Suisse Investment Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
LIBOR	London Interbank Offered Rate
Ministry of Finance	Ministry of Finance of the People's Republic of China
PBC	People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by the Ministry of Finance
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SHIBOR	Shanghai Interbank Offered Rate
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
the Bank/the Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management members of Industrial and Commercial Bank of China Limited undertake that the information in this report contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities to the authenticity, accuracy and completeness of the information in this report.

The 2013 Annual Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 27 March 2014. There were 15 directors eligible for attending the meeting, of whom 13 directors attended the meeting in person and 2 directors by proxy. Mr. Jiang Jianqing, Chairman, appointed Mr. Yi Huiman, Vice-Chairman, and Mr. Yao Zhongli appointed Mr. Li Jun, to attend the meeting and exercise the voting right on their behalf.

The 2013 financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been audited by KPMG Huazhen (Special General Partnership) and KPMG in accordance with Chinese and International Standards on Audit respectively, with standard unqualified auditors' reports being issued.

The Board of Directors of the Bank proposed distributing cash dividends of RMB2.617 (pre-tax) for each ten shares for 2013. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2013.

The Board of Directors of Industrial and Commercial Bank of China Limited

27 March 2014

Mr. Jiang Jianqing, Legal Representative of the Bank, Mr. Yi Huiman, President in charge of finance of the Bank, and Mr. Liu Yagan, General Manager of the Finance and Accounting Department of the Bank, hereby declare and guarantee that the financial statements contained in the Annual Report are authentic, accurate and complete.

Notes on Material Risks

During the reporting period, the Bank did not identify any material risks that exerted negative impact on the Bank's development strategy and business objectives. The Bank adopted measures to manage various risks. Please refer to the section headed "Discussion and Analysis — Risk Management".

The report contains forward-looking statements on the Bank's financial positions, business performance and development. The statements are made based on existing plans, estimates and forecast, and bear upon future external events or the Group's future finance, business or performance in other aspects. The future plans, if involved, do not constitute substantial commitment to investors. Hence investors shall not heavily rely on the same.

Our Mission

Excellence for You

Excellent Services to Clients, Maximum Returns to Shareholders

Real Success for Our People, Great Contribution to Society

Our Vision

A Global Leading Bank with the Best Profitability,

Performance and Prestige

Our Value

Integrity Leads to Prosperity

Integrity, Humanity, Prudence, Innovation and Excellence

Corporate Information

Legal name in Chinese

中國工商銀行股份有限公司（“中國工商銀行”）

Legal name in English

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (“ICBC”)

Legal representative

Jiang Jianqing

Registered address and office address

No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC

Postal code: 100140

Telephone: 86-10-66106114

Business enquiry and compliant hotline: 86-95588

Website: www.icbc.com.cn, www.icbc-ltd.com

Principal place of business in Hong Kong

33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

Authorized representatives

Yi Huiman and Hu Hao

Board Secretary and Company Secretary

Hu Hao

Address: No. 55 Fuxingmennei Avenue,
Xicheng District, Beijing, PRC

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: ir@icbc.com.cn

Selected newspapers for information disclosure:

China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

Website designated by CSRC for publication of the annual report in respect of A shares

www.sse.com.cn

The “HKExnews” website of SEHK for publication of the annual report in respect of H shares

www.hkexnews.hk

Legal advisors

Mainland China

King & Wood Mallesons

40/F, Office Tower A, Beijing Fortune Plaza,
7 East 3rd Ring Middle Road, Chaoyang District,
Beijing, PRC

Jun He Law Offices

20/F, China Resources Building,
8 Jianguomen North Street,
Dongcheng District, Beijing, PRC

Hong Kong, China

Clifford Chance

28/F, Jardine House, 1 Connaught Place, Central,
Hong Kong

Linklaters

10/F, Alexandra House, Chater Road, Central,
Hong Kong

Share registrars

A Share:

China Securities Depository and Clearing Corporation Limited, Shanghai Branch

3/F China Insurance Building,
No. 166 Lujiazui Dong Road,
Pudong New Area, Shanghai, PRC

Tel: 86-4008058058

H Share

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong
Tel: 852-28628555
Fax: 852-28650990

Location where copies of this annual report are kept

Office of the Board of Directors of the Bank

Place where shares and convertible bonds are listed, and their names and codes

A Share

Shanghai Stock Exchange
Stock name: 工商銀行
Stock code: 601398

H Share

The Stock Exchange of Hong Kong Limited
Stock name: ICBC
Stock code: 1398

A Share Convertible Bonds

Shanghai Stock Exchange
Bond name: 工行轉債
Bond code: 113002

Change of registration during the reporting period

Date of first registration: 22 November 1985
Query index for first registration: Website of the State Administration for Industry and Commerce of the People's Republic of China (www.saic.gov.cn)
Date of change of registration: 8 May 2013
Registration authority: State Administration for Industry and Commerce of the People's Republic of China
Corporate business license number: 100000000003965
Financial license institution number: B0001H111000001
Tax registration certificate number: Jing Shui Zheng Zi 110102100003962
Organizational code: 10000396-2
Change in main business: None
Change in controlling shareholders: None

Name and address of auditors

Domestic auditors

KPMG Huazhen (Special General Partnership)
8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
CPA (Practicing): Song Chenyang and Wang Hongyang

International auditors

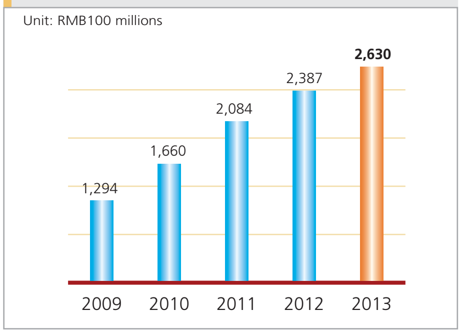
KPMG
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

The report is prepared in both Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.

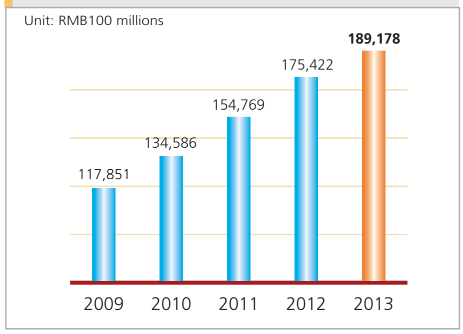
Financial Highlights

(Financial data and indicators in this Annual Report are prepared in accordance with IFRSs and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

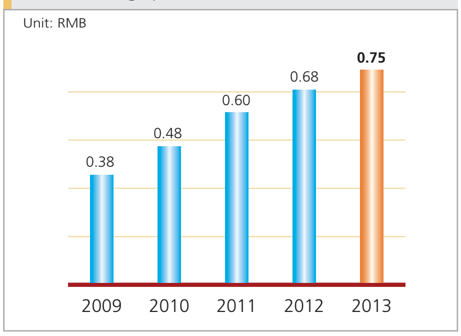
Net profit



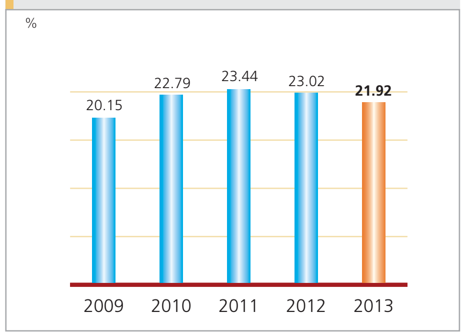
Total assets



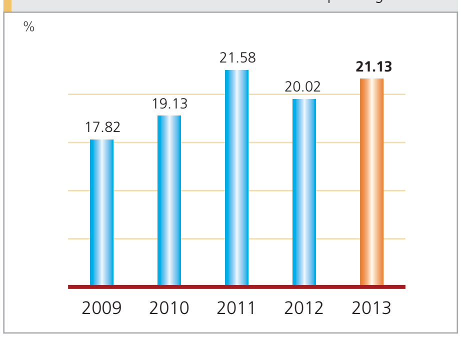
Basic earnings per share



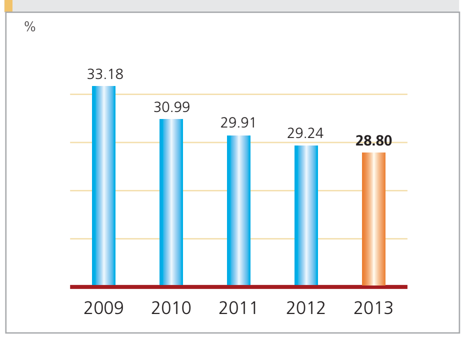
Return on weighted average equity



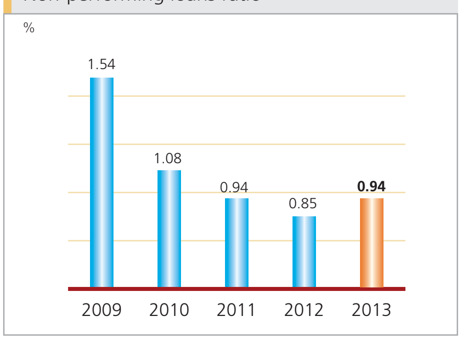
Ratio of net fee and commission income to operating income



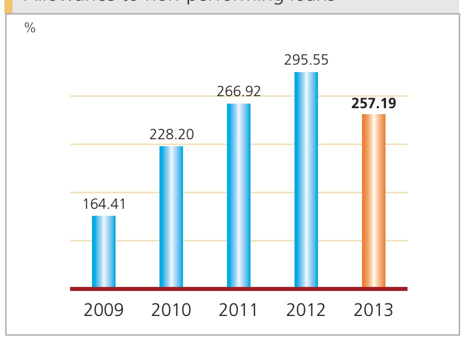
Cost-to-income ratio



Non-performing loans ratio



Allowance to non-performing loans



Financial Data

	2013	2012	2011	2010	2009
Annual operating results (in RMB millions)					
Net interest income	443,335	417,828	362,764	303,749	245,821
Net fee and commission income	122,326	106,064	101,550	72,840	55,147
Operating income	578,901	529,720	470,601	380,748	309,411
Operating expenses	204,140	189,940	169,613	139,480	120,819
Impairment losses	38,321	33,745	31,121	27,988	23,285
Operating profit	336,440	306,035	269,867	213,280	165,307
Profit before tax	338,537	308,687	272,311	215,426	167,294
Net profit	262,965	238,691	208,445	166,025	129,396
Net profit attributable to equity holders of the parent company	262,649	238,532	208,265	165,156	128,645
Net cash flows from operating activities	(1,947)	533,508	348,123	278,176	403,862
As at the end of the reporting period (in RMB millions)					
Total assets	18,917,752	17,542,217	15,476,868	13,458,622	11,785,053
Total loans and advances to customers	9,922,374	8,803,692	7,788,897	6,790,506	5,728,626
Allowance for impairment losses on loans	240,959	220,403	194,878	167,134	145,452
Investment	4,322,244	4,083,887	3,915,902	3,732,268	3,599,173
Total liabilities	17,639,289	16,413,758	14,519,045	12,636,965	11,106,119
Due to customers	14,620,825	13,642,910	12,261,219	11,145,557	9,771,277
Due to banks and other financial institutions	1,269,255	1,486,805	1,341,290	1,048,002	1,001,634
Equity attributable to equity holders of the parent company	1,274,134	1,124,997	956,742	820,430	673,893
Share capital	351,390	349,620	349,084	349,019	334,019
Net capital base(1)	1,572,265	1,299,014	1,112,463	872,373	731,956
Risk-weighted assets(1)	11,982,187	9,511,205	8,447,263	7,112,357	5,921,330
Per share data (in RMB yuan)					
Net asset value per share(2)	3.63	3.22	2.74	2.35	2.02
Basic earnings per share(3)	0.75	0.68	0.60	0.48	0.38
Diluted earnings per share(3)	0.74	0.67	0.59	0.48	0.38
Credit rating					
S&P(4)	A/Stable	A/Stable	A/Stable	A/Stable	A-/Positive
Moody's(4)	A1/Stable	A1/Stable	A1/Stable	A1/Stable	A1/Positive

Notes: (1) Data of 2013 were calculated in accordance with the Capital Regulation and those for 2009-2012 were calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

(2) Calculated by dividing equity attributable to equity holders of the parent company at the end of the reporting period by the number of shares issued at the end of the reporting period.

(3) In consideration of the rights issue in 2010, the data of 2009 were restated.

(4) The rating results are in the form of "long-term foreign currency deposits rating/outlook".

Financial Indicators

	2013	2012	2011	2010	2009
Profitability (%)					
Return on average total assets[1]	1.44	1.45	1.44	1.32	1.20
Return on weighted average equity[2]	21.92	23.02	23.44	22.79	20.15
Net interest spread[3]	2.40	2.49	2.49	2.35	2.16
Net interest margin[4]	2.57	2.66	2.61	2.44	2.26
Return on risk-weighted assets[5]	2.45	2.66	2.68	2.55	2.43
Ratio of net fee and commission income to operating income	21.13	20.02	21.58	19.13	17.82
Cost-to-income ratio[6]	28.80	29.24	29.91	30.99	33.18
Asset quality (%)					
Non-performing loans ("NPL") ratio[7]	0.94	0.85	0.94	1.08	1.54
Allowance to NPL[8]	257.19	295.55	266.92	228.20	164.41
Allowance to total loans ratio[9]	2.43	2.50	2.50	2.46	2.54
Capital adequacy (%)					
Capital adequacy ratio[10]	13.12	13.66	13.17	12.27	12.36
Total equity to total assets ratio	6.76	6.43	6.19	6.11	5.76
Risk-weighted assets to total assets ratio[10]	63.34	54.22	54.58	52.85	50.24

Notes: (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.

(2) Calculated by dividing net profit attributable to equity holders of the parent company by the weighted average balance of equity attributable to equity holders of the parent company, which is calculated in accordance with the "Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)" issued by CSRC.

(3) Calculated by the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of interest-generating assets.

(5) Calculated by dividing net profit by the average balance of risk-weighted assets at the beginning and at the end of the reporting period.

(6) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.

(7) Calculated by dividing the balance of NPL by total balance of loans and advances to customers.

(8) Calculated by dividing allowance for impairment losses on loans by total balance of NPL.

(9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.

(10) Data of 2013 were calculated in accordance with the Capital Regulation and those for 2009-2012 were calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

Chairman's Statement

Chairman **Jiang Jianqing**

In 2013, the Bank took a wide array of measures to embrace opportunities, exploited favorable conditions in the course of business development and carried out work broad-mindedly, innovatively and ambitiously in response to the latest developments in the deep correction of global economy, transformation of China's economic development pattern, financial regulatory reform, interest rate liberalization and financial disintermediation. Overall, the Bank managed to maintain healthy, stable development and the operating results outperformed expectation. The Bank realized a net profit of RMB262,965 million during the year, representing an increase of 10.2%. Return on average total assets ("ROA") and return on weighted average equity ("ROE") were maintained at 1.44% and 21.92% respectively. Cost-to-income ratio was 28.80%. Both core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio were 10.57%, while capital adequacy ratio was 13.12%. The Bank was named the world's largest corporation and the biggest bank in terms of tier 1 capital by the *Forbes* and *The Banker*. The Bank was also recognized by the Fortune as the largest commercial bank by total revenue.

The Bank stepped up financial innovation and service improvement in support of the real economy, with focus on making full use of both loan increment and stock, in an effort to improve the quality of credits while serving the real economy by means of increasing quality and efficiency. The Bank issued RMB8.7 trillion of loans accumulatively in the year, up RMB974.0 billion over the previous year, compared with the RMB892.4 billion increase in new loans for the year. Loan turnover was further accelerated to increase the efficiency of fund use. By orientation and structure of loans, the Bank, in particular, provided strong supports for the development of advanced manufacturing, modern services, culture and strategic emerging industries that are in line with the direction of industry structural adjustment, actively explored supply chain finance and other new business models that are conducive to risk control on the one hand and helpful for improving financial services to small and micro enterprises on the other hand, and introduced innovative products to timely respond to financial service demands in the fields of personal consumption and people's livelihood. Loans to energy-intensive, heavy-polluting and overcapacity industries were strictly controlled and the financial leverage was actively utilized to support the reduction of overcapacities. While supporting diverse needs in the real economy, the Bank also tapped into new market areas by using instruments such as financial leasing, short-term financing bonds, medium term notes and syndicated loans.

Looking at the present and also far into the future, the Bank moved ahead with transformation and structural adjustment to achieve a tradeoff between providing a stronger impetus to profit growth in the immediate future and paving the way for long-term development. The Bank recorded a 15.3% increase in net fee and commission income, which, as a percentage of operating income, rose to 21.13%. Based on full-scale standardization of service charges, the Bank focused strategic transformation on financial asset services that are knowledge and technology intensive, more value added for customers and more user-friendly, shaping a group of new drivers of profit growth. For example, income from investment banking services, including M&A and reorganization, rose by 43% due to the surge in the demand of enterprises involved in industry structural adjustment; income from physical precious metals, pension and private banking grew by more than 70%. The Bank has preliminarily shaped its global network layout, including 329 overseas institutions across 40 countries and regions. As the largest shareholder of Standard Bank, a major bank in Africa, the Bank further set foot in financial markets in 19 African countries, becoming one of China's banks boasting the broadest overseas presence. Net profit of overseas institutions (excluding the investment in Standard Bank) added by 52.2%, much higher than that of domestic institutions and demonstrating the strong growth of overseas operations. Singapore Branch, the first RMB clearing bank designated by the PBC beyond the territory of China, scored RMB2.5 trillion in RMB clearing in 2013.

Paying emphasis on the leading principle of reform, the Bank cracked down on difficulties in its development in a reformatory way of thinking and acting, unleashing new vitality and impetus in the course of comprehensively deepening reforms. Beginning with reform and innovation in nine fields, the top-down design of reforms was strengthened to pursue breakthroughs in key areas and critical aspects. With business process reengineering and middle and back-office operations centralization completed as scheduled, service efficiency and customer experience were remarkably enhanced. In particular, in view of the fundamental revolution of banking operation management in the era of internet finance and "Big Data", the Bank carried out farsighted overall planning and researches regarding IT-assisted banking development, introduced a range of key innovative products in light of consumer finance and mobile internet characteristics, including the E-business platform integrating online shopping, online financing and consumer credit, consumer micro-finance based on direct purchases and small and medium merchant loans based on real trade. These moves catered for and harnessed market demands well. Currently the Bank has 390 million E-banking customers, taking the lead in breaking the 100 million mark of mobile banking customers among Chinese banks. Annual E-banking transactions exceeded RMB380 trillion, accounting for more than 80% of total. Finance changes life. The Bank is dedicated to delivering financial services more efficiently at lower cost to customers through continuous financial innovations.

Attaching great importance to preventing risk in a more predictive manner and to control risk more effectively, the Bank has used new ideas, new mechanisms and new techniques to enhance corporate governance and risk management, and to safeguard business stability and sustainability. Under the new circumstances of bank asset quality management against the backdrop of China's economic slowdown and strengthened structural adjustment, the Bank persisted in improving mechanisms, controlling sources and mitigating risks to keep asset quality stable, provisions sufficient and risks controlled. Ratio of non-performing assets rose slightly by 0.09 percentage points to 0.94% while provision coverage ratio reached 257.19%, representing a leading level in the international banking community. In the sensitive period of volatile market liquidity woes, the Bank prudently managed the source and use of funds and maintained stability of liquidity, acting as a market stabilizer. The Bank also strengthened monitoring, analysis and examination of operational risk, intensified governance in areas with frequent non-compliances and kept the internal risk exposures at historical lows. The Bank improved corporate governance rules in accordance with the latest regulatory requirements to increase the comprehensiveness and effectiveness of group governance. In 2013, the Bank won a number of broadly recognized awards for its excellence in corporate governance, including the "Hong Kong Corporate Governance Excellence Award" and the "Asia's Icon on Corporate Governance". The Bank was also included for the first time into the list of Global Systemically Important Banks by the Financial Stability Board, which not only reflects the rising international influence of Chinese banks, but also means that the Bank will receive stricter international supervision and get further involved in intense competition worldwide.

In 2013, Mr. Yang Kaisheng ceased to act as President and accordingly resigned from Vice Chairman and Executive Director due to his age; Ms. Wang Lili ceased to act as Senior Executive Vice President and accordingly resigned from Executive Director due to her age; Mr. Li Xiaopeng and Mr. Luo Xi ceased to act as Senior Executive Vice Presidents and accordingly resigned from Executive Directors due to change of job assignments; Mr. Xu Shanda ceased to act as Independent Non-executive Director due to expiration of the term of office; and Mr. Huan Huiwu ceased to act as Non-executive Director due to change of job assignments. The Board of Directors fully appreciates their hard work and outstanding contributions to the Bank. Mr. Yi Huiman was appointed as Vice Chairman, President and Executive Director; Mr. Liu Lixian was appointed as Executive Director; Mr. Yi Xiqun and Mr. Fu Zhongjun were appointed as Independent Non-executive Director and Non-executive Director, respectively. The Board of Directors believes they will play valuable roles in strengthening building of the Board and in improving operation management of the Bank.

Time never stops, and the world continues. 2014 ushers in the Bank's 30th anniversary. 30 years is just a fleeting moment in human history, but a memorable journey to us. The past 30 years witnessed our strides from weak to strong, and from local to global. The Bank has become one of the world's leading banks and carved out a pathway towards a financial giant that demonstrates Chinese characteristics and keeps up with the times. Standing at a new starting line that carries our glories and dreams, we are clearly aware that, compared to the grand vision of building a global leading bank and the goal of building a century-old financial corporation, what we have accomplished is just the first step in a thousands-of-miles journey. Each step up the mountain in the future will be a difficult one.

Boundless is the ocean where we sail with the wind. Let's set sail of dream to start another journey at thirty, embrace the wind and waves and head for a greater blue ocean.

姜建清

Chairman: Jiang Jianqing

27 March 2014

President's Statement

President **Yi Huiman**

In the past year, in the face of still-complicated economic situations at home and abroad, increasingly active financial innovation and further diversified landscape of market competition, the Management accelerated business transformation and innovation, intensified internal management and improved the service competitiveness towards the objectives defined by the Board of Directors based on the current situation. The Bank achieved stable growth in operating results while gaining new edges for sustainable development in the future.

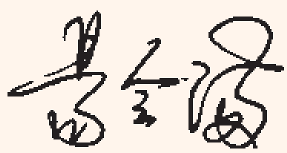
Profit continued to grow steadily. The Bank realized a net profit of RMB262,965 million, representing an increase of 10.2%. Return on weighted average equity was 21.92% and basic earnings per share were RMB0.75, up RMB0.07 compared with the previous year. These results were hard-earned. In response to multiple factors that were adverse to profit growth last year, the Bank speeded up transformation to develop fee-based businesses that create more value for customers and itself, and improved pricing management to accommodate the quicker interest rate liberalization. Thanks to the efforts to increase income and reduce cost, the Bank generated RMB443,335 million in net interest income, representing an increase of 6.1%; net fee and commission income was RMB122,326 million, up 15.3%, increasing by 1.11 percentage points to 21.13% as a ratio of operating income and the structure of earnings was further optimized. Net profit of overseas institutions (excluding the investment in Standard Bank) and domestic comprehensive subsidiaries rose by 52.2% and 76.2% respectively, far exceeding the Group average growth rate and delivering remarkably stronger profit contributions and strategic synergies to the Group. Cost-to-income ratio fell by 0.44 percentage points compared with the same period of last year to 28.80%, maintaining a leading level among comparable peers.

Quality of credits has improved. The Bank improved credit management, optimized credit structure and increased the vitality of credit business in support of the real economy. First, credit funds were used more efficiently. New RMB loans made by domestic branches in the year were RMB924,403 million, representing an increase of 11.7%; accumulated loans totaled RMB8.7 trillion, up RMB974.00 billion over 2012, an amount in excess of total new loans granted in the year. New loans as well as recovered and re-issued loans were mainly directed to industries and projects that meet China's industry policies as well as transformation and upgrading requirements. Second, industry portfolio was continuously optimized. Medium and long-term loans were mainly made to ongoing and continued projects. 85% of new corporate loans went to advanced manufacturing, modern services, culture and strategic emerging industries. In addition, industry limits were put on local government financing vehicles and industries with overcapacities, bringing down the size and proportion of outstanding loans to these areas. Third, retail credit expanded fast. Continuous improvements in financial services for small and micro enterprises pushed outstanding small and micro enterprises loans to RMB1.87 trillion; innovative supports for personal consumption made personal loans increased by RMB440,498 million or 19.3%, which accounted for 39.4% of total new loans. Always sticking to the bottom line of risk management, the Bank maintained steadily good quality of assets by strengthening efforts to prevent risks in overcapacity industries and small and micro enterprises prone to economic cycles, with emphasis on preventing, controlling and mitigating risks in the course of promoting healthy development of enterprises and industries through M&A facilities and innovative credit products, supplemented by recovery and disposal of non-performing loans through various channels.

Business innovation further gained pace. Based on its in-depth research of challenges and opportunities posed by the multi-layered capital market development, accelerating interest rate liberalization and internet finance on banking operation, the Bank pushed forward with all-round business innovation in a new way of thinking and, in particular, launched a batch of internet finance products including the E-business platform, consumer micro-finance based on direct consumption and POS acquiring loan to small merchants. The convenience and user friendliness of products were improved to better cater for changing financial needs of customers. Retail banking, financial asset services and other emerging businesses achieved rapid growth by leveraging on innovative synergies created by diversified operation and cross-selling opportunities among the broad customer base. 580 million bank cards were issued and bank card-based consumption amounted to RMB5.77 trillion, representing an increase of 23.2% and 39.7%, respectively. The number of credit cards issued broke the mark of 88.00 million and credit card-based transactions exceeded RMB1.61 trillion, both constantly ranking first in the Asia Pacific. RMB5.79 trillion of banking wealth management products were sold. Private banking assets managed by the Bank stood at RMB541.3 billion, up 14.4%. Precious metal transactions totaled RMB1.31 trillion in value and 136,600 tons in quantity, up 20.2% and 35.5% over the previous year respectively. Assets under the custody of the Bank were RMB4.6 trillion, up 16.8%. Pension funds under the Bank's trusteeship were RMB54.6 billion and the number of personal pension accounts managed reached 12.38 million, remaining superior in the banking industry. Meanwhile, the Bank paid extra attention to the coordinated development of conventional and emerging businesses and demonstrated strong growth amid fierce competition by tapping into potential in deposits, payment, settlement and other basic business fields. As at the end of 2013, the balance of customer deposits was RMB14.62 trillion, representing an increase of RMB977,915 million or 7.2% and continues to lead the banking industry.

Foundation of services and management was further fortified. A tall tower rises from a heap of earth. Respecting the inherent logic of financial development, the Bank has continuously cemented the groundwork for services and management to create greater potential for growth. With regard to customer base expansion, the Bank improved the multi-tiered and multi-faceted service system, stepped up marketing to prospective customers and further strengthened and optimized the customer base. The number of personal customers was 430 million, up 9.9%; the number of corporate customers was 4,735,000, up 8.1%, including 965,000 cash management accounts, up 18.7%. With regard to channel building, the Bank kick-started the outlet competitiveness enhancement program to accelerate self-service channel building in new urban areas and key county areas, launched innovative mobile banking services, including WeChat banking, and ultimately shaped a network of integrated on and off-line channels. With regard to service improvement, the "Year of Service Quality Enhancement" campaign with a focus on improving window services was carried out to continuously enhance quality and efficiency of services. As at the end of 2013, active customers who conducted over 80% of their transactions off counter increased to 29.3% of total customers, up 4.7 percentage points compared to the previous year. With regard to IT support, the Bank carried out the "IT-driven Banking" program to reengineer business processes and management systems using big data, cloud computing and mobile internet, in a bid to tap deep into customer value and sharpen our competitive edge. With regards to risk management, pursuant to regulatory requirements on Global Systemically Important Banks, the Bank used advanced risk measurement techniques and big data analysis to comprehensively manage and control credit risk, market risk, operational risk, liquidity risk and reputational risk and further boosted the Group's enterprise risk management capability.

We recognize change as an unchangeable characteristic of all times, and regard reform as an eternal trend. Sustainability depends on the ability to adapt to changes and move in the direction of the prevailing trend. In 2014, we will cement our feet to the ground amid the changing situation, face up to pressures in tackling challenges, gain stronger impetus in overcoming difficulties and spur vitality in pursuing innovative development. We will further shift the Bank from a big asset holder to a great asset manager, from capital-intensive to capital-efficient businesses, from interest margin income-dominated to diverse and balanced profit growth and from a local conventional commercial bank to a large universal financial group that operates globally, increase the robustness, harmony and sustainability of growth and endeavor to create good results for shareholders and the larger community.



President: Yi Huiman

27 March 2014

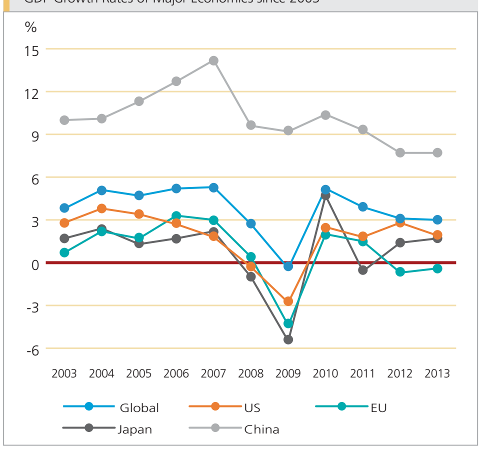
Chairman of the Board of Supervisors **Zhao Lin**

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

International Economic, Financial and Regulatory Environments

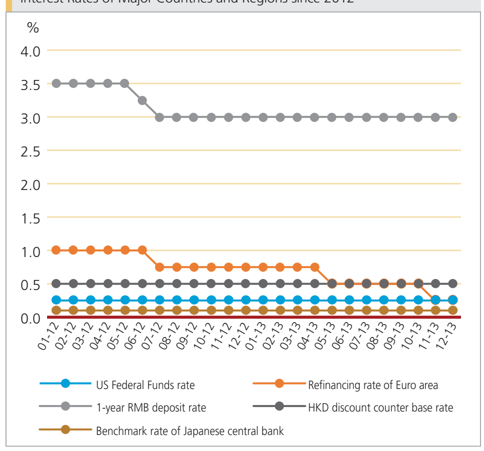
The year 2013 was crucial for the struggling recovery of the world economy. In the process of addressing the crisis, the global economy still achieved slow but stable growth, despite the policy changes of developed economies, financial chaos of some emerging markets and the escalating geopolitical tensions. According to the World Economic Outlook published by the International Monetary Fund (IMF) on 21 January 2014, the global economic growth rate was 3.0% in 2013, which was slightly lower than that of 3.1% in 2012. Viewing from regions, the US continuously gained momentum of economic growth; Eurozone put an end to recession and showed a sign of recovery; Japan's economic performance outperformed the market expectations; some emerging markets' economic growth further slowed down. Viewing from macro policies, whether the US Federal Reserve (FED) could smoothly taper its QE policy is the biggest challenge for the US and even for the global economy. In order to mitigate the drag of sovereign debt crisis on economic recovery, while continuously carrying out long-term refinancing operations (LTROs), the European Central Bank reduced major refinancing rate by 25 basis points twice in succession to a historical low of 0.25%. Japan continued to pursue its ultra-easy monetary policy, in an attempt to get out of long-term deflation. Due to the combined effects of the high inflation and low growth, emerging markets, faced a dilemma for monetary policy. The central banks of countries such as Brasil and Indonesia raised interest rates many times in order to curb inflation and currency depreciation, while the central bank of Turkey curtailed interest rates. Differentiation of interest rate policy of emerging markets further escalated.

GDP Growth Rates of Major Economies since 2003



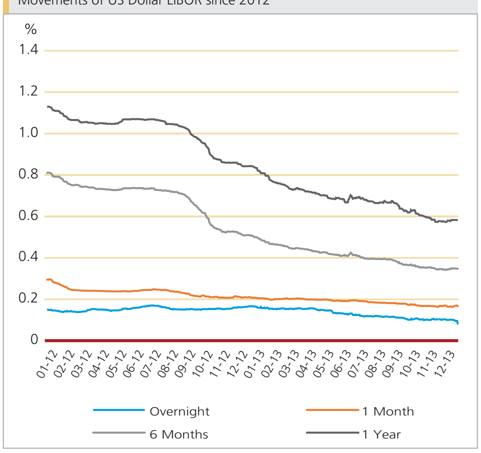
Data source: IMF, National Bureau of Statistics of China.

Interest Rates of Major Countries and Regions since 2012



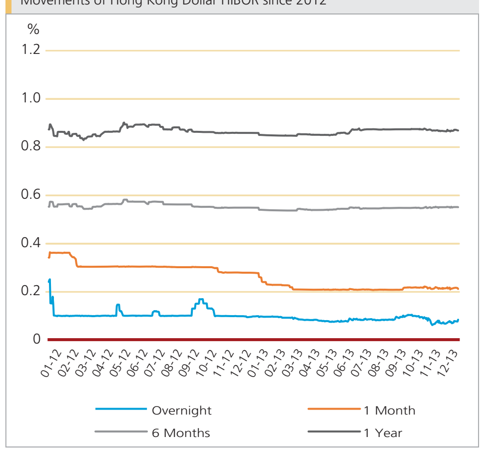
Data source: Bloomberg.

Movements of US Dollar LIBOR since 2012



Data source: Bloomberg.

Movements of Hong Kong Dollar HIBOR since 2012



Data source: Bloomberg.

In 2013, international financial market fluctuation exacerbated again. First, volatility of global exchange rates differentiated. At the end of 2013, USD index closed at 80.04, representing an increase of 0.3% over the end of the previous year. Exchange rate of euro to USD climbed amid fluctuations and appreciated 4.2% in 2013. Yen sharply depreciated by 17.6% against USD. The exchange rates of the currencies of most emerging markets to USD also showed a downward trend. Second, global stock markets became polarized. Dow Jones Industrial Average, S&P 500 Index and NASDAQ Index rose by 26.5%, 29.6% and 38.3% respectively in 2013. European stock markets saw significant gains. German DAX30 Index, French CAC40 Index and UK FTSE100 Index rose by 25.5%, 18.0% and 14.4% respectively; Nikkei 225 Index rose by 56.7%. Stock markets of emerging economies underwent a weak shock. MSCI emerging markets index dropped by 5.0% in 2013. The total market capitalization of global stock markets reached USD62.05 trillion, representing an increase of USD9.6 trillion over the end of the previous year. Third, international oil price remained high while gold price fell sharply. New York WTI crude oil price closed at USD98.42 a barrel, representing an increase of 5.3%; New York gold spot price closed at USD1,201.64 per ounce, representing a decrease of 28.3%. Fourth, the continuously loose liquidity in the world led to the steady fund price with a downward trend. One-year USD LIBOR decreased from 0.84% at the end of 2012 to 0.58% at the end of 2013, while one-year HKD HIBOR slightly increased from 0.86% to 0.87%.

Economic, Financial and Regulatory Environments in China

In 2013, facing the quite complicated domestic and foreign situations, China persisted in seeking stable economic growth, unswervingly pushed forward reform and opening up, scientifically innovated in macro-control methods, and achieved national economic development in a steady and smooth manner.

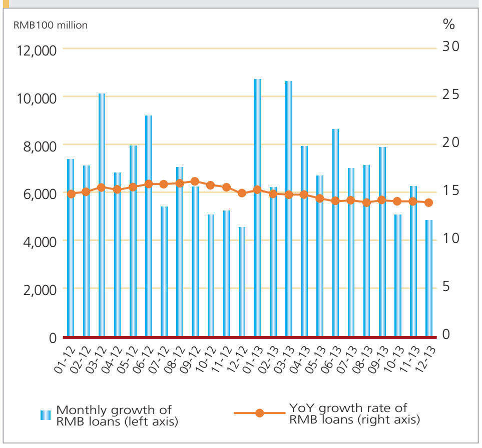
According to the preliminary statistical results of the National Bureau of Statistics, China's gross domestic product (GDP) stood at RMB56.9 trillion in 2013, representing an increase of 7.7% over 2012. The growth rate is the same as that of the previous year. Capital formation, final consumption and net export contributed 54.4%, 50.0% and -4.4% respectively to GDP. Industrial output increased smoothly. Industrial added value of above-scale enterprises grew by 9.7%, representing a decrease of 0.3 percentage points compared to the previous year. Fixed asset investment maintained a relatively rapid expansion. In 2013, fixed asset investment (excluding peasant household) amounted to RMB43.7 trillion, representing an increase of 19.6%, one percentage point lower than the growth rate in the previous year, of which property development investment increased by 19.8% to RMB8.6 trillion, 3.6 percentage points higher than the previous year. Meanwhile, market sales maintained a steady pace of increase. Total retail sales increased at a stable rate, consumer goods sales for the year amounted to RMB23.4 trillion, representing an increase of 13.1%. Consumer price index (CPI), by and large, remained stable. China's CPI for the year recorded an increase of 2.6%, the increase being the same as the previous year. Meanwhile, producer price index (PPI) decreased by 1.9%. Total imports and exports gained the growth momentum, which increased by 7.6% to USD4.2 trillion in 2013, 1.4 percentage points higher than the previous year, with a trade surplus of USD259.75 billion.

PBC continued to follow prudent monetary policy, which was neither loosened nor tightened except for moderate micro adjustment in advance in a well-timed manner. First, PBC flexibly conducted open market operations, gave full play to the prior micro adjustment function of open market operations, and prompted the balance of overall liquidity of banking industry and smooth operation of interest rates in the monetary market by standing lending facility operations; second, PBC strengthened macro-prudential management and continued to give play to the role of differentiated reserve dynamic adjustment mechanism in countercyclical regulation; third, PBC enhanced window guidance and credit policy direction, supported economic structural adjustment, transition and upgrade, and strengthened financial services for the real economy.

Money supply maintained stable growth. At the end of 2013, the M2 balance was RMB110.7 trillion, representing an increase of 13.6% over the end of 2012, with the growth rate down 0.2 percentage points. The M1 balance was RMB33.7 trillion, representing an increase of 9.3%, 2.8 percentage points higher than the previous year. The outstanding RMB and foreign currency-denominated loans of financial institutions reached RMB76.6 trillion, representing an increase of 13.9%. Specifically, the balance of RMB loans was RMB71.9 trillion, representing an increase of 14.1%, 0.9 percentage points lower than the previous year. The balance of foreign currency loans was USD776.9 billion, representing an increase of 13.7%. The total balance of deposits denominated in RMB and foreign currency of financial institutions increased by 13.5% to RMB107.1 trillion. Specifically, the balance of RMB deposits increased by 13.8% to RMB104.4 trillion, with the growth rate up 0.4 percentage points. The balance of foreign currency deposits rose by 7.9% to USD438.6 billion.

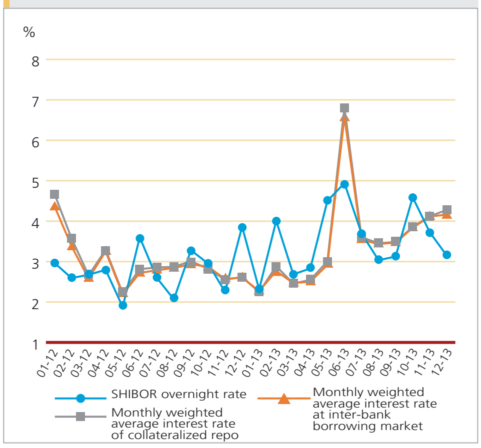
The social financing scale expanded slightly, and financing structure developed in a diversified manner. Preliminary statistics of PBC show that the social financing scale for 2013 was RMB17.29 trillion, representing an increase of RMB1.53 trillion compared to the previous year. Specifically, RMB loans increased by RMB8.89 trillion with the year-on-year increment up RMB687.9 billion, accounting for 51.4% of the social financing scale in the year, 0.6 percentage points lower than the previous year; foreign currency loans translated into RMB rose by RMB584.8 billion with the increment down RMB331.5 billion; net funds raised from enterprise bonds reached RMB1.80 trillion, with the increment down RMB453.0 billion; funds raised by non-financial enterprises in domestic stock markets were RMB221.9 billion, which was still at a lower level; entrusted loans and trust loans saw a substantial growth of RMB2.55 trillion and RMB1.84 trillion respectively, and the sum of entrusted loans, trust loans and undiscounted bank's acceptance bills accounted for 29.9% of the total social financing scale for the year, representing an increase of 7.0 percentage points over the previous year.

RMB Loan Growth of Domestic Financial Institutions since 2012



Data source: PBC.

Movements of Interest Rate in Domestic Inter-bank Market since 2012



Data source: PBC.

Asset scale of the banking industry grew steadily. According to the data of CBRC, at the end of 2013, the total assets of banking financial institutions (corporate) were RMB151.35 trillion, representing an increase of 13.3% over the end of the previous year. The balance of NPLs of commercial banks increased while the allowance to NPL decreased. The balance of NPLs of commercial banks reached RMB592.1 billion, representing an increase of RMB99.3 billion; NPL ratio was 1.00%, up 0.05 percentage points; allowance to NPL was 282.70%, down 12.81 percentage points; core tier 1 capital adequacy ratio (CAR), tier 1 CAR and CAR were 9.95%, 9.95% and 12.19% respectively.

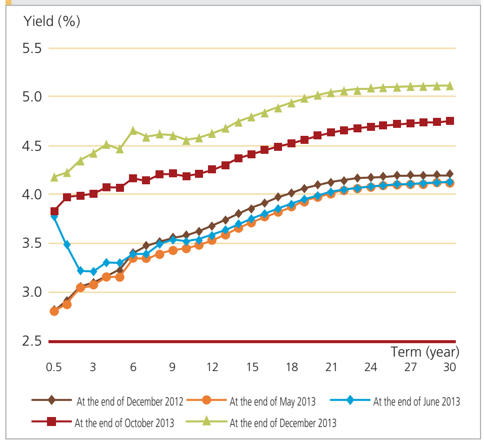
The financial regulatory reform was promoted and the pace of interest rate liberalization reform was quickened. In 2013, PBC fully lifted its control over loan rates of financial institutions, and established a market interest rate pricing self-discipline mechanism for financial institutions and a centralized quotation and publishing mechanism for benchmark loan rates, allowing financial institutions to issue large negotiable inter-bank certificates of deposit in the inter-bank market. On 25 March, CBRC issued the Notice on Matters Concerning the Regulation of Wealth Management Business of Commercial Banks, further regulating the development of wealth management business and playing an active role in standardizing the business structure of commercial banks and preventing and mitigating wealth management risks.

PBC further improved the RMB exchange rate formation mechanism. There were marked bi-directional fluctuations of RMB exchange rate, with a significant consolidation of exchange rate elasticity and a smooth expectation. At the end of 2013, the central parity of RMB against the US dollar was RMB6.0969 per USD1, representing an appreciation of 3.09% from the end of the previous year and an accumulative appreciation of 35.75% since the exchange rate reform in 2005. The balance of national foreign exchange reserves of China increased by 15.4% to USD3.82 trillion.

The financial market maintained healthy and steady operation. The growth of transactions in the monetary market slowed down, and market interest rates went up. The transactions in the form of lending, spot notes and bond repurchase in the inter-bank RMB market amounted to RMB235.29 trillion, with an average daily transaction value of RMB941.2 billion, down

11.1% from the previous year. Monetary market remained basically smooth in the first five months of 2013, tumbled and then maintained smooth operation in June following a rapid rise, and slightly rebounded in the last quarter. In December, the monthly weighted average interest rate of collateralized repo in the inter-bank RMB market was 4.28%, representing an increase of 166 basis points over the same period of last year. The monthly weighted average interest rate of inter-bank borrowing was 4.16%, up 155 basis points. Scale of bond issuance continued to expand. In 2013, the accumulative issuance amount of bonds (including central bank notes) in the bond market reached RMB8.86 trillion, representing an increase of RMB887.9 billion. The government bond yield curve moved upward on the whole in the inter-bank market.

Changes in Government Bond Yield Curve in Inter-bank Market



Data source: China Central Depository & Clearing Co., Ltd.

Turnover of stock markets increased sharply. Combined turnover on the Shanghai and Shenzhen stock exchanges was RMB46.8 trillion, representing a year-on-year increase of 48.8%. The average daily turnover was RMB196.7 billion, representing a year-on-year increase of 52.3%. At the end of the year, the capitalization of the free float stocks on the Shanghai and Shenzhen stock markets amounted to RMB20.0 trillion, representing an increase of 9.9%. The Shanghai Composite Index and the Shenzhen Component Index closed at 2,116 points and 8,122 points, representing a decrease of 6.8% and 10.9% respectively. The funds raised from the equity market basically remained unchanged compared to the previous year, where enterprises and financial institutions accumulatively raised RMB386.7 billion through public offerings, additional issues, rights issue and exercise of options and warrants in the domestic and foreign equity markets, representing an increase of RMB500 million from the previous year.

Outlook for 2014

Looking into 2014, global economic recovery is expected to accelerate. According to the World Economic Outlook published by the IMF, the global economic growth rate is forecasted to reach 3.7% in 2014, higher than that in 2013. Specifically, the economic growth rates of developed economies and emerging and developing economies will reach 2.2% and 5.1% respectively. Global economy will face the following major risks: first, the progress and influence of the QE tapering of the US still have big uncertainties, and the cross-border capital flow, global exchange market, asset price and movement of bulk commodities should be further observed; second, the prospect of economic recovery in Eurozone is uncertain; third, the endogenous growth momentum of Japan’s economy is weak; fourth, some emerging economies face capital flight risk.

At present, China’s economy is in the throes of restructuring, where the country is shifting its economic growth rate and addressing the adverse influence of previous stimulus policy. The economic development environment remains complicated, and there are not only factors beneficial to steady economic growth, but also many constraints and challenges. As viewed from challenges, global economy is still in the post-crisis recovery period. The relative deceleration of emerging economies will continue, uncertainties of global economic operation still exist, and international competition facing exports may be fiercer. China’s economic growth mode will be transformed, but new growth momentum has not come into being, and the potential risks in the economic and financial fields should draw particular attention. As viewed from opportunities, the fundamentals supporting the long-term economic growth in China do not change thoroughly, the development room for industrialization, urbanization and informatization is still broad, and the economy in the eastern region and that in the central and western regions are complementarily and have a big leeway. Economic structural adjustment and reform are progressing and will gradually unleash growth potentialities and cultivate new growth engines in the course of structural adjustment and reform. With the breakthrough to be made in key fields such as administrative management, price, fiscal tax, finance, land, household register and income distribution, the growth potentialities will be further unleashed and thereby usher a new economic growth cycle in China.

In 2014, China's macro policy will always focus on properly dealing with the relationships between promotion of economic growth, adjustment of structure, advance of reform and prevention of risks. China will continue to pursue proactive fiscal policy and prudent monetary policy, maintain the continuity and stability of macro-economic policy, enhanced control foresight, pertinence and coordination, and enhance the foundation of long-term growth while maintaining the short-term economic stability. In respect of fiscal policy, China will continue to improve structured tax cut policy, carry out the pilot program of replacing business tax with VAT and the reform of consumption tax, gradually increase the proportion of direct taxes, accelerate house property tax legislation and reform and promote the smooth and healthy development of the real estate market. China will deepen the reform of governmental budget system, stabilize fiscal deficit ratio, slightly expand the scale of fiscal deficits and devote more efforts to the improvement of the people's livelihood. In respect of monetary policy, China will follow the principle of "aggregate control and structural optimization", make moderate micro adjustment in advance in a well-timed manner, and stabilize the expectations of the market players; China will take advantage of various policy instruments, including quantity and price instruments, to maintain moderate liquidity; China will guide financial institutions to make good use of both existing and additional monetary and financial resources and improve credit increment to support the economic structural adjustment, transformation and upgrading; China will further promote the interest rate liberalization and the reform of RMB exchange rate formation mechanism, improve the efficiency of financial resource allocation and perfect financial control mechanism. Both fiscal and credit policies will place more emphasis on enhancing their coordination with industrial policies, fully reflecting the classified guidance to support development in some areas while limiting growth in others, and integrating financial resources to support the development of small and micro enterprises. China will guide financial institutions to strengthen credit supports for the fields including "Sannong" (agriculture, rural areas and farmers), key state construction projects, advanced manufacturing industries with promising market prospect, modern services, emerging industries, green and environment-friendly industries, modern IT industry and information consumption; China will continue to improve financial services relating to the people's livelihood, support employment, property alleviation, student aid, indemnificatory housing, shantytown renovation and other projects vital to the people's livelihood, and better serve the development of the real economy.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In face of complicated and rigorous operating environment, the Bank intensified the reform in an all-round manner based on serving the real economy and satisfying customers' financial needs, and accelerated the operational transformation. Moreover, by relying on product innovation and service enhancement, the Bank continued to improve profit growth structure and implemented stricter cost management and risk prevention and control, accomplishing stable profit growth. In 2013, the Bank realized a net profit of RMB262,965 million, representing an increase of RMB24,274 million or 10.2% as compared to the previous year, return on average total assets stood at 1.44%, and return on weighted average equity was 21.92%. Operating income amounted to RMB578,901 million, representing an increase of 9.3%. Specifically, net interest income was RMB443,335 million, representing an increase of 6.1%. Non-interest income reached RMB135,566 million, representing an increase of 21.2%. Operating expenses amounted to RMB204,140 million, representing an increase of 7.5%, and cost-to-income ratio decreased by 0.44 percentage points to 28.80%. Allowance for impairment losses was RMB38,321 million, representing an increase of 13.6%. Income tax expense increased by RMB5,576 million or 8.0% to RMB75,572 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	2013	2012	Increase/ (decrease)	Growth rate (%)
Net interest income	443,335	417,828	25,507	6.1
Non-interest income	135,566	111,892	23,674	21.2
Operating income	578,901	529,720	49,181	9.3
Less: Operating expenses	204,140	189,940	14,200	7.5
Less: Impairment losses	38,321	33,745	4,576	13.6
Operating profit	336,440	306,035	30,405	9.9
Share of profits of associates and joint ventures	2,097	2,652	(555)	(20.9)
Profit before tax	338,537	308,687	29,850	9.7
Less: Income tax expense	75,572	69,996	5,576	8.0
Net profit	262,965	238,691	24,274	10.2
Attributable to: Equity holders of the parent company	262,649	238,532	24,117	10.1
Non-controlling interests	316	159	157	98.7

Net Interest Income

Confronted by the accelerated interest rate liberalization reform and increasingly fierce market competition, the Bank constantly strengthened asset and liability management, proactively adjusted its credit structure and optimized its investment portfolio structure. Meanwhile, the Bank reinforced liquidity management and interest rate pricing management, strived to control liability cost and achieved stable growth in net interest income. In 2013, net interest income increased by RMB25,507 million or 6.1% to RMB443,335 million, accounting for 76.6% of the Bank's operating income. Interest income increased by RMB45,672 million or 6.3% to RMB767,111 million, and interest expenses increased by RMB20,165 million or 6.6% to RMB323,776 million.

The table below sets out the average balance of interest-generating assets and interest-bearing liabilities, interest income and expense, as well as average yield and average cost, respectively.

In RMB millions, except for percentages

Item	2013 Average balance	2013 Interest income/ expense	2013 Average yield/cost (%)	2012 Average balance	2012 Interest income/ expense	2012 Average yield/cost (%)
Assets						
Loans and advances to customers	9,457,500	548,640	5.80	8,386,531	519,852	6.20
Investment	3,969,162	148,514	3.74	3,839,495	138,159	3.60
Investment in bonds not related to restructuring	3,711,336	142,713	3.85	3,488,859	130,267	3.73
Investment in bonds related to restructuring[2]	257,826	5,801	2.25	350,636	7,892	2.25
Due from central banks	2,883,971	45,487	1.58	2,652,396	41,766	1.57
Due from banks and other financial institutions[3]	908,823	24,470	2.69	853,392	21,662	2.54
Total interest-generating assets	**17,219,456**	**767,111**	**4.45**	**15,731,814**	**721,439**	**4.59**
Non-interest-generating assets	1,172,816			901,978		
Allowance for impairment losses	(234,280)			(211,109)		
Total assets	**18,157,992**			**16,422,683**		
Liabilities						
Deposits	13,843,197	273,797	1.98	12,509,843	249,422	1.99
Due to banks and other financial institutions[3]	1,685,542	38,209	2.27	1,694,972	43,461	2.56
Debt securities issued	291,733	11,770	4.03	264,493	10,728	4.06
Total interest-bearing liabilities	**15,820,472**	**323,776**	**2.05**	**14,469,308**	**303,611**	**2.10**
Non-interest-bearing liabilities	1,171,539			842,263		
Total liabilities	**16,992,011**			**15,311,571**		
Net interest income		**443,335**			**417,828**	
Net interest spread			**2.40**			**2.49**
Net interest margin			**2.57**			**2.66**

Notes: (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses represent the average of the balances at the beginning of the year and that at the end of the year.

(2) Investment in bonds related to restructuring includes Huarong bonds and special government bonds during the reporting period. Please see "Note 27.(a) to the Financial Statements: Receivables" for details.

(3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements, and due to banks and other financial institutions includes the amount of repurchase agreements.

The table below sets out the changes in interest income and interest expense brought by changes in volume and interest rate.

In RMB millions

Item	Comparison between 2013 and 2012		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	62,334	(33,546)	28,788
Investment	6,168	4,187	10,355
Investment in bonds not related to restructuring	8,259	4,187	12,446
Investment in bonds related to restructuring	(2,091)	–	(2,091)
Due from central banks	3,456	265	3,721
Due from banks and other financial institutions	1,528	1,280	2,808
Changes in interest income	**73,486**	**(27,814)**	**45,672**
Liabilities			
Deposits	25,626	(1,251)	24,375
Due to banks and other financial institutions	(337)	(4,915)	(5,252)
Debt securities issued	1,121	(79)	1,042
Changes in interest expenses	**26,410**	**(6,245)**	**20,165**
Impact on net interest income	**47,076**	**(21,569)**	**25,507**

Note: Changes in volume are measured by the changes in average balances, while the changes in interest rate are measured by the changes in average interest rates. Changes resulted from the combination of volume and interest rate have been allocated to the changes resulted from business volume.

◆ *Net Interest Spread and Net Interest Margin*

Due to the influence of interest rate cut by PBC and adjustment policy on the floating range of interest rates on deposits and loans in 2012, net interest spread and net interest margin in 2013 were 2.40% and 2.57% respectively, both representing a decrease of 9 basis points as compared to the previous year.

The table below sets out the changes in the yield of interest-generating assets, cost of interest-bearing liabilities, net interest spread and net interest margin.

Percentages

Item	2013	2012	Increase/ (decrease) (basis points)
Yield of interest-generating assets	4.45	4.59	(14)
Cost of interest-bearing liabilities	2.05	2.10	(5)
Net interest spread	2.40	2.49	(9)
Net interest margin	2.57	2.66	(9)

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB548,640 million, representing an increase of RMB28,788 million or 5.5% as compared to the previous year, principally due to an increase of RMB1,070,969 million in average balance. Average yield dropped by 40 basis points, mainly because the effective interest rate of newly issued loans and existing loans after repricing was lower than that of last year as affected by the two times benchmark interest rate decrease in June and July 2012. The Bank actively coped with the interest rate liberalization reform and reinforced RMB loan pricing management.

In terms of maturity structure, the average balance of short-term loans was RMB3,297,942 million, interest income derived therefrom was RMB167,117 million, and the average yield was 5.07%. The average balance of medium to long-term loans was RMB6,159,558 million, interest income arising therefrom was RMB381,523 million, and the average yield was 6.19%.

ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

	2013			2012		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	6,216,071	378,988	6.10	5,618,165	364,464	6.49
Discounted bills	171,591	10,330	6.02	192,354	14,495	7.54
Personal loans	2,509,792	140,608	5.60	2,099,358	125,775	5.99
Overseas business	560,046	18,714	3.34	476,654	15,118	3.17
Total loans and advances to customers	**9,457,500**	**548,640**	**5.80**	**8,386,531**	**519,852**	**6.20**

In terms of business line, interest income on corporate loans amounted to RMB378,988 million, representing an increase of RMB14,524 million or 4.0% as compared to the previous year and accounting for 69.1% of total interest income on loans and advances to customers, mainly due to an increase of RMB597,906 million in average balance of corporate loans.

Interest income on discounted bills was RMB10,330 million, representing a decrease of RMB4,165 million or 28.7% as compared to the previous year. The Bank took the initiative to reduce the scale of discounted bills for supporting other credit business, and therefore the average balance decreased by RMB20,763 million as compared to the previous year. The average yield dropped by 152 basis points mainly due to the influence of year-on-year large decrease in the market interest rate of discounted bills in the first half of 2013.

Interest income on personal loans was RMB140,608 million, representing an increase of RMB14,833 million or 11.8% as compared to the previous year, principally due to an increase of RMB410,434 million in average balance of personal loans.

Interest income on overseas loans was RMB18,714 million, representing an increase of RMB3,596 million or 23.8% as compared to the previous year, mainly driven by the growth in the size of overseas loans.

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB148,514 million, representing an increase of RMB10,355 million or 7.5% as compared to the previous year, of which, interest income on investment in bonds not related to restructuring was RMB142,713 million, representing an increase of RMB12,446 million or 9.6%, principally led by the increase of average balance and average yield. Seizing the opportunity of gradually ascending market yield, the Bank moderately increased bond investments with relatively higher yield, and the yield of new investment in bonds was higher than that of existing bond portfolio, resulting in a rise of 12 basis points in average yield of bonds not related to restructuring.

Interest income on bond investments related to restructuring decreased by RMB2,091 million or 26.5% to RMB5,801 million from the previous year, mainly due to advance repayment of part of the Huarong bonds, resulting in a decrease of RMB92,810 million in average balance.

Interest Income on Due From Central Banks

Due from central banks mainly includes mandatory reserves and surplus reserves with central banks. Interest income on due from central banks was RMB45,487 million, representing an increase of RMB3,721 million or 8.9% as compared to the previous year, mainly due to the increase in the size of mandatory reserves with central banks resulted from the growth in customers' deposits.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions was RMB24,470 million, representing an increase of RMB2,808 million or 13.0% as compared to the previous year, principally due to an increase of RMB55,431 million in average balance and a rise of 15 basis points in average yield. The Bank insisted on strict control over risks and prudent development strategy and developed inter-bank business on an appropriate basis.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits amounted to RMB273,797 million, representing an increase of RMB24,375 million or 9.8% as compared to the previous year, and accounted for 84.6% of total interest expense, principally due to an increase of RMB1,333,354 million in average balance. Average cost of deposits basically kept even with the previous year, mainly because the increased proportion of corporate time deposits with relatively high cost offset the influence of interest cut policy in 2012. The Bank actively coped with the interest rate liberalization challenge and improved the differential deposit pricing mechanism.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	2013			2012		
Item	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	3,011,134	99,468	3.30	2,443,236	81,383	3.33
Demand deposits[(1)]	3,771,329	28,454	0.75	3,668,004	30,046	0.82
Subtotal	**6,782,463**	**127,922**	**1.89**	**6,111,240**	**111,429**	**1.82**
Personal deposits						
Time deposits	3,858,557	129,478	3.36	3,562,534	122,447	3.44
Demand deposits	2,807,087	9,884	0.35	2,509,931	9,987	0.40
Subtotal	**6,665,644**	**139,362**	**2.09**	**6,072,465**	**132,434**	**2.18**
Overseas business	**395,090**	**6,513**	**1.65**	**326,138**	**5,559**	**1.70**
Total deposits	**13,843,197**	**273,797**	**1.98**	**12,509,843**	**249,422**	**1.99**

Note: (1) Includes outward remittance and remittance payables.

Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB38,209 million, representing a decrease of RMB5,252 million or 12.1% as compared to the previous year, principally due to a decrease of 29 basis points in average cost. The Bank further intensified liquidity management and optimized inter-bank liability structure to effectively control the cost of funding.

◆ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB11,770 million, representing an increase of RMB1,042 million or 9.7% as compared to the previous year, mainly attributable to the increase in interest expense on debt securities issued by overseas institutions of the Bank. Please refer to "Note 38. to the Financial Statements: Debt Securities Issued" for details of the debt securities issued by the Bank.

Non-interest Income

In 2013, the Bank realized non-interest income of RMB135,566 million, representing an increase of RMB23,674 million or 21.2% as compared to the previous year. The proportion of non-interest income to operating income rose by 2.3 percentage points to 23.4%, indicating the income structure was improved continuously.

NON-INTEREST INCOME

In RMB millions, except for percentages

Item	2013	2012	Increase/ (decrease)	Growth rate (%)
Fee and commission income	134,550	115,881	18,669	16.1
Less: Fee and commission expense	12,224	9,817	2,407	24.5
Net fee and commission income	122,326	106,064	16,262	15.3
Other non-interest related gain	13,240	5,828	7,412	127.2
Total	**135,566**	**111,892**	**23,674**	**21.2**

Proactively coping with the market competition, the Bank closely followed customers' demands, and innovatively developed products with high technical content and added value for customers on the basis of standardized fee charges and substantial protection of consumers' rights and interests, to carry forward the sound and rapid development of financial assets service. The Bank also vigorously expanded credit card, investment banking and private banking services, standardized the design, marketing and fund investment direction of banking wealth management products, pushed forward the development of precious metals, asset custody and pension businesses, and steadily unfolded its advantages in settlement and cash management businesses to achieve the healthy and stable development of fee-based business. In 2013, net fee and commission income of the Bank was RMB122,326 million, representing an increase of RMB16,262 million or 15.3% as compared to the previous year. Fee and commission income amounted to RMB134,550 million, representing an increase of 16.1%, of which, income from bank card business, corporate wealth management services and guarantee and commitment business grew quickly. Fee and commission expense increased by RMB2,407 million or 24.5%, mainly attributable to the increase in fee and commission expense from credit card issuance and acquiring business and insurance business.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	2013	2012	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	30,513	27,499	3,014	11.0
Investment banking business	29,486	26,117	3,369	12.9
Bank card business	28,533	23,494	5,039	21.4
Personal wealth management and private banking services	18,231	16,760	1,471	8.8
Corporate wealth management services	12,611	10,018	2,593	25.9
Asset custody business	6,893	5,974	919	15.4
Guarantee and commitment business	4,357	2,848	1,509	53.0
Trust and agency services	1,857	1,623	234	14.4
Others	2,069	1,548	521	33.7
Fee and commission income	**134,550**	**115,881**	**18,669**	**16.1**
Less: Fee and commission expense	**12,224**	**9,817**	**2,407**	**24.5**
Net fee and commission income	**122,326**	**106,064**	**16,262**	**15.3**

Income from settlement, clearing business and cash management was RMB30,513 million, representing an increase of RMB3,014 million or 11.0% as compared to the previous year. Income from RMB settlement business grew steadily and income form cash management service realized quick growth.

Income from investment banking business increased by RMB3,369 million or 12.9% to RMB29,486 million. Specifically, the Bank achieved rapid growth in income from businesses including syndicated arrangement, merger and restructuring, equity financing and structural financing.

Income from bank card business increased by RMB5,039 million or 21.4% to RMB28,533 million, mainly due to the increase in income from relevant business driven by the increase in the number of bank cards issued and consumption volume.

Income from personal wealth management and private banking services amounted to RMB18,231 million, representing an increase of RMB1,471 million or 8.8%, of which, income from businesses including agency sales of personal funds, physical precious metals and private banking increased rapidly.

Income from corporate wealth management services amounted to RMB12,611 million, representing an increase of RMB2,593 million or 25.9%, mainly because the scale of corporate wealth management products maintained growth and the rapid development in corporate precious metal business promoted the increase in relevant income.

Income from asset custody business was RMB6,893 million, representing an increase of RMB919 million or 15.4%, of which, the increase in the size of assets under custody including securities investment funds, trust and equity investment funds carried forward the increase in relevant income.

Income from guarantee and commitment business increased by RMB1,509 million or 53.0% to RMB4,357 million, mainly due to the increase in income from relevant business driven by the increase in commitment business and external guarantee business.

Income from others increased by RMB521 million or 33.7% to RMB2,069 million, mainly attributable to a fast growth in income from pension business.

OTHER NON-INTEREST RELATED GAIN

In RMB millions, except for percentages

Item	2013	2012	Increase/ (decrease)	Growth rate (%)
Net trading income	154	510	(356)	(69.8)
Net loss on financial assets and liabilities designated at fair value through profit or loss	(2,413)	(5,114)	2,701	N/A
Net gain on financial investments	625	608	17	2.8
Other operating income, net	14,874	9,824	5,050	51.4
Total	**13,240**	**5,828**	**7,412**	**127.2**

Other non-interest income was RMB13,240 million, representing an increase of RMB7,412 million or 127.2% as compared to the previous year. Specifically, net of other operating income rose by RMB5,050 million, resulted from the increase in net gain from foreign exchange and foreign exchange products, leasing income and net income from insurance business. Net loss on financial assets and liabilities designated at fair value through profit or loss decreased by RMB2,701 million, mainly due to a decrease in expenses from structural deposits paid to customers.

Operating Expenses

OPERATING EXPENSES

In RMB millions, except for percentages

Item	2013	2012	Increase/ (decrease)	Growth rate (%)
Staff costs	103,455	96,240	7,215	7.5
Including: Salaries and bonuses	68,216	63,256	4,960	7.8
Premises and equipment expenses	26,094	23,487	2,607	11.1
Business tax and surcharges	37,441	35,066	2,375	6.8
Amortisation	2,018	1,781	237	13.3
Others	35,132	33,366	1,766	5.3
Total	**204,140**	**189,940**	**14,200**	**7.5**

The Bank exercised strict cost management and control. Operating expenses were RMB204,140 million, representing an increase of RMB14,200 million or 7.5% as compared to the previous year. Cost-to-income ratio dropped by 0.44 percentage points to 28.80%. Staff cost was RMB103,455 million, representing an increase of 7.5%, of which, salaries and bonuses increased by 7.8% (increased by 5.94% if newly acquired institutions in 2012 are considered as acquired from the beginning of that year); and other operating expenses increased by 5.3% to RMB35,132 million. While guaranteeing the continuous growth of business, the Bank practiced austerity and realized a net decrease in travel and conference expenses as compared to the previous year.

Impairment Losses

The Bank continued to strengthen risk prevention and control and adhered to the steady and prudent provisioning policy, while maintaining stable loan quality on the whole. Allowance for impairment losses was RMB38,321 million, representing an increase of RMB4,576 million or 13.6% as compared to the previous year. Specifically, allowance for impairment losses on loans was RMB38,098 million, representing an increase of RMB5,526 million or 17.0%. Please refer to "Note 26. to the Financial Statements: Loans and Advances to Customers" and "Note 15. to the Financial Statements: Impairment Losses on Assets Other than Loans and Advances to Customers" for details.

Income Tax Expense

Income tax expense increased by RMB5,576 million or 8.0% from the previous year to RMB75,572 million. The effective tax rate was 22.3%. The effective tax rate was lower than the statutory tax rate mainly because the interest income arising from PRC government bonds held by the Bank is exempt from income tax under the tax law. Please see "Note 16. to the Financial Statements: Income Tax Expense" for the reconciliation of income tax expense applicable to profit before tax at the PRC statutory income tax rate and the effective income tax rate.

Segment Information

The Bank's principal operating segments include corporate banking, personal banking and treasury operations. The Bank adopts the Management of Value Accounting (MOVA) to evaluate the performance of each of its operating segments.

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking	281,784	48.7	285,765	54.0
Personal banking	200,028	34.6	154,056	29.1
Treasury operations	89,310	15.4	85,993	16.2
Others	7,779	1.3	3,906	0.7
Total operating income	**578,901**	**100.0**	**529,720**	**100.0**

Please refer to the section headed "Discussion and Analysis — Business Overview" for the details of the development of each of these operating segments.

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	39,326	6.8	47,565	9.0
Yangtze River Delta	114,107	19.7	107,028	20.2
Pearl River Delta	74,761	12.9	69,316	13.1
Bohai Rim	114,472	19.8	104,030	19.6
Central China	80,006	13.8	70,442	13.3
Western China	95,872	16.6	82,994	15.7
Northeastern China	32,056	5.5	29,821	5.6
Overseas and others	28,301	4.9	18,524	3.5
Total operating income	**578,901**	**100.0**	**529,720**	**100.0**

Note: Please see "Note 52. to the Financial Statements: Segment Information" for the Bank's classification of geographic regions.

Balance Sheet Analysis

In 2013, the Bank improved the asset and liability structure based on the external macroeconomic environment, maintained coordinated development of deposit and loan business, strengthened liquidity management and interest rate pricing management and strived to enhance the efficiency of resource allocation for assets and liabilities. Taking development needs of real economy into account, the Bank proactively applied such means as economic capital limit adjustment to reasonably control the aggregate amount, direction and pace of lending. The Bank flexibly arranged its investment schedule and priorities by closely monitoring the trends of the domestic and international financial markets, leading to a moderate increase in investment size. Furthermore, the Bank actively adopted measures to promote steady growth in due to customers, and refined the inter-bank liability structure, thereby ensuring a stable and sustainable growth of funding sources.

Assets Deployment

As at the end of 2013, total assets of the Bank amounted to RMB18,917,752 million, representing an increase of RMB1,375,535 million or 7.8% from the end of the previous year, of which total loans and advances to customers (collectively referred to as "loans") increased by RMB1,118,682 million or 12.7%, investment increased by RMB238,357 million or 5.8%, and cash and balances with central banks increased by RMB119,064 million or 3.8%. In terms of structure, net loans and advances to customers accounted for 51.2% of total assets, representing an increase of 2.3 percentage points from the end of last year; and reverse repurchase agreements accounted for 1.8%, representing a decrease of 1.3 percentage points.

ASSETS DEPLOYMENT

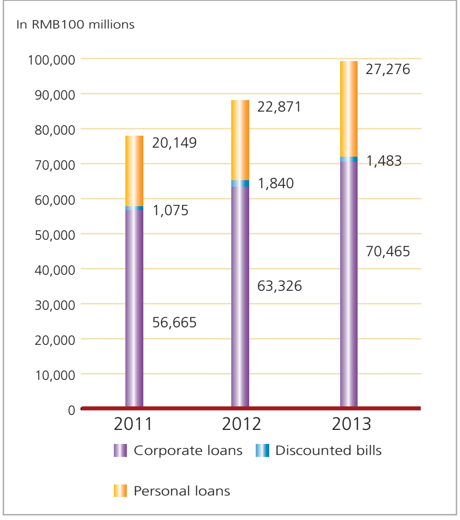
In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	9,922,374	—	8,803,692	—
Less: Allowance for impairment losses on loans	240,959	—	220,403	—
Loans and advances to customers, net	9,681,415	51.2	8,583,289	48.9
Investment	4,322,244	22.8	4,083,887	23.3
Cash and balances with central banks	3,294,007	17.4	3,174,943	18.1
Due from banks and other financial institutions	717,984	3.8	636,450	3.6
Reverse repurchase agreements	331,903	1.8	544,579	3.1
Others	570,199	3.0	519,069	3.0
Total assets	**18,917,752**	**100.0**	**17,542,217**	**100.0**

Loan

In 2013, the Bank reasonably controlled the direction and pace of lending in accordance with changes in macroeconomic environment and financial regulatory requirements as well as real economy development and industrial structure adjustment. The Bank continuously bolstered the national key projects under construction and continuing projects, focused on supporting advanced manufacturing, modern services, culture industries and strategic emerging sectors, improved the financial services for small (micro) and medium-sized enterprises, strengthened credit support for the reasonable credit demands of individuals, and paid equal attention to both credit structure adjustment and risk prevention and control, maintaining a stable and appropriate loan growth and the reasonable lending direction and structure. As at the end of 2013, loans amounted to RMB9,922,374 million, representing an increase of RMB1,118,682 million or 12.7% from the end of the previous year, of which, RMB-denominated loans of domestic operations increased by RMB924,403 million or 11.7% to RMB8,815,182 million from the end of the previous year.

Composition of Loans



DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	7,046,515	71.0	6,332,578	71.9
Discounted bills	148,258	1.5	184,011	2.1
Personal loans	2,727,601	27.5	2,287,103	26.0
Total	**9,922,374**	**100.0**	**8,803,692**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	2,871,038	40.7	2,470,061	39.0
Medium to long-term corporate loans	4,175,477	59.3	3,862,517	61.0
Total	**7,046,515**	**100.0**	**6,332,578**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY PRODUCT LINE

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Working capital loans	3,227,142	45.8	2,795,081	44.1
Including: Trade finance	1,110,219	15.8	1,033,073	16.3
Project loans	3,302,809	46.9	3,017,048	47.7
Property loans	516,564	7.3	520,449	8.2
Total	**7,046,515**	**100.0**	**6,332,578**	**100.0**

Corporate loans increased by RMB713,937 million or 11.3% from the end of last year. In terms of maturity, short-term corporate loans increased by RMB400,977 million or 16.2%, accounting for 56.2% of the total increase in all corporate loans; medium to long-term corporate loans increased by RMB312,960 million or 8.1%. In terms of product type, working capital loans increased by RMB432,061 million or 15.5%, mainly because the Bank continued to support the credit demands of enterprises in the production and circulation areas, of which, trade finance increased by RMB77,146 million or 7.5%, mainly due to the increase in trade finance loans of overseas institutions; project loans increased by RMB285,761 million or 9.5%, mainly attributable to support provided to national key projects under construction and continuing projects; and property loans decreased by RMB3,885 million or 0.7%.

Discounted bills decreased by RMB35,753 million or 19.4%, principally because the Bank actively adjusted the size of discounted bills based on the pace of bank-wide credit granting to satisfy management needs of asset-liability portfolios.

DISTRIBUTION OF PERSONAL LOANS BY PRODUCT LINE

In RMB millions, except for percentages

	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Personal housing loans	1,720,535	63.1	1,340,891	58.6
Personal consumption loans	371,138	13.6	381,611	16.7
Personal business loans	328,793	12.0	319,709	14.0
Credit card overdrafts	307,135	11.3	244,892	10.7
Total	**2,727,601**	**100.0**	**2,287,103**	**100.0**

Personal loans increased by RMB440,498 million or 19.3%, mainly attributable to the increase of RMB379,644 million or 28.3% in personal housing loans, accounting for 86.2% of the personal loan increment. Personal consumption loans decreased by RMB10,473 million or 2.7%, principally because the Bank reinforced the purpose management on personal consumption loans and took the initiative to adjust the loan product structure. Personal business loans increased by RMB9,084 million or 2.8%. Credit card overdrafts increased by RMB62,243 million or 25.4%, mainly due to the continuous development of credit card installment business and the stable growth in the number of credit cards issued and their consumption volume.

Please see "Discussion and Analysis — Risk Management" for detailed analysis of loan scale and loan quality.

Investment

In 2013, the Bank precisely seized opportunities in the market, flexibly organized its investment schedule and focus, optimized the investment structure in strict adherence to the trends in financial markets, and continuously improved the return on investment portfolios on the basis of guaranteeing liquidity and risk under control. As at the end of 2013, investment amounted to RMB4,322,244 million, representing an increase of RMB238,357 million or 5.8% as compared to the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

	At 31 December 2013		At 31 December 2012	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Debt instruments	**4,144,950**	**95.9**	**4,067,207**	**99.6**
Investment in bonds not related to restructuring	3,836,995	88.8	3,719,302	91.1
Investment in bonds related to restructuring	231,046	5.3	260,096	6.4
Other debt instruments	76,909	1.8	87,809	2.1
Equity instruments and others	**177,294**	**4.1**	**16,680**	**0.4**
Total	**4,322,244**	**100.0**	**4,083,887**	**100.0**

Bonds not related to restructuring amounted to RMB3,836,995 million, representing an increase of RMB117,693 million or 3.2% as compared to the end of last year. Investment in bonds related to restructuring amounted to RMB231,046 million, representing a decrease of RMB29,050 million or 11.2%, mainly due to advance repayment of part of the Huarong bonds. For details of the investment in bonds related to restructuring, please refer to "Note 27.(a) to the Financial Statements: Receivables". Equity instruments and others amounted to RMB177,294 million, representing an increase of RMB160,614 million, principally attributable to the increase in investment scale of principal-guaranteed wealth management products issued by the Bank. Please refer to "Note 23. to the Financial Statements: Financial Assets Designated at Fair Value through Profit or Loss".

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY ISSUERS

In RMB millions, except for percentages

Item	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Government bonds	976,351	25.4	875,876	23.5
Central bank bills	389,662	10.2	553,216	14.9
Policy bank bonds	1,682,619	43.9	1,587,949	42.7
Other bonds	788,363	20.5	702,261	18.9
Total	**3,836,995**	**100.0**	**3,719,302**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB100,475 million or 11.5%; central bank bills decreased by RMB163,554 million or 29.6%, mainly due to maturity of part of the central bank bills during the reporting period; policy bank bonds increased by RMB94,670 million or 6.0%; and other bonds increased by RMB86,102 million or 12.3%, mainly because the Bank moderately increased investment in high-quality credit bonds.

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Undated[(1)]	77	0.0	436	0.0
Less than 3 months	148,963	3.9	92,356	2.5
3 to 12 months	522,375	13.6	795,265	21.4
1 to 5 years	2,129,398	55.5	1,786,793	48.0
Over 5 years	1,036,182	27.0	1,044,452	28.1
Total	**3,836,995**	**100.0**	**3,719,302**	**100.0**

Note: (1) Refers to impaired bonds.

In terms of remaining maturity structure, bonds not related to restructuring within 1-year maturity decreased by RMB216,642 million from the end of the previous year and their percentage dropped by 6.4%, mainly due to an increase in the number of bonds matured during the reporting period. Bonds not related to restructuring with 1 to 5-year maturity increased by RMB342,605 million or 19.2%, principally because the Bank moderately increased investment in medium-term bonds.

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY CURRENCY

In RMB millions, except for percentages

Item	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
RMB-denominated bonds	3,734,780	97.3	3,627,651	97.5
USD-denominated bonds	75,556	2.0	64,165	1.7
Other foreign currency bonds	26,659	0.7	27,486	0.8
Total	**3,836,995**	**100.0**	**3,719,302**	**100.0**

In terms of currency structure, RMB-denominated bonds increased by RMB107,129 million or 3.0%; and USD-denominated bonds increased by the equivalent of RMB11,391 million or 17.8%, and other foreign currency bonds decreased by the equivalent of RMB827 million or 3.0%.

DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets at fair value through profit or loss	372,556	8.6	221,671	5.4
Available-for-sale financial assets	1,000,800	23.2	920,939	22.6
Held-to-maturity investments	2,624,400	60.7	2,576,562	63.1
Receivables	324,488	7.5	364,715	8.9
Total	**4,322,244**	**100.0**	**4,083,887**	**100.0**

As at the end of 2013, the Group held RMB1,865,797 million of financial bonds[1], including RMB1,682,619 million of policy bank bonds and RMB183,178 million of bonds issued by banks and non-bank financial institutions, accounting for 90.2% and 9.8% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE GROUP

In RMB millions, except for percentages

Debt securities	Nominal value	Annual interest rate	Maturity date	Impairment loss
Policy bank bonds 2010	18,210	3.60%	3 February 2015	–
Policy bank bonds 2007	18,100	5.07%	29 November 2017	–
Policy bank bonds 2008	17,000	4.83%	4 March 2015	–
Policy bank bonds 2008	15,720	4.95%	11 March 2018	–
Policy bank bonds 2011	13,790	4.49%	25 August 2018	–
Policy bank bonds 2010	12,460	3.26%	30 July 2015	–
Policy bank bonds 2007	11,620	4.94%	20 December 2014	–
Policy bank bonds 2012	11,450	4.04%	25 June 2022	–
Policy bank bonds 2011	11,210	3.70%	18 January 2014	–
Policy bank bonds 2010	11,050	3.51%	27 July 2020	–

Due from Banks and Other Financial Institutions

Due from banks and other financial institutions was RMB717,984 million, representing an increase of RMB81,534 million or 12.8% from the end of the previous year. The increase in due from banks and other financial institutions was mainly because the Bank developed inter-bank business properly to enhance the fund use efficiency.

Reverse Repurchase Agreements

Reverse repurchase agreements were RMB331,903 million, representing a decrease of RMB212,676 million or 39.1% from the end of the previous year. This was mainly because the Bank decreased funds lent to the market through bonds under reverse repurchase agreements based on the liquidity management needs.

1 Financial bonds refer to the debt securities issued by financial institutions on the bond market, including bonds issued by policy banks, banks and non-bank financial institutions but excluding debt securities related to restructuring and central bank bills.

Liabilities

As at the end of 2013, total liabilities of the Bank amounted to RMB17,639,289 million, representing an increase of RMB1,225,531 million or 7.5% from the end of the previous year.

LIABILITIES

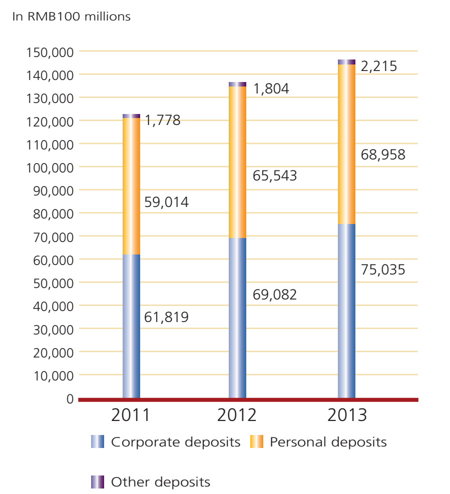
In RMB millions, except for percentages

Item	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Due to customers	14,620,825	82.9	13,642,910	83.1
Due to banks and other financial institutions	1,269,255	7.2	1,486,805	9.1
Repurchase agreements	299,304	1.7	237,764	1.4
Debt securities issued	253,018	1.4	232,186	1.4
Others	1,196,887	6.8	814,093	5.0
Total liabilities	**17,639,289**	**100.0**	**16,413,758**	**100.0**

Due to Customers

Due to customers are the Bank's main source of fund. In 2013, as interest rate liberalization was carried out deeply, competition among peers became increasingly intense. Proactively responding to changes in external situations, the Bank stabilized existing customers, expanded new customers, developed new markets, improved the differential pricing mechanism on deposit interest rate and promoted the steady growth in deposit business by giving full play to its comprehensive advantages in financial services. As at the end of 2013, the balance of due to customers was RMB14,620,825 million, representing an increase of RMB977,915 million or 7.2% when compared to the end of the previous year. In terms of customer structure, the balance of corporate deposits increased by RMB595,252 million or 8.6%; and personal deposits increased by RMB341,552 million or 5.2%. In terms of maturity structure, the balance of time deposits increased by RMB696,533 million or 10.4%, while the balance of demand deposits increased by RMB240,271 million or 3.5%.

Composition of Due to Customers



DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Corporate deposits				
Time deposits	3,464,625	23.7	2,915,072	21.4
Demand deposits	4,038,872	27.6	3,993,173	29.3
Subtotal	**7,503,497**	**51.3**	**6,908,245**	**50.7**
Personal deposits				
Time deposits	3,901,098	26.7	3,754,118	27.5
Demand deposits	2,994,741	20.5	2,800,169	20.5
Subtotal	**6,895,839**	**47.2**	**6,554,287**	**48.0**
Other deposits(1)	**221,489**	**1.5**	**180,378**	**1.3**
Total	**14,620,825**	**100.0**	**13,642,910**	**100.0**

Note: (1) Includes outward remittance and remittance payables.

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Head Office	128,631	0.9	116,069	0.9
Yangtze River Delta	2,961,946	20.2	2,873,019	21.1
Pearl River Delta	1,903,961	13.0	1,801,666	13.2
Bohai Rim	3,783,427	25.9	3,430,503	25.1
Central China	2,070,744	14.2	1,931,610	14.2
Western China	2,432,806	16.6	2,272,311	16.6
Northeastern China	886,193	6.1	858,125	6.3
Overseas and others	453,117	3.1	359,607	2.6
Total	**14,620,825**	**100.0**	**13,642,910**	**100.0**

DISTRIBUTION OF DUE TO CUSTOMERS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)	At 31 December 2012 Amount	At 31 December 2012 Percentage (%)
Demand deposits(1)	7,602,977	52.0	7,076,646	51.9
Less than 3 months	2,112,169	14.5	2,041,502	15.0
3 to 12 months	3,237,621	22.1	2,964,264	21.7
1 to 5 years	1,610,908	11.0	1,533,049	11.2
Over 5 years	57,150	0.4	27,449	0.2
Total	**14,620,825**	**100.0**	**13,642,910**	**100.0**

Note: (1) Includes time deposits payable on demand.

In terms of the currency structure, the balance of RMB deposits amounted to RMB14,032,121 million, which accounted for 96.0% of the total balance of due to customers, representing an increase of RMB955,789 million or 7.3% as compared to the end of the previous year. The balance of foreign currency deposits was equivalent to RMB588,704 million, representing an increase of RMB22,126 million or 3.9%.

Due to Banks and Other Financial Institutions

The Bank further optimized inter-bank liability structure to effectively control the cost of funding. Due to banks and other financial institutions was RMB1,269,255 million, representing a decrease of RMB217,550 million or 14.6% from the end of the previous year.

Repurchase Agreements

Repurchase agreements were RMB299,304 million, representing an increase of RMB61,540 million or 25.9% from the end of the previous year. The increase was mainly because the Bank moderately financed from the market to meet its liquidity management needs at the end of the reporting period.

Shareholders' Equity

As at the end of 2013, shareholders' equity amounted to RMB1,278,463 million in aggregate, representing an increase of RMB150,004 million or 13.3% as compared to the end of the previous year. Equity attributable to equity holders of the parent company amounted to RMB1,274,134 million, representing an increase of RMB149,137 million or 13.3%. Please refer to the "Financial Statements: Consolidated Statement of Changes in Equity" for details.

SHAREHOLDERS' EQUITY

In RMB millions

Item	At 31 December 2013	At 31 December 2012
Share capital	351,390	349,620
Equity component of convertible bonds	1,960	2,708
Reserves	408,835	400,128
Retained profits	511,949	372,541
Equity attributable to equity holders of the parent company	**1,274,134**	**1,124,997**
Non-controlling interests	**4,329**	**3,462**
Total shareholders' equity	**1,278,463**	**1,128,459**

For details of off-balance sheet items, please refer to "Note 47. to the Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash outflows from operating activities amounted to RMB1,947 million, of which, net cash outflows of operating assets increased by RMB34,337 million and net cash inflows of operating liabilities decreased by RMB527,324 million, mainly due to the decrease in net deposits from banks and other financial institutions and net due to customers as compared to the previous year.

Net cash outflows from investing activities amounted to RMB164,161 million, of which, cash inflows increased by RMB152,599 million to RMB1,120,013 million, mainly due to the increase in cash flows generated from sale and payment of bond investment as compare to the previous year; and cash outflows increased by RMB190,090 million to RMB1,284,174 million, mainly due to the increase in cash payment generated from investment in RMB-denominated bonds as compared to the previous year.

Net cash outflows from financing activities amounted to RMB65,465 million, of which, cash inflows were RMB45,322 million, mainly due to the issuance of debt securities by overseas institutions; and cash outflows were RMB110,787 million, mainly due to the distribution of ordinary share dividends.

BUSINESS OVERVIEW

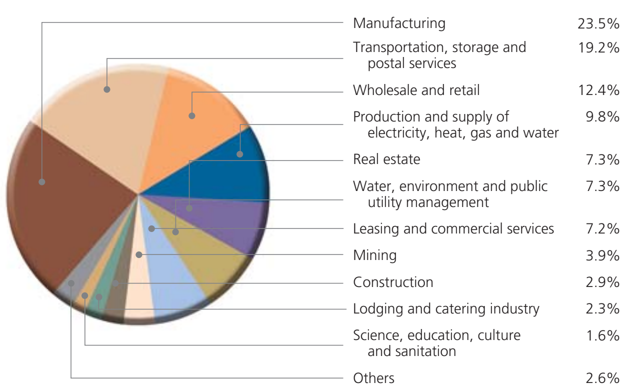
Corporate Banking

In 2013, the Bank actively responded to changes in the external environment and continuously pushed forward transformation and structural improvement of corporate banking business by centering on customers and markets, hence maintaining the trend of stable development of corporate banking business. It promoted all-product marketing and comprehensive services, strengthened the connection between domestic and foreign currencies, of home and abroad and between commercial banking and investment banking services and expanded businesses including bond underwriting, asset management, syndicated loans, M&A, entrusted loan and financial leasing, so as to satisfy the demand for diversified financial services of various corporate customers. In addition, the Bank strengthened product and service innovation, advanced the building of differentiated marketing service system, appointed more customer managers and held more training sessions, so as to promote its service for high-quality customers, continuously expand target customer groups, improve customer structure and enhance pricing level. As at the end of 2013, the Bank had 4,735 thousand corporate customers, representing an increase of 357 thousand over the end of the previous year. Among them, 136 thousand corporate customers had loan balances with the Bank. According to statistics from PBC, at the end of 2013, the Bank ranked first in the banking industry in terms of corporate loans and the balance of corporate deposits, with a market share of 11.5% and 12.0%, respectively.

Corporate Deposits and Loans

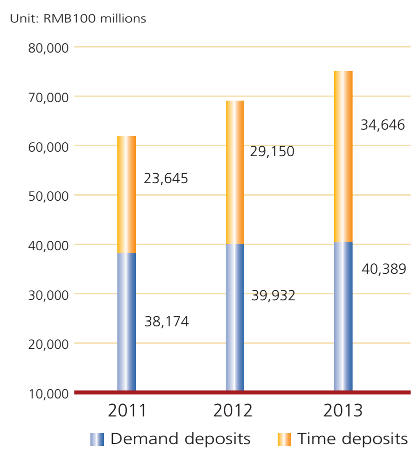
Facing with economic, financial and regulatory environments and changes in the macro-control policies of China, the Bank strengthened capital constraint and maintained moderate aggregate amount increase and balanced pace of lending. It actively supported reasonable credit demands of the real economy and key national projects under construction and continuing construction. Besides, the Bank increased loans extended to advanced manufacturing, modern service industry, new urbanization area, basic industries, energy and resources, energy saving and environmental protection industries, M&A, agro-related sectors and other areas, and supported the "Going Global" efforts of Chinese-funded enterprises. It strictly controlled credit risks in key areas and total financing amount of overcapacity industries. The Bank also accelerated the upgrading of trade finance business to the model of supply chain finance and actively supported SMEs by innovatively providing financing plans to the electronic supply chain. It promoted the development of resource-supporting structured financing business and "project+financing" business and carried out overseas M&A loan business in fields such as energy, minerals and machinery. The Bank was awarded the title of "Best Corporate Bank in China" by *Global Finance*. At the end of 2013, the balance of corporate loans reached RMB7,046,515 million, representing an increase of RMB713,937 million or 11.3% over the end of the previous year.

Breakdown of Corporate Loans by Industry



Note: Domestic operations data.

Growth of Corporate Deposits



The Bank vigorously expanded new customers, strengthened marketing to industrial chain cluster, urban circle cluster and specific customer cluster, and consolidated its advantages in customer base, hence maintaining stable deposits. It promoted all-product marketing and leveraged on its advantages in diversified financial services such as corporate wealth management, cash management, E-banking and assets custody to sharpen its market competitiveness in corporate deposits business. Responding to interest rate liberalization, the Bank improved its interest rate management system, refined the differentiated pricing mechanism for key customers and enhanced the pricing level for deposits. As at the end of 2013, the balance of corporate deposits amounted to RMB7,503,497 million, representing an increase of RMB595,252 million or 8.6% when compared to the end of the previous year.

Small and Medium Enterprise Business

The Bank was committed to providing professional, efficient and convenient financial services to SME customers. It strengthened services to SME customers by building an independent and complete system of SME credit policies, process and products, giving priority to credit resource allocation and developing elusive institutions. It formulated the special credit plan for small enterprise customers, enhanced the level of refined management and steadily expanded the credit market of small and micro enterprises with controllable risks. In addition, the Bank enriched its system of small enterprise financing products by introducing pilot medium and long-term credit products such as commercial housing mortgage loans and property building loans to small enterprises, and designing for scenic spot developers the “tourism loans” product supported by right to charge in scenic spots. It took the lead in introducing the “Easy Loan Corporate Card” business for small and micro enterprises which was guaranteed by POS card swiping income, and providing unsecured petty credit loans to small and micro enterprises. The Bank was granted “Advanced Unit of National Banking Financial Institutions to provide Financial Services for Small and Micro Enterprises” by CBRC and “Outstanding Contribution Award in Financing of Small and Medium-sized Enterprises” by China Association of Small and Medium Enterprises. As at the end of 2013, the balance of loans to small (micro) and medium-sized enterprises reached RMB4,386,581 million, of which, the loans to medium-sized enterprises reached RMB2,516,812 million and loans to small and micro enterprises stood at 1,869,769 million.

Supply Chain Finance

The Bank accelerated the development of supply chain finance business, and provided a supply chain finance service integrating domestic and foreign trade and currencies for core enterprises and many SMEs in their upstream and downstream based on key high-quality customer resources, professional financial services and leading technology. In terms of supporting products, the Bank provided customers with financing products of payables (repayments), property in goods and receivables covering financing needs of various links including purchase, production, inventory and sales, as well as multiple settlement tools such as L/Cs, banker’s notes, commercial bills and collection manager, rendering diversified financial services integrating settlement and credit facility for corporate customers in the whole chain. In terms of service channels, it integrated various channels such as supporting counter, internet banking and bank-enterprise interlink, enhancing service efficiency for customers. In terms of business expansion, the Bank expanded from the processing and manufacturing area to bulk commodity trading market, high-quality construction projects and other areas. Based on the “Going Global” Chinese-funded enterprises, the Bank vigorously developed the cross-border supply chain financing business, established its leading position among domestic peers and won the title of “Best Supply Chain Finance Provider in China” by *Global Finance*.

LOANS TO DOMESTIC SMALL (MICRO) AND MEDIUM-SIZED ENTERPRISES

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans to small (micro) and medium-sized enterprises	**4,386,581**	**47.8**	**4,231,203**	**51.1**
Medium-sized enterprises	2,516,812	27.4	2,391,127	28.9
Small and micro enterprises	1,869,769	20.4	1,840,076	22.2

Notes: (1) "Percentage" refers to the proportion against domestic branch loans.

(2) Small and micro enterprises loans include personal business loans.

(3) Data of small (micro) and medium-sized enterprises are incomparable due to changes in the size of small (micro) and medium-sized enterprises.

Institutional Banking

The Bank made active efforts to satisfy the financial service demand in people's livelihood, improved the systems of five service platforms, namely, social insurance, housing allowance, finance, education and medical care, and refined its integrated financial service plan. It successfully obtained the qualification of lead underwriter for local government bonds of many provinces or cities, advancing the development of businesses of bond underwriting and management of fund raised in bond issue. The Bank enriched bank-to-bank cooperation by actively carrying out cooperation in inter-bank foreign currency payment within China, financial bonds underwriting and other businesses. As at the end of 2013, the number of signed customers for bank-to-bank platform business increased by 114 to 385, and the number of domestic correspondent banks increased by 32 to 173. The Bank strengthened the linkage between internal and external institutions and with other financial institutions, expanded cooperation with securities companies in asset management, underwriting and issuance, securities clearing and other areas, and developed bank-securities business in an innovative manner. It successfully launched overnight trading business for gold futures and innovatively developed account opening appointment of bank-futures transfer business. Securities and futures customers were fully covered. Besides, the Bank carried out diversified marketing to insurance companies and pushed forward all-round cooperation. It reinforced telephone and online marketing for insurance and corporate life insurance products, and was the first among peers to sell insurance products through self-service terminals.

Settlement and Cash Management

The Bank implemented the cluster marketing strategy, strengthened the marketing of key products and the building of corporate customer channels, consolidated its advantage in customer size, and improved customer structure. As at the end of 2013, it had 5.71 million corporate settlement accounts, increased by 6.6% over the end of the previous year, and the volume of settlement reached RMB1,731 trillion, an increase of 19.7% over the previous year. The Bank maintained its leading position in business size.

Besides, the Bank expanded its cash management services to the comprehensive area of financial asset management, building a service system structured by account trading management, liquidity management, supply chain finance and investment and wealth management. It actively expanded global cash management customers such as large transnational enterprises. Additionally, the Bank built a brand system centering "Caizhi Account" and enhanced the market influence of cash management business. It was awarded "Best Cash Management Bank in China" by *The Asian Banker* and *The Asset*. At the end of 2013, the Bank had 965 thousand cash management customers, representing an increase of 18.7% from the end of the previous year. The global cash management customers reached 3,813, representing an increase of 14.4%.

International Settlement and Trade Finance

Leveraging on its advantages in local and foreign currency resources and close interaction between domestic and overseas branches, the Bank enhanced its services to import and export enterprises. Besides, the Bank enriched product categories of international settlement and international trade finance. It improved the remittance product system, innovatively launched the Western Union Remittance Internet Banking receiving/paying business, and successfully introduced the Sigue Money Transfer business, hence improving the function of ICBC quick remittance products. In addition, the Bank enriched the external guarantee product line by innovatively launching "Insurance-Finance Link" products. The Bank participated in cross-border RMB innovation pilot construction in many regions including Shanghai Free Trade Zone, Khorgos Xinjiang and Qianhai Shenzhen and handled initial launch of various businesses such as RMB bi-directional fund pool and overseas RMB lending. The "ICBC Cross-border Express" product system was improved and RMB cross-border innovative products such as Direct Financing Express, agreed-upon payment and structural financing were launched. The Bank promoted the structural adjustment of international business customers and carried out level-based marketing and category-based management. In 2013, domestic branches disbursed an aggregate of USD173.7 billion in international trade finance. The transaction volume of international settlement reached USD2,333.8 billion, representing an increase of 21.2%. The transaction volume handled by overseas institutions reached RMB736.7 billion, increased by 37.9%.

Investment Banking

The Bank actively provided diversified financing services to corporate customers and offered outstanding investment products to high-net-worth customers. The rendering of restructuring and M&A services supported industrial structure adjustment of real economy and "Going Global" of Chinese-funded enterprises. The volume of restructuring and M&A transactions handled by the Bank exceeded RMB200 billion in 2013. The Bank, through its equity financing businesses such as private placement and capital financing of key construction projects, served strategic emerging industries and supported the State's key construction projects and regional economic growth. In 2013, the financing size of leading equity financing banks during their existence amounted to RMB36.8 billion. The Bank also expanded financial consulting services including structured financing, debt restructuring and project recommendation. It strengthened R&D of investment banking products and E-service channel construction of investment banking, held investment banking forums and took other actions to diversify service forms and lifted consulting & advisory service level. Furthermore, it expanded bond underwriting business and underwrote various debt financing instruments worth RMB309.4 billion in 2013. Therefore, the Bank was awarded the "Best Bank in Investment Banking" by *Securities Times* for five consecutive years. In 2013, the investment banking income was RMB29,486 million, representing an increase of 12.9% from the previous year.

Personal Banking

In 2013, in face of accelerated interest rate liberalization, rapid development of internet finance, increasingly fierce market competition, the Bank continued to carry out its "strong personal banking" strategy to advance the transformation of personal banking operation. It extended and improved customer base by constantly exploring new markets and new customers. It also expanded the commodity exchange market based on its ICBC Merchant Friend Club platform. Besides, the Bank further promoted the interactive corporate and private banking mechanism to improve mass and cluster client marketing. It actively explored such livelihood fields as social insurance, health care and transportation and carried out marketing to law offices, accounting firms and other customers. Relying on the star-class services for personal customers, the Bank improved its ability in identifying, obtaining and serving quality and active customers. In addition, the Bank continued to upgrade its service channels, enhanced self-service banking construction and devoted more resources in self-service equipment. It initiated the project of intelligent branches and extended its services to the commodity trading market, major county regions and other emerging regions. What's more, the Bank actively carried out product innovation and sharpened its competitive edge of personal banking business, securing its leading position among peers in terms of personal deposits, personal loans, banking wealth management and credit card business. The Bank was awarded the "Best Retail Bank in China" by *The Asian Banker* for the fourth time. As at the end of 2013, the Bank had 432 million personal customers, including 8.74 million personal loan customers, representing an increase of 38.71 million and 0.95 million from the end of the previous year, respectively. According to statistics from PBC, as at the end of 2013, the Bank ranked first in the industry in terms of both the balance of personal deposits and personal loans, with a market share of 15.5% and 13.5% respectively.

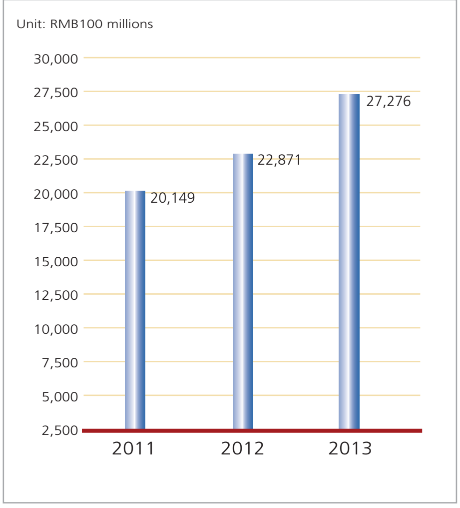
Personal Deposits

The Bank further promoted coordinated marketing of corporate banking and personal banking, introduced the comprehensive financial service system of "ICBC Salary Manager" based on characteristics of different personal customer groups of payroll payment agency service, and cemented the basis for personal deposits growth. Adapting to the trend of interest rate liberalization, the Bank promoted sophisticated management of interest rate. It also continuously consolidated its channel advantages and improved service level, attracting and retaining customers with quality products and services. Besides, the Bank attached greater importance to the sales of personal wealth management products and promoted the coordinated interaction and development of wealth management products and personal deposits. At the end of 2013, the balance of the Bank's savings deposits amounted to RMB6,895,839 million, representing an increase of RMB341,552 million or 5.2% from the end of the previous year, of which personal demand deposits increased by 6.9% and personal time deposits increased by 3.9%.

Personal Loans

The Bank continued to promote the steady development of personal loan business. It strictly implemented differentiated housing credit policy, actively developed personal housing loan business on the premise of controllable risks, and supported residents to buy their first houses. Meeting new consumption needs, the Bank innovatively promoted the "Easy Loan" product to propel personal consumption loan business. As at the end of 2013, the Bank's personal loans reached RMB2,727,601 million, increased by RMB440,498 million or 19.3% over the end of the previous year, of which personal housing loans increased by RMB379,644 million or 28.3%.

Growth of Personal Loans



"Easy Loan" Business

Actively responding to the opportunities and challenges brought about by consumption finance and internet finance and tapping into credit business opportunities in the increasingly prosperous electronic payment industry, the Bank initiated "Easy Loan" business. "Easy Loan" is a kind of credit consumption loan business or credit card installment repayment service provided pursuant to certain rules and targeted at eligible cardholders when they are conducting online B2C or offline POS transactions with designated merchants via debit cards, credit cards, passbooks or other products of the Bank. Compared with the traditional credit products, "Easy Loan" shows the following main features: It takes the form of credit for which customers can apply during or after consumption by self-service (without the need to go to the counter). It has varied channels as internet banking, mobile banking, SMS banking, POS or other quick channels after cardholder's transaction at ICBC designated online or offline merchants. Loans are reviewed and approved automatically by the system and loan funds can be transferred to customers' account in real-time. Such loans also have a low application threshold, providing convenient and flexible fund usage. Besides, the Bank also launched "Easy Loan" Corporate Card for small and micro enterprises to tackle SMEs' difficulties in financing and support the real economy.

Personal Wealth Management

Relying on the star-class services for personal customers, the Bank expanded target customers by carrying out precision marketing through diversified channels. It promoted the use of Elite Club Account chip cards by bringing into play its advantages in chip card research & development and handling facility. The Bank also actively carried out "Wealth Cultural Tour" activities and built a platform for marketing, services and cultural exchanges for wealthy customers, hence maintaining stable customer growth. In addition, the Bank appointed more personal customer managers to provide better service. The number of employees with certificates of Associate Financial Planner (AFP) and Certified Financial Planner (CFP) was 25,328 and 3,857 respectively, securing the leading position in the banking industry. As at the end of 2013, the number of Elite Club Account customers reached 26.83 million, representing a growth of 31.4%. The number of wealthy customers amounted to 4.40 million, increased by 9.5%.

Private Banking

The Bank provided high-net-worth customers with RMB8 million or more personal financial assets with exclusive private banking services including asset management, alternative investment, fully entrusted business, consulting, financial management, cross-border financing and wealth inheritance. It accelerated the layout of personal banking products and services to cover all national markets of high-end customers. It also promoted basic financial services of personal banking at mobile banking, internet banking and other platforms. The Bank regarded the Private Banking Center (Hong Kong) as its global product research & development center, and proactively expanded overseas business through its regional centers, namely, Hong Kong, Europe, Singapore and the Middle East. In 2013, the Bank was awarded Best Private Bank in China by domestic and overseas media including *Asia Banker*, *The Asset* and *Securities Times*. At the end of 2013, the Bank had a pool of over 31.3 thousand private banking customers and managed RMB541.3 billion worth of assets.

Bank Card Business

The Bank accelerated expanding new markets, upgraded service, and enhanced product innovation in its bank card business. It effectively integrated bonus points of credit card and debit card, further consolidating its leading position among peers by taking the lead in launching the integrated bonus point service of personal banking business. By the end of 2013, the Bank had issued 580 million bank cards, representing an increase of 110 million cards from the end of 2012. Annual consumption volume of bank cards stood at RMB5,772.4 billion, representing an increase of 39.7% from the previous year. Income from bank card business amounted to RMB28,533 million, representing an increase of 21.4%.

Item	At 31 December 2013	At 31 December 2012	Growth rate (%)
Issued bank cards (in 10 thousands)	57,780	46,886	23.2
Debit cards	48,975	39,173	25.0
Credit cards	8,805	7,713	14.2
	2013	2012	Growth rate (%)
Consumption Volume (in RMB100 millions)	57,724	41,314	39.7
Average consumption volume per card[1] (in RMB yuan)	11,477	9,354	22.7

Note: (1) Average consumption volume per card = Consumption volume during the reporting period/Average monthly cards issued during the reporting period.

◆ *Credit Card Business*

The Bank boosted credit card product innovation to promote the volume and quality of card issuance through diversified channels. It launched new products including Global Travel Card. It also speeded up expansion into the premium card market such as platinum card and black card markets, and increased the issuance volume of business cards. Besides, the Bank issued Diners Club Card, becoming the first bank in the world partnering with six major international credit card organizations in card issuing and acquiring. It continuously boosted the acquiring business and expanded emerging acquiring services such as small-value quick payment. In addition, the Bank carried out bonus point redemption events with new themes and forms of bonus point activities. It launched SMS installment payment business to meet customers' demand for convenient financing. The Bank also vigorously developed installment payment business for the purchase of cars, household electrical appliances, general merchandise, education, travel and culture. The bank maintained high quality telephone customer service for credit card, and launched WeChat customer service, diversifying self-service channels. In 2013, the Bank was granted many awards including "Most Popular Credit Card of the Year" by Tencent for its credit card services, "Best Credit Card Marketing Award" by jrj.com and "Best Credit Card of the Year" by *Money Week*. At the end of 2013, 88.05 million credit cards were issued, representing an increase of 10.92 million from the end of 2012; the consumption volume stood at RMB1,613.5 billion, representing an increase of 23.9% from the previous year; total credit card loans amounted to RMB307,135 million, representing an increase of RMB62,243 million or 25.4%. The Bank led the peers in terms of volume of cards issued, consumption and loans.

◆ *Debit Card Business*

To accelerate product and service innovation, the Bank enhanced card application efficiency by quick debit card issuing machine. It actively issued chip debit card, upgraded magnetic stripe card, and issued single chip debit card with eID, Cool Pass debit card and China Travel Debit Card. At the end of 2013, the Bank issued approximately 490 million debit cards, an increase of 98.02 million cards from the end of the previous year. Annual consumption volume reached RMB4,158.9 billion, increased by 47.0%.

Financial Asset Services

Seizing the market development opportunities of universal asset management era in the financial industry with co-existence of cross-industry competition and cooperation, and integrating the Group's advantages in wealth management, custody, pension and precious metal businesses and the functions of diversified subsidiaries specialized in investment banking, fund and insurance, etc., the Bank quickened the establishment of an integrated business operation system covering China, foreign countries and across different areas, and set up a full-market, full value chain universal asset management platform for all types of customers in a bid to meet their diversified requirements for allocation of financial assets and built up the market leading superiority.

Wealth Management Services

As the nature of asset management is to "manage assets of customers as entrusted", the Bank energetically enhanced the capability of investment management and asset allocation following the trends of social financial asset migration, the changes of customer requirement and financial innovation. It precisely standardized product design, sales and fund orientation, and properly disclosed information in strict accordance with regulatory requirements on normative investment operation of wealth management business to propel the well-regulated, healthy and orderly development of wealth management business.

The accelerated establishment of customer classification management and segmented marketing mechanism completely covered all types of customers including individuals, private banking customers, companies and institutions. Customized personal wealth management products were issued to new markets, focused areas and specific customers in order to increase the percentage of quality customers. The Bank also researched and developed wealth management products for the convenience and benefit of people and provided services to low and medium-end customers for their asset value preservation and appreciation. It customized competitive product solutions for corporate customers such as public welfare funds, pension customers and insurance companies. On the basis of consolidating advantages of traditional marketing channels, the Bank actively promoted internet banking, E-shop platform, mobile banking and other electronic sales methods, to enhance the convenience for the purchase of wealth management products. Meanwhile, the Bank strengthened cooperation with securities companies by advancing the development of agent sales channel called "Bank-Security Link" to expand customer service scope.

In respect of project investment, the Bank carried forward credit asset transfer, direct financing tool of wealth management, privately raised bonds of SMEs and asset securitization business. The Bank also launched the programmes of investment in innovative projects such as asset management scheme with securities companies and ICBC Credit Suisse Investment. In respect of product innovation, the Bank optimized the term structure of constant-return products and introduced new product series named Zeng Li and Zun Li. The Bank also offered products linked with en primeur and Tibetan tea to diversify alternative investment products. Thanks to the use of quantitative strategy, it successfully issued the product series named "Prosperity PIPE Product (Private Investment on Public Offering)" and "Prosperity FOF (Fund of Fund)". To explore international development, it issued the first asset management product raising funds abroad through QFII and RQFII. In 2013, the Bank was awarded the "Best Banking Wealth Management Brand in China" by the *Securities Times* and the "Annual Best Premier Wealth Management Bank" by China.org.cn. The total issuing of wealth management products amounted to RMB5,785.4 billion, of which the sales of personal wealth management products and corporate wealth management products was RMB4,381.7 billion and RMB1,403.7 billion, respectively.

Asset Custody Services

To build up the advantages in custody services of capital market, the Bank strived to develop new custody services including constant-return fund products, ETFs and pension products while attracting big quality fund companies, medium and big insurance companies and big enterprise groups successfully through marketing. The Bank put efforts into sound development of global custody services and boosted the construction of Global Custody Asia-Pacific Center. As a result, it had eight new overseas QFII custody customers and 21 new RQFII custody customers. Besides, the Bank actively developed custody services in people's livelihood area and debuted custodies of charity funds, public fiscal resource trading funds, stock house trading funds, public funds for housing maintenance and commodity house presale funds. The Bank also actively carved out emerging custody service market. It got approval to put China's first enterprise annuity pension product under custody, took the lead in serving outsourced middle and back-office businesses of fund companies, launched the bills asset custody service and entered into custody agreements with many futures companies. The Bank was recognized as the "Best Custodian Bank in China" by the *Global Finance*, the *Global Custodian* and *The Asset*. At the end of 2013, the total net value of assets under the Bank's custody reached RMB4,621.3 billion, representing an increase of 16.8% from the end of the previous year.

Pension Services

Leveraging on full business license qualification and integrated competitive edges, the Bank attempted to build a comprehensive pension service system consisting of enterprise annuity, occupational annuity, basic pension, various social security funds, comprehensive old-age security fund of enterprises and public institutions and personal pension fund. It optimized the integrated enterprise annuity scheme "Ruyi Pension Management" to provide standardized and specialized annuity management service for SMEs. It also actively promoted a series of welfare schemes and pension management products named "Ruyi Benefit Plan" to meet the needs of enterprises and public institutions for managing pension, housing, medical care and other welfare funds and deferred salary incentive funds. At the end of 2013, the Bank provided pension management services for 39,275 enterprises, representing an increase of 5,135 from the end of the previous year. The pension funds under the Bank's trusteeship amounted to RMB54.6 billion; the Bank managed 12.38 million individual pension accounts, and the pension funds under the Bank's custody totaled RMB284.8 billion. The Bank led other banks in terms of the scale of enterprise annuity funds under the Bank's trusteeship, number of individual enterprise annuity accounts and enterprise annuity funds under the Bank's custody.

Precious Metal Business

The Bank responded actively to the shocking and recessive precious metal market, accelerated precious metal business structural adjustment and product innovation and sustained fast growth of precious metal business. It zealously introduced a series of high value-added thematic products with historical and cultural significance to serve the requirements of customers for upgraded consumption and opened new channels of physical precious metal sales through cooperation with E-shops. The Bank enabled corporate transaction functions such as Gold Accumulation and agency precious metal T+D trading, whereby the requirements of corporate customers for asset allocation were met. Besides, the innovative products including gold swap and silver leasing further satisfied the hedge and preservation requirements of industry chain enterprises. 17 issues of "Enjoy Returns-Gold Arbitrage Investment Oriented RMB Wealth Management Products" were made to diversify varieties of wealth management products. In 2013, the total amount of precious metal business increased by 20.2% compared to the previous year to RMB1.31 trillion. The Bank cleared RMB387.3 billion on behalf of Shanghai Gold Exchange, representing an increase of 52.1% over last year. The Bank remained the winner of the "Best Precious Metal Trading Bank in China" from the *Euromoney*.

Franchise Treasury Business

The Bank consolidated and expanded the base of foreign exchange purchase and sales customers and promoted the building of foreign exchange outlets. Currently, it has 24 quotation currencies, leading the other domestic banks. What's more, it diversified its foreign exchange trading products line by introducing Paper Foreign Exchange and corporate internet banking foreign exchange trading. The volume of franchise foreign exchange purchase and sales and foreign exchange trading amounted to USD528.7 billion, representing an increase of 10.3% compared with the previous year. To make innovation in paper precious metal business, the Bank launched the functions including change paper precious metals to physical precious metals and pledge of paper precious metals and was the first in China to introduce franchise paper crude oil trading business. The franchise commodity trading types were enriched, completely covering five types of commodities including base metals, precious metals and energy. Seizing the opportunity of inter-bank bond market investor increase, the Bank launched marketing campaigns actively and conducted bond trading and settlement business on an agency basis. It focused upon exploring customer requirements for foreign exchange hedging in the medium and long term and innovatively introduced franchise risk management product in the exchange rate category to enhance market competitiveness. The Bank was named the "House of the Year (risk management and derivatives transactions), China" by *Asia Risk*.

Asset Securitization Business

To further adjust credit structure, diversify asset and capital management means and actively promote operational transformation, the Bank originated a credit asset securitization project worth RMB3,592 million on 27 March 2013. Corporate loans were the underlying assets of this project in which the Bank served as originator and lending services provider. Besides, ICBC (Argentina), a subsidiary of the Bank, originated three issues of traditional asset securitization products in 2013.

Agency Sales

In response to market developments and customer requirements, the Bank paid greater efforts to attract new customers and develop a diversified products line. Agency sales of funds and assets management products of securities companies increased by 16.7% from last year to RMB888.1 billion, continuing to be No. 1 in the industry. Moreover, the Bank leveraged on the stable return of government debts to explore customers with low risk appetite in advanced county areas and economically strong townships and conducted agency sales of RMB83.0 billion worth of government debts, representing an increase of 38.2% compared with the previous year and continuously maintaining its first place in market share. It also sold RMB84.5 billion worth of insurance products on an agency basis through such channels as internet banking and self-service terminals.

Treasury Operations

In 2013, facing the complicated financial environment, the Bank aimed at enhancing its profitability through product innovation, timely adjustment of investment and trading strategy, capital operation optimization, management improvement and business risk prevention, and realized healthy development in asset scale and efficiency.

Money Market Activities

In 2013, money market kept fluctuating and the interest rate rose obviously. The Bank conducted a flexible operation and improved fund returns to satisfy the liquidity management. The liquidity team made greater efforts to borrow more from the inter-bank market and lengthened the terms to ensure liquidity safety during tightened period, and actively granted loans during loose period. In 2013, domestic trading amount in the inter-bank market was RMB15.33 trillion, of which lending amounted to RMB8.98 trillion.

In respect of foreign currencies, the money supply in the domestic foreign exchange market was tight but stable. The Bank strived for raising fund returns on the premise of guaranteeing liquidity safety. It arranged term structures reasonably when the money supply was ample and borrowed foreign exchange funds actively when the money supply was intense in order to keep liquidity safe. In 2013, the Bank's foreign exchange transaction volume in money markets amounted to USD282.8 billion.

Investment

In 2013, the yield on RMB bond raised sharply amid fluctuations. Under the strategies of duration shortening and swing trading for trading book investment, the Bank traded short-term debentures mainly and took initiatives to realize gains by the swing trading of interest rate swap. In the year, the transaction volume of RMB bonds in trading book was RMB233.5 billion. In respect of banking book investment, the Bank moderately increased the proportion of investment in quality credit bonds with comparatively high value to optimize the structure of newly investment portfolio.

In respect of foreign currencies, amid big fluctuations of international bond market, the yield of the US treasury bonds stayed high after rebounding sharply higher in the middle of 2013, hence the bond prices fell at large. The strategy of "quick entering and exiting & keeping short-term trading" applied to the Bank's trading book. In the year, the total volume of foreign currency bonds in trading book was USD7.7 billion. For banking book investment, the Bank took initiatives to prevent interest rate risk, shortened portfolio duration, increased investments in quality corporate bonds and flexibly adjusted the area of investment to make portfolios safer.

Financing

In 2013, the Bank was positive in active liability. To blaze new trails in the pattern and approach of active liability development, it broadened the sources of funds from different channels, with different terms and in different currencies through a variety of active liability instruments, including large-denomination time certificate of deposit (CD) and financial bonds, so as to enhance the support of diversified liabilities to asset business development. On 12 November, the Bank's issuance of RMB2 billion offshore RMB bonds in London marked the first direct issuance of offshore RMB bonds by the headquarters of a domestic financial institution in the London market. Besides, the Bank, as one of the first batch of pilot institutions, successfully issued interbank CDs worth RMB3 billion on 12 December.

Channels and Services

Channel Development

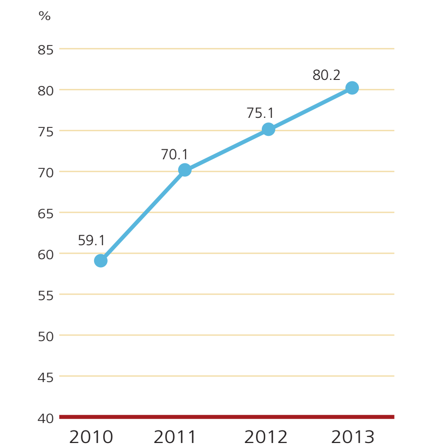
Being customer-oriented, the Bank planned for development of various channels and leveraged on the advantage of online and offline channels to build an integrated channel system that enables online and offline integration, whole-process response and consistent experience upon one-point access by customers. It continued to improve the layout of physical outlets and moderately expanded the channel network in key regions, areas with potential and emerging markets. In 2013, 70 domestic outlets were newly put into operation. The Bank also made efforts to upgrade and adjust outlets with low efficiency, especially the outlets with small scale, low productivity and low service capability in old towns and regions lack of resources. In 2013, it completed the upgrading and adjustment of 370 outlets with low efficiency. At the same time, the Bank strengthened the coordinated distribution, complementary functioning and synergic service of physical outlets and self-service banking outlets, by building 2,525 independent self-service banking outlets, enhancing the service level of self-service channels and effectively improving the service capacity of outlets, which continuously enhanced customer satisfaction.

By the end of 2013, the Bank had a total of 17,574 domestic and overseas institutions, among which 17,245 were domestic operations and 329 were overseas institutions. Domestic institutions include the Head Office, 31 tier-one branches, 5 branches directly controlled by the Head Office, 26 banking offices of tier-one branches, 401 tier-two branches, 3,075 tier-one sub-branches, 13,605 outlets, 40 Head Office-level profitability units along with their directly controlled-institutions and branches, and 61 majority controlling subsidiaries and their branches.

E-banking

With the focus on IT-based banking, the Bank closely followed the trend of mobile, personalized and intelligent banking, intensified innovation and application of E-banking products and services, and stepped up to build an integrated and open E-banking platform. The Bank took full advantage of the E-banking channel and boosted customer diversion from counter-based businesses. In 2013, personal internet banking customers of the Bank topped 0.16 billion, and mobile banking and personal telephone banking customers successively exceeded 0.1 billion. The Bank also explored new fields in internet service and vigorously developed its E-commerce banking platform. In addition, it boosted the development of overseas E-banking channel and diversified its product functions, basically covering all overseas institutions of the Bank. The transaction volume of E-banking increased by 14.8% compared with the previous year. The number of E-banking transactions accounted for 80.2% of total transactions of the Bank, representing an increase of 5.1 percentage points from the previous year.

Proportion of E-banking Business



Note: The proportion of E-banking business refers to the number of E-banking transactions against the total number of transactions of the Bank.

◆ *Internet Banking*

The Bank further enriched its internet banking product lines. It put into operation personal internet banking for Windows 8 tablet PC users and new-generation iPad users, and introduced mobile life services accommodating iPad and Android tablet PC, making personal internet banking of the Bank cover all mainstream mobile terminal operating systems. It also introduced “B2C Easy Loan Installment”, “Internet Quickpass”, agency promissory note issuance via corporate internet banking and many other new products. The Bank was awarded the “Best Corporate/Institutional Internet Bank in China” by *Global Finance* for the third time.

◆ *Telephone Banking*

The Bank improved its self-service and human-service telephone banking. It upgraded its voice menu and ID login mode, introduced speed-dial service, identification of repeated calls, voice robot and other functions, and strengthened interaction between human-service and self-service channels, further improving the self-service ratio. The Bank promoted the telephone banking product project, making personalized telephone banking products available to customers. It also introduced WeChat banking services which covered basic service functions such as customer service and public information inquiry, providing more convenient and efficient services to customers.

◆ *Mobile Banking*

The Bank boosted the innovation and application of mobile banking products by combining the new mobile internet technology, new functions of mobile terminals and new trend of network communication, which enhanced its competitiveness in mobile financial services. It took the lead to introduce general-use USB Key, further improving the universality of safety media and the safety of mobile banking. It combined the queuing system of outlets and positioning system of mobile phones to realize outlet queuing via mobile phone, integrating online and offline services. It also introduced the application of two-dimension code, which made mobile banking more functional and fashionable. The Bank applied the voice recognition technology to mobile banking to provide customers with interactive self service. At the end of 2013, the number of mobile banking customers increased by 49.5% from the end of the previous year.

◆ *Self-service Banking*

The Bank intensified its efforts in self-service banking, accelerated the installation of self-service equipment and extended its service channels to new business areas such as the commodity trading markets and major counties. It further upgraded the processing procedures of self-service terminals and increased the business varieties. In addition, the Bank intensified advertising on the functions of self-service equipment as well as customer diversion and guidance for counter-based business, thereby raising the operative efficiency of self-service equipment. At the end of 2013, the Bank owned 21,825 self-service banking outlets, representing an increase of 25.2% from the end of the previous year, and 80,501 ATMs, up 14.7%. The volume of ATM transactions amounted to RMB8,790 billion, up 33.1% from the previous year.

Service Enhancement

In 2013, the Bank carried out activities themed "Service Enhancement Year" and implemented service improvement strategy with thorough solutions, which constantly increased its overall service level and improved the customer satisfaction to a large extent.

The Bank continued to improve the service efficiency of its outlets. It upgraded the queuing management system to realize cross-outlet customer diversion and appointment-making, to make proper arrangements for busy and idle hours. The Bank took various measures to reduce waiting time of customers in peak hours of some outlets, such as standard operation, opening new counters in busy hours and assigning special counters for social security business.

Complaints from customers significantly reduced and customer satisfaction level rose constantly. To solve prominent problems repeatedly complained by customers, the Bank improved the quality of counter-based services, strengthened sophisticated management of customer complaints and upgraded the customer compliant processing system, which effectively increased the efficiency of customer compliant handling process. The number of customer complaints and repeated complaints decreased by 58% and 28%, respectively, and customer satisfaction rate in relation to complaint handling maintained at a high level.

Service channels of the Bank were more diversified. The Bank further improved the layout and service functions of its outlets via competitiveness enhancement and function transformation campaign. It followed certain handling procedures for special business of personal customers and extended the on-site service scope of outlets. Besides, it also propelled the development of self-service banking and improved the function and user-friendliness of self service, enabling the proportion of self-service trading volume to account for over 80% of the total trading volume of the Bank in the year.

The Bank completed its reform on centralized business processing and launched a new working mode in which outlets accept all businesses and business centers processed them in a centralized manner. The business procedures were upgraded and customer experience was continuously improved. The Bank renovated and improved the business processes across the board, and a convenient and efficient business acceptance process with more active services and a simplified, smooth, integrated and shared business handling process took shape. Making use of business plan and science and technology means, the Bank expanded appointment-making channels for customers and improved the business pre-processing mechanism, which enabled outlets to identify customers, provide layered services and carry out targeted marketing. It realized the handling of several businesses of a customer by one form-filling, one password authentication and one signing, which effectively improved the processing efficiency of counter-based business.

The long-acting mechanism for service improvement was increasingly improved and multiple measures were taken to enhance customer satisfaction. The Bank strengthened the construction of its service policy regime, established service committees, conducted remote monitoring over service quality of outlets and improved the norms and standards for on-site services and after-sales services. It continued to conduct third-party survey on personal customer satisfaction and improved the service level with a focus.

The Bank improved the system and mechanism for customer rights protection. It emphasized beforehand prevention and risk control at the source and strictly controlled market access. As for service charges, a major concern of consumers, the Bank implemented rigid system control over parameter setting for service price list. The Bank organized various activities to expose consumers to financial knowledge, such as "Popularizing Financial Knowledge" and "Household Financial Knowledge". Moreover, the Bank enhanced its employees' awareness and capacity in customer right protection via trainings, knowledge contest and other activities.

Internationalized and Diversified Operation

The Bank steadily advanced internationalized and diversified operation and development and stepped up its financial support "Going Global" enterprises and RMB internationalization. It endeavored to promote the endogenous development of overseas institutions on the basis of its basically-completed global service network. It improved the regional management mechanisms by reinforcing the business supporting, integrated operating and risk control functions of the head offices for regional management and promoting differentiated positioning, mutual advantage complements and coordinated development of regional institutions. In addition, the Bank improved the domestic-overseas integrated operating pattern, strengthened the interaction between domestic and overseas institutions and among overseas institutions and refined the global integrated FOVA function. Information sharing was promoted by optimizing the global information platform. It also expanded its global key product lines in a collateral and in-depth fashion, including retail banking, E-banking, cash management, asset management and specialized financing. Besides, the Bank expanded cross-border RMB business. The RMB clearing bank in Singapore officially started business and therefore the developing pattern containing cross-border RMB business has taken shape. It also developed its overseas RMB clearing network and stepped up the building of offshore RMB market in the overseas financial centers. In 2013, the volume for cross-border RMB business reached RMB2,166.6 billion, increasing by 40.0%.

In terms of overseas institution building, ICBC (Brasil) officially started business, and ICBC (Peru) and ICBC (New Zealand) obtained licenses[1]. The name of Standard Bank Argentina S.A. was officially changed to ICBC (Argentina). The integration work for ICBC (Argentina) was under steady progress. Besides, Industrial and Commercial Bank of China (Middle East) Limited was officially transformed into Dubai (DIFC) Branch. The tier-two networks in Indonesia, Singapore, Malaysia and Canada were expanded. The Bank signed the agreement acquiring 20% shares of Bank SinoPac. As at the end of 2013, the Bank has established 329 institutions in 40 countries and regions and indirectly covered 19 African countries as a shareholder of Standard Bank. The Bank also established correspondent banking relationship with 1,730 overseas banking institutions in 145 countries and regions, making its service network covering six continents in Asia, Africa, Latin America, Europe, North America and Australia and major global financial centers.

1 ICBC (Peru) and ICBC (New Zealand) officially started business on 6 February 2014 and 26 February 2014, respectively.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

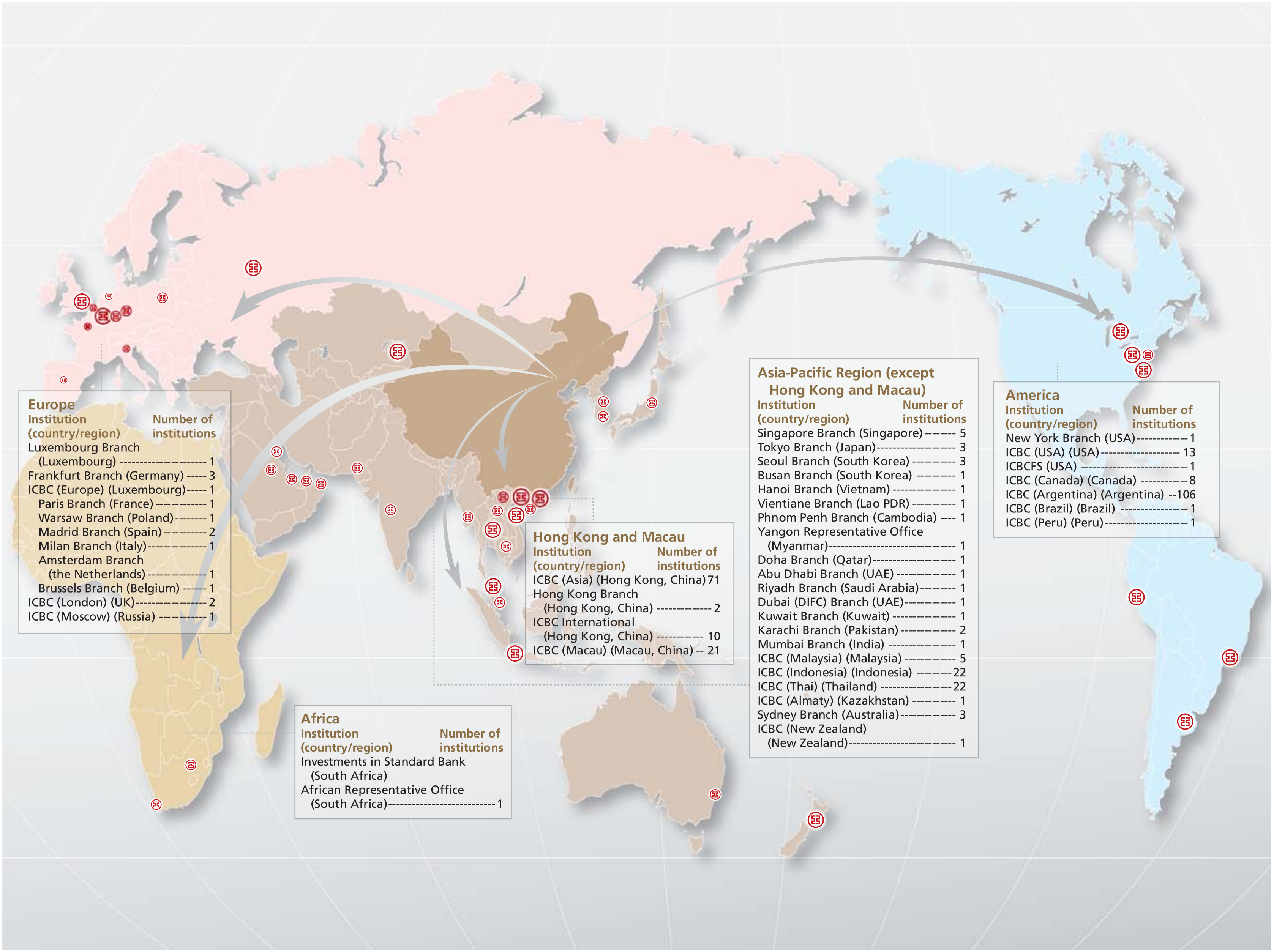
Item	Assets (in USD millions)		Profit before tax (in USD millions)		Number of institutions	
	At the end of 2013	At the end of 2012	2013	2012	At the end of 2013	At the end of 2012
Hong Kong and Macau	101,024	78,189	1,129	727	104	103
Asia-Pacific region (except Hong Kong and Macau)	46,992	30,431	358	344	78	71
Europe	22,770	16,966	166	132	15	15
America	54,407	46,592	256	70	131	127
Africa[(1)]	4,606	5,244	324	400	1	1
Eliminations	(20,636)	(14,700)				
Total	**209,163**	**162,722**	**2,233**	**1,673**	**329**	**317**

Note: (1) The assets represent the balance of the Bank's investment in Standard Bank and the profit before tax represents the Bank's gain on investment recognized by the Bank during the reporting period.

As at the end of 2013, total assets of overseas institutions (including overseas branches, subsidiaries and investments in Standard Bank) of the Bank were USD209,163 million, representing an increase of USD46,441 million or 28.5% from the end of the previous year, and they accounted for 6.7% of the Group's total assets, representing an increase of 0.9 percentage points. Total loans amounted to USD108,121 million, representing an increase of USD36,238 million or 50.4%, and total deposits were USD74,750 million, representing an increase of USD17.336 billion or 30.2%. Profit before tax during the reporting period was USD2,233 million, representing an increase of 33.5% compared with the previous year.

The Bank improved the interaction mechanism between the Group and its subsidiaries and promoted the professional and characteristic development of comprehensive subsidiaries, hence improving comprehensive services to customers. Leveraging on its advantage as an all-around asset management platform, ICBC Credit Suisse Asset Management continuously promoted product innovation and realized coordinated growth of size and profits. Grasping the opportunities in policies, ICBC Leasing made greater efforts in business development, actively innovated leasing products to serve the real economy, and therefore further consolidated its leading position in the sector. Seizing the opportunities in China's life insurance market, ICBC-AXA brought into play the channel and resource advantages of its parent bank to vigorously expand bank-insurance channel, hence further enhancing profitability. As an overseas platform with the Group holding the investment banking license, ICBC International actively supported large transnational and domestic enterprises to go public in Hong Kong, vigorously developed bond underwriting business and maintained a more stable profit structure.

DISTRIBUTION MAP OF OVERSEAS INSTITUTIONS



Controlled Subsidiaries and Major Equity Participating Company

◆ *Overseas Subsidiaries*

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

ICBC (Asia) is a wholly owned Hong Kong registered bank by the Bank, and has an issued share capital of HKD4,129 million. It provides comprehensive commercial banking services and the major businesses include commercial credit, trade finance, investment service, retail banking, E-banking, custody, credit card, receiving bank services for IPOs and dividend distribution. At the end of 2013, ICBC (Asia) recorded total assets of USD73,505 million and net assets of USD5,733 million respectively. It generated a net profit of USD678 million during the year.

ICBC INTERNATIONAL HOLDINGS LIMITED

ICBC International, a wholly-owned subsidiary of the Bank as well as a full-licensed investment bank in Hong Kong, has a paid-up capital of HKD4,839 million. It mainly renders a variety of investment banking services, including listing sponsor and underwriting, equity financing, bond financing, securities brokerage and fund management. At the end of 2013, ICBC International recorded total assets of USD1,463 million and net assets of USD705 million respectively. It generated a net profit of USD36 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

ICBC (Macau) is the largest local legal banking entity and the second largest commercial bank in Macau. It has a registered capital of MOP461 million, in which the Bank holds an 89.33% stake. ICBC (Macau) mainly engages in comprehensive commercial banking services such as deposit, loan, trade finance and international settlement. At the end of 2013, ICBC (Macau) recorded total assets of USD17,537 million and net assets of USD1,207 million respectively. It generated a net profit of USD160 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD

ICBC (Malaysia) is a wholly-owned subsidiary of the Bank established in Malaysia. With a registered capital of MYR331 million, it is able to provide a full range of commercial banking services. At the end of 2013, ICBC (Malaysia) recorded total assets of USD1,516 million and net assets of USD111 million. It generated a net profit of USD2.25 million during the year.

PT. BANK ICBC INDONESIA

ICBC (Indonesia) is a full-licensed commercial banking subsidiary registered in Indonesia, with a paid-up capital of IDR2.69 trillion, in which ICBC holds a 98.61% stake. ICBC (Indonesia) mainly specializes in financial services such as deposit, loan and trade finance, settlement, agency services, inter-bank borrowing and lending and foreign exchange. At the end of 2013, ICBC (Indonesia) recorded total assets of USD2,581 million and net assets of USD254 million. It generated a net profit of USD19.52 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

ICBC (Thai), a subsidiary of the Bank, has a registered capital of THB14,187 million, in which the Bank holds a 97.7% stake. ICBC (Thai) holds a comprehensive banking license and provides various services including deposit, loan, trade finance, remittance, settlement, leasing and consulting. At the end of 2013, ICBC (Thai) recorded total assets of USD5,377 million and net assets of USD494 million. It generated a net profit of USD31.07 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ALMATY) JOINT STOCK COMPANY

ICBC (Almaty), a wholly-owned subsidiary of the Bank, was incorporated in Kazakhstan with a registered capital of KZT8,933 million. It principally engages in commercial banking services such as deposit, loan, international settlement and trade finance, foreign currency exchange, guarantee, account management, internet banking and bank card service. At the end of 2013, ICBC (Almaty) recorded total assets of USD321 million and net assets of USD77.03 million. It generated a net profit of USD3.31 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

ICBC (New Zealand), a wholly-owned subsidiary of the Bank, obtained business permit from the Reserve Bank of New Zealand on 19 November 2013. On 26 February 2014, it officially started business with registered capital of NZD60,377.7 thousand. ICBC (New Zealand) provides financial services such as account management, transfer and remittance, international settlement, trade finance and corporate credit.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA, (LONDON) PLC

ICBC (London), a wholly-owned subsidiary of the Bank, was incorporated in the United Kingdom with a registered capital of USD200 million. It provides a full spectrum of banking services such as exchange and remittance, loan, trade finance, international settlement, funds clearing, agency and custody. At the end of 2013, ICBC (London) recorded total assets of USD3,462 million and net assets of USD296 million. It generated a net profit of USD29.37 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (EUROPE) S.A.

ICBC (Europe), a wholly-owned subsidiary of the Bank, was incorporated in Luxembourg with a registered capital adding to EUR215 million. Paris Branch, Amsterdam Branch, Brussels Branch, Milan Branch, Madrid Branch and Warsaw Branch are structured under ICBC (Europe), which mainly offers corporate and retail banking services such as deposit, withdrawal, remittance, settlement, loan, trade finance, capital, investment banking, custody, franchise wealth management. At the end of 2013, ICBC (Europe) recorded total assets of USD7,604 million and net assets of USD377 million. It generated a net profit of USD39.86 million during the year.

ZAO INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MOSCOW)

ICBC (Moscow), a wholly-owned subsidiary of the Bank, was incorporated in Russia with a registered capital of RUB2,310 million. It mainly provides a full spectrum of corporate banking services including loan, settlement, trade finance, deposit, foreign currency exchange, franchise treasury business, global cash management and corporate financial consulting as well as remittance for natural persons without account. ICBC (Moscow) is RUB clearing bank for RMB trading against RUB on China Foreign Exchange Trade System, important market maker and RMB clearing bank for RMB trading against RUB on MICEX-RTS. At the end of 2013, ICBC (Moscow) recorded total assets of USD734 million and net assets of USD83.74 million. It generated a net profit of USD6.30 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USA) NA

ICBC (USA), a controlled subsidiary of the Bank in the United States, has a paid-up capital of USD169 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license registered in the UFIQAC, ICBC (USA) is a member of Federal Deposit Insurance Corporation, providing corporate and retail banking services such as deposit, loan, settlement and remittance, trade finance, cross-border settlement, cash management, E-banking and bank card services. At the end of 2013, ICBC (USA) recorded total assets of USD970 million and net assets of USD170 million. It generated a net profit of USD0.15 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC

ICBCFS, a wholly-owned subsidiary of the Bank in the United States, has a registered capital of USD50.00 million. It mainly specializes in securities clearing business in Europe and America, and offers professional banking services including securities clearing, settlement and financing, accounting and transaction statement in European and American markets for institutional customers. At the end of 2013, ICBCFS recorded total assets of USD38,793 million and net assets of USD83.91 million. It generated a net profit of USD14.67 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

ICBC (Canada) is a subsidiary of the Bank in Canada with a paid-up capital of CAD108.00 million, in which the Bank holds an 80% stake. Holding a full-functional commercial banking license, ICBC (Canada) provides various corporate and retail banking services such as deposit, loan, settlement remittance, trade finance, foreign exchange trading, funds clearing, RMB cross-border settlement, RMB currency notes, cash management, E-banking, bank card and investment and financing information consulting service. At the end of 2013, ICBC (Canada) recorded total assets of USD946 million and net assets of USD126 million. It generated a net profit of USD6.46 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ARGENTINA) S.A.

ICBC (Argentina), a controlled subsidiary of the Bank in the Argentina, has a paid-up capital of ARS1,345 million, in which the Bank holds an 80% stake. With the full-functional commercial banking license, ICBC (Argentina) specializes in deposit, loan, settlement and remittance, trade finance, foreign exchange trading, capital settlement, financial market, offshore finance, cash management, investment banking, cross-border loan, E-banking, credit card, retail banking and business. At the end of 2013, ICBC (Argentina) recorded total assets of USD4,052 million and net assets of USD490 million respectively. It generated a net profit of USD108 million during the year.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (BRASIL) S.A.

ICBC (Brasil), a subsidiary of the Bank, has a registered capital of BRL202 million, in which the Bank holds a 99.99% stake. ICBC (Brasil) mainly engages in commercial banking and investment banking services such as deposit, loan, trade finance, international settlement, fund transaction, franchise wealth management and financial advisory. At the end of 2013, it recorded total assets of USD138 million and net assets of USD84.37 million.

ICBC PERU BANK

ICBC (Peru), a wholly-owned subsidiary of the Bank in Peru, obtained business license granted by Central Reserve Bank of Peru and Superintendency of Banking and Insurance on 8 November 2013. It officially started business on 6 February 2014 with registered capital of USD50 million. ICBC (Peru) offers financial services including account management, transfer and remittance, international settlement, trade finance and corporate credit.

◆ *Major Domestic Subsidiaries*

ICBC CREDIT SUISSE ASSET MANAGEMENT CO., LTD.

ICBC Credit Suisse Asset Management, a subsidiary of the Bank, has a registered capital of RMB200 million, in which the Bank holds an 80% stake. It mainly engages in fund placement, fund distribution, asset management and such other businesses as approved by the CSRC, and owns many business qualifications including public fund, QDII, enterprise annuity, specific asset management, domestic and overseas investment manager of social security fund, RQFII, insurance capital management and special asset management. It is one of the fund companies with "full-qualification" in the industry. ICBC Credit Suisse Asset Management (International) and ICBC Credit Suisse Investment are structured under ICBC Credit Suisse Asset Management. At the end of 2013, ICBC Credit Suisse Asset Management managed a total of 42 public funds and over 160 enterprise annuities and special account portfolios, and the size of the assets under management amounted to over RMB230.0 billion, recorded total assets of RMB1,342 million and net assets of RMB1,011 million. It generated an annual net profit of RMB318 million.

ICBC FINANCIAL LEASING CO., LTD.

ICBC Leasing, a wholly-owned subsidiary of the Bank, has a registered capital of RMB8.0 billion[1]. It mainly engages in financial leasing in the fields of aviation, shipping and large-scale equipment and provides a variety of financial and industrial services including rental assignment, investment funds, securitization of investment assets, assets transactions and management. It has become a financial leasing company with the strongest comprehensive strength in China. At the end of 2013, ICBC Leasing recorded total assets of RMB148,842 million and net assets of RMB13,021 million. It generated a net profit of RMB2,006 million during the year.

ICBC-AXA ASSURANCE CO., LTD.

ICBC-AXA, a subsidiary of the Bank, has a registered capital of RMB5,705 million, in which the Bank holds a 60% stake. ICBC-AXA engages in a variety of insurance businesses such as life insurance, health insurance and accident insurance, and re-insurance of these businesses, businesses in which use of insurance capital is permitted by laws and regulations of the State, and other businesses approved by the CIRC. At the end of 2013, it recorded total assets of RMB21,518 million and net assets of RMB4,447 million. It generated a net profit of RMB20 million during the year.

◆ *Majority Equity Participation Company*

STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. The Bank holds 20.09% ordinary shares of Standard Bank. Its scope of business covers commercial banking, investment banking and life insurance business. The Bank continued to push forward the strategic cooperation with Standard Bank, initiated a total of 143 cooperative projects in a variety of fields such as corporate banking, settlement and cash management, information technology, financial market and precious metals, among which, the total value of the agreements entered between the two banks in relation to financing to Africa amounted to approximately USD11.1 billion. At the end of 2013, Standard Bank recorded total assets of ZAR1,694,293 million and net assets of ZAR155,982 million. It generated an annual net profit of ZAR16,206 million.

1 The Bank injected RMB3.0 billion into ICBC Leasing on 13 January 2014 and the registered capital increased to RMB11.0 billion.

Information Technology and Product Innovation

The Bank continued to carry forward the "Technology Driven" strategy to ensure the safe and stable operation of its IT system, pushed forward IT infrastructure construction, promoted information-based operation of the Bank, and accelerated product innovation, provided powerful support for improving its service level and business efficiency, boosting its internationalized and diversified operation and solidifying its risk management. The Bank was awarded the "Best IT Commercial Bank" by *The Chinese Banker*.

Vigorous Propulsion of System Application Building

Persisting in the principle of independent research and development, the Bank launched a number of basic service platforms and products in fields such as customer service, internationalized IT system construction, operational management as well as operation and management. In accordance with the requirement of unified display, application and accounting, the Bank streamlined the comprehensive bonus points system for personal customers. The Bank established the technology system supporting multi-dimensional and differential interest rate management, product innovating and customer services, which underpinned the efforts of the Bank in context of the reform of interest rate liberalization. The first intelligent outlet was open for business in Jiangsu, and the first self-service banking outlets employing 4G communication technology were put into operation in Sichuan and Zhejiang. The Bank accelerated the IT building of comprehensive operation subsidiaries, realizing centralized management of data source entry and customer information. The Bank also preliminarily built up the inflammation base platform for unstructured data and carried out big data analysis mining pilots. In 2013, the Bank obtained 83 patents from the State Intellectual Property Office, and the total number of patents owned by the Bank increased to 307.

Continuous Deepening in Product and Service Innovation

Focusing on bank-wide transformation, the Bank improved product innovation working mechanism to enhance financial services for customers. The Bank strengthened the product life-cycle management, and actively applied experience marketing, precision marketing and other marketing methods to further new product promotion. The Bank adapted to the characteristics of the consumer finance and mobile internet era, and developed the ICBC E-shopping e-commerce platform integrating online shopping, online financing and consumer credit. Easy Loan products were launched, which realized seamless connection of consumer payment and credit financing as well as integrated online and offline operation. WeChat Banking was launched, and paper precious metals, account foreign exchange and branch-featured services were added or optimized in the iPhone and Android mobile banking, with the view to increase carrying capacity of the customer end of mobile banking. Crude oil and foreign exchange products for personal accounts were launched, which met the customer demand for diversified investment. The Global Travel Credit Card was issued, which enriched the functions of overseas mobile banking and enhanced global service capacity of the Bank. The Bank also expanded the product innovation scope by holding the Fourth "ICBC Cup" Banking Product Innovative Design Competition for College Students and the Model Precious Metals Transactions Competition.

Continuous Improvement in Information Technology Management and Innovation Management Level

In 2013, the Bank took the lead among the domestic financial peers to successfully implement the switchover of host systems within minutes, boosting the business continuity level. The Bank completed the customer security protection technology system of customer and conducted tiered protection of application systems of the business lines including personal credit. The Bank actively promoted the independent and controllable construction of the information system, became the first commercial bank among the peers with its independently-built electronic banking authentication system and password algorithm passing the national security review. The Bank deepened the product research and development management, strengthened the product forward-looking study and creative source management, and made fast response to market hot spots, to improve the product service capability of the Bank. The Bank constantly improved the product management working mechanism, optimized the product management system, increased efforts in product follow-up and assessment, regularly carried out product operation situation analysis and clarified the product exit mechanism.

Human Resources Management

Focusing on the Bank's strategic needs of the internationalized and diversified operation and adhering to the concept of humanity, service collaboration and scientific management, the Bank continued to deepen its reform, strengthened the talents and the employees team building, improved ability and quality of the employees, and broadened the employee career development channels. The Bank also intensified the training, cultivation and introduction of international talents to satisfy the need of overseas institutions for talents, optimized and adjusted the organizational structure of the Head Office and elevated the competitiveness of the outlets to provide stable support for the transformation of the Bank, and strengthened corporate culture management to continuously raise the corporate cultural influence.

Human Resources Management and Incentive and Disciplinary Measures

Accommodating to new situation and requirements of the reform and development of the whole Bank, the Bank perfected the overall framework of the Group's compensation management, in order to build a unified and standard human resources allocation system across the Group. Being value creation-oriented, the Bank formed the compensation resources allocation system specific to the characteristics of each institution of the Group, and improved the income distribution structure of institutions and employees, and promoted the employee compensation management rules, to motivate the employees. The Bank broadened its vision of selection and recruitment of employees and selected middle and high-end professionals on a global basis through social recruitment and recommendation by agencies according to business development priorities. The Bank also accelerated the international talents team building and improved the overseas employees job rotation and international expatriation mechanism to ensure the implementation of the Group's strategy on internationalization.

Management and Development of Human Resources

With the mission of supporting the growth of employees and strategic development, the Bank deepened the training plan for all employees with the focus on managerial professional and business employees. In particular, the Bank promoted the key training programs including international talents training, managerial staff training and customer managers training, and increased the pertinence and effectiveness of training. The Bank also planned the training infrastructure and resources system building in a centralized way, and ameliorated college online, model banks and other platforms, strengthening the professional guarantee capability of training. In 2013, the Bank organized 45 thousand sessions of training for 4.14 million persons, with an average of 9.5 days per person.

Reform of Head Office and Branches

The Bank optimized and adjusted the organizational structure of the Head Office, with the aim of raising operational efficiency and further smoothing functional relationships. Head Office institutions are divided into four modules of marketing management, risk management, comprehensive administration and supporting and guarantee. The marketing departments were integrated with the goal of realizing unified customer marketing and classified management. The credit risk management architecture was improved and management efficiency was enhanced by strengthening unified channels management and streamlining institutional setup. The Bank further clarified the core functions of profitability units and consolidated their capability of market operational function and product research and development. Major adjustments made included: establishing the Channel Management Department, integrating Credit Rating & Facility Department and the Credit and Investment Management Department into the Credit Approval Department, establishing the Corporate Culture Department, integrating the Legal Affairs Department and the Consumer Protection Office, renaming the Corporate Banking Department I the Corporate Banking Department, renaming the Corporate Banking Department II (Banking Department) the Specialized Financing Department (Banking Department), changing the names of the Institutional Banking Department into Institutional Financial Services Department and the Security Department into Safety and Security Department, including the Private Banking Department into the profitability unit reform, increasing the number of profitability units to 9. In 2013, the profitability units generated profit before tax of RMB61,903 million.

Aiming at enhancing institutional competitiveness, the Bank continued to carry forward the reform of banking departments of provincial and regional branches and county-level sub-branches and started to the project of enhancing competitiveness of outlets. The Bank also accomplished the reform of legal affairs centralized management of all tier-one branches (and branches directly controlled by the Head Office), upgraded the sub-branches in Shenzhen Qianhai, Yunnan Shangri-la, Shanghai Pilot Free Trade Zone, etc., and further supported the local economic and social development.

Corporate Culture Management

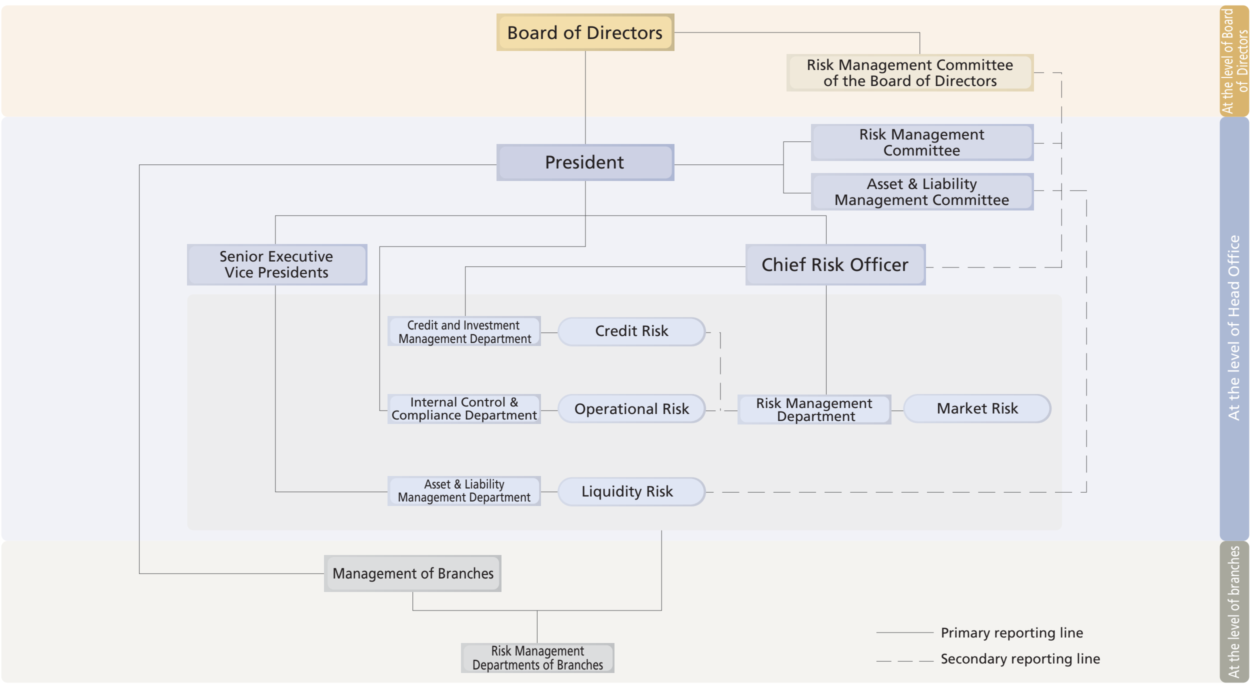
The Bank promoted the dissemination of corporate culture across and outside the Bank while focusing on the operation and development of the Bank. The Bank raised the employees' understanding and sense of identification of the Bank's corporate culture system by vividly interpreting its culture with stories and cartoons. The Bank released the corporate culture zone on the official website, where culture deposits of the Bank are exhibited with videos and old pictures. It also organized the third "Touching ICBC" Employees Award Ceremony, setting role models to spread the Bank's positive energy and encourage the employees to take practical actions. Moreover, the Bank strengthened compliance, integrity, service and other professional cultural cultivation and special cultural cultivation of branches, thus creating an active cultural atmosphere for bank-wide reform and development.

RISK MANAGEMENT

Enterprise Risk Management System

Enterprise risk management is a process where the Board of Directors, the Senior Management and other employees of the Bank perform their respective duties and responsibilities to take effective control of all the risks at various business levels in order to provide reasonable guarantee to the achievement of objectives of the Bank. The principles of risk management include matching return with risk, internal check and balance with consideration as to efficiency, risk diversification, combination of quantitative and qualitative analysis, dynamic adaptability adjustments and gradual improvement, etc.

The Bank's organizational structure of risk management comprises the Board of Directors and its special committees, the Senior Management and its special committees, the Risk Management Department, the Internal Audit Department, etc. The risk management organizational structure is illustrated below:



Note: Substantial risks including country risk and reputational risk have been incorporated into the enterprise risk management framework.

In 2013, the Bank proactively improved the enterprise risk management system and the enterprise risk management regulations, enhanced risk management of subsidiaries, and further enhanced the risk management capability at the group level. The Bank strived to meet the regulatory requirements on systemically important banks by studying and establishing working mechanisms and management processes, conducted substantive risk assessments of branches and subsidiaries, and revised measures regarding risk assessment and risk limit management. Accordingly, the Bank further improved the level of its enterprise risk management.

Credit Risk

Credit Risk Management

The Bank is primarily exposed to credit risk. Credit risk is the risk that loss is caused to banking business when the borrower or counterparty fails to meet its contractual obligations. The Bank's credit risks mainly originate from loans, treasury operations (including due from banks, placements with banks, reverse repurchase agreements, corporate bonds and financial bonds investment), receivables and off-balance sheet credit business (including guarantees, commitments and financial derivatives trading).

The Bank strictly adheres to the guidance from CBRC regarding credit risk management and other regulatory requirements, diligently delivers established strategies and objectives under the leadership of the Board of Directors and the Senior Management, implements an independent, integrated and vertical credit risk management mode, continuously optimizes the credit flow, and has formed a management organizational structure featuring the separation of the front office, the middle office and the back office of the credit business. The Board of Directors assumes the final responsibility to the effectiveness of the implementation and monitoring of credit risk management. The Senior Management is responsible for executing the strategies, overall policy and system regarding credit risk management approved by the Board of Directors. The Credit Risk Management Committee of the Senior Management is the review and decision-making organ of the Bank in respect of credit risk management, and is responsible to review material and important affairs of credit risk management, and performs its duty in accordance with the Working Regulations for the Credit Risk Management Committee. The credit risk management departments at different levels undertake the responsibility to coordinate the work of credit risk management at respective levels, and the business departments play their roles in implementing credit risk management policies and standards in respective business areas.

The Bank's credit risk management has the following characteristics: (1) standardized credit management processes are followed throughout the Bank; (2) the principles and processes of risk management focus on the entire process of credit business, covering customer investigation, credit rating, loan evaluation, loan review and approval, loan payment and post-lending monitoring; (3) special organization is set up to supervise the entire process of credit business; (4) the qualification of the employees who are responsible for credit review and approval is strictly reviewed; and (5) a series of information management systems are designed to monitor the risks on a real-time basis.

In 2013, in response to the changes in the macroeconomic environment and financial regulatory requirements, the Bank vigorously supported rational credit demand of the real economy and maintained the credit growth compatible with the capital scale of the Bank. The Bank continued to promote the credit system building and optimize its credit operations flow. According to macroeconomic dynamics and trends in industrial restructuring, the Bank timely adjusted and improved various credit policies, increased the efforts in credit restructuring, strictly controlled credit risk of key areas, and strengthened potential risk loans management and collection and disposal of non-performing loans. The Bank also continuously advanced the application of internal rating results, and accelerated the construction of credit risk monitoring and analysis center to enhance the whole process monitoring and supervision of credit risk. As a result, credit risk management of the Bank was fully strengthened.

◆ *Credit Risk Management of Corporate Loans*

The Bank continued to advance the development of the credit system and optimized the credit policy system. The Bank perfected basic rules of credit business. In particular, the Bank pushed forward vertical concentration of credit approval, improved the authorization management, actively promoted the optimization of credit business operations flow, and defined departmental functions to enhance efficiency of credit services. The Bank developed and adjusted regional credit policies according to the regional strategic development plan of China as well as regional characteristics and resource and policy advantages.

The Bank improved industry credit policies and enhanced industry-specific risk limit management. Subject to the macroeconomic policy, the orientation of the government's industry policy and operating characterizes of industries, the Bank timely formulated and adjusted the credit policy for certain industries and further expanded the coverage of industrial credit policies. In particular, the Bank actively supported the development of advanced manufacturing industry, modern service industry, culture industries and strategic emerging industries in line with the national economic structure adjustment direction as well as the development of ecological protection, energy saving and environmental protection, recycling economy and other green industries, and promoted the green credit construction across the Bank. The Bank also carried out strict limit management of industries with overcapacity, defined and standardized the operating rules for the industry limit management, and utilized the limit management system to control the total financing amount in a targeted way.

The Bank strengthened risk management of loans to local government financial vehicles (LGFVs). In particular, the Bank earnestly followed the relevant policies of the State Council and regulatory requirements of CBRC, adjusted and improved the approval policy governing loans to LGFVs, and strengthened the efforts in controlling the total financing amount for LGFVs. The Bank also prudently dealt with the exit of loans to LGFVs, closely monitored financing risk of key areas and customers, and further optimized the structure of loans to LGFVs.

The Bank strengthened risk management of the real estate industry. In particular, in response to changes in relevant policies of the government and the real estate market, the Bank improved the credit policy and system for the real estate industry in a timely fashion and enhanced the risk prevention and control capability on property loans. The Bank also continued to implement industry limit management and differentiated customer and project access standards and optimized the distribution of property loans. The Bank strictly followed closed management of property loan funds, and reinforced risk monitoring and prevention of existing property loan projects to timely mitigate project risks. In addition, the Bank intensified loan guarantee management and regularly re-assessed the value of existing loan collaterals with a view to guarding against the loan guarantee risk.

The Bank strengthened risk management in relation to trade finance. In particular, the Bank perfected the supporting policies for key products including commodity financing and domestic factoring, enhanced product analysis and monitoring, and followed up the risk mitigation progress. The Bank made risk analysis and intensified control in a timely manner over customers sensitive to cross-border international trade financing business for arbitrage, and strengthened modeling monitoring of typical risk events. Besides, the Bank promoted the transformation and upgrading of trade finance to supply chain financing model, and enhanced risk management of trade finance business.

The Bank enhanced risk management of small enterprise loans. In particular, the Bank further improved the entry thresholds for small enterprise customers, strengthened related credit and real-time credit management, and regulated external guarantee behaviors of small enterprises to prevent risk contagion. The Bank standardized cooperation process with financing guarantee companies to prevent the risk of small enterprise loans with joint guarantee and mutual guarantee. The Bank carried out special inspections of small enterprise loans, and actively mitigated the credit risk in the steel trade field by conducting special identification and list management of customers engaged in steel trade and implementing system rigid control and monthly special monitoring. The Bank also innovated in the due diligence model for small enterprise loans, promoted rule-based and procedure-based operation of small enterprise loan business, and optimized post-lending management and monitoring of small enterprise loans.

In addition, the Bank continued to improve the level of IT-based credit management. In particular, the Bank accelerated the integration of the global credit management system (GCMS), launched and put into use customer management, rating, credit extension, post-lending management and other system functions, realized integrated information management and unified credit rating of customers at the Group level, and further consolidated post-lending management of the Bank.

◆ *Credit Risk Management of Personal Loans*

The Bank further enhanced credit risk management of personal loans, and improved risk management system. The Bank continued to promote the financing limit management of personal customers, thereby realizing effective management of the total amount of various financing limits for personal customers. The Bank also further improved personal loan collection mechanism construction, customer manager post-lending management assessment mechanism, customer information updating and maintenance as well as governing rules and system functions, and intensified personal loan classification management for enhanced monitoring and analysis of the quality of personal loans.

The Bank actively adjusted the structure of personal credit products and optimized the allocation of personal credit resources. The Bank strictly controlled the entry criteria for borrowers, continued to implement differentiated housing credit policies, and propelled innovation of personal consumption loan products.

The Bank further standardized and improved the operation process for credit business and continued to improve the level of IT-based personal credit management. The Bank enhanced personal loan compliance management to ensure business process compliant with laws and regulations. The Bank also improved credit approval flow based on classification of personal housing loans, defined detailed automatic approval rules and simplified approval implementation conditions, to increase the efficiency of personal housing loan approval.

◆ *Credit Risk Management of Credit Card Business*

In accordance with risk characteristics and trends of credit card business, the Bank reinforced credit card approval management, established dynamic credit management system for risk customers, continued to strengthen dynamic credit management of high-risk customers. The Bank optimized the dynamic credit management system by adding the function of monitoring large-amount credit changes, in order to identify and warn against large-amount credit. The Bank also strengthened rigid control of internal rating and scoring in business processes including credit card issuing, credit line adjustment and collection, and implemented differentiated application strategy according to different customers and products. The Bank increased credit risk monitoring efforts through constantly improving functions of risk monitoring system and risk monitoring model system. In addition, the Bank fully enhanced credit card asset quality management and paid close attention to asset quality trends. The Bank intensified collection and disposal of NPLs by establishing large-amount credit card NPL collection accountability system, making dynamic adjustment of collection strategies, improving collaborated collection management measures and putting into use the collaborated collection management module of post-lending management system.

◆ *Credit Risk Management of Treasury Operations*

The Bank's treasury operations are exposed to credit risk mainly as a result of bonds investment and trading, interbank offering, bills with reverse repurchase agreements and RMB bonds borrowing. The RMB bond investment portfolio mainly included bonds issued by the Chinese government and other domestic issuers. The foreign currency debt securities investment portfolio mainly included investment-level bonds. Most of the counterparties of RMB bonds borrowing business were financial peers with good asset quality. Credit risk management measures adopted by the Bank in relation to treasury operations mainly comprised defining customers' entry criteria, controlling credit limit, controlling investment limit (scale), strict margin management, rating management and controlling authorization limit for single transactions. Except sovereign bonds, central bank bills and other government bonds, the Bank purchased bonds from any the entity within the limit of the line of credit of the entity approved by the Bank. The Bank set financing limits for each interbank offering and adopted the principle of management for both credit and authorization.

In 2013, the Bank continued to strengthen risk management of treasury operations by further improving the risk monitoring and analysis mechanism and intensifying credit concentration management for financial institutional customers. The Bank also timely adjusted bonds investment structure according to changes in debt and credit policies, thus effectively reducing credit risk of bonds investment portfolios. Additionally, the Bank continuously followed interbank business risk, implemented stringent customer entry thresholds, to boost interbank credit management.

◆ *Credit Asset Quality Management*

According to the regulatory requirement on loan risk classification, the Bank implemented five-tier classification management in relation to loan quality and classified loans into five categories: pass, special mention, substandard, doubtful and loss, based on the possibility of collecting the principal and interest of loans. In order to implement sophisticated management of credit asset quality and improve risk management, the Bank implemented the twelve-tier internal classification system for corporate loans. The Bank applied five-tier classification management to personal credit assets and ascertained the class of the loans based on the number of months for which the lender is in default, anticipated loss rate, credit rating, collaterals and other quantitative and qualitative factors.

In 2013, the Bank consolidated credit asset quality management to ensure stable credit asset quality. Specifically, the Bank improved NPL forecasting mechanism to accurately grasp the trend of changes in NPLs, strengthened management of NPLs to key areas and large-amount NPLs, and intensified management, collection and disposal of NPLs. The Bank also increased cash recovery efforts to raise the proportion of cash repayment, promoted the implementation of batch transfer of non-performing assets, and broadened the channels for disposal of non-performing assets.

◆ *Risk Management of Financial Asset Service Business*

The Bank's financial asset service business is exposed to risks mainly as a result of credit risk of financing customers, management risk of cooperative institutions and market risk of price fluctuation of underlying assets. The Bank took various risk management measures in the financial asset service business. The Bank implemented access management according to different business nature of financial asset services and risk management requirements, performed access approval process in terms of investment customers, financing customers, cooperative institutions, new business types, new products and domestic and overseas affiliates of financial asset service business according to applicable access standards, included business authorization into unified authorization management of the Bank, and established risk limit management system.

In 2013, the Bank set up the risk management system for financial asset service business in a gradual manner. The Bank promoted the construction of financial asset service business risk management organizational framework and perfected relevant rules and systems. The Bank streamlined and standardized authorization-related matters from three dimensions of credit risk, wealth management investment and business handling, in order to strengthen authorization management. The Bank formulated and issued the guide for agency investment of financing and investment customers to clarify industry selection, total amount control, entry thresholds for financing customers and projects, and specially developed the methods, process and management requirements on risk limit approval of financing customers. The Bank laid down and improved post-investment management rules, standardized risk management in the duration of agency investment and financing customers, and actively promoted financial asset service business system construction to enhance IT-based management.

Credit Risk Analysis

DETAILS OF THE BANK'S MAXIMUM EXPOSURE TO CREDIT RISK WITHOUT TAKING INTO ACCOUNT ANY COLLATERAL AND OTHER CREDIT ENHANCEMENTS

In RMB millions

Item	At 31 December 2013	At 31 December 2012
Balances with central banks	3,213,094	3,098,883
Due from banks and other financial institutions	717,984	636,450
Financial assets held for trading	27,808	20,317
Financial assets designated at fair value through profit or loss	344,413	201,208
Derivative financial assets	25,020	14,756
Reverse repurchase agreements	331,903	544,579
Loans and advances to customers	9,681,415	8,583,289
Financial investments	3,943,426	3,858,420
Receivables	324,488	364,715
Held-to-maturity investments	2,624,400	2,576,562
Available-for-sale financial assets	994,538	917,143
Others	225,020	220,183
Subtotal	**18,510,083**	**17,178,085**
Credit commitments	**2,445,956**	**2,076,206**
Maximum credit risk exposure	**20,956,039**	**19,254,291**

For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to "Credit Risk" of the 2013 Capital Adequacy Ratio Report.

DISTRIBUTION OF LOANS BY FIVE-TIER CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2013		At 31 December 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	9,632,523	97.08	8,501,566	96.57
Special mention	196,162	1.98	227,551	2.58
NPL	93,689	0.94	74,575	0.85
Substandard	36,532	0.37	29,418	0.33
Doubtful	43,020	0.43	36,482	0.42
Loss	14,137	0.14	8,675	0.10
Total	**9,922,374**	**100.00**	**8,803,692**	**100.00**

Loan quality was generally stable. As at the end of 2013, according to the five-tier classification, pass loans amounted to RMB9,632,523 million, representing an increase of RMB1,130,957 million from the end of the previous year and accounting for 97.08% of total loans, up 0.51 percentage points. Special mention loans stood at RMB196,162 million, representing a decrease of RMB31,389 million and accounting for 1.98% of total loans, down 0.60 percentage points. Outstanding NPLs amounted to RMB93,689 million, increased by RMB19,114 million, and NPL ratio was 0.94%, up 0.09 percentage points.

DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2013				At 31 December 2012			
	Loan	Percentage (%)	NPL	NPL ratio (%)	Loan	Percentage (%)	NPL	NPL ratio (%)
Corporate loans	7,046,515	71.0	73,253	1.04	6,332,578	71.9	60,977	0.96
Discounted bills	148,258	1.5	10	0.01	184,011	2.1	–	–
Personal loans	2,727,601	27.5	20,426	0.75	2,287,103	26.0	13,598	0.59
Total	**9,922,374**	**100.0**	**93,689**	**0.94**	**8,803,692**	**100.0**	**74,575**	**0.85**

The balance of non-performing corporate loans stood at RMB73,253 million, increasing by RMB12,276 million from the end of the previous year, and NPL ratio was 1.04%, up 0.08 percentage points, which was mainly due to the rebound of NPLs as a result of operating difficulties of some enterprises, especially small and medium-sized enterprises, in the face of macroeconomic downward pressure and weak external markets. The balance of non-performing personal loans stood at RMB20,426 million, increased by RMB6,828 million, and NPL ratio was 0.75%, up 0.16 percentage points, which was mainly due to the increase in NPL amount of personal business loans, personal consumption loans and credit card overdrafts as a result of decrease of operating income or salaries of some borrowers.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2013				At 31 December 2012			
	Loan	Percentage (%)	NPL	NPL ratio (%)	Loan	Percentage (%)	NPL	NPL ratio (%)
Head Office	388,097	3.9	4,069	1.05	312,927	3.6	2,811	0.90
Yangtze River Delta	2,071,035	20.9	22,568	1.09	1,936,722	22.0	15,465	0.80
Pearl River Delta	1,319,021	13.3	15,507	1.18	1,240,314	14.1	10,171	0.82
Bohai Rim	1,731,710	17.5	16,626	0.96	1,558,968	17.7	13,180	0.85
Central China	1,340,628	13.5	14,323	1.07	1,190,327	13.5	13,885	1.17
Western China	1,750,714	17.6	11,490	0.66	1,524,074	17.3	10,774	0.71
Northeastern China	568,511	5.7	5,443	0.96	514,030	5.8	5,308	1.03
Overseas and others	752,658	7.6	3,663	0.49	526,330	6.0	2,981	0.57
Total	**9,922,374**	**100.0**	**93,689**	**0.94**	**8,803,692**	**100.0**	**74,575**	**0.85**

The Bank continuously optimized the geographic credit mix and promoted a balanced allocation of credit resources for different geographic areas, maintaining the stability of credit quality. The Bank actively supported the regional development of Central China, Western China and Northeastern China, and granted RMB431,422 million loans to the three regions, accounting for 38.6% of the total new loans. Overseas and other loans increased by RMB226,328 million or 43.0%, accounting for 20.2% of the total new loans, which was mainly due to the rapid lending growth of ICBC (Asia), New York Branch, Singapore Branch and other overseas institutions as a result of their efforts in exploring local businesses.

The Yangtze River Delta, the Pearl River Delta and the Bohai Rim witnessed relatively large increases in balance of NPLs, mainly due to weak domestic and overseas demand that caused small and micro enterprises in those regions which relied heavily on exports suffered from decline in orders, rising costs and falling profits, leading to intensity of business funds.

DISTRIBUTION OF CORPORATE LOANS AND NON-PERFORMING CORPORATE LOANS OF DOMESTIC BRANCHES BY INDUSTRY

In RMB millions, except for percentages

Item	At 31 December 2013				At 31 December 2012			
	Loan	Percentage (%)	NPL	NPL ratio (%)	Loan	Percentage (%)	NPL	NPL ratio (%)
Manufacturing	1,488,594	23.5	27,054	1.82	1,392,266	23.8	22,442	1.61
Chemical industry	237,524	3.7	3,159	1.33	214,625	3.7	3,115	1.45
Machinery	232,245	3.7	4,482	1.93	212,086	3.6	2,721	1.28
Metal processing	180,786	2.9	3,646	2.02	173,477	3.0	2,570	1.48
Textiles and apparels	141,603	2.2	4,460	3.15	135,744	2.3	3,179	2.34
Iron and steel	120,375	1.9	321	0.27	135,925	2.3	1,402	1.03
Computer, telecommunications equipment, and other electronic equipment	99,701	1.6	1,000	1.00	94,558	1.6	1,103	1.17
Transportation equipment	88,098	1.4	1,635	1.86	72,752	1.3	1,312	1.80
Non-metallic mineral	67,942	1.1	1,843	2.71	63,599	1.1	1,710	2.69
Petroleum processing, coking and nuclear fuel	58,267	0.9	399	0.68	55,161	0.9	312	0.57
Others	262,053	4.1	6,109	2.33	234,339	4.0	5,018	2.14
Transportation, storage and postal services	1,219,345	19.2	5,381	0.44	1,135,626	19.4	9,538	0.84
Wholesale and retail	786,202	12.4	26,739	3.40	705,800	12.1	14,186	2.01
Production and supply of electricity, heat, gas and water	618,246	9.8	1,813	0.29	579,726	9.9	2,727	0.47
Water, environment and public utility management	465,037	7.3	114	0.02	464,000	7.9	341	0.07
Real estate	463,585	7.3	4,029	0.87	487,186	8.3	4,297	0.88
Leasing and commercial services	456,519	7.2	867	0.19	382,835	6.6	959	0.25
Mining	245,930	3.9	629	0.26	233,124	4.0	473	0.20
Construction	181,605	2.9	881	0.49	145,798	2.5	932	0.64
Lodging and catering industry	146,625	2.3	739	0.50	101,489	1.7	796	0.78
Science, education, culture and sanitation	100,878	1.6	535	0.53	84,339	1.5	578	0.69
Others	166,154	2.6	1,061	0.64	132,646	2.3	983	0.74
Total	**6,338,720**	**100.0**	**69,842**	**1.10**	**5,844,835**	**100.0**	**58,252**	**1.00**

In 2013, the Bank navigated credit extension and credit structure adjustment in a scientific manner, and proactively supported the development of advanced manufacturing, modern service sector, culture industries and strategic emerging industries in line with the country's economic structural adjustment orientation. The increment of the loans to the manufacturing industry was RMB96,328 million, up 6.9%, which was mainly attributable to advanced manufacturing industries including equipment manufacturing and agricultural products processing industries as well as leading enterprises in some traditional industries. Loans granted to the transportation, storage and postal services industry increased by RMB83,719 million or 7.4%, mainly to support the national key projects under construction and continuing projects. Loans granted to the wholesale and retail industry, main part of the loans to the service sector, increased by RMB80,402 million or 11.4%. Loans to the real estate industry decreased by RMB23,601 million, which was mainly due to the strict limit management of the real estate industry implemented by the Bank.

Balance of NPLs to the transportation, storage and postal services industry declined by a large margin. Increase in NPLs to the wholesale and retail industry was mainly because of intensity of funds of some wholesale enterprises and declining revenue and profits of retail enterprises affected by macroeconomic environment and downward fluctuation of bulk commodity prices. Increase in NPLs to the manufacturing industry was mainly due to more operating pressure of metal products, electrical machinery, textile and other industries affected by slowed domestic investment export growth, increasing overcapacity pressure, falling market demand, etc.

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

	Individually assessed	Collectively assessed	Total
At the beginning of the year	**31,405**	**188,998**	**220,403**
Charge for the year	22,941	15,157	38,098
Including: Impairment allowances charged	35,964	107,889	143,853
Impairment allowances transferred	417	(417)	–
Reversal of impairment allowances	(13,440)	(92,315)	(105,755)
Accreted interest on impaired loans	(2,019)	–	(2,019)
Write-offs	(14,002)	(2,498)	(16,500)
Recoveries of loans and advances previously written off	740	237	977
At the end of the year	**39,065**	**201,894**	**240,959**

As at the end of 2013, the allowance for impairment losses on loans stood at RMB240,959 million, a year-on-year increase of RMB20,556 million. Allowance to NPL was 257.19%; allowance to total loans was 2.43% and that to loans of domestic branches was 2.56%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

	At 31 December 2013		At 31 December 2012	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	4,446,023	44.8	3,754,475	42.6
Including: Personal housing loans	1,720,535	17.3	1,340,891	15.2
Pledged loans	1,184,175	11.9	1,087,051	12.4
Including: Discounted bills	148,258	1.5	184,011	2.1
Guaranteed loans	1,365,199	13.8	1,269,028	14.4
Unsecured loans	2,926,977	29.5	2,693,138	30.6
Total	**9,922,374**	**100.0**	**8,803,692**	**100.0**

Loans secured by mortgages stood at RMB4,446,023 million, representing an increase of RMB691,548 million or 18.4% from the end of the previous year, which was mainly due to the significant growth of personal housing loans. Pledged loans amounted to RMB1,184,175 million, representing an increase of RMB97,124 million or 8.9% from the end of the previous year. Unsecured loans amounted to RMB2,926,977 million, representing an increase of RMB233,839 million or 8.7% from the end of the previous year.

OVERDUE LOANS

In RMB millions, except for percentages

	At 31 December 2013		At 31 December 2012	
Overdue periods	**Amount**	**% of total**	**Amount**	**% of total**
1 to 90 days	53,868	0.54	63,567	0.72
91 days to 1 year	36,230	0.37	21,388	0.25
1 to 3 years	20,848	0.21	12,698	0.14
Over 3 years	22,685	0.23	28,009	0.32
Total	**133,631**	**1.35**	**125,662**	**1.43**

Note: Loans and advances to customers are deemed overdue when either the principal or interest is overdue. For loans and advances to customers repayable by installments, the total amount of loans is deemed overdue if part of the installments is overdue.

Overdue loans stood at RMB133,631 million, representing an increase of RMB7,969 million from the end of the previous year. Among which, loans overdue for over 90 days amounted to RMB79,763 million, representing an increase of RMB17,668 million.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB4,929 million, representing a decrease of RMB2,259 million or 31.4% as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB2,701 million, a decrease of RMB1,268 million.

EXTENDED LOANS

The balance of extended loans amounted to RMB10,383 million, representing a decrease of RMB3,849 million from the end of the previous year, of which the NPL balance was RMB2,476 million, representing a decrease of RMB393 million from the end of last year.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and top ten single customers accounted for 4.2% and 16.2% of the Bank's net capital respectively. The total amount of loans granted to the top ten single customers was RMB254,456 million, accounting for 2.5% of the total loans. The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of 2013.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total
Borrower A	Transportation, storage and postal services	65,827	0.7
Borrower B	Transportation, storage and postal services	24,728	0.2
Borrower C	Transportation, storage and postal services	24,546	0.2
Borrower D	Transportation, storage and postal services	23,926	0.2
Borrower E	Transportation, storage and postal services	22,962	0.2
Borrower F	Information transmission, software and IT services	22,363	0.2
Borrower G	Transportation, storage and postal services	19,462	0.2
Borrower H	Manufacturing	17,882	0.2
Borrower I	Transportation, storage and postal services	16,641	0.2
Borrower J	Transportation, storage and postal services	16,119	0.2
Total		**254,456**	**2.5**

Market Risk

Market risk is defined as the risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, and stock price and commodity prices). The Bank is primarily exposed to interest rate risk and currency risk (including gold).

The Bank's market risk management is the process of identifying, measuring, monitoring, controlling and reporting market risk for the purposes of setting up and enhancing the market risk management system, specifying responsibilities and process, determining and standardizing the measurement approaches, limit management indicators and market risk reports, controlling and mitigating market risk and improving the level of market risk management. The objective of market risk management is to control market risk exposures within a tolerable level and maximize risk-adjusted return according to the Bank's risk appetite.

The Bank strictly complies with the Guidelines on Market Risk Management of Commercial Banks issued by CBRC and other related regulatory requirements, implemented an independent, centralized and coordinated market risk management model under the leadership of the Board of Directors and the Senior Management, and formed a management organizational structure featuring the segregation of the front office, the middle office and the back office in the financial market business. The Board of Directors assumes the ultimate responsibility to the implementation and monitoring of market risk management. The Senior Management is responsible to execute the strategies, overall policy and system regarding market risk management approved by the Board of Directors. The Market Risk Management Committee of the Senior Management is the review and decision-making organ of the Bank in respect of market risk management, and is responsible for reviewing important matters of market risk management, and performs its duty in accordance with the Working Regulations for the Market Risk Management Committee. The market risk management departments at different levels are responsible for coordinating the market risk management at respective levels, and the business departments play their roles in implementing market risk management policies and standards in respective business areas.

In 2013, the Bank continued to strengthen its consolidated management of market risk and comprehensively enhanced the management and measurement of market risk at the Group's level. The Bank constantly improved the Group's market risk management system, strengthened the Group's market risk reporting and limit management as well as the pre-transaction risk control, and sped up the construction of pre-transaction risk control system across the Group to prevent significant risk events. The Bank continued to improve the Group's product control management system, carried out daily product control for each transaction including business reconciliation, verification of valuations, profit and loss analysis and price monitoring, and accelerated the application of the global product control system (GPC) in the overseas institutions. The Bank also actively promoted the preparation for the implementation of IMA for market risk, enhanced independent research and development capability for market risk internal models, optimized market risk measurement models and data management, and popularized core application of IMA. Moreover, the Bank accelerated overseas expansion of the global market risk management (GMRM) system, extended market risk measurement and monitoring coverage, laying a foundation for the implementation of AMA for capital management.

Banking Book and Trading Book

In order to take more effective market risk management measures and accurately measure regulatory capital arising from market risk, the Bank categorized all on- and off-balance sheet assets and liabilities into its trading book and banking book according to the nature and characteristics of different accounts. The trading book includes tradable financial instruments and commodity positions held by the Bank for the purposes of trading or hedging the risks of other items in the trading book, whereas all other positions are included in the banking book.

Market Risk Management of the Banking Book

◆ *Interest Rate Risk Management*

Interest rate risk is defined as the risk of loss in the overall gain and economic value of the banking book arising from adverse movements in interest rate and term structure etc. Interest rate risks mainly include repricing risk, yield curve risk, benchmark rate risk and option risk, of which, repricing risk and benchmark rate risk are the Bank's primary interest rate risks.

The Bank's interest rate risk management is aimed at maximizing the risk-adjusted net interest income within the tolerable level of interest rate risk under its risk management and risk appetite. The Bank adheres to the prudence principle in interest rate risk management of the banking book. The department in charge of interest rate risk management of the banking book and business departments jointly monitor and forecast interest rate trends and manage the interest rate risk based on monitoring results, so as to maximize the risk-adjusted income.

In 2013, the Bank closely followed policy trends and market changes and actively responded to the challenges brought by interest rate liberation. The Bank continued to improve its framework of consolidated interest rate risk management at the Group's level, and strengthened the analysis and application of statements of the Group, and enhanced the level of monitoring and analysis of interest rate risk. The Bank also upgraded the interest rate risk management system to lay a solid technical foundation for the sophisticated management of interest rate risk.

◆ *Currency Risk Management*

Currency risk is the risk of adverse movements of exchange rate resulting in losses on the foreign currency exposure, which is due to the currency structures mismatch between foreign currency assets and liabilities.

The Bank's objective of currency risk management is to control the impact of exchange rate fluctuations on the Bank's financial position and shareholders' equity within a tolerable extent. The Bank mitigates such risk principally by limit management and hedging of risks. The Bank carries out sensitivity analysis and stress testing of currency risk on a quarterly basis, and submits currency risk reports to the Senior Management and the Market Risk Management Committee.

Market Risk Management of the Trading Book

The Bank continued to improve risk measurement and product control of the trading book by adopting multiple methods including value at risk (VaR), sensitivity analysis and exposure analysis to measure and manage products in the trading book. The Bank also further optimized the market risk limit management system based on trading portfolios, expanded the market risk limit management in overseas institutions, and refined the limit management indicators. Additionally, the Bank advanced classified management of agency, market-making and proprietary businesses, strengthened market concentration and holding period management of financial instruments, and realized dynamic limit monitoring and management with the help of its global market risk management (GMRM) system.

Market Risk Analysis

◆ *Interest Rate Risk Analysis*

In 2013, PBC accelerated the interest rate liberalization reform, fully liberalized loan interest rate controls, established a disciplined market interest rate pricing system and the centralized loan prime rate quotation and reporting mechanism and promoted interbank CDs issuance and trading. As a result, the interest rate liberalization reform achieved new progress. In response to the new challenges of interest rate risk management, the Bank actively developed plans to strengthen the monitoring and analysis of interest rate implementation and optimize the interest rate structure. The Bank also actively prevented interest rate repricing risk and strived to reduce interest costs, thereby improving the interest rate risk management of the Bank.

As at the end of 2013, the Bank had a cumulative interest rate sensitivity negative exposure within one year of RMB351,705 million, representing an increase of RMB152,186 million from the end of the previous year, mainly because of the increase of deposits matured within one year and the decrease of bonds investment for the corresponding period. Cumulative interest rate sensitivity positive exposure over one year stood at RMB1,565,574 million, representing an increase of RMB440,323 million, mainly due to the moderate increase of medium and long-term bonds investment. The structure of the Bank's interest rate risk exposure according to the contractual repricing date or maturity date (whichever is earlier) is shown in the following table:

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 month	3 months to 1 year	1 to 5 years	Over 5 years
At 31 December 2013	(1,106,776)	755,071	473,593	1,091,981
At 31 December 2012	(1,539,586)	1,340,067	(48,908)	1,174,159

Note: Please refer to "Note 53.(c)(iii) to the Financial Statements: Interest rate risk".

The following table illustrates the interest rate sensitivity analysis of the Bank on the assumption that the overall interest rate in the market moves in parallel, without taking into account the risk management actions that the Management may take to mitigate interest rate risk:

INTEREST RATE SENSITIVITY ANALYSIS

In RMB millions

	At 31 December 2013		At 31 December 2012	
Changes of interest rate in basis points	Impact on net interest income	Impact on equity	Impact on net interest income	Impact on equity
Increase by 100 basis points	(3,625)	(23,845)	(6,994)	(22,489)
Decrease by 100 basis points	3,625	25,219	6,994	23,851

Note: Please refer to "Note 53. (c)(iii) to the Financial Statements: Interest rate risk".

◆ *Currency Risk Analysis*

In 2013, Renminbi appreciated slightly with obvious two-way fluctuations, exchange rate elasticity was significantly enhanced, and Renminbi exchange rate expectation was generally stable. The exchange rate of Renminbi against US dollar appreciated 3.09% from the beginning of the year. The Bank closely watched the changes in external market and internal funds, actively took a combination of measures such as price leverage to adjust and optimize the aggregate amount and structure of foreign exchange assets and liabilities, and controlled the currency risk of the Bank while maintaining a coordinated development of foreign exchange deposit and loan businesses.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

Item	At 31 December 2013 RMB	At 31 December 2013 USD equivalent	At 31 December 2012 RMB	At 31 December 2012 USD equivalent
Exposure of on-balance sheet foreign exchange items, net	253,530	41,824	266,916	42,820
Exposure of off-balance sheet foreign exchange items, net	(149,043)	(24,587)	(187,054)	(30,008)
Total foreign exchange exposure, net	**104,487**	**17,237**	**79,862**	**12,812**

Please refer to "Note 53.(c)(ii) to the Financial Statements: Currency risk" for the exchange rate sensitivity analysis.

◆ *Market Risk Analysis of the Trading Book*

The Bank applied the Historical Simulation Method (adopting a confidence interval of 99%, holding period of one day and historical data of 250 days) to measure the VaR of the interest rate risk, currency risk, and commodity risk of fundamental commodity products and derivative products of the trading books of the Head Office and all overseas branches.

VALUE AT RISK (VAR) OF THE TRADING BOOK

In RMB millions

Item	2013				2012			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
Interest rate risk	50	45	85	13	14	28	81	7
Currency risk	39	29	54	15	28	28	60	3
Commodity risk	16	5	19	0	0	7	20	0
Total portfolio VaR	**61**	**53**	**95**	**26**	**32**	**41**	**88**	**22**

Note: Please refer to "Note 53. (c)(i) to the Financial Statements: Value at Risk (VaR)".

Liquidity Risk

Liquidity risk is the risk that the Bank, despite its solvency, is unable to raise funds on a timely basis or at a reasonable cost to fund the asset growth or to settle liabilities as they fall due. Liquidity risk includes financing liquidity risk and market liquidity risk. Financing liquidity risk refers to the risk that the Bank fails to satisfy the funding needs in a timely and effective manner without affecting daily operation or financial position of the Bank, while market liquidity risk refers to the risk that the Bank is unable to raise funds through the disposal of assets at a reasonable market price as a result of market illiquidity or volatility.

Liquidity risk may arise from the following events or factors: withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, mismatch between assets and liabilities, difficulties in assets realization, operating losses, derivatives trading risk and risk associated with its affiliates.

Liquidity Risk Management

In 2013, according to the macroeconomic environment and changes of financial regulatory policies, the Bank continued to strengthen the development of its liquidity risk management system and the management of liquidity risk. The Bank intensified the building of the RMB operation management mechanism for overseas institutions, and formulated the annual management scheme for RMB treasury operation of overseas institutions. The Bank attached great importance to the fund operation of off-balance sheet businesses, enhanced consolidated liquidity management on on- and off-balance sheet businesses, and pushed forward the interest rate liberalization reform by improving repricing mechanism. The Bank continued to track the development of PBC second-generation payment system, and improved its functions of the liquidity management module of the Bank's payment system, to strengthen grounds for liquidity management.

◆ *Liquidity Risk Management System and Governance Structure*

The Bank's liquidity risk management system includes the following fundamental elements: effective monitoring by the Board of Directors and the Senior Management, sound strategy, policy and procedures for liquidity risk management; comprehensive identification, measurement, monitoring and control procedures for liquidity risk, sound internal control and effective supervision mechanism, effective and comprehensive information management system, and effective crisis handling mechanism.

In respect of liquidity risk management, the Bank's governance structure embodies the decision-making system comprising the Board of Directors and its special committees as well as the Asset & Liability Management Committee and the Risk Management Committee of the Head Office; the supervision system comprising the Board of Supervisors, the Internal Audit Bureau and the Internal Control & Compliance Department; and the execution system comprising the Asset & Liability Management Department, the business departments and the operation management departments of the Head Office. Each of these systems undertakes corresponding decision making, supervision and execution functions according to their respective responsibilities.

◆ *Objective, Strategy and Important Policy of Liquidity Risk Management*

The objective of liquidity risk management of the Bank is to meet the liquidity needs of asset, liability and off-balance sheet activities and its payment obligation to external parties on a timely basis and to effectively balance fund profitability and security under normal operation or under stress, which is achieved through the development of a scientific and comprehensive liquidity risk management mechanism and the implementation of effective identification, measurement, monitoring and control measures on liquidity risk. On this basis, the Bank aims to strengthen liquidity risk management and monitoring of its affiliates and to mitigate the overall liquidity risk of the Group.

The strategy of liquidity risk management of the Bank is to establish a centralized liquidity risk management mode based on the thorough consideration of the organizational structure and major business characteristics of the Bank as well as regulatory policies, and list out concrete policies in relation to specific matters of liquidity risk management. Important policies for liquidity risk management are formulated in accordance with external and macro operating environments and business development of the Bank, with a view to striking an effective balance among security, liquidity and profitability.

◆ *Liquidity Risk Management Mode*

The mode of liquidity risk management of the Bank is consolidated liquidity risk management based on management of liquidity risk at the entity level, of which the Head Office manages the liquidity risk of the Bank in a unified and centralized manner and ensures liquidity security of the Bank through the dynamic adjustment of the aggregate amount and structure of assets and liabilities, whereas the affiliates assume primary responsibilities to respective liquidity risk management, and undertake corresponding responsibilities to liquidity management as required by the Head Office.

◆ *Stress Test*

Following the prudence principle, the Bank employs the scenario analysis and the sensitivity analysis to perform stress test on liquidity risk. The Bank has taken full consideration of various macroscopic and microscopic factors that may influence the Bank's liquidity status to set stress scenarios against those products, businesses and institutions with concentrated liquidity risk in line with the characteristics and complexity of the Bank's businesses. The Bank performs stress test on a quarterly basis. When necessary, the Bank may carry out temporary and special stress test at particular time in light of changes in the external operating environment and regulatory requirements.

Liquidity Risk Analysis

The Bank paid close attention to the macro-control policy and the trend of market funds, and dynamically adjusted its liquidity management strategy and fund operation tempo in accordance with the Bank's assets and liabilities, business development and liquidity status. The Bank improved the scale and structure of liquidity reserve assets at all levels, effectively overcame the impact of periodical and seasonal factors on the Bank's liquidity, effectively reduced the use of low efficient funds while ensuring bank-wide liquidity at a safe level, and improved its fund use efficiency to enhance its ability to deal with liquidity risk.

In respect of foreign currencies, the Bank closely observed the changes in market interest rates and funds, adjusted foreign currency liquidity management strategy and internal and external fund prices in a flexible manner and coordinated the balanced development of foreign currency assets and liabilities business while ensuring a safe liquidity level.

In 2013, the deposit and loan businesses of the Bank maintained coordinated development, the asset and liability structure was further improved and liquidity risk management ability was further strengthened. Relevant indicators reflecting the Bank's liquidity status all met the regulatory requirements. See the table below for details:

Item		Regulatory criteria	At 31 December 2013	At 31 December 2012	At 31 December 2011
Liquidity ratio (%)	RMB	>=25.0	30.2	32.5	27.6
	Foreign currency	>=25.0	61.0	65.2	90.6
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	66.6	64.1	63.5

Note: The regulatory indicators in the table are calculated in accordance with related regulatory requirements, definitions and accounting standards applicable to the corresponding period. The comparative figures are not restated.

The Bank also assessed the liquidity risk status by using liquidity exposure analysis. As at the end of 2013, the decreased negative liquidity exposure for the within 1 month category was mainly due to the decrease of due to banks and other financial institutions; the increased negative liquidity exposure for the 1 to 3 months category was mainly due to the increase of financial liabilities at fair value through profit or loss; the increase of customers' deposits and the decrease of bonds investment led to the increased negative liquidity exposure for the 3 months to 1 year category; the increased positive liquidity exposure for the 1 to 5 years category was mainly attributed to the increased of medium and long-term customers' deposits and bonds investment; the increased positive liquidity exposure for the above 5 years category was mainly attributed to the increased of customers' deposits. Deposits of the Bank maintained steady growth with a high deposition rate, and at the same time the Bank made major investment in central bank bills, treasury bonds and other high-liquidity assets, and possessed sufficient liquidity reserves, which have driven the cumulative positive liquidity exposure to further increase compared to the end of last year. Therefore, the overall liquidity of the Bank was safe. The liquidity exposure analysis of the Bank as at the end of 2013 is shown in the table below:

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 31 December 2013	(7,569,949)	(339,167)	(767,112)	(529,145)	2,978,075	4,387,952	3,117,809	1,278,463
At 31 December 2012	(7,008,584)	(439,485)	(461,287)	(697)	2,158,073	4,046,904	2,833,535	1,128,459

Note: Please refer to "Note 53.(b) to the Financial Statements: Liquidity risk".

Operational Risk

Operational Risk Management

Operational risk is defined as the risk of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk. There are seven major types of operational risks faced by the Bank, including internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system events and execution, delivery and process management. Among these, the execution, delivery and process management and external fraud constitute major sources of operational risk losses of the Bank.

The Bank strictly followed the requirements of the Guidance to the Operational Risk Management of Commercial Banks issued by CBRC. Under the leadership of the Board of Directors and the Senior Management, the Bank adopted the operational risk control mode of "integrated management, classified control". The Board of Directors undertakes relevant responsibility for the effectiveness of the operational risk management according to the Articles of Association, and the Senior Management is responsible for implementing the strategy, overall policy and system for operational risk management approved by the Board of the Directors. The Operational Risk Management Committee under the Senior Management, as the organizer and coordinator of operational risk management of the Bank, is responsible for reviewing and approving significant matters related to operational risk management according to the Working Regulations for the Operational Risk Management Committee. Marketing and product departments at all levels form the first line of defense of operational risk management, which assume direct responsibility for operational risk management in each business line; Internal control and compliance departments at various levels assume the duty of operating the second line of defense of operational risk management, which are responsible for the overall management of operational risks of institutions at respective levels and for arranging and organizing the establishment and implementation of operational risk management system at each level; discipline enforcement, security, human resources, IT, finance & accounting, legal affairs, operation management, credit management and risk management departments at all levels, together with comprehensive management departments, form the second line of defense of operational risk management. They serve as the operational risk classification and control departments for all levels, and are responsible for promoting the control of specific types of operational risks; internal audit departments at all levels form the third line of defense of operational risk management, which are responsible for auditing and evaluating the functioning of the Bank's operational risk management framework.

In 2013, in accordance with latest regulatory requirements concerning operational risk and the trends of operational risk, the Bank continuously strengthened the refined management of operational risks in key fields and core links, gradually promoted operational risk management in overseas institutions, and further improved the operational risk management of the Group. The Bank amended, among others, the Working Regulations for the Operational Risk Management Committee, developed the operational risk limit management plan as well as operational risk loss events identification and classification standards, and further improved the three-tier policy and regulation system for operational risk management comprising the provisions for operational risk management, relevant administrative measures and detailed rules, and manuals. The Bank also enhanced the risk management functions and system construction of internal and external frauds control departments as well as operational risk control system for each business line, continued to optimize the operational risk indicators monitoring system, and strengthened the Group's operational risk data quality control. Besides, the Bank upgraded the operational risk measurement and management system, and actively promoted the optimization of system functions in domestic institutions and extension of system functions in overseas institutions, laying a solid foundation for the implementation of the advanced measurement approach (AMA) for operational risk.

Legal Risk

Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arise out of or in connection with the failure of the Bank to comply with relevant laws, regulations, administrative rules, regulatory provisions and requirements of other relevant rules in the operational management of the Bank; the unfavorable legal defects that exist in products, services or information provided, transactions engaged in, and contracts, agreements or other documents executed, by the Bank; legal disputes (legal or arbitration proceedings) between the Bank and its customers, counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

Based on the objective to ensure legal and compliant operation, the Bank always attaches importance to establishing a sound legal risk management system and forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible to execute the legal risk management strategy and policy, formulate relevant systems and measures, and examine and approve relevant important affairs. The Legal Affairs Department of the Head Office is the functional department in charge of legal risk management across the Bank, with relevant business departments providing related support and assistance on the work regarding legal risk prevention and control, and the affiliates and domestic and overseas branches undertaking the responsibility of legal risk management of their respective institutions.

In 2013, the Bank proactively pushed forward the reform of its legal affairs management system, reinforced the role of the Legal Affairs Department of the Head Office as the Bank's core legal risk control department, and enhanced the legal risk prevention and control ability of branches. The Bank solidified the legal risk management system and rules and regulations, and further improved the working mechanism and process for consolidated legal risk management as well as legal affairs communication and coordination mechanism within the Bank, and applied legal means to support the internationalized and diversified operations as well as the development and innovation of various businesses. The Bank actively organized and promoted legal collection of non-performing assets, and strengthened the management of lawsuits, in particular where the Bank was the defendant, to effectively prevent and control risk of being sued and continuously enhance litigation management. The Bank also further standardized contract management and reinforced authorization management, trademark management and related intellectual property protection.

Anti-money Laundering

In strict compliance with applicable laws and regulations concerning anti-money laundering, the Bank actively implemented the "risk-based" regulatory requirements in respect of anti-money laundering, earnestly fulfilled the social obligation to anti-money laundering as a commercial bank, and fully enhanced the compliance level.

In 2013, the Bank completed the objectives of PBC's comprehensive pilot reform in large-amount and suspicious transaction reporting, optimized anti-money laundering processes, independently established anti-money laundering indicators and models, and developed and put into use the new-generation anti-money laundering monitoring system, significantly enhancing the anti-money laundering reporting quality and efficiency. The Bank improved anti-money laundering risk control management system, and completed the anti-money laundering centralized processing mechanism reform, realizing intensive treatment and professional management of anti-money laundering. The Bank continued to promote the maintenance of customer information to further improve the integrity and authenticity of customer information, completed anti-money laundering assessments and compliance inspections for some overseas institutions, continuously perfected and promoted the global special control list processing system and the anti-money laundering system of overseas institutions, and constantly enhanced its anti-money laundering and anti-terrorist financing risk control. The Bank bolstered anti-money laundering professional team building, formed the first anti-money laundering expert team of the Head Office, held trainings on Certified Anti-Money Laundering Specialists (CAMS) to enhance the professional skills of anti-money laundering staff. The Bank also carried out publicity activities on anti-money laundering in various dimensions and forms and to raise employees' awareness of anti-money laundering compliance.

During the reporting period, no domestic or overseas institutions or any employees were found to be or were suspected of being involved in money laundering or terrorist financing activities.

Reputational Risk

Reputational risk is the risk of negative assessment or comments on a commercial bank from stakeholders as a result of its operation, management and other behaviors or external events. Reputational risk may arise in any part of the Bank's operation and management, and usually co-exists and correlates with credit risk, market risk, operational risk and liquidity risk.

Reputational risk management of the Bank refers to the process and method for ensuring the achievement of the overall objective of reputational risk management, including the establishment and improvement of the reputational risk management system through the identification, assessment, monitoring and handling of reputational risk factors and reputational events. The Bank adheres to the prevention oriented principle and incorporates reputational risk management into each aspect of operational management of the Bank and every customer service process, with a view to controlling and mitigating reputational risk at its source and minimizing the possibility of occurrence of and influence from reputational events.

As the highest decision-making body of the Bank's reputational risk management, the Board of Directors is responsible for formulating strategies and policies concerning reputational risk management that are in line with the strategic objective of the Bank. The Senior Management is responsible for implementing such strategies and policies established by the Board of Directors and leading reputational risk management of the Bank. The Bank has established a special reputational risk management team to take charge of the daily management of reputational risk.

In 2013, the Bank continued to strengthen reputational risk management and enhance the reputational risk management awareness and implementation. The Bank advanced the reputational risk management system and working mechanism construction, carried out identification, evaluation, monitoring, control, mitigation and assessment of reputational risk in an extensive manner, and conducted all-round and whole-process reputational risk management. The Bank reviewed reputational risk in a comprehensive manner, placed emphasis in strengthening the control and mitigation of factors causing reputational risk, and conducted reputational risk management work with a view to achieve consumer protection, service enhancement and internal control management improvement. The Bank paid attention to the impact of new communication patterns including Weibo and WeChat, studied new changes of communication patterns, and developed corresponding reputational risk management strategies.

Country Risk

Country risk is the risk incurred to a bank arising from the inability or refusal by the borrower or debtor to repay bank debt, losses suffered by the bank or its commercial presence in such country or region and other losses due to economic, political, social changes and events in a country or a region. Country risk may be triggered by deterioration of economic conditions, political and social turmoil, asset nationalization or expropriation, government's refusal to pay external debt, foreign exchange control or currency depreciation in a country or region.

The Bank strictly observes the Guidelines on the Management of Country Risk by Banking Financial Institutions and other regulatory requirements of CBRC, implemented a management model where responsibilities of each department or business line are clearly defined under the leadership of the Board of Directors and the Senior Management. The Board of Directors assumes the ultimate responsibility for the effectiveness of country risk management. The Senior Management is responsible to execute the country risk management policies approved by the Board of Directors. The Credit Risk Management Committee of the Head Office is responsible to review matters regarding country risk management. The Bank manages and controls country risk through a series of management tools, including country risk assessment and rating, country risk limits for the entire group and continuous statistics, analysis and monitoring of country risk exposure, as well as country risk assessment using stress tests. The Bank reviews the country risk rating and limits at least once every year.

In 2013, in response to the complicated international political and economic situation and new challenges brought therefrom, the Bank continued to strengthen country risk management according to regulatory requirements and business development of the Bank. The Bank further improved the country risk management policies and procedures, closely monitored country risk exposure, kept track of changes in country risk, and timely updated the country rating, limits and country risk reporting to fully reflect changes in country risk. The Bank also actively carried out country risk stress tests, strengthened the early warning mechanism for country risk, improved relevant contingency plans, and effectively controlled country risk while pushing ahead the internationalization strategy.

CAPITAL MANAGEMENT

The Bank implements a comprehensive capital management which is composed of capital adequacy ratio management, economic capital management, book capital management, and aggregate capital and structure management. Capital management takes capital as the object as well as an instrument for its management activities, including measurement, planning, allocation, monitoring, evaluation, operation and others. The objectives of the Bank's capital management include: (1) maintaining reasonable capital adequacy ratio to continue to meet regulatory rules and policy requirement on capital, and keeping stable capital base to ensure the Bank's business growth and the implementation of its business development and strategic plan and to achieve comprehensive, coordinated and sustainable development; (2) adopting the advanced capital measurement approach, improving the internal capital adequacy assessment process, disclosing information on capital management, covering all types of risks, and ensuring the secure operation of the Bank; (3) applying quantified risk results, to establish a bank value management system centered by economic capital, improving the policy, process and application management system, strengthening the capital constraint and incentive mechanism, enhancing the Bank's product pricing and decision-making capabilities, and improving the capital allocation efficiency; (4) making reasonable use of various capital instruments, continuously enhancing capital strength, refining capital structure, improving capital quality, reducing capital cost, and generating maximum return to shareholders.

In 2013, with the focus on establishing a long-lasting capital replenishment and constraint mechanism, the Bank continued to improve the capital management system and promote the enterprise capital management. In addition, the Bank actively explored the exogenous channels for capital supplement, strengthened the coordinated management on capital supplement and utilization and effectively constrained the expansion of risk assets. As a result, capital adequacy level maintained stable.

Allocation and Management of Economic Capital

Economic capital management of the Bank includes three major procedures: measurement, allocation and evaluation. Economic capital indicators include Economic Capital (EC), Risk-Adjusted Return on Capital (RAROC) and Economic Value-added (EVA). All of the above are applied in credit resource allocation, business plan, expenditure allocation, performance assessment, quota management and product pricing, etc. The Bank intensified the adjustment of the aggregate amount and structure of risk-weighted assets through its economic capital management, further raising the level of resource allocation efficiency and return on capital.

In 2013, the Bank further improved its economic capital management in terms of measurement, allocation and assessment, intensified the capital constraint mechanism, and strictly implemented the measures for quota management to enhance the capital management efficiency and vigorously pushed forward branch management and business front-line application of economic capital. The Bank further improved the economic capital measurement policy, optimized its measurement standards and systems, and introduced the result of internal rating-based approach for retail banking into the capital measurement. Moreover, the Bank upgraded the economic capital measurement and appraisal policy of credit business and proactively promoted the bank-wide credit structure adjustment.

Capital Adequacy Ratio and Leverage Ratio

The table below sets out the capital adequacy ratios of the Bank at the end of 2013 measured in accordance with the Capital Regulation and the Regulations Governing Capital Adequacy of Commercial Banks promulgated by CBRC.

In RMB millions, except for percentages

Item	Group	Parent Company
Calculated in accordance with the Capital Regulation(1):		
Net core tier 1 capital	1,266,841	1,190,490
Net tier 1 capital	1,266,859	1,190,490
Net capital base	1,572,265	1,478,863
Core tier 1 capital adequacy ratio	10.57%	10.58%
Tier 1 capital adequacy ratio	10.57%	10.58%
Capital adequacy ratio	13.12%	13.14%
Calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations:		
Core capital adequacy ratio	10.62%	10.86%
Capital adequacy ratio	13.31%	13.25%

Note: (1) The weighted approach, standardized approach and basic indicator approach are applied to the measurement of credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets, respectively.

As at the end of 2013, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation stood at 10.57%, 10.57% and 13.12% respectively, all fulfilled regulatory requirements. During the reporting period, the Bank's profit maintained continuous growth, which effectively supplemented the core tier 1 capital. Meanwhile, the Bank further reinforced the capital constraint mechanism so that the growth rate of risk-weighted assets was controlled effectively and the capital adequacy ratio remained at a moderate level.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2013
Core tier 1 capital	**1,276,344**
Paid-in capital	351,390
Valid portion of capital reserve	108,202
Surplus reserve	123,870
General reserve	202,940
Retained profits	512,024
Valid portion of minority interests	1,956
Others(2)	(24,038)
Core tier 1 capital deductions	**9,503**
Goodwill	8,049
Other intangible assets other than land use rights	1,474
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,920)
Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900
Net core tier 1 capital	**1,266,841**
Additional tier 1 capital(3)	**18**
Net tier 1 capital	**1,266,859**
Tier 2 capital	**324,806**
Valid portion of tier 2 capital instruments and related premium	189,877
Surplus provision for loan impairment	134,857
Valid portion of minority interests	72
Tier 2 capital deductions	**19,400**
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	19,400
Net capital base	**1,572,265**
Risk-weighted assets	**11,982,187**
Core tier 1 capital adequacy ratio	**10.57%**
Tier 1 capital adequacy ratio	**10.57%**
Capital adequacy ratio	**13.12%**

Notes: (1) Please refer to "Note 53.(d) to the Financial Statements: Capital management".

(2) Others were foreign currency translation reserve.

(3) Additional tier 1 capital was valid portion of minority interests.

Please refer to the 2013 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement of the Bank.

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 31 December 2013
Tier 1 capital	1,276,362
Deductions of tier 1 capital	9,503
Net tier 1 capital	**1,266,859**
Balance of adjusted on-balance sheet assets	18,927,994
Balance of adjusted off-balance sheet items	2,557,075
Balance of adjusted on- and off-balance sheet assets	**21,475,566**
Leverage ratio	**5.90%**

Note: Calculated based on relevant provisions in the Administrative Measures for Leverage Ratio of Commercial Banks promulgated by CBRC.

Capital Financing Management

The Bank actively explored the external channels for capital replenishment and constantly promoted the issuance of new capital instruments. The Board of Directors of the Bank convened a meeting on 15 January 2013 to review and approve the proposal on the issuance of eligible tier 2 capital instruments with the write-down feature and a term of no less than five years, without share transfer clause, which complied with the Capital Regulation, for an amount up to RMB60 billion equivalent by the end of 2014. The proposal was reviewed and approved by the First Extraordinary General Meeting of 2013 held on 20 March 2013, and the Board of Directors of the Bank considered and approved the authorization to the Senior Management on matters regarding its issuance at the meeting held on 27 June 2013. The Bank will submit the proposal to the regulatory authorities for approval pursuant to relevant regulatory requirements and then implement it at a proper time. For details on the planned issuance of eligible tier 2 capital instruments, please refer to the announcements published by the Bank at the websites of SEHK and SSE.

For details of relevant fundraising activities, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Details of Securities Issuance and Listing".

OUTLOOK

In a future period, China is expected to sustain a stable economic growth at a medium or high speed with major progress continuously achieved in economic and social reform. Against this backdrop, the Bank will embrace strategic opportunities in its transformation and development, but will also face many challenges.

Major opportunities for the Bank include the followings. First, a broad range of opportunities will be provided for the Bank's transformation and development, as China accelerates economic structural adjustment, upgrades and transforms traditional sectors, speeds up the fostering of strategic emerging sectors, supports and advances the development of small and micro enterprises and private enterprises, and continuously taps potentials in regional economy. Second, deepened reforms in investment, fiscal revenue and finance will create sound policy environment and opportunities for the Bank in improving resource allocation, accelerating business innovation, preventing and mitigating financial risks. Third, large demand for financial services stimulated by accelerated new urbanization will bring great opportunities for the Bank's business expansion. Fourth, the constantly increasing degree of economic opening-up of China, especially the accelerated the cross-border use of RMB and "Going Global" pace of enterprises and the enhanced level of openness of financial sectors will provide a good timing for the Bank to promote internationalized and diversified operation in an active and prudential manner.

Meanwhile, the Bank will also face the following major challenges. First, as Chinese economy is at a critical moment of deepening transformation, some structural imbalances arising in the process will bring about challenges to the Bank in preventing and controlling external risks. Second, continued interest rate liberalization reform, constantly strengthening domestic financial regulation and the Bank's status as a Global Systemically Important Bank all put higher demand on its capacities in interest rate pricing and capital management. Third, the Bank will face new challenges in customer expansion and business innovation with continuous development of emerging financial modes such as internet finance.

The Bank will continue to implement various strategic arrangements in an earnest manner, actively grasp opportunities in reform and development, prudently response to external challenges and ensure the accomplishment of all operation goals, laying a solid foundation for transformation and development. Specifically, the Bank will focus on the following aspects:

First, the Bank will promote its services to the real economy, so as to support national economic transformation and development. It will scale up credit support for key areas including basic industries and infrastructures, key energy and resource construction projects, new urbanization and shanty town reconstruction, key projects of energy saving and environmental protection, modern service industry, advanced manufacturing, modern agriculture and "Going Global" enterprises based on the general guideline of national economic and social reform. It will also prioritize small and micro enterprises, supply chain finance and personal consumption loans in credit business and actively provide financial support to the development of sectors affecting daily life and weak links in social development. Besides, the Bank will boost business innovation based on the diversified financial needs of the real economy and raise its capacity and efficiency in serving the real economy in an all-around way.

Second, the Bank will push forward operational transformation in depth by carrying out reform of key areas. It will further improve the mechanism for the Group's capital and enterprise risk management, constantly advance reforms in key areas such as credit operation, financial operation, performance assessment and human resources management, and speed up the building of more dynamic and more efficient new systems and mechanisms complying with operational development. It will also steadily promote IT-based banking development, explore ways to apply the big data technology, and expedite the building of a modern information platform meeting transformation and development demand.

Third, the Bank will transform its business development mode, building a balanced and sustainable business system that meets the needs of transformation and competition. It will continuously improve its asset, liability and channel structure, refine the operation and service system based on customer, and consolidate the foundation for sustainable business development. In addition, the Bank will further promote internationalized development and market diversified operation, and improve cross-border and trans-market services and profitability. The Bank will focus on enhancing the comprehensive service capability and competitiveness of retail businesses so as to build up a strong retail service system. The Bank will advance the transition from an asset holding bank to an asset management bank by speeding up the development of asset management business. Besides, the Bank will actively follow the trend in internet finance, regard data as the core of innovation, moves faster to develop new service mode with ICBC characteristics in terms of fundamental construction, product innovation and operational management, and build future-oriented, more intelligent and sustainable new development mode.

Fourth, the Bank will effectively conduct risk management to ensure stable asset quality and secured operation. It will earnestly implement macroeconomic control policies of China, continue to effectively monitor risks of major areas such as local government financing vehicles, overcapacity industries and real estate market, and keep on addressing the underlying asymmetric information issue in credit management by means of reform, hence ensuring generally stable credit asset quality despite of complicated circumstances. Besides, the Bank will strengthen compliance management to resolutely prevent various risk events from happening.

Based on macroeconomic requirements and the Bank's own operational strategy, in 2014, it plans to increase total assets by approximately RMB1,400.0 billion, total liabilities by approximately RMB1,300.0 billion, and maintain the year-end NPL ratio within 1.20%.

OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	2013	2012	2011
Liquidity ratio (%)	RMB	>=25.0	30.2	32.5	27.6
	Foreign currency	>=25.0	61.0	65.2	90.6
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	66.6	64.1	63.5
Percentage of loans to single largest customer (%)		<=10.0	4.2	4.0	3.6
Percentage of loans to top 10 customers (%)			16.2	17.9	19.3
Loan migration ratio (%)	Pass		1.7	1.9	2.0
	Special mention		9.7	4.1	7.3
	Substandard		43.9	28.1	32.8
	Doubtful		9.5	4.4	4.9

Note: The regulatory indicators in the table are calculated in accordance with related regulatory requirements, definitions and accounting standards applicable to the corresponding period. The comparative figures are not restated.

The following is prepared pursuant to the format prescribed by CSRC in the "No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report" (Revision 2012).

Financial Instruments Measured at Fair Value

MOVEMENT OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

In RMB millions

Item	Balance at the beginning of the year	Balance at the end of the year	Changes in current year	Effects on profit for the year
Financial assets at fair value through profit or loss	221,671	372,556	150,885	396
Available-for-sale financial assets	919,798	999,999	80,201	(102)
Derivative financial assets	14,756	25,020	10,264	10,373
Total financial assets	**1,156,225**	**1,397,575**	**241,350**	**10,667**
Financial liabilities at fair value through profit or loss	(319,742)	(553,607)	(233,865)	718
Derivative financial liabilities	(13,261)	(19,168)	(5,907)	(5,922)
Total financial liabilities	**(333,003)**	**(572,775)**	**(239,772)**	**(5,204)**

Regarding the financial instruments at fair value of the Bank, the best evidence for their fair value is prices at the active market. If the market for a financial instrument is not active, valuation techniques shall be used. Most valuation techniques adopt observable variables only, but those for a small number of financial instruments contain one or more unobservable variables. Financial instruments at fair value of the Bank are mainly investments in bonds denominated in RMB, investments in bonds denominated in foreign currencies and derivative financial instruments. The fair values of investments in bonds denominated in RMB are mainly determined by market prices or valuation techniques based on observable variables. The fair values of investments in bonds denominated in foreign currencies are mainly determined by prices quoted by brokers, valuation service providers and dealers. The fair values of ordinary derivative financial instruments are principally determined based on the valuation techniques commonly used by industry participants, and so far as possible, variables applied for valuation techniques are obtained from observable market information, including spot/forward foreign exchange, prices of precious metals and commodities and market yield curve. As for structured financial instruments such as structured deposits and corresponding risk hedging transactions, models such as Heston are used for the calculation of fair values. Variables in this model include yield, forward exchange rate and exchange rate fluctuation, and the model uses the prices in the active market for standard European options with the same subject to calibrate model parameters. The fair values of some structured financial instruments are based on quoted prices from dealers.

For internal control concerning the measurement of fair values, the Bank formulated relatively comprehensive rules and regulations, built a relatively sound internal control mechanism, and prepared fair value accounting measurement solutions and operating procedures for fair values of forward contracts, swap contracts, foreign exchange option contracts and structured derivative financial instruments. During the fair value measurement process as required under relevant accounting standards, the Bank established a mechanism where front-office business departments take charge of the day-to-day transaction management of measurement objects, finance & accounting departments take lead in the formulation of accounting policies for measurement as well as valuation techniques and methods and their application, and risk management departments undertake the system for fair value measurement of verification of transaction information and model system.

Reconciliation of Differences between the Financial Statements Prepared under PRC GAAP and those under IFRSs

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2013 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

Shares in Other Listed Companies and Financial Enterprises Held by the Bank

SECURITIES INVESTMENT

S/N	Type	Stock code	Stock name	Initial investment cost (RMB yuan)	Number of shares held (10,000 shares)	Book value at the end of the period (RMB yuan)	Percentage of total securities investment at the end of the period (%)	Gain/(loss) during the period (RMB yuan)
1	Stock	1299 (Hong Kong, China)	AIA	92,556,985	540	163,925,627	89.4	34,238,930
2	Stock	3988 (Hong Kong, China)	BOC	15,396,976	540	15,069,017	8.2	1,256,413
3	Stock	939 (Hong Kong, China)	CCB	2,569,814	50	2,286,382	1.2	(164,936)
4	Stock	1288 (Hong Kong, China)	ABC	2,093,235	72	2,138,318	1.2	144,575
Other securities investment held as at the end of the reporting period					–			–
Gain/(loss) from sale of securities investment during the reporting period				–	–	–	–	–
Total				**112,617,010**	**—**	**183,419,344**	**100.0**	**35,474,982**

Note: The stocks specified above are recognized as financial assets held for trading. The Bank held shares in AIA, Bank of China, China Construction Bank and Agricultural Bank of China through its controlling subsidiary, ICBC (Asia).

SHARES IN OTHER LISTED COMPANIES

Stock code	Stock name	Initial investment cost (RMB yuan)	Shareholding percentage (%)	Book value at the end of the reporting period (RMB yuan)	Gain/(loss) during the reporting period[3] (RMB yuan)	Impact on owner's equity during the reporting period (RMB yuan)	Accounting item	Source of shares
SBK (South Africa)	Standard Bank Group	34,713,171,914	20.09	27,920,754,283	1,992,815,375	(2,858,468,719)	Long-term equity investment	Investment with self-owned capital
966 (Hong Kong, China)	CHINA TAIPING	95,490,974	1.58	330,784,831	–	(8,664,516)	Available-for-sale financial assets	Purchase from market
MY (U.S.)	Mingyang Wind Power	270,865,048	7.15	129,249,762	15,295,933	64,771,231	Available-for-sale financial assets	Investment with self-owned capital
FSS (Thailand)	FSS	65,751,384	23.56	87,249,801	19,267,417	–	Long-term equity investment	Investment with self-owned capital
M-CHAI-CS (Thailand)	M-CHAI-CS	4,963,064	4.87	18,218,944	532,886	(1,703,424)	Available-for-sale financial assets	Purchase from market
PPP-CS (Thailand)	PPP-CS	745,862	1.32	3,371,902	–	2,626,040	Available-for-sale financial assets	Debt-equity swap
2468 (Hong Kong, China)	TRONY SOLAR	168,439,670	11.88	65,660	(51,432,540)	–	Available-for-sale financial assets	Investment with self-owned capital
Total		**35,319,427,916**	**—**	**28,489,695,183**	**1,976,479,071**	**(2,801,439,388)**	**—**	**—**

Notes: (1) The table sets out shares held by the Group in other listed companies at the percentage of 1% or above included in the accounting of long-term equity investment and available-for-sale equity investment.

(2) The shares in CHINA TAIPING were held by ICBC (Asia), a controlling subsidiary of the Bank; shares in Mingyang Wind Power and TRONY SOLAR were held by ICBC International, a controlling subsidiary of the Bank; and shares in FSS, M-CHAI-CS and PPP-CS were held by ICBC (Thai), a controlling subsidiary of the Bank.

(3) Refers to dividend income, investment income of associates and impairment losses.

SHARES IN UNLISTED FINANCIAL INSTITUTIONS

Company	Initial investment cost (RMB yuan)	Number of shares held (10,000 shares)	Shareholding percentage (%)	Book value at the end of the period (RMB yuan)	Gain/(loss) during the period[3] (RMB yuan)	Change in owner's equity during the reporting period (RMB yuan)	Accounting item	Source of shares
China UnionPay Co., Ltd.	146,250,000	11,250.00	3.84	146,250,000	4,500,000	–	Available-for-sale financial assets	Investment with self-owned capital
Xiamen International Bank	102,301,500	20,043.00	10.00	102,301,500	40,000,000	–	Available-for-sale financial assets	Investment with self-owned capital
Bangkok BTMU Ltd.	4,272,984	20.00	10.00	3,767,252	369,527	–	Available-for-sale financial assets	Investment with self-owned capital
Luen Fung Hang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,316,715	546,435	–	Available-for-sale financial assets	Investment with self-owned capital
Total	**254,342,924**	**—**	**—**	**253,635,467**	**45,415,962**	**-**	**—**	**—**

Notes: (1) The table sets out shares held by the Group at the percentage of 1% and above in unlisted financial institutions.

(2) The shares in Bangkok BTMU Ltd. were held by ICBC (Thai), a controlling subsidiary of the Bank; and shares in Luen Fung Hang Insurance Co., Ltd. were held by ICBC (Macau), a controlling subsidiary of the Bank.

(3) Refers to dividend income.

PURCHASE AND SALE OF SHARES IN OTHER LISTED COMPANIES

	Stock name (share)	Shares held at the beginning of the period (share)	Shares bought/sold during the reporting period (share)	Shares held at the end of the period (share)	Fund utilized (RMB yuan)	Investment income generated (RMB yuan)
Buy	—	–	3,967,350	3,967,350	745,862	–
Sell	—	59,334,824	50,620,339	8,714,485	–	23,158,122

The following content is disclosed in accordance with the Guidelines for the Disclosure of Global Systemically Importance Assessment Indicators of Commercial Banks promulgated by CBRC.

GLOBAL SYSTEMICALLY IMPORTANCE ASSESSMENT INDICATORS OF COMMERCIAL BANKS

In RMB millions

Indicator	2013 value
Balance of adjusted on- and off-balance sheet assets	21,475,566
Intra-financial system assets	2,113,543
Intra-financial system liabilities	1,314,192
Securities and other financing instruments issued	1,557,845
Payments settled via payment systems or correspondent banks	220,468,189
Assets under custody	4,621,301
Underwritten transactions in debt and equity markets	329,523
Notional amount of over-the-counter (OTC) derivatives	2,198,301
Trading and available-for-sale securities	92,585
Level 3 assets	144,819
Cross-jurisdictional claims	841,895
Cross-jurisdictional liabilities	1,046,604

Social Responsibility

Taking "excellent services to customers, maximum returns to shareholders, real success for our people and great contribution to society" as its mission, the Bank has continuously improved its social responsibility system consisting of "Value Creator, Brand Builder, Green Bank, Creditworthy Bank, Harmonious Bank and Charity Bank". As the first commercial bank joined the United Nations Global Compact in China, the Bank has unswervingly performed its social responsibility and gained wide social recognition. It was honored with many awards in this regard, such as "Best Social Responsibility Financial Institution Award", "Best Livelihood Finance Award in Social Responsibility", "Most Responsible Enterprise", "Most Respectable Bank in China" and "Listed Company with Best Social Responsibilities" and has been selected again as a constituent stock of Hang Seng Corporate Sustainability Index Series for three consecutive years.

Value Creator

The Bank persisted in serving the needs of the real economy and kept improving the capability and efficiency of serving the real economy. Following the macroeconomic control policies of China as a guide, the Bank controlled the direction of loans, and supported the steady and healthy development of the real economy. The Bank pushed the upgrade of industrial structure, increased the support of strategic emerging industries, and promoted the smooth and coordinated development of regional economy. The Bank was also dedicated to the generalization of financial services, and demonstrated responsibilities and values of a large bank while serving the healthy and sustainable development of the real economy.

Brand Builder

With the goal of becoming a bank with the best financial services and public satisfaction, the Bank, based on its customer oriented principle, improved fundamental services and innovated in financial products and service models to enhance customer service quality and efficiency. The Bank named the year "Service Quality Enhancement Year" and implemented the service improvement strategy with thorough solutions to enhance its services. The Bank also actively provided financial support to "Going Global" enterprises, kept improving overseas presence and pushed forward business transformation of overseas institutions. In 2013, the Bank was ranked the largest corporation by *Forbes*, the largest bank in terms of tier 1 capital by *The Banker* and the 1st place among commercial banks in terms of revenue by *Fortune*. The Bank was also chosen as a Global Systemically Important Bank for the first time.

Green Bank

The Bank integrated green credit into all aspects of the Bank including corporate vision, development strategy, credit culture, policies and systems, management processes, products and services, further consolidated the green credit long-term development mechanism. The Bank advanced the green credit construction in an all-round manner. In particular, the Bank formulated the 2013 (green) credit policy for 61 industries, amended green credit classification standards for domestic corporate customers, promoted the "Green Credit One-veto System" in each business process, and strictly controlled the aggregate financing amount of industries with overcapacity. The Bank built green channels and promoted e-banking businesses by relying on its technology advantage, vigorously advocated energy-saving and cost-reducing, and dedicated to environment protection, and made contributions to Green China in a practical manner.

Creditworthy Bank

The Bank committed itself to protecting customers' rights and interests, strengthened investor relations management and strived to create creditworthy, healthy and harmonious financial consumption environment. The Bank carried out consumers' rights protection by conducting review on price and businesses, supervising the implementation of fee policies, protecting customer information, educating consumers, training staff and coordinating customer disputes. A total of 150,000 employees attended nearly 3,000 special training sessions on consumers' rights protection held by the Bank. The Bank continuously improved investor relations management, safeguarded legal interests of investors, and established more sound information disclosure system. It improved the internal control and compliance management and the anti-corruption system, committed itself to prevention of external frauds, and performed its responsibilities in anti-money laundering.

Harmonious Bank

Upholding the management philosophy of "people orientation", the Bank improved the mechanism for interest coordination, complaints expression, conflicts handling and rights protection for its employees and actively established and enhanced harmonious labor relations. The Bank formalized career development of employees and implemented whole-process performance management system covering performance plan, performance communication, performance assessment and performance application. It carried out targeted career design and competence training to help employees realize long-term career development according to their work needs and personal interest, highly valued the health of employees, and organized regular physical examinations for employees. It launched relief and heart-warming programs for employees with serious and acute diseases and in great difficulties, and organized colorful recreational and sports activities for employees.

Charity Bank

The Bank insisted in "serving, contributing to and rewarding the community", organized poverty-relief activities, endowment for education and voluntary services, and enhanced employees' awareness of social responsibility and contribution, thus wining wide social recognition.

The Bank invested RMB12.00 million in a series of green poverty alleviation, sanitary poverty alleviation and educational poverty alleviation programs. It donated academic building, dormitory and inpatient building of health center in Nanjiang County, Tongjiang County and Wanyuan City of Sichuan Province, launched activities including selection of outstanding teachers in rural areas and scholarship for outstanding unprivileged college students, and expanded the subsidy coverage of "Safety of Mothers and Babies 120" and "Benevolence and Illumination" campaigns. It also intensified financial support efforts by extending special credit funds to support sustainable development of poverty-stricken areas.

The Bank actively supported charity programs. It donated RMB14.10 million to allow nearly 6,000 poor cataract patients in Sichuan, Guizhou, Yunnan, Shanxi, etc. to recover their sight, and held the banking product innovative design competition for college students for four consecutive years, providing a platform for college students to have social practices and create own values. It also established the pioneering and practice base for college students and the industry-university-research base for college teachers, and carried out a series of themed voluntary activities including "Dream Book House", "One-day Voluntary Education Support" and "Voluntary Labor for Care".

Please refer to the 2013 Corporate Social Responsibility Report of Industrial and Commercial Bank of China Limited posted on the official website for further information on social responsibilities of the Bank.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Share Capital

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2012		Increase/ decrease during the reporting period (+, -)	At 31 December 2013	
	Number of shares	Percentage (%)	Conversion of convertible bonds	Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	349,618,757,526	100.00	1,769,915,420	351,388,672,946	100.0
1. RMB-denominated ordinary shares	262,824,712,976	75.17	1,769,915,420	264,594,628,396	75.3
2. Foreign shares listed overseas	86,794,044,550	24.83	–	86,794,044,550	24.7
III. Total number of shares	349,618,757,526	100.00	1,769,915,420	351,388,672,946	100.0

Note: "Foreign shares listed overseas", namely H shares, are within the same meaning as defined in the "No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Corporate Shareholding" (Revision 2007) of CSRC.

Details of Securities Issuance and Listing

The Bank conducted no rights issue nor issued convertible bonds in the three years prior to the end of the reporting period.

For information on the subordinated bonds and other bonds issued by the Bank and its subsidiaries, please refer to "Note 38 to the Financial Statements: Debt Securities Issued" for details.

The Bank did not have any employee shares.

Particulars of Shareholders

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 891,634 shareholders, including 146,729 holders of H shares and 744,905 holders of A shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 SHAREHOLDERS OF THE BANK

Unit: Share

Total number of shareholders at the end of 2013	891,634 (number of holders of A shares and H shares on the register of shareholders as at 31 December 2013)
Total number of shareholders at the end of the 5th business day prior to the release date of this annual report	892,822 (number of holders of A shares and H shares on the register of shareholders as at 21 March 2014)

Particulars of shareholding of the top 10 shareholders
(The following data are based on the register of shareholders as at 31 December 2013)

Name of shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of shares held	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Huijin	State-owned	A shares	35.33	124,155,852,951	–	None
MOF	State-owned	A shares	35.09	123,316,451,864	–	None
HKSCC Nominees Limited	Foreign legal person	H shares	24.48	86,013,832,094	–	Unknown
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	1.27	4,474,434,462	–	None
ICBC Credit Suisse Asset Management Co., Ltd. — Asset management for specific customers	Other domestic entities	A shares	0.30	1,053,190,083	–	None
China Securities Finance Co., Ltd	Other domestic entities	A shares	0.23	806,536,828	–	None
An-Bang Insurance (Group) Company — Traditional insurance products	Other domestic entities	A shares	0.15	540,842,624	–	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other domestic entities	A shares	0.11	373,491,528	–	None
China Pacific Life Insurance Co., Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	0.07	262,303,877	–	None
Ping An Life Insurance Company of China, Ltd. — Traditional — high interest rate policy products	Other domestic entities	A shares	0.07	261,629,846	–	None

Notes: (1) Particulars of shareholding of H shareholders were based on the number of shares set out in the Bank's register of shareholders maintained at the H share registrar.

(2) Both "Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products" and "Ping An Life Insurance Company of China, Ltd. — Traditional — high interest rate policy products" are managed by Ping An Life Insurance Company of China, Ltd. Apart from these, the Bank is not aware of any connected relations or concerted action among the afore-mentioned shareholders.

Particulars of Substantial Shareholders

During the reporting period, the Bank's controlling shareholders and de facto controller remained unchanged.

◆ *Controlling shareholders*

The largest single shareholder of the Bank is Huijin, whose full name is Central Huijin Investment Ltd. Incorporated on 16 December 2003, Huijin is a state-owned company founded by the State according to the Company Law. Both of its registered capital and paid-in capital are RMB828,209 million. Its registered address is New Poly Plaza, 1 Chaoyangmen North Street, Dongcheng District, Beijing, its organizational code is 71093296-1, and its legal representative is Ding Xuedong. Huijin, a wholly-owned subsidiary of China Investment Corporation, makes equity investment in state-owned key financial institutions as authorized by the State, and exercises the contributor's rights and obligations in such financial institutions up to its contribution on behalf of the State to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial activities nor does it intervene in the daily operation of those state-owned key financial institutions in which it holds shares. As at 31 December 2012, Huijin had total assets of RMB2,363,604,890.6 thousand, total liabilities of RMB149,769,242.8 thousand, and owner's equity of RMB2,213,835,647.8 thousand. It realized net profit of RMB398,395,813.4 thousand in 2012. The net cash flows from operating activities, investing activities and financing activities of Huijin in 2012 totaled RMB39,391,118.4 thousand[1].

As at 31 December 2013, it held approximately 35.33% of the shares of the Bank. Huijin has increased its shareholding in the Bank through on-market purchase on SSE since 10 October 2012. From 10 October 2012 to 9 April 2013, Huijin increased its holding by 211,717,258 A shares of the Bank accumulatively, accounting for 0.060% of the total shares issued by the Bank as at 31 December 2013.

On 14 June 2013, the Bank was notified by Huijin that Huijin intended to continue to increase, in its own capacity, its shareholding in the Bank by acquiring shares from the secondary market within six months from 13 June 2013. From 13 June 2013 to 31 December 2013, Huijin increased its holding by 175,445,497 A shares of the Bank accumulatively, accounting for 0.050% of the total shares issued by the Bank as at 31 December 2013.

1 The operating results, financial position and cash flows of Huijin in 2013 shall be determined after the financial statements of all institutions controlled or held by Huijin have been audited.

As at 31 December 2013, enterprises whose shares are directly held by Huijin are listed below:

S/N	Enterprise	Proportion of Huijin's shareholding (%)
1	China Development Bank Corporation	47.63
2	Industrial and Commercial Bank of China Limited (A; H)	35.33
3	Agricultural Bank of China Limited (A; H)	40.28
4	Bank of China Limited (A; H)	67.72
5	China Construction Bank Corporation (A; H)	57.26
6	China Everbright Bank Company Limited (A)(1)	41.66
7	China Export & Credit Insurance Corporation	73.63
8	China Reinsurance (Group) Corporation	84.91
9	New China Life Insurance Company Limited (A; H)	31.34
10	China Jianyin Investment Limited	100.00
11	China Galaxy Financial Holdings Company Limited	78.57
12	Shenyin & Wanguo Securities Co., Ltd	55.38
13	China International Capital Corporation Limited	43.35
14	China Securities Co., Ltd	40.00
15	China Investment Securities Co., Ltd	100.00
16	China Everbright Industry Group Limited	100.00
17	Jiantou CITIC Asset Management Co., Ltd.	70.00
18	Guotai Junan Investment Management Co., Ltd.	14.54

Notes: (1) Proportion of Huijin's shareholding in China Everbright Bank changed to 41.24%, after China Everbright Bank exercised over-allotment option when issuing H shares and Huijin fulfilled its obligation of reducing the holding of state-owned shares in January 2014.

(2) A represents A share listed company, while H represents H share listed company.

The second largest single shareholder of the Bank is MOF, which held approximately 35.09% of the shares of the Bank as at 31 December 2013. MOF is a constituent part of the State Council, and is responsible for overseeing the State's fiscal revenue and expenditure, formulating the financial and taxation policies, and supervising State finance at a macro level.

◆ *Particulars of other Corporate Shareholders Holding 10% Shares or More (excluding HKSCC Nominees Limited)*

None.

◆ *Particulars of the De Facto Controller*

None.

Interests and Short Positions Held by Substantial Shareholders and Other Persons

Substantial Shareholders and Persons Having Notifiable Interests or Short Positions Pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong

On 31 December 2013, pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong, the Bank recorded in the register the following persons as substantial shareholders holding interests of the Bank (defined according to the Securities and Futures Ordinance of Hong Kong):

HOLDERS OF A SHARES

Name of substantial shareholder	Capacity	Number of A shares held (share)	Nature of interests	Approximate percentage of issued A shares (%)	Approximate percentage of total issued shares (%)
MOF[1]	Beneficial owner	118,006,174,032	Long position	44.60	33.58
Huijin[2]	Beneficial owner	118,006,174,032	Long position	44.60	33.58

Notes: (1) According to the register of shareholders of the Bank as at 31 December 2013, MOF held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 31 December 2013, Huijin held 124,155,852,951 shares in the Bank.

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Approximate percentage of issued H shares (%)	Approximate percentage of total issued shares (%)
SSF	Beneficial owner	10,405,376,524	Long position	11.99	2.96
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,002,665,393	Long position	8.07	1.99
JPMorgan Chase & Co.	Beneficial owner	652,143,385	Long position	0.75	0.19
	Investment manager	1,404,910,833	Long position	1.62	0.40
	Custodian-corporation/ approved lending agent	4,042,223,891	Long position	4.66	1.15
	Total	6,099,278,109		7.03	1.74
	Beneficial owner	273,429,763	Short position	0.32	0.08
Blackrock, Inc.	Interest of controlled corporations	5,390,603,681	Long position	6.21	1.53

Particulars of A Share Convertible Bonds

PARTICULARS OF HOLDING OF THE TOP 10 HOLDERS OF THE A SHARE CONVERTIBLE BONDS

Unit: RMB yuan

Name of bond holder	Nominal value of bonds held
Sunshine Life Insurance Co., Ltd. — Participating insurance products	1,569,369,000
Guotai Junan Investment Management Co., Ltd.	815,208,000
Minsheng Royal Optimal Convertible Bond-type Securities Investment Fund	663,612,000
An-Bang Insurance (Group) Company — Traditional insurance products	642,093,000
UBS AG	617,602,000
Guoyuan Securities Co., Ltd.	481,190,000
Happy Life Insurance Co., Ltd — Participating	454,171,000
Bosera Enhanced Convertible Bond-type Securities Investment Fund	437,978,000
Credit Suisse (Hong Kong) Limited	355,790,000
Fullgoal Convertible Bond-type Securities Investment Fund	333,373,000

Note: Pursuant to the Notice on Participation of Convertible Corporate Bonds in Collateralized Bond Repurchase Business and relevant rules of SSE, convertible bonds of the Bank have participated in collateralized bond repurchase since 21 May 2012. The Bank consolidated and summed up relevant data according to the register of holders of A share convertible bonds at the end of the reporting period provided by China Securities Depository and Clearing Corporation Limited and the information on holders of specific accounts for collateralized bond repurchase of settlement participants.

◆ *Particulars of Guarantors of Convertible Bonds*

The Bank had no guarantor of convertible bonds.

◆ *Adjustment of Conversion Price of Convertible Bonds*

On 31 August 2010, the Bank issued A share convertible bonds with an aggregate nominal value of RMB25.0 billion and an initial conversion price of RMB4.20 per share. The conversion price at the end of the reporting period was RMB3.53 per share. The table below shows the details of adjustment:

Unit: RMB yuan/share

Date of adjustment	Conversion price after adjustment	Details
26 November 2010	4.16	A share rights issue
27 December 2010	4.15	H share rights issue
15 June 2011	3.97	2010 profit distribution, RMB1.84 per ten shares (pre-tax)
14 June 2012	3.77	2011 profit distribution, RMB2.03 per ten shares (pre-tax)
26 June 2013	3.53	2012 profit distribution, RMB2.39 per ten shares (pre-tax)

◆ *Conversion of Convertible Bonds*

The conversion period of ICBC Convertible Bonds started on 1 March 2011. As at 31 December 2013, a total of RMB8,577,033,000 ICBC Convertible Bonds were converted into A shares of the Bank, and accumulated converted shares reached 2,370,127,119 shares. As at the end of the reporting period, there were still RMB16,422,967,000 ICBC Convertible Bonds trading in the market, accounting for 65.69% of the total ICBC Convertible Bonds issued by the Bank.

◆ *Credit Rating of Convertible Bonds*

China Chengxin Securities Appraisal Co., Ltd. traced and analyzed the credit standing of the ICBC Convertible Bonds and issued a credit rating report (Xin Ping Wei Han Zi [2013] Gen Zong No. 056). The Bank was rated AAA with a stable prospect, and the credit rating for the convertible bonds as at the end of the reporting period was AAA.

Directors, Supervisors, Senior Management, Employees and Institutions

Basic Information on Directors, Supervisors and Senior Management[1]

Name	Position	Gender	Age	Tenure[2]
Jiang Jianqing	Chairman of the Board of Directors, Executive Director	Male	60	November 2011–November 2014
Yi Huiman	Vice Chairman, Executive Director, President	Male	49	July 2013–July 2016
Zhao Lin	Chairman of the Board of Supervisors	Male	59	May 2011–May 2014
Liu Lixian	Executive Director, Secretary of Party Discipline Committee	Male	59	July 2013–July 2016
Wang Xiaoya	Non-executive Director	Female	49	January 2012–January 2015
Ge Rongrong	Non-executive Director	Female	45	January 2012–January 2015
Li Jun	Non-executive Director	Male	54	November 2011–November 2014
Wang Xiaolan	Non-executive Director	Male	58	January 2012–January 2015
Yao Zhongli	Non-executive Director	Male	59	January 2012–January 2015
Fu Zhongjun	Non-executive Director	Male	56	December 2013–December 2016
Wong Kwong Shing, Frank	Independent Non-executive Director	Male	65	January 2012–January 2015
Malcolm Christopher McCarthy	Independent Non-executive Director	Male	69	March 2013–March 2016
Kenneth Patrick Chung	Independent Non-executive Director	Male	56	March 2013–March 2016
Or Ching Fai	Independent Non-executive Director	Male	64	May 2012–May 2015
Hong Yongmiao	Independent Non-executive Director	Male	49	August 2012–August 2015
Yi Xiqun	Independent Non-executive Director	Male	66	December 2013–December 2016
Wang Chixi	Shareholder Supervisor	Female	58	November 2011–November 2014
Dong Juan	External Supervisor	Female	61	May 2012–May 2015
Meng Yan	External Supervisor	Male	58	May 2012–May 2015
Zhang Wei	Employee Supervisor	Male	51	August 2012–August 2015
Li Mingtian	Employee Supervisor	Male	57	July 2012–July 2015
Zhang Hongli	Senior Executive Vice President	Male	48	May 2010–
Wang Xiquan	Senior Executive Vice President	Male	53	September 2012–
Zheng Wanchun	Senior Executive Vice President	Male	49	October 2013–
Gu Shu	Senior Executive Vice President	Male	46	October 2013–
Wang Jingdong	Senior Executive Vice President	Male	51	December 2013–
Wei Guoxiong	Chief Risk Officer	Male	58	August 2006–
Lin Xiaoxuan	Chief Information Officer	Male	48	November 2010–
Hu Hao	Board Secretary	Male	51	December 2010–
Name	**Position formerly held**	**Gender**	**Age**	**Tenure[3]**
Yang Kaisheng	Vice Chairman Executive Director, President	Male	64	November 2011–May 2013
Wang Lili	Executive Director, Senior Executive Vice President	Female	62	April 2010–May 2013
Li Xiaopeng	Executive Director, Senior Executive Vice President	Male	54	October 2010–May 2013
Luo Xi	Executive Director, Senior Executive Vice President	Male	53	July 2013–November 2013
Huan Huiwu	Non-executive Director	Male	60	November 2011–December 2013
Xu Shanda	Independent Non-executive Director	Male	66	September 2010–December 2013
Zhu Lifei	Employee Supervisor	Male	59	September 2010–September 2013

Notes: (1) Please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

(2) The current terms of Mr. Jiang Jianqing, Mr. Yi Huiman and Mr. Liu Lixian as Directors of the Bank are set out in the above table and their terms as Senior Management members of the Bank started from October 2005, July 2008 and October 2005, respectively.

(3) According to the Articles of Association, before the newly elected directors take office, the current directors shall continue to act as directors.

(4) During the reporting period, the Bank did not implement any share incentives. Existing and retiring Directors, Supervisors and Senior Management members during the reporting period, except Mr. Zhang Hongli who held 2,000 H shares of the Bank, did not hold any share or share option nor were authorized with any restricted share of the Bank, and there was no change during the reporting period.

Biographies of Directors, Supervisors and Senior Management

Jiang Jianqing, Chairman, Executive Director

Mr. Jiang has served as Chairman of the Board of Directors and Executive Director of Industrial and Commercial Bank of China Limited since October 2005. He joined ICBC in 1984, and was appointed as President in February 2000. Mr. Jiang previously served in several positions including Deputy Head of ICBC Shanghai Branch, President of Shanghai Urban Cooperation Commercial Bank (now known as Bank of Shanghai), Head of ICBC Shanghai Branch and Senior Executive Vice President of ICBC. At present, he is concurrently Vice Chairman of China Society for Finance and Banking, and a tutor to PhD students of Shanghai Jiao Tong University. He graduated from Shanghai University of Finance and Economics and Shanghai Jiao Tong University, and received a Master's degree in Engineering and a Doctorate degree in Management from Shanghai Jiao Tong University.

Yi Huiman, Vice Chairman, Executive Director, President

Mr. Yi has served as Vice Chairman and Executive Director of Industrial and Commercial Bank of China Limited since July 2013, and President since May 2013. He joined ICBC in 1985 and has served as a member of Senior Management of Industrial and Commercial Bank of China Limited since October 2005. He had previously served in several positions including Deputy Head of ICBC Zhejiang Branch, Head of ICBC Jiangsu Branch and ICBC Beijing Branch and Senior Executive Vice President of ICBC. He obtained a Master's degree in Executive Business Administration from Guanghua School of Management of Peking University.

Zhao Lin, Chairman of the Board of Supervisors

Mr. Zhao has served as Chairman of the Board of Supervisors of Industrial and Commercial Bank of China Limited since June 2008. He was appointed as Executive Director and Senior Executive Vice President of China Construction Bank in September 2004, and previously was Deputy Head of Hubei Branch, Deputy General Manager and General Manager of the Executive Office of the Head Office, Chief Auditor, and Senior Executive Vice President of China Construction Bank. He graduated from Zhongnan University of Economics and Law, and received the Executive Master of Business Administration (EMBA) degree from Tsinghua University. He is a senior economist.

Liu Lixian, Executive Director, Secretary of Party Discipline Committee

Mr. Liu has served as Executive Director of Industrial and Commercial Bank of China Limited since July 2013, and Secretary of Party Discipline Committee since October 2005. He joined ICBC in 2005 and previously served in several positions including Deputy Director-General of the Bribery and Corruption Inspection Department, Deputy Director-General of the General Bureau of Anti-bribery and Corruption, Director-General of the Inspection Technology Bureau, and Director-General of the Inspection Theory Research Institute of the Supreme People's Procuratorate and Executive Vice President of China Huarong Asset Management Corporation. He graduated from Jilin University.

Wang Xiaoya, Non-executive Director

Ms. Wang has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She joined Central Huijin Investment Ltd. in 2012. She previously taught at Central China Normal University where she served as Assistant Lecturer and Lecturer. She joined the Research Bureau of the People's Bank of China in 1997 where she served as Deputy Chief of division, Chief of division and Deputy Director and served as Deputy Mayor of Tongliao City in Inner Mongolia Autonomous Region at the same time. Ms. Wang graduated from the Graduate School of Chinese Academy of Social Sciences and received a Doctorate degree in Economics. Ms. Wang also received a Bachelor of Law degree and a Master of Economics degree from the Political and Education Faculty and Economics Faculty of Central China Normal University. Ms. Wang Xiaoya is a researcher and is currently a Member of the Post-Doctoral Academic Committee and a Post-Doctoral Co-mentor at the People's Bank of China Research Institute of Finance.

Ge Rongrong, Non-executive Director

Ms. Ge has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. She has worked at Huijin since 2005 and had served as Deputy Officer and Officer of the Construction Bank Share Management Division of the Banking Department at Huijin and an Employee Supervisor of Huijin. Ms. Ge previously served as Lecturer at the Economics Management College of Beijing University of Industry in 1994, and subsequently served as Assistant Researcher at China Eagle Securities Company and staff member of the Department of Public Offering and Supervision at China Securities Regulatory Commission. Ms. Ge graduated from China University of Technology and received a Doctorate degree in Management. Ms. Ge also received a Bachelor's degree in Engineering from Zhejiang University and a Master's degree in Economics from Beijing Normal University. She is a senior economist.

Li Jun, Non-executive Director

Mr. Li has served as Non-executive Director of Industrial and Commercial Bank of China Limited since December 2008. He joined Central Huijin Investment Ltd. in 2008. He previously served as Assistant Representative of Beijing Representative Office of the Bank of Credit and Commerce International, Deputy Representative of BNP Paribas China Representative Office, Consultant of the International Banking Department of Banco Bilbao Vizcaya Argentaria, Deputy General Manager of the Research Centre of China Technology Trust and Investment Company, General Manager of the Research Department of China Sci-Tech Securities, and Professor of the Finance Department of the School of Economics and Management of the University of Science and Technology Beijing. At present, Mr. Li concurrently serves as a Non-executive Director of Shenyin & Wanguo Securities Co., Ltd. He graduated from University of Madrid in Spain and received a Doctorate degree in Business Management.

Wang Xiaolan, Non-executive Director

Mr. Wang has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. He joined the Department of Industry and Transportation of the Ministry of Finance in 1982. He served as Deputy Chief, Chief and Deputy Director-General of the State-owned Assets Administration Commission from 1989. Mr. Wang served as Chief, Assistant Commissioner and Deputy Supervision Commissioner of the General Office in the Financial Supervision Commissioner Office of the Ministry of Finance in Beijing from 1997. Mr. Wang served as Deputy Supervision Commissioner and Supervision Commissioner (at the rank of Director-General) of the Financial Supervision Commissioner Office of the Ministry of Finance in Chongqing City from 2004. Mr. Wang graduated from Central University of Finance and received a Bachelor's degree in Economics. Mr. Wang Xiaolan is a senior economist, a certified public accountant and is qualified to practise as a registered asset appraiser.

Yao Zhongli, Non-executive Director

Mr. Yao has served as Non-executive Director of Industrial and Commercial Bank of China Limited since January 2012. He joined the Ministry of Finance in 1991 and served as Deputy Officer and Officer at the Theory Department of China Financial and Economic News of the Ministry of Finance and Deputy Chief Editor (at the rank of Deputy Director-General) and Chief Editor (at the rank of Director-General) of China Financial and Economic News of the Ministry of Finance. He graduated from the Economics Faculty of Peking University and received a Doctorate degree in Economics. Mr. Yao also received a Bachelor's degree in Economics and a Master's degree in Economics from the Economics Faculty of Sichuan University and the Economics Faculty of Peking University, respectively. Mr. Yao Zhongli is a senior editorial specialist.

Fu Zhongjun, Non-executive Director

Mr. Fu has served as Non-executive Director of Industrial and Commercial Bank of China Limited since December 2013. He joined the MOF in 1983, and once serviced as Secretary of Organizational Communist Youth League of MOF, Deputy Chief and Chief of the Business and Finance Department, Finance Supervision Department and Inspection and Supervision Department of MOF, Vice Ombudsman of Shanghai Finance Ombudsman Office of MOF, Vice Ombudsman (person-in-charge) of Anhui Finance Ombudsman Office of MOF, Associate Counsel and Counsel of Beijing Finance Ombudsman Office of MOF. He served as Non-executive Director of Industrial and Commercial Bank of China Limited and China Everbright Industry Group Limited. He graduated from Sichuan University and obtained a Bachelor's degree of Philosophy.

Wong Kwong Shing, Frank, Independent Non-executive Director

Mr. Wong has served as Independent Non-executive Director of Industrial and Commercial Bank of China Limited since January 2009. He previously held a number of senior positions with regional responsibility at financial institutions including Citibank, JPMorgan and NatWest, and took positions as Chairman of Hong Kong Futures Exchange Limited, Chairman of the Leveraged Foreign Exchange Trading Ordinance Arbitration Panel and member of the Foreign Exchange and Money Market Practices Committee of Hong Kong Association of Banks. He joined DBS Bank in 1999, and served as Vice Chairman of DBS Bank Ltd., Director and Chief Operating Officer of DBS Bank Ltd. and DBS Group Holdings, and Chairman of DBS Bank (Hong Kong) and Chairman of DBS Bank (China). He also served as an Independent Non-executive Director of the National Healthcare Group Pte Ltd under the Ministry of Health of Singapore. At present, he is concurrently a Director of PSA International Pte Ltd, Mapletree Investments Pte Ltd and China Mobile Limited, President and Director of Mapletree Greater China Commercial Trust and a member of the Hong Kong Financial Services Development Council.

Malcolm Christopher McCarthy, Independent Non-executive Director

Sir M.C. McCarthy has served as Independent Non-Executive Director of Industrial and Commercial Bank of China Limited since December 2009. He worked first as an economist for ICI before joining the UK Department of Trade and Industry where he held various posts from economic adviser to undersecretary. He subsequently worked as a senior executive of Barclays Bank first in Japan and then North America. He served as Chairman and Chief Executive of Office of Gas and Electricity Markets (Ofgem), Chairman of the Financial Services Authority (FSA), a non-executive director of HM Treasury, Chairman of the board of directors of J.C. Flowers & Co. UK Ltd, a non-executive director of NIBC Holding N.V and NIBC Bank N.V. Currently Sir M.C. McCarthy serves as a Non-executive Director of Intercontinental Exchange, OneSavings Bank plc and Castle Trust Capital plc, a Trustee of the Said Business School of Oxford University and IFRS Foundation, and the Chairman in the United Kingdom of Promontory Financial Group. He is an Honorary Fellow of Merton College, an Honorary Doctorate of the University of Stirling and the Cass Business School, and a Freeman of the City of London. He has a MA History at Merton College of Oxford University, PhD Economics of Stirling University, and MS at Graduate School of Business of Stanford University.

Kenneth Patrick Chung, Independent Non-executive Director

Mr. Chung has served as Independent Non-Executive Director of Industrial and Commercial Bank of China Limited since December 2009. Mr. Chung joined Deloitte Haskins and Sells London Office in 1980. He became a partner of PricewaterhouseCoopers in 1992, and was a financial service specialist of PricewaterhouseCoopers (Hong Kong and China) since 1996. Previously, he was the human resources partner of PricewaterhouseCoopers (Hong Kong), the responsible partner of the audit department of PricewaterhouseCoopers (Hong Kong and China), the global lead partner of the audit engagement team for Bank of China Limited, the honorary treasurer of The Community Chest of Hong Kong and was a member of the Ethics Committee, Limitation of Professional Liability Committee, Communications Committee, and the Investigation Panel of the Hong Kong Society of Accountants. Mr. Chung has also served as the audit partner for the restructurings and initial public offerings of Bank of China Limited, Bank of China (Hong Kong) Limited and Bank of Communications Co. Ltd. Currently, Mr. Chung serves as the honorary treasurer of International Social Service Hong Kong Branch and Chairman of the Audit Committee of the Harvest Real Estate Investments (Cayman) Limited. He is a member of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Macau Society of Certified Practising Accountants. Mr. Chung received a bachelor's degree in economics from the University of Durham.

Or Ching Fai, Independent Non-executive Director

Mr. Or has served as Independent Non-Executive Director of Industrial and Commercial Bank of China Limited since May 2012. Mr. Or previously served as General Manager and a Director of The Hongkong and Shanghai Banking Corporation Limited, Chairman of HSBC Insurance Limited, Chief Executive and Vice Chairman of Hang Seng Bank Limited, Chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited, a Director of Cathay Pacific Airways Limited, and a Director of Hutchison Whampoa Limited. He was Chairman of the Hong Kong Association of Banks, Vice President and a Council Member of the Hong Kong Institute of Bankers, Chairman of the Financial Services Advisory Committee and a member of the Services Promotion Programme Committee of the Hong Kong Trade Development Council, a member of the Risk Management Committee of the Hong Kong Exchanges and Clearing Limited, a member of the Aviation Development Advisory Committee, Chairman of Executive and Campaign Committee of the Community Chest of Hong Kong, a Council Member of The University of Hong Kong, an Adviser of the Employers' Federation of Hong Kong. Mr. Or currently acted as Chairman, CEO and Executive Director of China Strategic Holdings Limited, Chairman and Independent Non-executive Director of Esprit Holdings Limited, Vice Chairman and an Independent Non-executive Director of G-Resources Group Limited, an Independent Non-executive Director of Chow Tai Fook Jewellery Group Limited and Television Broadcasts Limited, Acting Chairman of the Council of City University of Hong Kong, and a Vice Patron of the Board of the Community Chest of Hong Kong. Mr. Or graduated from The University of Hong Kong with a Bachelor's degree in Economics and Psychology. He was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region and Honorary University Fellowships from The University of Hong Kong in 2009. He is a Justice of the Peace.

Hong Yongmiao, Independent Non-executive Director

Mr. Hong has served as Independent Non-Executive Director of Industrial and Commercial Bank of China Limited since August 2012. Mr. Hong was previously in charge of the National Science Fund for Distinguished Overseas Young Scholars supported by the National Natural Science Foundation of China, and has acted as President of the Chinese Economists Society in North America, and editor for journals such as Journal of Econometrics and Econometric Theory. He is currently an Ernest S. Liu Professor of Economics and International Studies at Cornell University in the United States, and Dean of the School of Economics and the Wang Yanan Institute for Studies in Economics at Xiamen University. He has been enrolled as one of the first participants of the "Thousand Talents Plan" and serves as a lecture professor of the "Changjiang Scholars" launched by the Ministry of Education and a part-time professor in some scientific and research institutions and colleges, including Tsinghua University, Chinese Academy of Sciences and Shandong University. He is also a committee member of the academic board of Economic Research Journal of the Chinese Academy of Social Sciences and China Economic Quarterly published by Peking University, and Co-Editor of China Journal of Economics published by Tsinghua University. Mr. Hong graduated from Xiamen University with a Bachelor of Science degree and a Master's degree in Economics from Xiamen University, and obtained his Doctorate degree in Economics from the University of California San Diego.

Yi Xiqun, Independent Non-executive Director

Mr. Yi has served as Independent Non-Executive Director of Industrial and Commercial Bank of China Limited since December 2013. He once served as Deputy General Manager of Beijing Second Light Industry Company, Deputy Director of Beijing Municipal Restructuring Economic System Office, Head of Xicheng District of Beijing, Assistant to Mayor of Beijing and concurrently Director of the Foreign Economy and Trade Committee, Director of Administrative Committee of Beijing Economic and Technological Development Zone, member of Chinese People's Political Consultative Committee Beijing Committee and Chairman of the board of directors of Beijing Holdings Limited. He had been the Chairman of the board of directors of Beijing Enterprises Holdings Limited, and the Chairman of the board of directors of Beijing Enterprises Holdings Group Company Limited, the Chairman of the board of directors of Beijing Private Equity Investment & Development Fund Management Co., Ltd., the Chairman of Bowei Capital and an independent non-executive of China Merchants Bank. He concurrently acts Vice President of China Association of Private Equity, Vice President and the first alternate Chairman of Beijing Association of Private Equity, an Independent Non-executive Director of SOHO China Ltd., Zheshang Jinhui Trust Co., Ltd. and Asian Capital (Corporate Finance) Limited, the President of Capital Enterprises Association, the Vice President of China Association for the Promotion of Industrial Development, and a member of Zhong Guancun Advisory Committee. He graduated from Tsinghua University and obtained a Master's degree in Economics Management Engineering.

Wang Chixi, Shareholder Supervisor

Ms. Wang has served as Supervisor of Industrial and Commercial Bank of China Limited since October 2005. In 2003, she was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Supervisory Board Office of ICBC as designated by the State Council. She joined ICBC in 2005. She had taken several positions including Deputy Director-General of the Financial Audit Department of the National Audit Office, Deputy Director-General of the Agricultural, Forestry and Sea Products Audit Bureau of the National Audit Office and was appointed as full-time Supervisor (at the rank of Director-General) and General Manager of the Board of Supervisors' Office of Agricultural Bank of China as designated by the State Council. She graduated from Shenyang Agricultural College, and is a PRC Certified Public Accountant (as a non-practising member).

Dong Juan, External Supervisor

Ms. Dong has served as External Supervisor of Industrial and Commercial Bank of China Limited since May 2009. She is currently Chairperson of the Board of Directors of Grandchina International Consulting Co., Ltd and an external supervisor of China Cinda Asset Management Corporation. She previously served as Deputy Chief and Chief of the Foreign Trade Division of Commerce and Trade Department of the MOF, Director-General of the Enterprise Affairs Department of the State Administration of State-owned Assets, Director-General of the Evaluation Department of the MOF, and an independent non-executive director of Shanghai Qiangsheng Holding Co., Ltd., Baocheng Investment Co., Ltd. and Sinotex Investment & Development Co., Ltd. Ms. Dong graduated from Shanxi Finance and Economics Institute and from Dongbei University of Finance and Economics with a Master's degree in economics. Ms. Dong is also a PRC Certified Public Accountant (as a non-practising member).

Meng Yan, External Supervisor

Mr. Meng has served as External Supervisor of Industrial and Commercial Bank of China Limited since May 2009. Currently, he is Dean, Professor and Tutor to PhD students in the School of Accountancy of Central University of Finance and Economics ("CUFE"). He is also an Executive Council Member of the Accounting Society of China, a Council Member of the China Audit Society, an Executive Council Member of the Banking Accounting Society of China, a member of the Steering Committee on Teaching and Learning of Business Administration Disciplines of Higher Education Institutions under the Ministry of Education, and a member of the National Accounting Master Education Steering Committee. Mr. Meng served as Head of the Department of Accountancy of CUFE. He was also an Expert Consultant of the Accounting Standards Committee of the MOF for accounting standards, an Expert Consultant of the MOF for independent auditing standards, and an Expert Consultant of the MOF for enterprise performance evaluation and an independent non-executive director of Beijing North Star Company Limited, China Merchants Property Development Company and Beijing Bashi Media Co., Ltd. At present, he concurrently serves as an independent supervisor of China COSCO Holdings Company Limited, and an independent non-executive director of Yantai Wanhua Polyurethane Co., Ltd., Jolimark Holdings Limited and COFCO Property (Group) Co., Ltd. Mr. Meng obtained his Doctorate degree in economics from the Research Institute for Fiscal Science of the MOF.

Zhang Wei, Employee Supervisor

Mr. Zhang has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1994, and has served as General Manager of the Legal Affairs Department since 2004. Currently, he is also Vice Chairman of the Banking Law Research Institute and an executive council member of the Securities Law Research Institute of China Law Society, a council member of China Society for Finance and Banking and a professor of China University of Political Science and Law. He graduated from Peking University with a Doctorate degree in Law and is a research fellow.

Li Mingtian, Employee Supervisor

Mr. Li has served as Employee Supervisor of Industrial and Commercial Bank of China Limited since July 2012. He joined ICBC in 1984 and has served as Deputy Secretary of the Party Discipline Committee since 2001 and concurrently as Director of the Discipline Enforcement Department since 2004. He had previously served as Deputy Director of the Human Resources Department, Deputy General Manager of the Banking Department, and Deputy Head and CPC Committee member of Shaanxi Branch. He graduated from Hunan University of Finance and Economics with a Master's degree in Economics. He is a senior economist.

Zhang Hongli, Senior Executive Vice President

Mr. Zhang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since May 2010. Previously, he had been serving as a member of the Global Banking Management Committee and Head of Asia-Pacific of Deutsche Bank Global Banking and Chairman of Deutsche Bank (China) Co., Ltd. since October 2004. He worked as Financial Manager at the headquarters of Hewlett-Packard since July 1991, a Director and Head of the China operations of Schroders PLC since July 1994, an Executive Director of Goldman Sachs Asia and the Chief Representative of Goldman Sachs (China) LLC Beijing Representative Office since June 1998, and Head of Deutsche Bank Investment Banking Greater China, Vice Chairman of Deutsche Bank Asia and Chairman of Deutsche Bank China from March 2001 to September 2004. He is concurrently Chairman of ICBC International Holdings Limited and Chairman of Industrial and Commercial Bank of China (Brasil) S.A., and once serviced as Vice Chairman of Standard Bank Group Limited (SBG) and Chairman of Industrial and Commercial Bank of China (USA) NA. Mr. Zhang received a Bachelor's degree from Heilongjiang Bayi Agricultural University and a Master's degree in Genetics from the University of Alberta, Canada, as well as a Master's degree in Business Administration (MBA) from the Santa Clara University in California, USA, and a Doctorate degree in Management Science and Engineering from the Chinese Academy of Social Sciences.

Wang Xiquan, Senior Executive Vice President

Mr. Wang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since September 2012. He joined ICBC in 1985 and has served as a member of Senior Management of Industrial and Commercial Bank of China Limited since April 2010. He previously served in several positions at ICBC, including Head of Yangquan Branch in Shanxi Province, Deputy Head of Hebei Branch, General Manager of the Asset Risk Management Department, Director-General of the Internal Audit Bureau and General Manager of the Human Resources Department of Head Office. He graduated from Nanjing University, and received a Doctorate degree in Management.

Zheng Wanchun, Senior Executive Vice President

Mr. Zheng has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since October 2013. He joined ICBC in 1991 and once serviced as Assistant to Head and General Manager of Banking Department of Hainan Branch of ICBC, Deputy General Manager of Industrial and Commercial Credit Department of ICBC, Vice President of China Huarong Asset Management Corporation and President of China Great Wall Asset Management Corporation. He currently serves concurrently as Vice Chairperson of National Debt Association of China. Mr. Zheng Wanchun graduated from Renmin University of China, and obtained Doctorate degree in Economics. He is a senior economist.

Gu Shu, Senior Executive Vice President

Mr. Gu has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since October 2013. He joined ICBC in 1998, served as Deputy General Manager of Accounting and Settlement Department, Deputy General Manager of the Planning and Finance Department, General Manager of Finance and Accounting Department, Board Secretary, General Manager of Corporate Strategy and Investor Relations Department and Head of Shandong Branch of ICBC. Mr. Gu obtained Doctorate degree in Economics from Shanghai University of Finance and Economics, Master's degree in Economics from Dongbei University of Finance and Economics and Bachelor's degree in Engineering from Shanghai Jiaotong University. He is a senior accountant.

Wang Jingdong, Senior Executive Vice President

Mr. Wang has served as Senior Executive Vice President of Industrial and Commercial Bank of China Limited since December 2013. He joined the China Development Bank ("CDB") in 1994 and serviced as Deputy Head of Harbin Branch, Deputy Director of the Human Resources Department of the Head Office, Head of Project Appraisal Department III of the Head Office, Head of Beijing Branch and Head of Human Resources Department of the Head Office of CDB. He graduated from Huazhong Agricultural University and got the bachelor's degree of agronomy. He is a senior engineer.

Wei Guoxiong, Chief Risk Officer

Mr. Wei has served as Chief Risk Officer of Industrial and Commercial Bank of China Limited since August 2006. He joined ICBC in 1987 and previously served in several positions at ICBC including Acting Head of Wenzhou Branch, Deputy Head of Zhejiang Branch and General Manager of the Industrial and Commercial Credit Department and the Credit Management Department of the Head Office. He graduated from Tianjin University of Finance and Economics, and received a Master's degree in Economics. He is a research fellow.

Lin Xiaoxuan, Chief Information Officer

Mr. Lin has served as Chief Information Officer of Industrial and Commercial Bank of China Limited since November 2010. Mr. Lin joined ICBC in 1989, and has served as General Manager of Information and Technology Department of ICBC from 2001, and Chief Officer of Information and Technology, and concurrently General Manager of Information and Technology Department, of ICBC since July 2009. He also served as Chief of Technology Protection Section and Head of Software Development and Operation Centre of ICBC Fujian Branch, Deputy General Manager of Technology Protection Department of the Head Office and later General Manager of Information and Technology Department of ICBC, and for a certain period of time concurrently served as General Manager of Data Centre of ICBC. Currently, Mr. Lin is also the President of Financial Computer of China Magazine. He graduated from East China Normal University and received a Master's degree in Engineering. He is a research fellow.

Hu Hao, Board Secretary

Mr. Hu has served as Board Secretary of Industrial and Commercial Bank of China Limited since December 2010. Mr. Hu joined ICBC in 1984, serving successively as Deputy General Manager of the Industrial and Commercial Credit Department, Deputy General Manager of the Credit Management Department, General Manager of the Institutional Banking Department, General Manager of the International Banking Department. He previously served as President of Chinese Mercantile Bank, Chairman of Industrial and Commercial Bank of China Luxembourg S.A., Deputy Director-General of Construction and Administration Bureau of South-to-North Water Diversion Middle Route Project, a Director of Taiping General Insurance Company Limited and Taiping Life Insurance Co., Ltd. and a Director of Xiamen International Bank. Currently, Mr. Hu is also General Manager of Corporate Strategy and Investor Relations Department of ICBC. Mr. Hu graduated from Hunan University, and received a Doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences. He is a senior economist.

Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan, Mr. Yao Zhongli and Mr. Fu Zhongjun were recommended or nominated by Huijin to serve as Non-executive Directors of the Bank. Huijin holds interests in shares of the Bank. Please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Interests and Short Positions Held by Substantial Shareholders and Other Persons" for further details.

Appointment and Removal

◆ *Directors*

At the First Extraordinary General Meeting of 2013 held on 20 March 2013, Mr. Malcolm Christopher McCarthy and Mr. Kenneth Patrick Chung were re-appointed as Independent Non-executive Directors of the Bank, and their terms of office took effect from the date of review and approval by the meeting. At the Annual General Meeting for the Year 2012 held on 7 June 2013, Mr. Yi Huiman, Mr. Luo Xi and Mr. Liu Lixian was elected as Executive Directors of the Bank. The appointment of Mr. Yi Huiman as Vice Chairman and Director and the appointment of Mr. Luo Xi and Mr. Liu Lixian as Directors were approved by CBRC in July 2013. At the Second Extraordinary General Meeting of 2013 held on 10 September 2013, Mr. Yi Xiqun was elected as Independent Non-executive Director of the Bank and Mr. Fu Zhongjun was elected as Non-executive Director of the Bank, and their qualifications were approved by CBRC in December 2013.

On 22 May 2013, Mr. Yang Kaisheng, Ms. Wang Lili and Mr. Li Xiaopeng submitted their resignations respectively to the Board of the Bank. By reason of their age, Mr. Yang Kaisheng ceased to act as Vice Chairman, Executive Director and President of the Bank, and Ms. Wang Lili ceased to act as Executive Director and Senior Executive Vice President of the Bank. Mr. Li Xiaopeng ceased to act as Executive Director and Senior Executive Vice President of the Bank due to work changes. Mr. Luo Xi submitted his resignation to the Board of the Bank on 11 November 2013. He ceased to act as Executive Director and Senior Executive Vice President of the Bank due to work changes. Mr. Huan Huiwu submitted his resignation to the Board of the Bank on 31 December 2013. Mr. Huan Huiwu ceased to act as Non-executive Director of the Bank due to work changes. On 31 December 2013, Mr. Xu Shanda ceased to act as Independent Non-executive Director of the Bank due to expiration of his term.

◆ *Supervisor*

On 10 September 2013, Mr. Zhu Lifei ceased to act as Employee Supervisor of the Bank due to expiration of his term.

◆ *Senior Management*

At the meeting of the Board of Directors held on 29 September 2013, Mr. Zheng Wanchun and Mr. Gu Shu were appointed as Senior Executive Vice President of the Bank, and their qualifications were approved by CBRC on 21 October 2013. At the meeting of the Board of Directors held on 17 December 2013, Mr. Wang Jingdong was appointed as Senior Executive Vice President of the Bank, and his qualification was approved by CBRC on 30 December 2013.

Annual Remuneration

Unit: RMB10,000

Name	Remuneration from the Bank				Remuneration in shareholder entities
	Remuneration paid (before tax) ①	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances ②	Part-time fee ③	Total remuneration before tax ④=①+②+③	
Jiang Jianqing	87.9	25.8	—	113.7	—
Yi Huiman	80.0	23.3	—	103.3	—
Zhao Lin	80.2	24.0	—	104.2	—
Liu Lixian	76.5	23.3	—	99.8	—
Wang Xiaoya	—	—	—	—	75.0
Ge Rongrong	—	—	—	—	73.9
Li Jun	—	—	—	—	78.0
Wang Xiaolan	—	—	—	—	75.0
Yao Zhongli	—	—	—	—	75.0
Fu Zhongjun	—	—	—	—	—
Wong Kwong Shing, Frank	—	—	52.0	52.0	—
Malcolm Christopher McCarthy	—	—	43.0	43.0	—
Kenneth Patrick Chung	—	—	44.0	44.0	—
Or Ching Fai	—	—	44.0	44.0	—
Hong Yongmiao	—	—	42.0	42.0	—
Yi Xiqun	—	—	—	—	—
Wang Chixi	72.7	20.0	—	92.7	—
Dong Juan	—	—	30.0	30.0	—
Meng Yan	—	—	28.0	28.0	—
Zhang Wei	—	—	5.0	5.0	—
Li Mingtian	—	—	5.0	5.0	—
Zhang Hongli	76.5	23.3	—	99.8	—
Wang Xiquan	76.5	22.9	—	99.4	—
Zheng Wanchun	19.0	4.0	—	23.0	—
Gu Shu	19.0	4.0	—	23.0	—
Wang Jingdong	6.3	2.0	—	8.3	—
Wei Guoxiong	73.9	22.7	—	96.6	—
Lin Xiaoxuan	73.9	22.7	—	96.6	—
Hu Hao	73.9	22.7	—	96.6	—

Notes: (1) According to the requirements of relevant government authorities, the total final remuneration payable to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors, Supervisors and other Senior Management members is still subject to final confirmation by relevant government authorities. Additional details of remuneration will be disclosed when they have been determined.

(2) The amount of remuneration received by Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan and Mr. Yao Zhongli listed above were obtained from Huijin due to duty performance as the Bank's Directors during the reporting period.

(3) Mr. Fu Zhongjun began to act as Non-executive Director of the Bank as of 31 December 2013. Mr. Yi Xiqun began to act as Independent Non-executive Director of the Bank as of 31 December 2013.

(4) Mr. Yang Kaisheng, Ms. Wang Lili, Mr. Li Xiaopeng and Mr. Luo Xi resigned in 2013. The pre-tax remuneration they received from the Bank totaled RMB437 thousand, RMB411 thousand, RMB411 thousand and RMB915 thousand respectively in 2013. Please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal" for details.

(5) Mr. Huan Huiwu ceased to act as Non-executive Director of the Bank as of 31 December 2013. The remuneration he received from Huijin due to duty performance as the Bank's Director totaled RMB715 thousand in 2013.

(6) Mr. Xu Shanda ceased to act as Independent Non-executive Director of the Bank as of 31 December 2013. According to rules of competent authorities, he had received no remuneration from the Bank since 1 July 2008.

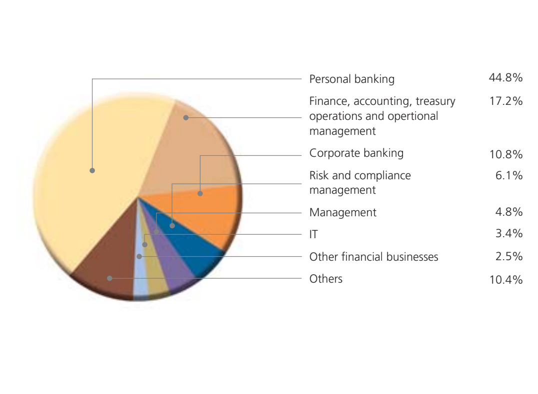
(7) Mr. Zhu Lifei ceased to act as Employee Supervisor of the Bank as of 10 September 2013. His part-time fee in 2013 was RMB42 thousand (pre-tax).

Basic Information on Employees and Institutions

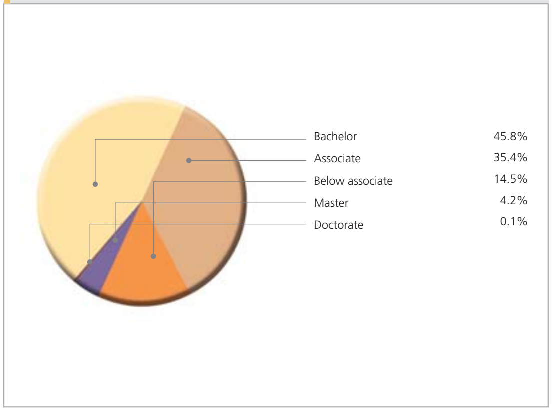
At the end of 2013, the Bank had 441,902 employees[1], an increase of 14,546 from the end of the previous year, of whom 4,611 were employees in major domestic subsidiaries and 10,610 were local employees in overseas institutions.

SPECIALIZATIONS AND ACADEMIC ACHIEVEMENTS OF DOMESTIC EMPLOYEES

Employee Specialization



Academic Achievements



At the end of 2013, the Bank had a total of 17,574 institutions, representing an increase of 66 as compared with the end of the previous year. Among them, there were 17,245 domestic institutions and 329 overseas ones.

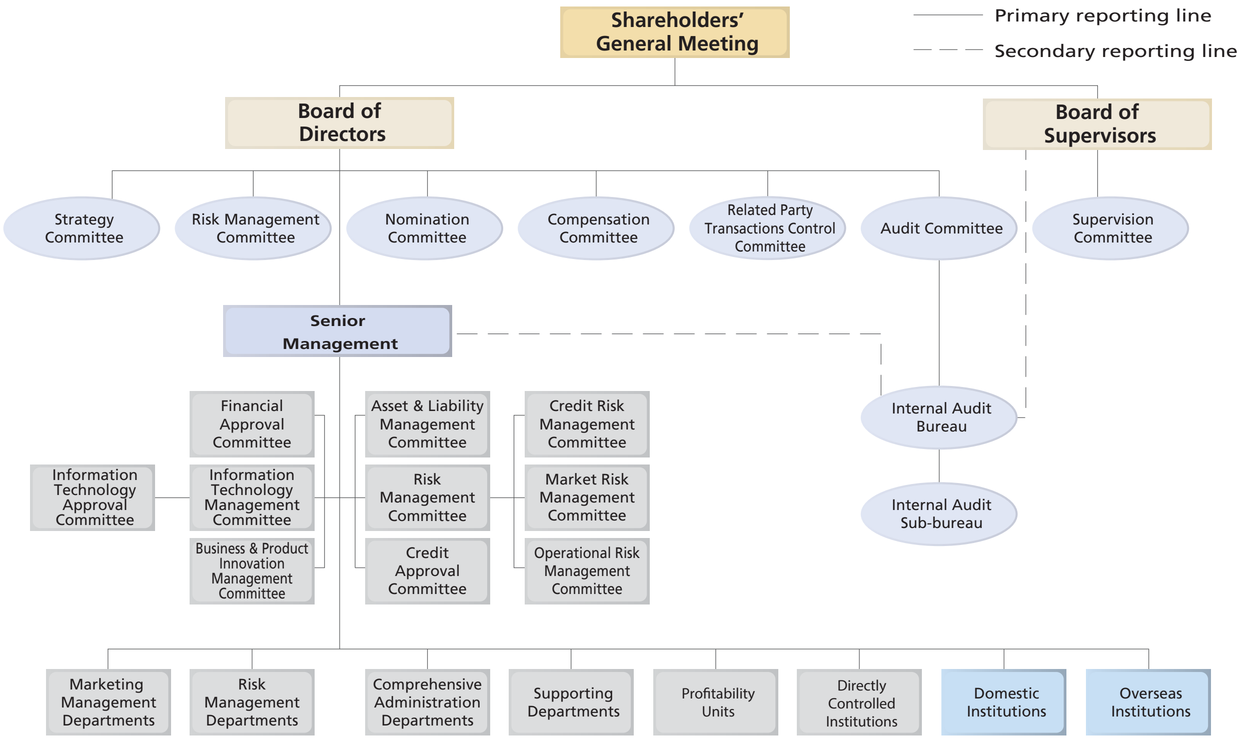
GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

	31 December 2013					
Item	Assets (In RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Number of Employees	Percentage (%)
Head Office	8,178,181	43.2	41	0.2	14,933	3.4
Yangtze River Delta	4,769,329	25.2	2,671	15.2	56,679	12.8
Pearl River Delta	3,032,428	16.0	2,154	12.3	47,906	10.8
Bohai Rim	3,326,666	17.6	2,850	16.2	69,909	15.8
Central China	1,808,412	9.6	3,678	20.9	91,424	20.7
Western China	2,331,126	12.3	4,008	22.8	93,675	21.2
Northeastern China	945,023	5.0	1,782	10.2	52,155	11.8
Overseas and others	1,599,413	8.5	390	2.2	15,221	3.5
Eliminated and undistributed assets	(7,072,826)	(37.4)				
Total	**18,917,752**	**100.0**	**17,574**	**100.0**	**441,902**	**100.0**

Note: (1) Overseas and others include investments in associates and joint ventures.

1 Does not include labor dispatched for services totaling 20,385 persons, of which 56 were dispatched to major domestic subsidiaries.

Corporate Governance Framework



Note: The above is the corporate governance framework chart as of the end of 2013.

The Bank has made constant efforts to improve the corporate governance and checks and balances mechanism comprising the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, and to optimize responsibilities of the authority organ, decision-making organ, supervisory organ and executive organ. As a result, the corporate governance operation mechanism with scientific decision-making process, effective supervision and steady operation has been in place.

Responsibilities of the Shareholders' General Meeting

As the authority organ of the Bank, the Shareholders' General Meeting involves all shareholders. The Shareholders' General Meeting is responsible for, among others, deciding on business policies and material investment plans of the Bank; considering and approving the proposals on the annual financial budget, final accounts, profit distribution plans and loss recovery plans, electing and changing directors, shareholder supervisors and external supervisors; considering and approving the work report of the Board of Directors and the work report of the Board of Supervisors; adopting resolutions on merger, division, dissolution, liquidation, change of corporate form, increase or decrease of registered capital, issuance and listing of corporate bonds or other negotiable securities and repurchase of stocks; and amending the Articles of Association of the Bank.

Responsibilities of the Board of Directors

As the decision-making organ of the Bank, the Board of Directors of the Bank is accountable to, and shall report to, the Shareholders' General Meeting. The Board of Directors is responsible for, among others, convening the Shareholders' General Meeting; implementing resolutions of the Shareholders' General Meeting; deciding on business plans, investment plans and development strategies of the Bank; formulating annual financial budgets and final accounts of the Bank; formulating profit distribution plans and loss recovery plans; formulating proposals on the increase or decrease of registered capital of the Bank; formulating fundamental management rules on risk management and internal control, and supervising the implementation of these rules, appointing or removing the President and the Board Secretary, and based on the President's nomination, appointing or removing Senior Executive Vice Presidents and other Senior Management members (except the Board Secretary), and deciding on their remuneration, rewards and sanctions; deciding or authorizing the President to set up relevant internal institutions of the Bank; regularly evaluating and improving corporate governance of the Bank; managing information disclosure matters of the Bank; and supervising and ensuring effective performance of management responsibilities of the President and other Senior Management members.

Responsibilities of the Board of Supervisors

As the supervisory organ of the Bank, the Board of Supervisors is accountable to, and shall report to, the Shareholders' General Meeting. The Board of Supervisors is responsible for, among others, supervising the performance and due diligence of Directors and Senior Management members; supervising the performance of duties of the Board of Directors and the Senior Management; conducting audits on retiring or resigning Directors and Senior Management members where appropriate; examining and supervising the Bank's financial activities; examining financial information such as financial report, business report and profit distribution plan to be submitted to the Shareholders' General Meeting by the Board of Directors; examining and supervising business decisions, risk management and internal control of the Bank, and providing guidance for the internal audit departments of the Bank; formulating performance assessment measures for supervisors, assessing the performance and conduct of supervisors, and reporting to the Shareholders' General Meeting for approval; presenting proposals to the Shareholders' General Meeting; proposing to convene extraordinary general meetings, and convening and presiding over such meetings in case the Board of Directors fails to perform its duty of convening shareholders' general meeting; proposing to convene interim meetings of the Board of Directors.

Responsibilities of the Senior Management

As the executive organ of the Bank, the Senior Management is accountable to the Board of Directors. The Senior Management is responsible for, among others, carrying out operational management of the Bank; organizing the implementation of business plan and investment plan approved by the Board of Directors; formulating detailed regulations and rules for operational management; formulating proposals on remuneration distribution and performance assessment for heads of internal departments and branches of the Bank; reporting operating results to the Board of Directors and the Board of Supervisors; preparing the annual financial budget, final accounts, profit distribution plans and loss recovery plans, and proposals on the increase or decrease of registered capital, issuance or listing of bonds, and making recommendations to the Board of Directors.

Overview of Corporate Governance

Sound corporate governance is the key to stable operation of the banking sector and even the entire financial system, and is also one of the most important determinants of how fast and how far a bank can grow. During the reporting period, the Bank highlighted the improvement of corporate governance as a key move of strengthening the development, continuously improved corporate governance framework and working rules, and intensified the corporate governance towards its subsidiaries. The Bank also proactively promoted strategic transition and transformation of operating modes and growth patterns, and strengthened risk management and internal control. Additionally the Bank focused on service quality improvement, enhanced the core competitiveness, and boosted the healthy development of businesses in an all-around manner. There is neither material divergence between actual corporate governance of the Bank and applicable regulations and requirements of regulatory authorities including CSRC, nor any problem identified by regulatory authorities but remain unresolved in respect of corporate governance. During the reporting period, the Bank received 19 important domestic and overseas corporate governance awards, including the "2013 Hong Kong Corporate Governance Excellence Awards" granted by The Chamber of Hong Kong Listed Companies, the "Icon on Corporate Governance" by the *Corporate Governance Asia* and the "2013 Platinum Award for All-Round Excellence" by *The Asset*.

Construction of the Organizational Framework of Corporate Governance

During the reporting period, the Bank appointed and renewed the engagement of Directors and Senior Management members to ensure the Board of Directors and the Senior Management operate in compliance with laws and regulations. The Bank also adjusted the composition of the special committees of the Board of Directors. As a result, the special committees became increasingly professional and independent, playing a more effective bridging role between the Board of Directors and the Senior Management. Moreover, the Bank improved the working team of the special committees of the Board of Directors and the working mechanism thereof, facilitating the work of the special committees.

The Bank actively explored the Group's corporate governance, and perfected group management and control and collaboration mechanism as well as corporate governance framework, institutional system and working mechanism of its subsidiaries. The Bank steadily carried forward the organizational structure reform of the Head Office. The Bank also established four modules of business management, risk management, comprehensive administration and supporting at the Head Office.

Construction of the Corporate Governance Mechanism

The Bank gave play to the strategic decision-making role and corporate governance leading role of the Board of Directors and its special committees. The Board of Directors and its special committees focused on the reform of important fields and key links, constantly followed up the implementation of various strategies, plans and decisions, and thoroughly studied significant matters including changes of business environment, strategic objectives of transformation and development, organizational structure reform and resource allocation and integration of the Group, ensuring the sustainable and healthy development of the Bank. They also completed the Corporate Governance Construction Report (2009–2012), evaluated and constantly improved the corporate governance of the Bank.

The Bank gave play to the supervisory function of the Board of Supervisors. The Board of Supervisors constantly improved its rules and regulations, duly performed its supervisory responsibility and carried out duty performance supervision and evaluation in an in-depth manner in accordance with the priorities of the Bank. Besides, the Board of Supervisors further strengthened on-site and off-site supervision over financial activities, risk management and internal control of the Bank, with the purpose of promoting compliant operation and sustainable and steady development of the Bank.

The Bank strengthened enterprise risk management. The Bank actively responded to the regulatory requirements for Systemically important banks, and bettered the Group's consolidated statement management framework and mechanisms. The Bank perfected the internal audit system. The Bank also planned and implemented IT-based audit, furthered audit standardization, and optimized systemic resource allocation. The Bank intensified internal control. The Bank established inspection, monitoring analysis and anti-money laundering centers, enriched the compliance manager-responsible mechanism, and reinforced internal control assessment. The Bank ameliorated human resources management. The Bank improved the compensation management system of the Group, and steadily enhanced employee performance management and compensation incentive system, to boost vitality of all institutions and enthusiasm of all employees of the Bank. The Bank actively fulfilled its social responsibilities. The Bank gradually established the social responsibility management and practise system integrating strategic planning, system construction, information disclosure, education and training and international exchange.

The Bank continuously increased the level of transparency. The Bank continuously increased the depth and breadth of voluntary information disclosure under the principles of "authenticity, accuracy, completeness, timeliness and fairness" for information disclosure and by making references to the needs of investors. The Bank strictly implemented the Administrative Measures for Insider Information and Insiders to prevent insider transactions and fully protect the interests of shareholders. The Bank comprehensively strengthened communication with investors and created a professional and efficient communication platform for investors by means of domestic and overseas road shows, press conferences in relation to periodic results, reverse road shows, daily reception and so forth.

Development of Corporate Governance Regulations

During the reporting period, CBRC approved the matters regarding amending the Articles of Association, which was approved by the Second Extraordinary General Meeting of the Bank of 2012.

Compliance with the Corporate Governance Code

According to Code Provision A.5.6 of the Corporate Governance Code (the "Code") under Appendix 14 of the Hong Kong Listing Rules effective since September 2013, the Bank amended the Rules for Recommendation and Nomination of Board Candidates by adding articles relating to diversified composition of directors, which was considered and approved by the Board of Directors on 15 January 2014. Save as disclosed above, during the reporting period, the Bank fully complied with the principles, code provisions and the recommended best practices stipulated in the Code.

Shareholders' Rights

- *Proposing the convening of an extraordinary general meeting*

An extraordinary general meeting should be convened within 2 months from the date when shareholders holding more than 10% of the voting shares of the Bank, either individually or jointly, request to convene in writing.

- *Submitting interim proposals for the shareholders' general meeting*

Shareholders who hold more than 3% of shares of the Bank, either individually or jointly, may prepare an interim proposal and submit it in writing to the Board of Directors 10 days before the shareholders' general meeting is convened. The Board of Directors shall issue a supplementary notice for the shareholders' general meeting within 2 days upon receipt of the proposal and submit such proposal to the shareholders' general meeting for approval.

- *Putting forward suggestions or inquiries*

Shareholders are entitled to supervise business operation of the Bank and put forward suggestions or inquiries accordingly. Shareholders are entitled to review the information of the Bank such as the Articles of Association, the register of shareholders, share capital documents, minutes of the shareholders' general meeting, etc.

- *Other rights*

Shareholders have the right to collect dividends and other forms of benefits distributed on the basis of the number of shares held by them. Shareholders have other rights conferred by laws, administrative regulations, rules and the Articles of Association of the Bank.

Effective Communication with Shareholders

The Bank has strictly complied with laws, regulations, regulatory requirements and fundamental regulations of corporate governance, and has taken various measures such as improving information disclosure management, strengthening investor relations management and optimizing the operations mechanism of the Shareholders' General Meeting, with a view to safeguard the rights of all shareholders, especially minority investors and increasing communication and exchange among shareholders.

Adhering to the principle of "authenticity, accuracy, completeness, timeliness and fairness" and the orientation of meeting investors' needs, while ensuring legal and regulatory compliance of information disclosure, the Bank moderately enhanced voluntary disclosure and continued to expand the depth and breadth of information disclosure, to effectively guarantee shareholders' right to information.

The Bank improved various communication channels for investors through organizing press conferences in relation to periodic results, domestic and overseas road shows and reverse road shows and inviting investors to large investment forums during the reporting period. The Bank gave full play to the communication platforms including investor relations website, investor hotline and investor email, to understand investors' needs and providing sufficient information feedback in a timely manner.

During the reporting period, convening, holding, notices, announcements, proposals, voting and other procedures of the general meetings of shareholders of the Bank strictly complied with the relevant provisions of the Company Law and the Articles of Association of the Bank, ensuring that shareholders could exercise their right of participation in the general meetings smoothly. Since it was listed, in order to treat A and H minority shareholders fairly, the Bank has insisted on holding the Annual General Meeting in Beijing and Hong Kong concurrently by satellite, set up registration offices of A and H shareholders both in Beijing and Hong Kong to facilitate the voting of shareholders. The number of shareholders who participated in voting at the Annual General Meeting for the Year 2012 amounted to 2,359, representing an increase of 36% compared to the previous year.

Contacts

Shareholders can put forward suggestions and inquiries through participating in activities including the shareholders' general meetings, press conferences in relation to periodic results and road shows of the Bank or by means of platforms including investor relations website, investor hotline and investor email and hotline, fax and email of the shareholders' general meetings as well. For contact details, please refer to the section headed "Corporate Governance Report — Investor Relations".

If a shareholder wishes to enquire about share transfer, changes in name or address, reporting loss of share certificates and dividend notes or any other information relating to his/her shares, please contact the Share Registrars of the Bank. For contact details, please refer to "Corporate Information".

Shareholders' General Meeting

During the reporting period, the Bank convened one annual general meeting and two extraordinary general meetings, which considered and approved a total of 15 proposals, and two reports were heard. Each meeting was convened in compliance with relevant legal procedures which assured shareholders' participation and exercise of rights. The Bank engaged lawyers to witness these meetings and issue legal opinions. Details of the meetings are as follows:

Meeting	Date	Place	Content	Meeting Results
First Extraordinary General Meeting of 2013	20 March 2013	Beijing	Proposal on the Appointment of Sir Malcolm Christopher McCarthy as an Independent Non-executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the Appointment of Mr. Kenneth Patrick Chung as an Independent Non-executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on Fixed Asset Investment Budget for 2013	Reviewed and approved
			Proposal on Issuing Eligible Tier 2 Capital Instruments with Write-down Feature up to RMB60 Billion Equivalent before the end of 2014	Reviewed and approved
2012 Annual General Meeting	7 June 2013	Beijing and Hong Kong concurrently by satellite	Proposal on the 2012 Work Report of the Board of Directors of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the 2012 Work Report of the Board of Supervisors of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the 2012 Audited Account	Reviewed and approved
			Proposal on the 2012 Profit Distribution Plan	Reviewed and approved
			Proposal on Launching the Engagement of Accounting Firm for 2013	Reviewed and approved
			Proposal on the Appointment of Mr. Yi Huiman as an Executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the Appointment of Mr. Luo Xi as an Executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the Appointment of Mr. Liu Lixian as an Executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Work Report of Independent Directors of ICBC for 2012	Listened to
			Report on the Implementation of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors in 2012 of Industrial and Commercial Bank of China Limited	Listened to
Second Extraordinary General Meeting of 2013	10 September 2013	Beijing	Proposal on the Payment of Remuneration to Directors and Supervisors for 2012	Reviewed and approved
			Proposal on the Appointment of Mr. Yi Xiqun as an Independent Director of Industrial and Commercial Bank of China Limited	Reviewed and approved
			Proposal on the Appointment of Mr. Fu Zhongjun as a Non-executive Director of Industrial and Commercial Bank of China Limited	Reviewed and approved

For details of the above meetings, please refer to the announcements of the Bank on 20 March 2013, 7 June 2013 and 10 September 2013 or the website of the Bank.

Implementation of Resolutions of the Shareholders' General Meeting by the Board of Directors

The Board of Directors of the Bank earnestly and fully implemented the resolutions adopted by the Shareholders' General Meeting of the Bank during the reporting period.

Board of Directors and Special Committees

Composition of the Board of Directors

The Bank formulated relatively complete procedures for nominating and electing directors. With diversified backgrounds, the Directors complemented each other on one hand with regard to their expertise, professional competence and experience and expressed diversified perspectives and views, which ensured scientific decision-making of the Board of Directors. As at the end of the reporting period, the Board of Directors of the Bank consisted of 15 directors, including three Executive Directors: Mr. Jiang Jianqing, Mr. Yi Huiman and Mr. Liu Lixian; six Non-executive Directors: Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan, Mr. Yao Zhongli and Mr. Fu Zhongjun; and six Independent Non-executive Directors: Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun. Mr. Jiang Jianqing was Chairman and Mr. Yi Huiman was Vice Chairman of the Board of Directors. All Executive Directors have worked in the areas of banking and management for a long time, possess extensive professional expertise and experience in those areas and are familiar with operation and management of the Bank. Most Non-executive Directors specialize in economic management and have rich management experience and good understanding of relevant polices and theories. The Independent Non-executive Directors are prestigious experts in the areas of economy, finance, accounting and taxation, respectively, and most of them once worked at international institutions and are familiar with corporate finance and management. The number of Independent Non-executive Directors of the Bank accounted for more than one-third of the total members of the Board of Directors, meeting relevant regulatory requirements.

Meetings of the Board of Directors

During the reporting period, the Board of Directors of the Bank held 11 meetings, considered 50 proposals and listened to 23 reports. The main proposals and reports are set out below:

- Proposal on the Fixed Asset Investment Budget for 2013
- Proposal on the Employment Plan for 2013
- Proposal on Issuing Eligible Tier 2 Capital Instruments with Write-down Feature up to RMB60 Billion Equivalent before the end of 2014
- Proposal on the Internal Audit Plan for 2013
- Proposal on Convening the First Extraordinary General Meeting of 2013
- Proposal on the Consolidated Statement Management of the Group in 2012 and Consolidated Statement Management Plan for 2013
- Proposal on the Liquidity Risk Management Strategy of Industrial and Commercial Bank of China for 2013
- Proposal on the 2012 Capital Management Report of Industrial and Commercial Bank of China Limited
- Proposal on the Related Party Transactions Management Measures (2013) of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Internal Control Assessment Report of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Audited Accounts
- Proposal on the 2012 Profit Distribution Plan
- Proposal on the 2012 Annual Report and its Abstract
- Proposal on the 2012 Corporate Social Responsibility Report of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Work Report of the Board of Directors of Industrial and Commercial Bank of China Limited
- Proposal on Convening the 2012 Annual General Meeting
- Proposal on Donations to Earthquake-stricken Areas in Ya'an Sichuan
- Proposal on the First Quarterly Report of 2013
- Proposal on the Appointment of Mr. Yi Huiman as Vice President of Industrial and Commercial Bank of China Limited
- Proposal on the Nomination of Mr. Yi Huiman as a Candidate for Executive Director of Industrial and Commercial Bank of China Limited
- Proposal on the Election of Mr. Yi Huiman as Vice Chairman of Industrial and Commercial Bank of China Limited
- Proposal on the Appointment of Mr. Yi Huiman as a Member of Related Special Committees of the Board of Directors of Industrial and Commercial Bank of China Limited
- Proposal on the Nomination of Mr. Luo Xi as a Candidate for Executive Director of Industrial and Commercial Bank of China Limited
- Proposal on the Appointment of Mr. Luo Xi as a Member of the Risk Management Committee of the Board of Directors of Industrial and Commercial Bank of China Limited
- Proposal on the Nomination of Mr. Liu Lixian as a Candidate for Executive Director of Industrial and Commercial Bank of China Limited
- Proposal on the Appointment of Mr. Liu Lixian as a Member of the Related Party Transactions Control Committee of the Board of Directors of Industrial and Commercial Bank of China Limited
- Proposal on Approving and Authorizing the Senior Management to Issue Eligible Tier 2 Capital Instruments with Write-down Feature up to RMB60 Billion Equivalent
- Proposal on the Payment of Remuneration to Senior Management Members for 2012
- Proposal in Respect of the Senior Management Performance Evaluation Plan for 2013
- Proposal on the Payment of Remuneration to Directors and Supervisors for 2012
- Proposal on the Nomination of Mr. Yi Xiqun as a Candidate for Independent Director of Industrial and Commercial Bank of China Limited
- Proposal on the Nomination of Mr. Fu Zhongjun as a Candidate for Non-executive Director of Industrial and Commercial Bank of China Limited
- Proposal on the Convening of the Second Extraordinary General Meeting of 2013
- Proposal on the 2013 Interim Report and its Abstract
- Proposal on Changes in the Chairman and Members of Certain Special Committees of the Board of Directors
- Proposal on Renewal of the Liability Insurance for Directors, Supervisors and Senior Management for 2013
- Proposal on the Rules of ICBC for Anti-money Laundering
- Proposal on the Country Risk Concentration Limit for 2013

- Proposal on the Appointment of Mr. Zheng Wanchun as Senior Executive Vice President of Industrial and Commercial Bank of China Limited
- Proposal on the Appointment of Mr. Gu Shu as Senior Executive Vice President of Industrial and Commercial Bank of China Limited
- Proposal on the Third Quarterly Report of 2013
- Proposal on Capital Increase in ICBC Financial Leasing Co., Ltd.
- Proposal on the Appointment of Mr. Wang Jingdong as Senior Executive Vice President of Industrial and Commercial Bank of China Limited
- Proposal on Resolution Plan of the US Branches of the Bank
- Report on Internal Audit in 2012
- Report on the Work of the Board of Directors in 2012 and the Work Plan for 2013
- Report on the 2012 Internal Control Audit of Industrial and Commercial Bank of China Limited
- Report on External Audit in 2012
- Report on the Management Report about the Inside Transactions of Industrial and Commercial Bank of China Limited in 2012
- Report on Risk Management in 2012
- Report on Information Technology Management in 2012
- Report on the Identification of Related Parties in 2012
- Report on the Implementation of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors in 2012 of Industrial and Commercial Bank of China Limited
- Report on the Implementation of the Plan on Authorization of the Board of Directors to the President in 2012 of Industrial and Commercial Bank of China Limited
- Report on the Report on the Directors' Performance Appraisal by the Board of Directors for 2012
- Report on the Corporate Governance Construction Report of Industrial and Commercial Bank of China Limited (2009–2012)
- Report on Risk Management for the First Half of 2013
- Report on the Internal Audit Report for the First Half of 2013
- Report on the Guidelines on Corporate Governance of Commercial Banks of CBRC
- Report on Management of Related Party Transactions at the Group Level
- Report on Risk Management of Asset Management Business
- Report on the Meeting Plan of the Board of Directors for 2014

The attendance of each of the Directors in Shareholders' General Meetings and meetings of the Board of Directors and the special committees of the Board of Directors during the reporting period is set out below:

Attendances in person/Number of meetings during the reporting period

			Special Committees of the Board of Directors					
	Shareholders' General Meeting	Board of Directors	Strategy Committee	Audit Committee	Risk Management Committee	Nomination Committee	Compensation Committee	Related Party Transactions Control Committee
Executive Directors								
Jiang Jianqing	1/3	10/11	2/3					
Yi Huiman	1/1	5/5	0/0			3/4	0/0	
Liu Lixian	1/1	5/5						5/5
Non-executive Directors								
Wang Xiaoya	3/3	11/11	3/3				2/2	
Ge Rongrong	3/3	10/11			3/3	5/5		
Li Jun	2/3	10/11		5/5	3/3			
Wang Xiaolan	3/3	11/11		5/5	3/3	5/5		
Yao Zhongli	2/3	11/11	3/3		3/3			
Fu Zhongjun	0/0	0/0	0/0				0/0	
Independent Non-executive Directors								
Wong Kwong Shing, Frank	3/3	10/11	2/3	4/5	2/3	5/5	1/2	10/10
Malcolm Christopher McCarthy	3/3	9/11	3/3		3/3	3/5	2/2	
Kenneth Patrick Chung	3/3	10/11		5/5	3/3		2/2	10/10
Or Ching Fai	3/3	10/11	3/3	5/5	0/0	4/5	2/2	
Hong Yongmiao	3/3	11/11	0/0	5/5	3/3	5/5		10/10
Yi Xiqun	0/0	0/0		0/0		0/0	0/0	0/0
Resigned Directors								
Yang Kaisheng	1/1	4/5	1/2			1/1	1/1	
Wang Lili	1/1	4/5			0/1			
Li Xiaopeng	0/1	5/5						3/3
Luo Xi	1/1	4/4			2/2			
Huan Huiwu	3/3	11/11	3/3				2/2	
Xu Shanda	3/3	7/11	2/3	3/5		3/5	1/2	10/10

Notes: (1) "Attendances in person" refers to attending meetings in person or on telephone or by video conference.

(2) Directors who did not attend the meetings of the Board of Directors and its special committees in person appointed other directors to attend the meetings and exercise the voting right on their behalf.

(3) For the change of directors, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal".

Special Committees of the Board of Directors

The Board of Directors of the Bank has established six special committees, namely, the Strategy Committee, the Audit Committee, the Risk Management Committee, the Nomination Committee, the Compensation Committee and the Related Party Transactions Control Committee. Except the Strategy Committee, chairmen of all the other committees were assumed by independent non-executive directors and more than half of the committee members were independent non-executive directors. During the reporting period, the performance of duties by the special committees of the Board of Directors of the Bank is set out below:

◆ *Strategy Committee*

The Strategy Committee is mainly responsible for considering the Bank's strategic development plan, business and institutional development plan, major investment and financing plan and other major matters critical to the Bank's development, making recommendations to the Board, and examining and assessing the soundness of the corporate governance framework to ensure financial reporting, risk management and internal control are compliant with corporate governance criteria of the Bank. As at the end of the reporting period, the Strategy Committee of the Bank consisted of nine directors, including Executive Directors Mr. Jiang Jianqing and Mr. Yi Huiman; Independent Non-executive Directors Sir Malcolm Christopher McCarthy, Mr. Wong Kwong Shing, Frank, Mr. Or Ching Fai and Mr. Hong Yongmiao; Non-executive Directors Ms. Wang Xiaoya, Mr. Yao Zhongli and Mr. Fu Zhongjun. Chairman of the Board of Directors Mr. Jiang Jianqing and Independent Non-executive Director Sir Malcolm Christopher McCarthy were the chairman and vice chairman of the committee, respectively.

During the reporting period, the Strategy Committee of the Board of Directors held three meetings, considered six proposals including the final accounts plan for 2012 and the fixed asset investment budget for 2013 and listened to two reports. The Strategy Committee provided support to the scientific decision-making of the Board of Directors by putting forward constructive suggestions in respect of the implementation of capital management and talents and information technology development, and the steady progression of internationalized and diversified operation.

◆ *Audit Committee*

The Audit Committee is mainly responsible for supervising, inspecting and evaluating internal control, financial information and internal audit of the Bank and assessing mechanisms for the Bank's staff to report misconducts in financial statements, internal control, etc. and for the Bank to make independent and fair investigations and take appropriate actions. As at the end of the reporting period, the Audit Committee of the Bank consisted of seven directors, including Independent Non-executive Directors Mr. Wong Kwong Shing, Frank, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun; Non-executive Directors Mr. Li Jun and Mr. Wang Xiaolan. Independent Non-executive Director Mr. Wong Kwong Shing, Frank was the chairman of the committee.

Summary Report on the Performance of Duties by the Audit Committee:

During the reporting period, the Audit Committee held five meetings, considered six proposals including the 2012 Annual Report, the 2012 Internal Control Assessment Report and the Internal Audit Plan for 2013, and heard 14 reports including the regular internal audit report.

The Audit Committee reviewed financial statements of the Bank on a regular basis, and had reviewed and submitted to the Board of Directors to approve the annual report, interim report and quarterly reports of the Bank; organized and conducted the internal control assessment for 2012 of the Group and engaged external auditors to audit the assessment report and procedures of the Bank with respect to the relevant regulatory requirements; gradually strengthened communication with external auditors, attached importance to the supervision of external auditors and heard several reports of external auditors concerning annual audit results, management proposal and audit plan.

During the preparation and audit of the 2013 financial statements, the Audit Committee set out related matters such as audit schedule and arrangement through negotiation with external auditors, followed the status of external auditing and conducted supervisions over relevant works at appropriate time by means of listening to reports and holding informal discussions, and reviewed the unaudited and preliminarily audited annual financial statements respectively. The Audit Committee held a meeting on 25 March 2014, and considered that the annual financial statements truly and completely reflected the financial position of the Bank. The Audit Committee reviewed the summary of audit work performed by external auditors during the year and made an overall and objective assessment on its performance and quality of practice. The Audit Committee also approved the renewal of the engagement of KPMG Huazhen (Special General Partnership) and KPMG as the external auditors of the Bank for 2014 and the engagement of KPMG Huazhen (Special General Partnership) as the internal control auditors of the Bank for 2014, and presented the proposals to the Board of Directors for consideration.

- *Risk Management Committee*

The Risk Management Committee is primarily responsible for reviewing and revising the strategy, policy and procedures of risk management and internal control process of the Bank, and supervising and evaluating the performance of Senior Management members and risk management department in respect of risk management. As at the end of the reporting period, the Risk Management Committee of the Bank consisted of eight directors, including Independent Non-executive Directors Mr. Or Ching Fai, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung and Mr. Hong Yongmiao; Non-executive Directors Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan and Mr. Yao Zhongli. Independent Non-executive Director Mr. Or Ching Fai was the chairman of the committee.

During the reporting period, the Risk Management Committee held three meetings, discussed and considered three proposals including the liquidity risk management strategy for 2013 and the country risk concentration limit for 2013, and heard four reports including the risk management for 2012 and the first half of 2013. The Risk Management Committee put forward constructive suggestions in respect of the enhancement of enterprise risk management of the Bank.

- *Nomination Committee*

The Nomination Committee is mainly responsible for making recommendations to the Board of Directors on candidates for directors and Senior Management members, nominating candidates for chairmen and members of special committees of the Board of Directors, and formulating the standards and procedures for selection and appointment of directors and Senior Management members as well as the training and development plans for Senior Management members and key reserved talents. The Nomination Committee is also responsible for assessing the structure, size and composition of the Board of Directors on a yearly basis and making recommendations to the Board of Directors based on the Bank's development strategy. As at the end of the reporting period, the Nomination Committee of the Bank consisted of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun; Non-executive Directors Ms. Ge Rongrong and Mr. Wang Xiaolan. Independent Non-executive Director Mr. Wong Kwong Shing, Frank was the chairman of the committee.

The Nomination Committee reviews the qualifications of candidates for directors based on whether the candidate complies with applicable laws, administrative rules, regulations and the Articles of Association of the Bank. According to the requirement on diversified composition of the Board of Directors in the Rules for Recommendation and Nomination of Board Candidates of the Bank, the Nomination Committee shall pay attention to the complementarity in terms of expertise, professional competence and experience, cultural and educational background, gender, etc. of the candidates, to ensure the directors are well equipped, experienced and have diversified perspectives and views. In order to implement the requirement, the Nomination Committee assesses the improvement of diversified composition of the Board of Directors in addition to framework, number of directors and formation on a yearly basis, and discusses and designs measurable goals according to actual conditions. The meeting of the Nomination Committee is held only when over one half of all members are present, and a resolution is adopted only when over one half of all members vote for it.

Summary Report on the Performance of Duties by the Nomination Committee:

During the reporting period, the Nomination Committee held five meetings, considered 13 proposals in respect of the appointment of Mr. Yi Huiman as President, Mr. Zheng Wanchun, Mr. Gu Shu and Mr. Wang Jingdong as Senior Executive Vice Presidents, the nomination of Mr. Yi Huiman, Mr. Luo Xi and Mr. Liu Lixian as candidates for Executive Directors and their appointment as members of special committees of the Board of Directors, the nomination of Mr. Yi Xiqun as a candidate for Independent Non-executive Director and Mr. Fu Zhongjun as a candidate for Non-executive Director, and the adjustment of chairmen and members of some special committees of the Board of Directors.

◆ *Compensation Committee*

The Compensation Committee is mainly responsible for formulating assessment measures on the performance of duties for directors, organizing the assessment on the performance of duties of Directors, putting forth proposal on remuneration distribution for Directors, putting forth proposal on remuneration distribution for Supervisors based on the performance assessment on Supervisors carried out by the Board of Supervisors, formulating and reviewing the assessment measures and compensation plans for Senior Management members of the Bank and evaluating the performance and behaviors of Senior Management members. As at the end of the reporting period, the Compensation Committee of the Bank consisted of eight directors, including Executive Director Mr. Yi Huiman; Independent Non-executive Directors Mr. Or Ching Fai, Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung and Mr. Yi Xiqun; Non-executive Directors Ms. Wang Xiaoya and Mr. Fu Zhongjun. Independent Non-executive Director Or Ching Fai was the chairman of the committee.

Summary Report on the Performance of Duties by the Compensation Committee:

During the reporting period, the Compensation Committee held two meetings. In accordance with applicable regulations of the government as well as the strategic development plan and annual business plan of the Bank, the committee considered and approved three proposals on the payment of remuneration to Directors, Supervisors and Senior Management members for 2012 and the 2013 performance evaluation plan for Senior Management members, etc., and heard the report on the 2012 assessment report on the performance of duties of the directors by the Board of Directors. The Compensation Committee put forward suggestions on further improvement on the incentive and constraint system and the assessment-based compensation mechanism, and played a supporting role in decision-making of the Board of Directors.

The Compensation Committee will put forth a proposal on the remuneration of the Executive Directors and the Senior Management members of the Bank based on the performance evaluation for 2013, and presented such proposal to the Board of Directors of the Bank for its consideration. The remuneration of the Executive Directors shall also be submitted to the Shareholders' General Meeting for final decision. The Bank deferred the payment of part of the performance based remuneration to Chairman of the Board of Directors, Chairman of the Board of Supervisors and other Senior Management members. The deferred amount was accrued in the Bank's account, and will be paid in three years with regard to the operating performance and status, and the proportion payable each year will be one-third of the amount. According to applicable regulations including the Measures on the Assessment of Performance of Duties of Directors in Commercial Banks (Trial) issued by CBRC, the Articles of Association and the Rules on the Assessment of Performance of Duties of Directors by the Board of Directors (Trial) of the Bank, the Compensation Committee organized the performance assessment of directors by the Board of Directors for 2012.

◆ *Related Party Transactions Control Committee*

The Related Party Transactions Control Committee is mainly responsible for identifying the Bank's related parties, reviewing major related party transactions, and receiving related party transaction statistics and reporting information of general related party transactions. As at the end of the reporting period, the Related Party Transactions Control Committee of the Bank consisted of five directors, including Executive Director Mr. Liu Lixian; Independent Non-executive Directors Mr. Kenneth Patrick Chung, Mr. Wong Kwong Shing, Frank, Mr. Hong Yongmiao and Mr. Yi Xiqun. Independent Non-executive Director Mr. Kenneth Patrick Chung was the chairman of the committee.

During the reporting period, the Related Party Transactions Control Committee held ten meetings, considered nine proposals in respect of, among others, the identification of related parties of the Bank and related party transactions management and heard three reports on the related party transactions management of the Group, the inside transactions management in 2012 and the identification of related parties of the Bank in 2012. The Related Party Transactions Control Committee received and reviewed related party transaction statistics and reporting information, promoted the optimization of related party transaction management system and the development of integration between the related party transaction management system and business system concerned, made preliminary analysis of current related party transactions management of the Bank and put forth constructive suggestions on further strengthening daily management of related parties and related party transactions.

◆ *Important Comments and Suggestions Put Forward by Special Committees of the Board of Directors*

During the reporting period, the Strategy Committee of the Board of Directors studied and put forward comments or suggestions on significant matters including the strategic development planning, capital management, talents and information technology development of the Bank. The Audit Committee put forward comments or suggestions on matters including the preparation of regular reports, the arrangement of internal and external audit and internal control assessment. The Risk Management Committee put forward comments or suggestions on matters including the enterprise risk management and the anti-money laundering rules establishment. The Nomination Committee put forward comments or suggestions on matters including the diversified composition of directors, the engagement of directors and senior management members and the adjustment of members of special committees of the Board of Directors. The Compensation Committee put forward comments or suggestions on matters including the improvement of incentive and constraint system and assessment-based compensation mechanism. The Related Party Transaction Control Committee put forward comments or suggestions on matters including the establishment of rules and regulations, the identification of related parties and the management of related party transactions and inside transactions.

◆ *Work Groups of Special Committees of the Board of Directors*

To effectively play the role of special committees of the Board of Directors in offering professional support to the Board of Directors, according to the working regulations for special committees, the Bank established a mechanism of work groups of special committees. The Office of the Board of Directors led relevant departments of the Bank and set up working groups of special committees of the Board of Directors as decision-making support center, research supporting institution and regular communication bridge for special committees. Work groups provided service support work for special committees in terms of information gathering, research support, day-to-day contact, etc.

The working groups of special committees of the Board of Directors are mainly responsible for, among others, assisting on the formulation of annual work plans of the Board of Directors and special committees; preparing for regular meetings of special committees of the Board of Directors; assisting special committee members to draft their research plans and carry out related researches; assisting special committees to communicate with Senior Management and relevant departments of the Bank; and providing assistance in daily operation of special committees.

During the reporting period, the work groups of the special committees provided various services and supports to the performance of duties by special committees, including researching and discussing many activities to support and complement the work of the special committees, arranging special reports and seminars, coordinating business surveys for special committees, providing references to directors, and assisting directors to carry out forward-looking researches.

Responsibilities of Directors in Respect of Financial Statements

The Directors of the Bank acknowledged that they are responsible for the preparation of the financial statements of the Bank. During the reporting period, in strict compliance with relevant provisions, the Bank published the 2012 annual report, the first quarterly report, the interim report and the third quarterly report of 2013 as scheduled.

Term of Directors

The Bank has strictly complied with the provisions of the Hong Kong Listing Rules and the Articles of Association of the Bank that Directors are elected by the Shareholders' General Meeting with a term of three years, and the appointment shall take effect from the date of approval by CBRC. Directors may be re-appointed through re-election at the Shareholders' General Meeting after expiry of their term. The term for re-appointment is from the date of approval by the Shareholders' General Meeting.

Investigation and Training of Directors

During the reporting period, the Bank developed the training plan for the Board of Directors, increased training resources, and encouraged and actively organized the Directors to attend trainings, with the aim of assisting the Directors in continuing to improve their comprehensive quality and ability to perform their duties. During the reporting period, the Directors of the Bank complied with Code Provision A.6.5 of the Corporate Governance Code under Appendix 14 of the Hong Kong Listing Rules and the relevant regulatory requirements in the PRC, and attended relevant trainings according to work needs. Besides, the Directors of the Bank enhanced their professional level by attending forums and seminars as well as conducting on-site investigations in some domestic and overseas peers and affiliates of the Bank. During the reporting period, all the Directors participated in relevant trainings as per work needs. Subject matters of the trainings attended by the Directors of the Bank were mainly as follows:

Trainings held by the regulatory institutions:

- Ways to play an effective role in the Board of Directors for Independent Non-executive Directors
- Introduction to corporate governance of large banking corporations
- Analysis on capital management and capital supplement
- Special training on internet finance and information-based banks
- Researches on internationalization and integration of banks
- Overview of responsibilities of and regulation over Global Systemically Important Banks
- Special training on asset securitization
- Explanation on annual report audit and finance & accounting standards
- Interpretation of the Third Plenary Session of the Eighteenth Central Committee of the CPC and current macroeconomic environment

Special business trainings of the Bank:

- Impact of interest rate liberalization reform and response
- Introduction of financial control system of international banks
- Special training on wealth management products market of the Chinese banking sector
- Explanation on risk management practices of international financial holding groups
- Introduction of the Foreign Account Tax Compliance Act (FATCA)
- Special training on liquidity management
- Special training on specialized financing business
- Analysis of innovation of new capital instruments of the banking sector

Introduction trainings for newly-appointed directors of the Bank:

- Introduction of corporate governance of the Bank and operation of the Board of Directors

Training of Board Secretary

During the reporting period, the Board Secretary of the Bank attended the specialized trainings held by the regulatory institutions and The Hong Kong Institute of Charted Secretaries, with the training hours over 15 hours, which meets relevant regulatory requirements.

Independence and Performance of Duties of Independent Non-executive Directors

The qualifications, number and proportion of the Bank's Independent Non-executive Directors fully comply with regulatory requirements. The Bank's Independent Non-executive Directors do not have any business or financial interests in the Bank or its subsidiaries, and they have not assumed any managerial position in the Bank. The Bank has received the annual confirmation on independence from all Independent Non-executive Directors and considered that they were independent.

During the reporting period, the Bank's Independent Non-executive Directors earnestly attended the meetings of the Board of Directors and special committees, gave independent opinions during consideration of issues, and provided recommendations on areas such as business development and significant decision-making of the Bank. During the adjournment, Independent Non-executive Directors of the Bank conducted on-site investigations in terms of operation transformation, structure adjustment, localized operation and development of overseas institutions, risk management, internal control, compensation system and talent cultivation, etc. Additionally, they also exchanged opinions with the Management during special-topic discussions. During the reporting period, the Bank's Independent Non-executive Directors put forward constructive comments and suggestions in respect of improving the Group's corporate governance and future development strategies, continuously strengthening liquidity risk management of the Group and information technology risk management, etc. The Bank paid close attention to the comments and opinions, and organized the implementation thereof according to the reality.

During the reporting period, the Bank's Independent Non-executive Directors neither abstained from voting nor cast negative vote on proposals of the Board of Directors and special committees of the Board of Directors.

For information of performance of duties of Independent Non-executive Directors of the Bank during the reporting period, please refer to the Work Report of Independent Non-executive Directors for 2013 issued by the Bank on 27 March 2014.

Board of Supervisors and Special Committee

Composition of the Board of Supervisors

As at the end of the reporting period, the Board of Supervisors of the Bank consisted of six members, including two Shareholder Supervisors, namely Mr. Zhao Lin and Ms. Wang Chixi, two External Supervisors, namely Ms. Dong Juan and Mr. Meng Yan, and two Employee Supervisors, namely Mr. Zhang Wei and Mr. Li Mingtian.

Operation of the Board of Supervisors

The Board of Supervisors discusses official matters at the meeting of the Board of Supervisors, which includes regular meetings and special meetings. Regular meetings shall be held at least four times a year and such meetings shall, in principle, be held before the disclosure of periodical reports.

As the day-to-day administrative organ of the Board of Supervisors, the Supervisory Board Office, as entrusted by the Board of Supervisors, is responsible for supervising and scrutinizing matters such as corporate governance, financial activities, risk management and internal control of the Bank, and organizing meetings of the Board of Supervisors and its special committee, preparing meeting documents, and taking minutes of the meetings.

Supervision Committee

As the special committee of the Board of Supervisors established pursuant to the Articles of Association of the Bank, the Supervision Committee operates in accordance with the authorization of the Board of Supervisors and is accountable to the Board of Supervisors. The Supervision Committee is mainly responsible for formulating plans for the inspection and supervision of financial activities of the Bank; formulating plans for the audits on retiring or resigning Directors, President and other Senior Management members; formulating plans for the audits on business policies, risk management and internal control of the Bank when necessary; providing comments after review of the financial report of the Bank and reporting to the Board of Supervisors; reviewing the investigation report on significant events in the annual operation and financial status of the Bank submitted by the Supervisory Board Office, and reporting to the Board of Supervisors; giving opinions on the performance assessment of directors and Senior Management members, and reporting to the Board of Supervisors; giving opinions on the assessment of the development and implementation of risk management and internal control system, and reporting to the Board of Supervisors; and other functions and duties as may be authorized by the Board of Supervisors. The Supervision Committee consists of four Supervisors, including Ms. Dong Juan, Ms. Wang Chixi, Mr. Meng Yan and Mr. Zhang Wei. Ms. Dong Juan serves as the head member of the Supervision Committee. Daily operations of the Supervision Committee are conducted by the Supervisory Board Office.

For information of meetings of the Board of Supervisors and the Supervision Committee, please refer to the section headed "Report of the Board of Supervisors — Meetings of the Board of Supervisors and its Special Committee".

Securities Transactions of Directors and Supervisors

The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries to all Directors and Supervisors of the Bank, each Director and Supervisor confirmed that he/she has complied with the provisions of the aforesaid code of conduct during the year ended 31 December 2013.

Chairman and President

Pursuant to Code Provision A.2.1 of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules) and the Articles of Association of the Bank, the roles of Chairman and President should be separated, and the Chairman shall not concurrently hold the position of legal representative or chief responsible officer of the controlling shareholder.

Mr. Jiang Jianqing is the Chairman and legal representative of the Bank, who is responsible for leading the Board of Directors in considering and formulating business development strategies, risk management, internal control and other significant matters of the Bank.

Mr. Yi Huiman is the President of the Bank, who is responsible for the daily management of the business operations of the Bank. The President is appointed by and accountable to the Board of Directors, and performs his responsibilities as stipulated in the Articles of Association of the Bank and as authorized by the Board of Directors.

Powers and Functions of the Senior Management

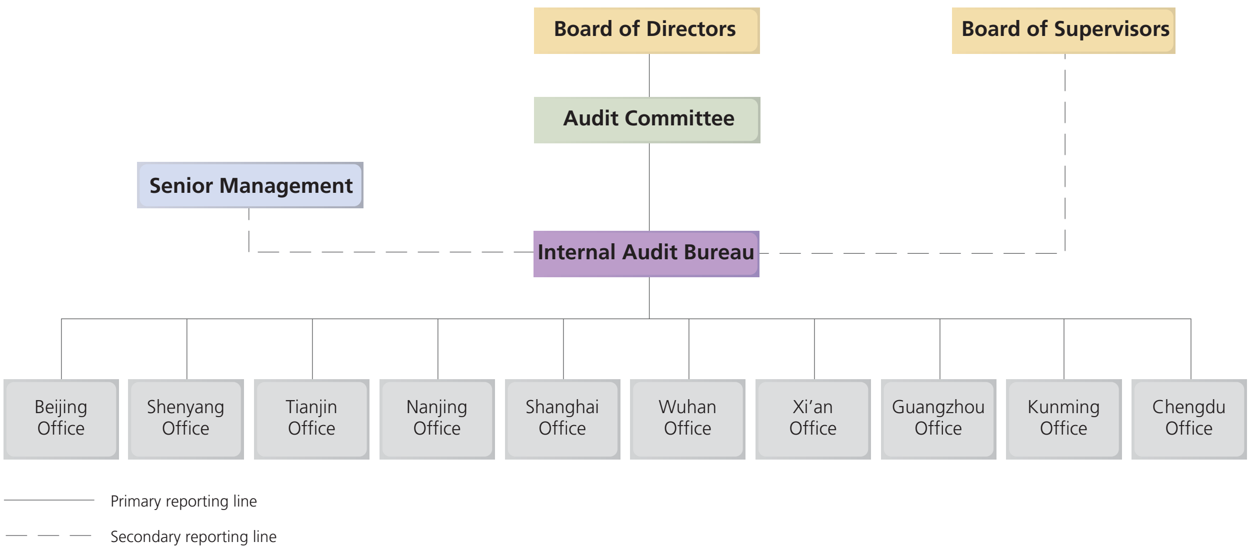
The powers of the Board of Directors and the Senior Management are separated in strict compliance with the Articles of Association and other corporate governance documents of the Bank. During the reporting period, the Bank made an inspection on the implementation of the plan on authorization of the Board of Directors to the President, and no matter was found to be beyond the approval authority of the President.

Insider Information Management

During the reporting period, the Bank actively implemented regulatory requirements on insider information management and carried out publicity and educational activities on prevention of insider transactions to enhance the compliance awareness across the Bank. The Bank also strengthened insider information confidentiality management, controlled the number of insiders, and strictly implemented the registration and reporting system in respect of insiders. Moreover, the Bank organized insider transaction self-inspection activities and intensified daily monitoring and prevention and control of insider transactions. After self examination, none of the insider of the Bank was found to be involved in dealings in shares of the Bank which has taken advantage of insider information during the reporting period.

Internal Audit

The Bank established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The chart below illustrates the internal audit management and reporting framework of the Bank:



During the reporting period, the Bank implemented risk-oriented and value adding-targeted audit activities according to the development strategy and central tasks of the Bank, and fully accomplished the annual internal audit plan. Audits covered major areas of the Bank's operation and management including credit business, financial benefits, financial assets business, information system security, capital management, operation and management of overseas institutions and consolidated statement management, Group management and performance of duties of Senior Management members during their terms of office. The focus was placed on strategic, systematic and mechanism risks in main businesses strongly influenced by policies, under fast innovation and arousing considerable social attention, cross-discipline, cross-regional and cross-regulatory risks during business collaboration and linkage within the Group as well as efficiency of key rules, processes, systems, operations and related control. The internal audits addressed the focuses of the Board of Directors, business transformation needs of the Bank, situation and environment changes and regulatory requirements, thereby promoting the sound operation and sustainable development of the Bank.

During the reporting period, internal auditors of the Bank actively adapted to the requirements on duty performance under the complex risk management circumstance and optimized working methods and management mechanisms. Quality audit construction was implemented, standards for audit practices were improved and quality control was strengthened to improve the effects of the operation of audit projects; special audit information platform and core technologies were optimized, training efforts on new expertise and businesses were increased and duty performance capability was enhanced. As a result, audit quality and efficiency were reinforced in an all-round way.

Engagement of Auditors

According to relevant provisions of the Measures on Bidding Management of Financial Enterprises for Engagement of Auditors (Trial) issued by the Ministry of Finance, the Bank implemented the engagement of auditors for 2013. In November 2012, the Second Extraordinary General Meeting approved the Proposal on the Engagement of Auditors for 2013. KPMG Huazhen (Special General Partnership) was newly appointed as domestic auditors of the Bank for 2013 to carry out internal control audits and issue independent audit opinions, and KPMG was newly appointed as international auditors of the Bank for 2013.

During the reporting period, the Group paid KPMG and its member institutions a total fee of RMB160 million for the audit of financial statements (including the audit of financial statements of subsidiaries and overseas branches), of which, RMB134 million (including fee for internal control audit of RMB11.33 million) was paid by the Bank.

During the reporting period, KPMG and its member institutions provided the Group with non-audit services such as tax advisory services and professional services for the RMB-denominated bonds issuance project, and received RMB8 million for such professional non-audit services.

Investor Relations

Overview of Investor Relations Activities in 2013

In 2013, the Bank continuously improved investor relations services following the principle of serving investors in a proactive, professional and efficient manner, safeguarding investors' legitimate rights and interests, while promoting continuous improvement of corporate value and generating good return to shareholders.

The Bank comprehensively strengthened its communication with investors through organizing press conferences in relation to periodic results, domestic and overseas non-transactional road shows, press conferences with large institutions, reverse road shows and daily reception. The Bank also continued to optimize the investor communication e-platform including investor relations website, investor hotline and investor email to maintain close connection with global investors in a timely and convenient fashion. The Bank further improved investor relations information collection and market information feedback transmission mechanism, captured the latest operating results of the Bank, information on operations of domestic and international peers, trends of capital markets, viewpoints of analysts and macroeconomic data in a timely manner by establishing a trans-department and trans-institution internal coordination mechanism, thereby providing full and sound data support for enhancing the quality of communication with investors. In terms of communicating with capital market, the Bank actively understand and solicited the expectations and opinions of the capital market on the Bank, and the recommendations concerning operational development of the Bank with an aim to push forward the continuous enhancement of corporate governance and inherent value of the Bank. The Bank also closely monitored and deeply analyzed changes in shareholding structure of the Bank, strengthened the service awareness and level for the shareholders, properly handled special shareholding matters and dividend distribution preparation work to explore and advance sophisticated and personalized shareholding services.

In 2014, the Bank will further and proactively deepen the communication and exchange with investors to enhance the investors' understanding and acceptance of the Bank, and at the same time expect to arouse more support from, and attention of, the investors.

Investor Enquiries

If an investor wishes to enquire any questions related to operation performance of the Bank, please contact:

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: ir@icbc.com.cn

Address: Corporate Strategy and Investor Relations Department, Industrial and Commercial Bank of China Limited, 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC

Postal code: 100140

Internal Control

The Board of Directors is responsible for formulating the basic regulations for internal control and supervising the implementation of such regulations. The Audit Committee, the Risk Management Committee and the Related Party Transactions Control Committee of the Board of Directors perform the responsibilities of internal control management and review the effectiveness of internal control. The Bank has set up the Internal Audit Bureau and the Internal Audit Sub-bureau, which adopt a hierarchical management system and are responsible to and report to the Board of Directors. The Head Office and branches have internal control and compliance departments which are responsible for the bank-wide organization, promotion and coordination of internal control, operational risk management, compliance management, regular audits and operational risk audit.

During the reporting period, the Board of Directors of the Bank continued to improve the development of the internal control system featuring "regulation-based behavior, proper authorization, effective monitoring, inspection and control" in accordance with the Basic Standard for Enterprise Internal Control promulgated by five ministries and commissions including MOF and its supporting guidelines, the Guidelines for Internal Control of Listed Companies promulgated by SSE, as well as relevant regulatory requirements of CBRC.

The internal control environment has been optimized continuously. The Bank continued to refine corporate governance system and carried forward the change of directors in a timely manner. The Bank strengthened the corporate governance building of sub-institutions, constantly implemented the "ONE ICBC" strategy and the Development Plan of the Internal Control System for 2012–2014, reinforced the institutional coordination and management and improved the long-acting mechanism of the Group's institutional management. The Bank also steadily promoted the institution restructuring of the Head Office and branches, spared no effort to enhance outlets' competitiveness and served the bank-wide business development. Furthermore, the Bank optimized the human resource allocation, standardized labor management and facilitated the coordination and interaction between employee growth and bank-wide development. The Bank guided employees to actively practice the enterprise core value of "Integrity Leads to Prosperity", which further boosted the corporate culture building.

The enterprise risk management system has been continuously improved. The Bank formulated the Assessment Measures for Material Risks of Branches and Subsidiaries and revised the Assessment Measures for Risk Management and the Rating Measures for Sovereign and Country Risk to improve the enterprise risk management system. The Bank also polished the Group's consolidated management system and strengthened risk analysis and risk management on all controlling subsidiaries. The Bank continuously implemented the Capital Regulation and enhanced the risk measurement and management capability by refining data quality, optimizing risk measurement models, promoting IT system restructuring and overseas extension, reinforcing the application of risk measurement results and other measures. The Bank deepened the internal rating system building for the credit risk retail and non-retail, Systemically optimized the internal model approach for market risk and increased the application of advanced measurement approach for operational risk. Additionally, the Bank promoted the application of risk quantification results into the entire operational management process including operating decision, capital allocation, product pricing and performance assessment, effectively enhancing risk management and internal control of the Bank.

Control measures on various business operations have been intensified. The Bank further perfected the rules on business authorization management, reinforced the mechanism on dividing powers of office, deepened the reform of centralized management on credit approval, implemented the global credit line management on an all-rounded basis and enhanced the decision-making and risk prevention capability. The Bank planned the preparation of the comprehensive operating plan and the annual financial budget as a whole, innovated in the resource allocation mechanism and gave full play to the guiding role of operating plan and financial budget. The Bank ameliorated the appraisal methods for domestic branches' operating performance and business development and paid attention to the asset quality. The Bank exerted functions of the performance appraisal management system (MOVA) to achieve the advancement of MOVA from data platform to management platform. The Bank optimized the investment orientation of fixed assets, liquidated idle fixed assets to lift resource allocation efficiency, established the quick research and development mechanism for risk models and the complete process management implementation model, and improved the operation of risk monitor mechanism. The Bank carried forward the business integrated process restructuring to realize the transformation of business process from partial optimization to systematic building, continued to build the credit system and perfected the parallel solutions for sub-processes including credit granting, rating and collateral evaluation. The Bank implemented the risk-based regulatory requirements on anti-money laundering and conducted integrated pilot projects on large-value and suspicious transaction reporting, which upgraded the anti-money laundering compliance management comprehensively. Besides, the Bank further improved the management mechanism on related party transactions, the material risk pre-warning mechanism and the emergency response mechanism to regulate the handling procedures for crisis events, resulting in continuous enhancement of the bank-wide internal control level.

The information communication channel has been further smoothed. The Bank reinforced the information disclosure, investor relations management and voluntary disclosure and continuously improved the transparency of the Bank to guarantee shareholders' rights and interests. The Bank implemented the information-based banking building task in terms of database, information base and analyst team building. The Bank reinforced the information integration for data warehouse, accelerated the establishment of the overall framework for information base and deepened the exploration and application of information, laying a foundation for bank-wide transformation development of the era of big data. The Bank further refined the statistical management regulations and upgraded the statistical automation level, providing information support for the whole bank's business development. The bank-wide information system maintained a safe and stable operation posture, providing technological bolster for the Bank in rendering more efficient and excellent financial services. Moreover, the Bank put more efforts on direct investigation of important petition letters, constantly improved case management regulations and intensified the building of anti-fraud mechanism.

Supervision and inspection have been strengthened continuously. All business lines and internal control and compliance departments launched the supervision and inspection activities and effectively fulfilled the responsibilities of the first and second defense lines of internal control. Centering on the bank-wide reform and development as well as central tasks, the internal audit departments conducted effective audit and supervision activities on bank-wide major risks, important systems and key business fields. They kept a watchful eye on businesses highly concerned by the society with rapid innovation and development, revealed potential risks in the business on a forward-looking basis, provided constructive decisions and management suggestions from a higher perspective of system and strategy, and paid attention to tracking the execution of problem rectification. They strived for fulfilling the responsibilities of the third defense line of internal control at a deeper level. In accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines, the Bank carried out internal control assessment in 2013, and conducted a comprehensive evaluation on the establishment and implementation of internal control at the company, procedure and IT levels. The assessment covered all the key control areas including the internal control of financial report and non-financial report.

Internal Control Evaluation Report and Internal Control Audit

While disclosing the annual report, the Bank also disclosed the Internal Control Assessment Report of Industrial and Commercial Bank of China Limited in accordance with the requirements of MOF, CSRC and SSE. The report stated that the Bank had kept effective internal control on financial reports in all material aspects in accordance with the standard system for enterprise internal control and relevant rules as at 31 December 2013 (benchmark date). The Bank engaged KPMG Huazhen (Special General Partnership) to audit and give independent audit opinions on internal controls of the Bank.

Internal Control Evaluation and Defects

The Board of Directors of the Bank conducted a self-assessment on the effectiveness of the Bank's internal control during the reporting period in accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines, the Guidelines for Internal Control of Listed Companies issued by SSE and relevant supervisory requirements of CBRC. No material or significant deficiencies were detected in the Bank's internal control system during the assessment. Risks that may arise from ordinary deficiencies are controllable and corrective actions have been or are being taken, which have no material impact on the fulfillment of internal control objectives of the Bank.

There was no factor that affected the assessment conclusion of internal control effectiveness from the benchmark date to the issuance date of the internal control assessment report.

Declaration of the Board of Directors on Internal Control Responsibility

To establish, improve and effectively implement internal control and to evaluate the effectiveness of the internal control are the responsibilities of the Board of Directors of the Bank. The target for the internal control of the Bank is to reasonably assure its operation and management are in compliance with relevant laws, its assets safety, as well as the timeliness, authenticity and completeness of its business record, financial information and other management information, to enhance operation efficiency and results, and to facilitate the Bank to achieve its development strategy and operating target. Due to inherent limitation of internal control, only reasonable assurance can be provided for the above target.

Establishment and Implementation of the Accountability System for Material Errors in Information Disclosure in Annual Report

During the reporting period, the Bank strictly implemented regulations and rules on annual report preparation and disclosure, and constantly reinforced the responsibility awareness of concerned parties to guarantee the information disclosure quality of annual report substantially. During the reporting period, no correction of significant accounting errors, remediation of material omissions or modification of results preview referred in the Accountability System for Material Errors in Information Disclosure in Annual Report took place at the Bank.

Principal Business

The principal business of the Bank and its subsidiaries is the provision of banking and related financial services.

Profits and Dividends Distribution

The profit and financial status of the Bank during the reporting period are presented in the Independent Auditors' Report and Financial Statements of the Annual Report.

Upon the approval at the Annual General Meeting for the Year 2012 held on 7 June 2013, the Bank has distributed cash dividends of RMB83,565 million, or RMB2.39 per ten shares (pre-tax), for the period from 1 January 2012 to 31 December 2012 to the shareholders whose names appeared on the share register after the close of market on 25 June 2013.

The Board of Directors of the Bank proposed distributing cash dividends of RMB2.617 (pre-tax) for each ten shares for 2013. As the conversion period of the A share convertible bonds issued by the Bank commenced from 1 March 2011 and shall end on 31 August 2016, it is yet difficult to determine the total share capital of the Bank as at the A share record date. Accordingly, the total amount of dividends to be distributed cannot be determined at the moment. As estimated based on the Bank's total share capital as at 31 December 2013, the total amount of dividends to be distributed shall be approximately RMB91,958 million, representing an increase of 10.0% compared to 2012. The Bank proposed to distribute dividends on the basis of the total share capital as at the close of market on the record date for dividend distribution. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2013.

The Bank had no plan for converting capital reserve to share capital in the recent three years. The table below sets out the dividends distribution of the Bank for the recent three years:

Item	2013	2012	2011
Dividend per ten shares (pre-tax, in RMB yuan)	2.617	2.39	2.03
Cash dividends (pre-tax, in RMB millions)	91,958	83,565	70,912
Percentage of cash dividends[1] (%)	35	35	34

Note: (1) Calculated by dividing cash dividends (pre-tax) by net profit attributable to equity holders of the parent company for the period.

Formulation and Implementation of Cash Dividend Policy

The Articles of Association of the Bank explicitly stipulates that the Bank's profit distribution policy shall maintain its continuity and stability and meanwhile take account of the long-term interests of the Bank, the overall interests of all shareholders and the sustainable development of the Bank. It emphasizes the priority to adopt cash dividend as the profit distribution method and provides that the Bank's adjustment to the profit distribution policy shall be discussed by the Board of Directors as a special proposal and the grounds for adjustment shall be argued and proved in detail to form a written argumentative report for Independent Non-executive Directors to issue their opinions, and then the report will be submitted to the Shareholders' General Meeting for approval as a special resolution. When reviewing the changes in the profit distribution policy, the Bank will provide internet voting method for shareholders.

The formulation and implementation of the Bank's cash dividend policy, which has been reviewed and approved by the Independent Non-executive Directors, accords with the provisions stipulated in the Articles of Association and the requirements provided in the resolutions of the Shareholders' General Meeting, the dividend distribution standards and proportion are clear and explicit, and the decision-making procedure and mechanism are complete. Minority shareholders can fully express their opinions and appeals, to completely safeguard their legitimate rights.

Reserves

Changes in the reserves as at the end of 2013 are set out in the "Financial Statements: Consolidated Statement of Changes in Equity".

Distributable Reserves

Details of the distributable reserves of the Bank as at 31 December 2013 are set out in "Note 41. to the Financial Statements: Reserves" of this Annual Report.

Financial Summary

The summary of results, assets and liabilities for the five years ended 31 December 2013 is set out in the section headed "Financial Highlights" of this Annual Report.

Donations

During the reporting period, the Group made external donations of RMB63,455.3 thousand.

Property and Equipment

Changes in property and equipment for the year ended 31 December 2013 are set out in "Note 30. to the Financial Statements: Property and Equipment" in this Annual Report.

Subsidiaries

Particulars of the Bank's major subsidiaries as at 31 December 2013 are set out in the sections headed "Discussion and Analysis — Business Overview — Internationalized and Diversified Operation" and "Note 28 to the Financial Statements: Investments in Subsidiaries" in this Annual Report.

Share Capital and Public Float

Changes in the share capital of the Bank during this financial year are set out in "Note 40. to the Financial Statements: Share Capital".

As at the latest practicable date before the publication of this Annual Report, the Bank has maintained the minimum public float of 23.45%, based on the publicly available information and to the best knowledge of the Board of Directors of the Bank.

Purchase, Sale and Redemption of Shares

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank.

Details of Issue of Shares and Bonds

For details regarding the bonds issue of the Bank, please refer to "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Details of Securities Issuance and Listing". Save as disclosed above and in this Annual Report, during the reporting period, neither the Bank nor any of its subsidiaries were involved in any issue, repurchase or grant of convertible securities, options, warrants or other similar rights.

Pre-emptive Rights

The Articles of Association does not have any mandatory provision regarding pre-emptive rights. Pursuant to the Articles of Association, the Bank may increase its registered capital by issuing shares through public or non-public offering, issuing bonus shares to the existing shareholders, converting capital reserve to share capital or using other methods as allowed by applicable laws and administrative regulations or approved by relevant authorities.

Major Customers

In 2013, the aggregate interest income and other operating income from top five customers of the Bank did not exceed 30% of the interest income and other operating income of the Bank during the year.

Use of Proceeds from Fundraising Activities

The funds raised from the Bank's fundraising activities were used for the purposes as disclosed in the prospectuses, namely, strengthening the capital base to support the ongoing growth of the Bank.

For future planning disclosed in the public disclosure documents such as previous offering prospectuses and fund raising prospectuses issued by the Bank which has continued during the reporting period, its implementation progress conformed to the planning as described upon verification and analysis.

Directors' and Supervisors' Interests in Contracts of Significance

During the reporting period, none of the Directors or Supervisors of the Bank had any material interests, whether directly or indirectly, in any contract of significance regarding the Bank's business to which the Bank or any of its subsidiaries was a party. None of the Directors or Supervisors of the Bank has entered into any service contract with the Bank, which is not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Competing Business

None of the Bank's Directors held any interests in any business competes or competed or is or was likely to compete, either directly or indirectly, with the Group.

Directors' and Supervisors' Rights to Acquire Shares or Debentures

As at 31 December 2013, the Bank did not grant any rights to acquire shares or debentures to any of its Directors or Supervisors, nor were any such rights exercised by any of the Directors or Supervisors. Neither the Bank nor its subsidiaries entered into any agreement or arrangement enabling the Directors or Supervisors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors

As at 31 December 2013, the following Director of the Bank is regarded to possess the interests as defined in Part XV of the Securities and Futures Ordinance of Hong Kong for the shares held by his spouse:

Name	Capacity	Number of A/H shares held (share)	Nature of interests	Approximate percentage of issued A/H shares of the Bank (%)	Approximate percentage of total issued shares of the Bank (%)
Or Ching Fai (Director)	Spouse's interest	1,316,040 (H shares)	Long position	0.001516 (H shares)	0.000375

Mr. Zhu Lifei ceased to act as Supervisor of the Bank from 10 September 2013. As at 9 September 2013, Mr. Zhu Lifei's spouse held 18,000 A shares of the Bank.

Save as disclosed above, as at 31 December 2013, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Connected Transactions

In 2013, the Bank, in strict accordance with the regulations of CBRC and CSRC as well as listing rules in Shanghai and Hong Kong, further carried forward the building of the Group's management framework, policy system and platform system on connected transactions and boosted the Group's refined management on connected transactions in an all-round manner by strengthening daily monitor, launching special audits, reinforcing business trainings and other means. During the reporting period, the Bank's connected transactions were conducted in compliance with applicable laws and regulations, and no connected transaction that impaired the interest of the Bank and minority shareholders was found.

During the reporting period, the Bank's connected transactions were conducted in accordance with general business terms under conditions that were not more favorable than the similar transactions between non-related parties. Relevant transaction terms and conditions were fair and reasonable, complying with the overall interests of the Bank and shareholders. The Bank's credit connected transactions strictly carried out the regulations of CBRC on prohibiting from granting unsecured loans to related parties, providing guarantee for financing activities of related parties or providing credit facility with the Bank's equity as pledge, and all regulatory indicators met the regulatory requirements of CBRC. Furthermore, the Bank had no connected transaction to be submitted to the Board of Directors or the Shareholders' General Meeting for review, and all connected transactions occurred accorded with the rules of SSE and SEHK on disclosure exemptions.

Please refer to "Note 51. to the Financial Statements: Related Party Disclosures" for particulars on the related party transactions defined under the laws, regulations and accounting standards of China.

Relations among Directors, Supervisors and Senior Management

Directors, Supervisors and Senior Management members of the Bank do not relate to one another with respect to finance, business, family, or other material relations required to be disclosed.

Remuneration Policy for Directors, Supervisors and Senior Management

The Bank has clearly documented the remuneration policy for Directors, Supervisors and Senior Management members, and has continuously improved performance assessment system and incentive restriction mechanism. From the perspectives of economic benefit, risk cost control and social responsibilities, the Bank adopted a system composed of balanced scorecard-based indicators for management and duties allocation based indicators for individuals. Payment of part of the performance-based annual remuneration of the Bank's Chairman of the Board of Directors, President, Chairman of the Board of Supervisors and other Senior Management members is deferred and shall be paid in three years, and the proportion payable each year will be one-third of the amount. The deferred payment is accrued in the Bank's accounts, and shall be made with regard to the operating performance and status for the said years. The Bank has contributed to statutory retirement programs organized by Chinese governmental organizations at different levels for Directors, Supervisors and Senior Management members concurrently as the employees of the Bank. Upon obtaining all applicable approvals, the Bank will implement a long-term incentive program. As at 31 December 2013, the Bank had not granted any share appreciation rights to any Director, Supervisor, Senior Management member, or other core business personnel designated by the Board of Directors.

Auditors

The 2013 Financial Statements of the Bank prepared in accordance with PRC GAAP were audited by KPMG Huazhen (Special General Partnership), and the financial statements prepared in accordance with the IFRSs were audited by KPMG.

Members of the Board of Directors

Executive Directors: Mr. Jiang Jianqing, Mr. Yi Huiman and Mr. Liu Lixian;

Non-executive Directors: Ms. Wang Xiaoya, Ms. Ge Rongrong, Mr. Li Jun, Mr. Wang Xiaolan, Mr. Yao Zhongli and Mr. Fu Zhongjun;

Independent Non-executive Directors: Mr. Wong Kwong Shing, Frank, Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Or Ching Fai, Mr. Hong Yongmiao and Mr. Yi Xiqun.

Meetings of the Board of Supervisors and its Special Committee

Meetings of the Board of Supervisors

During the reporting period, the Board of Directors of the Bank held 7 meetings, considered 15 proposals and listened to 38 reports, of which the major ones are listed as follows:

- Proposal on the 2012 Work Report of the Board of Supervisors of Industrial and Commercial Bank of China Limited
- Proposal on the 2013 Annual Work Plan of the Board of Supervisors of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Annual Report and its Abstract
- Proposal on the 2012 Audited Accounts
- Proposal on the 2012 Profit Distribution Plan
- Proposal on the 2012 Internal Control Assessment Report of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Corporate Social Responsibility Report of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Supervision Report of the Board of Supervisors of Industrial and Commercial Bank of China Limited
- Proposal on the 2012 Assessment Report on the Performance of Duties of the Board of Directors, the Senior Management and their Members
- Proposal on the 2012 Assessment Report on the Performance of Duties of the Supervisors
- Proposal on the First Quarterly Report of 2013
- Proposal on the 2013 Interim Report and its Abstract
- Proposal on the Third Quarterly Report of 2013
- Proposal on the 2013 Implementation Plan on the Performance Assessment of Duties of the Board of Directors, the Senior Management and their Members by the Board of Supervisors
- Proposal on the 2013 Implementation Plan on the Performance Assessment of Duties of the Supervisors by the Board of Supervisors
- Report on the Implementation of the Working Guidelines for the Board of Supervisors of Commercial Banks Promulgated by CBRC
- Report on the Implementation of the Guidelines for Corporate Governance of Commercial Banks Promulgated by CBRC
- Proposal on the 2012 Arrangement for the Performance Assessment of Duties of the Board of Directors, the Senior Management and their Members by the Board of Supervisors
- Report on Interviews with Directors and Senior Management Members
- Proposal on the 2012 Arrangement for the Performance Assessment of Duties of the Supervisors by the Board of Supervisors
- Report on the Implementation of 2012 Supervision Report of the Board of Supervisors
- Report on the Supervision for the First Quarter of 2013
- Report on the Supervision for the First Half Year of 2013
- Report on the Supervision for the Third Quarter of 2013
- Report on the Implementation Plan on the Supervision and Inspection of the Board of Supervisors for 2013
- Report on the Research concerning Management and Operation of Overseas Institutions
- Report on the Research concerning Internal Control Management of ICBC
- Report on the Research concerning Risk Limit Management of ICBC
- Report on the Special Inspection and Research
- Report on the Audit Results of 2012 Financial Statements
- Proposal on the 2012 Internal Control Audit Report of Industrial and Commercial Bank of China Limited
- Report on the Management Recommendations for 2012
- Report on External Audit for 2012
- Report on the 2013 Professional Service Plan and the Planned Agreed-upon Procedures for the First Quarterly Report of 2013
- Report on the Agreed-upon Procedures for the First Quarter of 2013
- Report on Review Results of the 2013 Interim Financial Report
- Report on the Agreed-upon Procedures for the Third Quarter of 2013
- Report on Internal Audit for 2012 and Internal Audit Plan for 2013
- Report on the Operating Position for the First Quarter of 2013
- Report on the Operating Position for the First Half Year of 2013
- Report on the Operating Position for the Third Quarter of 2013
- Report on the Economic Capital Management
- Report on the Risk Management
- Report on the Credit and Investment Management

Meetings of the Supervision Committee

During the reporting period, the Supervision Committee held six meetings, reviewed and approved ten proposals including the 2012 Supervision Report of the Board of Supervisors and the Implementation Plan on Supervision and Inspection of the Board of Supervisors for 2013, and heard 11 reports.

The table below sets out the attendance of Supervisors in meetings of the Board of Supervisors and the meetings of the Supervision Committee in 2013:

Attendances in person/Number of meetings during the reporting period

Supervisor	Board of Supervisors	Supervision Committee
Zhao Lin	7/7	
Wang Chixi	7/7	6/6
Dong Juan	7/7	6/6
Meng Yan	7/7	6/6
Zhang Wei	6/7	5/6
Li Mingtian	7/7	
Resigned Supervisor		
Zhu Lifei	5/5	

Notes: (1) During the reporting period, supervisors who did not attend the meetings of the Board of Supervisors and the Supervision Committee in person appointed other supervisors to attend the meetings and exercise the voting right on their behalf.

(2) For the change of supervisors, please refer to the section headed Directors, Supervisors, Senior Management, Employees and Institutions — Appointment and Removal.

Work of the Board of Supervisors

During the reporting period, the Board of Supervisors focused on the key work of the Bank, supervised the performance of duties, finance, risks, internal control and other aspects in depth, pursuant to relevant laws and regulations of the State, the Articles of Association of the Bank and the regulatory requirements. As a result, it further improved the corporate governance, promoted the operation transformation and strengthened the risk prevention and control, playing an important role in achieving sustainable and sound development of the Bank.

Supervision on the performance of duties. The Board of Supervisors strengthened supervision on the strategic decision-making and implementation of the Board of Director, the Senior Management and its members, fulfillment of risk management and internal control responsibilities as well as duty performance behavior. It paid more attention to the scientificity and effectiveness of major strategic decision-making and implementation by the Board of Directors and the Senior Management as well as the compliance of procedures, constantly improved corporate governance, development strategy, operating concept, capital management and information disclosure, and safeguarded interest of depositors and other stakeholders. It also supervised Directors and Senior Management members in compliance with laws, regulations and the Articles of Association, legal performance of their duties, fulfillment of loyalty and diligence obligations as well as honesty and self-discipline. Pursuant to regulatory requirements, the Board of Supervisors conducted annual performance assessment, held interviews with the Board of Directors and Senior Management members one by one and reviewed their personal performance report and the performance assessment report on directors by the Board of Directors. Upon appraisal and deliberation, the Board of Supervisors formulated the performance assessment report and supervision and appraisal opinions for individuals and reported to the Shareholders' General Meeting and CBRC about the performance assessment results.

Financial supervision. The Board of Supervisors reviewed regular reports in an earnest manner, and regularly heard reports on annual or quarterly operating positions, preparation of regular reports and external audits. It focused on whether the preparation of reports and review procedures were in compliance with laws, regulations and regulatory rules; the authenticity, accuracy and completeness of financial reports; implementation of accounting standards and regulatory rules; selection and change in accounting policies and accounting estimates as well as the compliance of major business accounting treatment and the effectiveness of accounting system control. Attaching importance to monitoring and analysis on changes in bank-wide financial data, the Board of Supervisors made spot checks on financial income and expense accounting of branches pertinently to verify relevant cases, organized special inspections on financial decision-making by the Board of Directors and the Senior Management of the Bank and the financial accounting management of some branches, and launched special researches on work quality of external auditors.

Supervision on risk management. The Board of Supervisors kept a watchful eye on the Bank's enterprise risk management, regularly analyzed the new changes in the state's macroeconomic and financial policies and regulatory requirements, highlighted the influence of changes in operating environment on assets quality as well as new conditions and new issues emerged in the operating transformation and restructuring process, concerned about the compliance of capital adequacy ratio, risk level and regulatory indicators with standards, and listened to the reporting on the risk management supervision on a regular basis. The Board of Supervisors reinforced the supervision on capital management, assets quality and wealth management service, organized and launched special researches on economic capital management and changes in classification of non-performing loans and special inspections on wealth management services. The members of the Board of Supervisors went deep into a large number of domestic and overseas institutions for surveys and researches on operation management, risk management and internal control case prevention, and offered pertinent management recommendations.

Supervision on internal control. The Board of Supervisors, in accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines, mainly supervised the soundness and effectiveness of the Bank's internal control system, intensified supervision on internal control of key fields and raised suggestions for improving internal control defects. It listened to external auditor's report on internal control audit results and reviewed the annual internal control assessment report. It earnestly studied supervision opinions from external supervisory authorities and internal control problems found in internal and external inspections, regularly heard reports on internal control supervision, continuously followed on the rectification status and strengthened supervision on case prevention. Moreover, the Board of Supervisors reinforced the guidance to internal audit and internal control compliance and put emphasis on sharing and utilization of supervision resources.

Further strengthening the team building. During the reporting period, the Board of Supervisors led and carried out the annual performance appraisal on supervisors. The members of the Board of Supervisors fulfilled their duties with due diligence, actively attended the meetings, earnestly deliberated the proposals, conducted in-depth surveys and studies and regularly participated in trainings to step up communication with peers and enhance performance capability constantly. During the reporting period, all external supervisors worked for the Bank exceeding 15 working days.

Independent Opinions of the Board of Supervisors on Relevant Issues

Compliant Operation

During the reporting period, the Bank continued to operate in compliance with applicable laws and regulations and improve its internal control system, and the decision-making procedures complied with applicable laws and regulations and the Articles of Association of the Bank. Members of the Board of Directors and the Senior Management earnestly performed their duties. The Board of Supervisors did not find any violation of laws and regulations, or any act that contravened the interests of the Bank in the performance of duties during the reporting period.

Preparation of Annual Report

Preparation and review procedures of this Annual Report were in compliance with laws, administrative regulations and regulatory rules. Contents of this Report reflected the actual conditions of the Bank truly, accurately and completely.

Use of Proceeds from Fundraising Activities

During the reporting period, the use of proceeds from the Bank's fundraising activities was consistent with the purpose stated in the prospectuses.

Purchase and Sale of Assets

During the reporting period, the Board of Supervisors did not find any insider trading or any act that contravened the shareholders' interests or caused the loss of the Bank's assets in the process of the Bank's purchase or sale of assets.

Connected Transactions

During the reporting period, the connected transactions of the Bank were conducted on normal commercial terms. The Board of Supervisors did not find any act that infringed upon the interests of the Bank. The approval, voting, disclosure and implementation of connected transactions complied with applicable laws and regulations and the Articles of Association of the Bank.

Implementation of Resolutions Passed at the Shareholders' General Meeting

During the reporting period, the Board of Supervisors had no objection to the reports or proposals presented by the Board of Directors to the Shareholders' General Meeting for consideration. The Board of Directors earnestly implemented the resolutions approved at the Shareholders' General Meeting.

Internal Control Assessment Report of the Board of Directors

The Board of Supervisors reviewed the 2013 Internal Control Assessment Report of the Board of Directors and had no objection to the report.

Implementation of Information Disclosure Management Rules

During the reporting period, the Bank performed its duty of information disclosure in strict compliance with the regulatory polices, implemented the information disclosure management rules in earnest, and disclosed information in a timely and fair manner. Information disclosed during the reporting period was authentic, accurate and complete.

Save as disclosed above, the Board of Supervisors had no objection to other supervision matters during the reporting period.

Material Legal Proceedings and Arbitration

The Bank was involved in several legal proceedings in the ordinary course of business. Most of these legal proceedings were initiated by the Bank for recovering non-performing loans. In addition, some legal proceedings arose from customer disputes. As at 31 December 2013, the amount of pending proceedings which the Bank and/or its subsidiaries acted as defendants totaled RMB2,389 million. The Bank does not expect any material adverse effect from the abovementioned pending legal proceedings on the Bank's business, financial position or operating results.

Common Queries from the Media

During the year, the Bank did not have any common queries from the media.

Material Asset Acquisition, Sale and Merger

Acquisition of 20% Shares in Bank SinoPac

Taiwan's financial regulator indicated in the third meeting on the negotiation concerning the cross-straits banking supervision held on 1 April 2013 that it will relax the limit of shareholding percentage of a single bank from Chinese Mainland in a subsidiary bank of a Taiwan financial holdings company to a maximum of 20%. On 2 April 2013, the Bank, SinoPac Financial Holdings Co., Ltd. ("SinoPac Holdings") and Bank SinoPac Co., Ltd. ("Bank SinoPac") entered into an agreement on the subscription by the Bank of 20% shares of SinoPac Holdings or Bank SinoPac. The transaction will be carried out after the limit of shareholding percentage of a commercial bank from Chinese Mainland is relaxed to 20% by the Taiwan's financial regulator. At that time, the Bank will subscribe for shares of Bank SinoPac. If there is no revision to relevant regulations of Taiwan on relaxing the foresaid limit of shareholding percentage to 20% or above within one year after signing of the agreement on subscription ("selected transaction waiting period"), parties entering into the agreement are entitled to negotiate on extending the transaction waiting period. The basic subscription price for the transaction will be determined with reference to net assets value stated in the 2012 Interim Report of Bank SinoPac. The basic price for subscribing for 20% shares of Bank SinoPac would be approximately NTD18.7 billion. After the transaction is approved by all necessary regulatory authorities, the basic acquisition price will be adjusted to reflect the actual status of net assets of Bank SinoPac before completion.

On 27 February 2014, the Bank, SinoPac Holdings and Bank SinoPac entered into a supplemental agreement. According to the supplemental agreement, the transaction waiting period under the agreement on the subscription will be extended to 1 April 2015. Other clauses of the agreement on the subscription remain unchanged. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

Acquisition of Shares in Standard Bank PLC

On 29 January 2014, the Bank entered into a share purchase agreement to acquire 60% of the existing issued shares in Standard Bank PLC ("Target Bank") from Standard Bank London Holdings Limited ("SBLH"). Standard Bank Group Limited entered into the share purchase agreement as a guarantor of the performance of SBLH's obligations under the agreement. In addition, the Bank also has a five-year option to acquire additional 20% of the existing issued shares of Target Bank exercisable from the second anniversary of the date that the transaction is completed (the "Call Option"). SBLH will have a put option, exercisable six months following the date on which the Bank's Call Option is exercised, to require the Bank to purchase all of the shares held by SBLH and its related parties. According to the agreement, the purchase price for the transaction shall be determined by multiplying the net asset value of Target Bank at the completion date by the acquisition percentage 60%, less an agreed discount of USD80 million. Based on the net asset value of Target Bank as at the end of June 2013, we estimate the consideration for this transaction to be approximately USD770 million. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

Implementation of Share Incentive Plan

The Fourth Extraordinary General Meeting of 2006 of the Bank held on 31 July 2006 approved the share appreciation rights plan. As at the end of the reporting period, the Bank did not grant any share appreciation right. Please refer to "Note 46. to the Financial Statements: Share Appreciation Rights Plan" for details.

Material Related Party Transactions

During the reporting period, the Bank had not entered into any material related party transactions.

Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-contract and Lease

During the reporting period, the Bank had not held on trust to a material extent or entered into any material subcontract or lease arrangement in respect of assets of other corporations, and no other corporation had held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's material assets.

Material Guarantees

The provision of guarantees is in the ordinary course of business of the Bank. During the reporting period, the Bank did not have any material guarantee that needed to be disclosed except for the financial guarantee services within the business scope as approved by PBC and CBRC.

Independent Non-executive Directors' Special Explanation and Independent Opinions on External Guarantees of the Bank

In accordance with the Circular Concerning Several Issues on Regulating Fund Transfers between Listed Companies and Their Related Parties and External Guarantee of Listed Companies (Zheng Jian Fa [2003] No. 56) issued by CSRC and relevant provisions of SSE, we, in the capacity of Independent Non-executive Directors of the Bank, reviewed external guarantees of the Bank on the principles of fairness, impartiality and objectivity, and hereby give our specific explanation and opinions as follows: upon review, external guarantees provided by the Bank mainly focus on issuance of letters of guarantee, which is part of the ordinary banking services within the business scope of the Bank as approved by PBC and CBRC. As at 31 December 2013, the balance of letters of guarantee offered by the Bank totaled RMB379,188 million.

The Bank has attached great importance to the management of risks arising from such business and formulated strict rules on the credit ratings of the entities to which the guarantee was provided and on the operation process and review procedures of provision of guarantee services. In our opinion, risk control over the business of guarantee provision by the Bank has been effective. The Bank will continue to strengthen risk management on such service to ensure the steady improvement of performance of the Bank.

Independent Non-executive Directors of Industrial and Commercial Bank of China Limited

Wong Kwong Shing, Frank, Malcolm Christopher McCarthy,

Kenneth Patrick Chung, Or Ching Fai, Hong Yongmiao, Yi Xiqun

Occupation of Fund by Controlling Shareholders and Other Related Parties

During the reporting period, none of the controlling shareholders or related parties of the Bank occupied any fund of the Bank. The auditors have issued the Special Explanation on the Occupation of Fund by Controlling Shareholders and Other Related Parties of Industrial and Commercial Bank of China Limited in 2013.

Commitments Made by the Bank or Its Shareholders Holding 5% Shares or Above

During the reporting period, the Bank and the shareholders holding 5% shares or above did not make any new commitments. As at 31 December 2013, all of the continuing commitments made by the shareholders were properly fulfilled, and were listed as follows:

Shareholder	Type	Time and term	From which legal document	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Shares)	Provided that Huijin continues to hold any shares of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of a shareholder of the Bank or information obtained by taking advantage of the status of a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	Properly fulfilled according to the commitment
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
		August 2010/ No specific term	Prospectus on Issuance of the A Share Convertible Corporate Bonds of Industrial and Commercial Bank of China Limited		

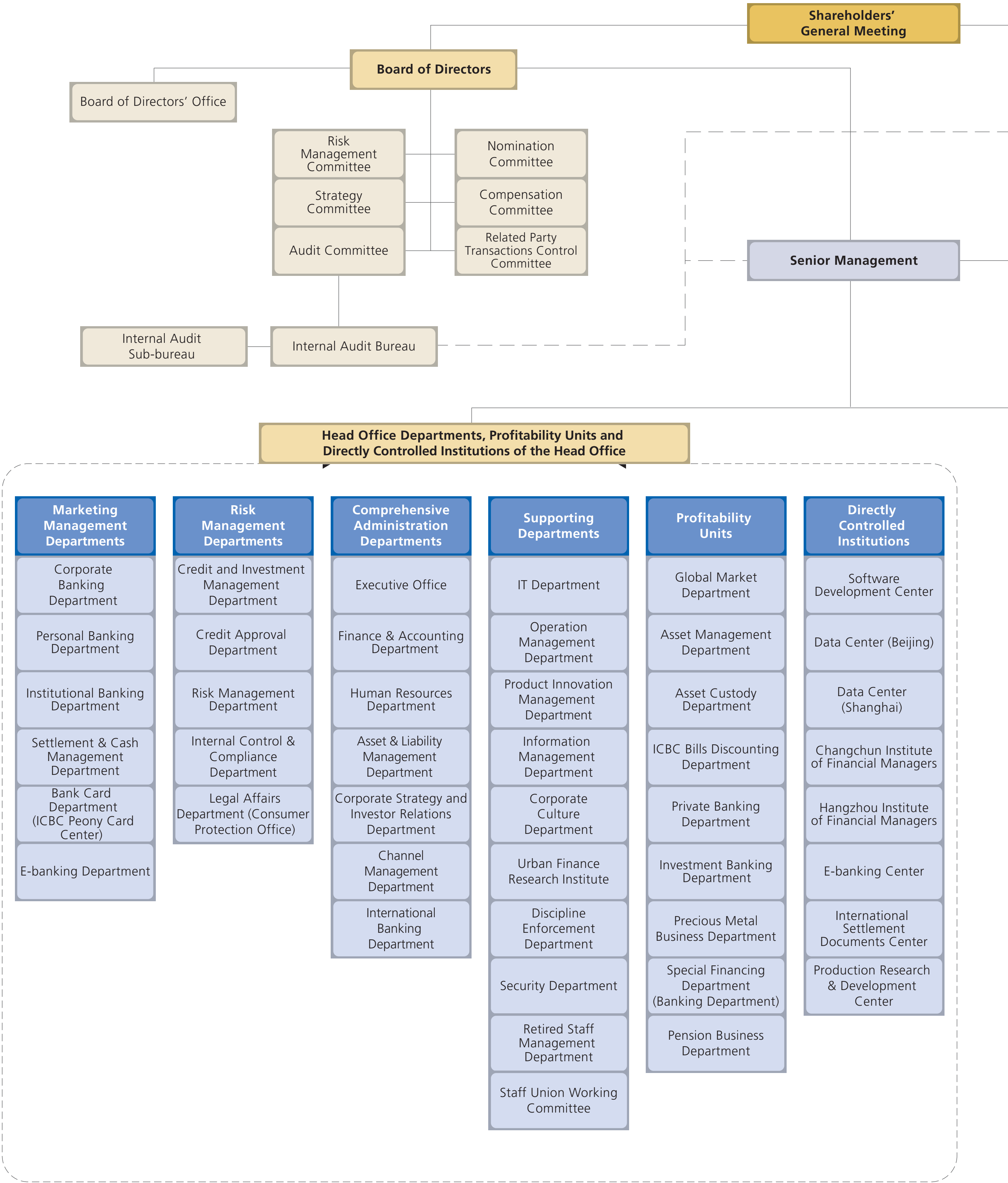
Additional Commitments on Restrictions on Sale of Shares Made by the Shareholders Holding 5% Shares or Above During the Reporting Period

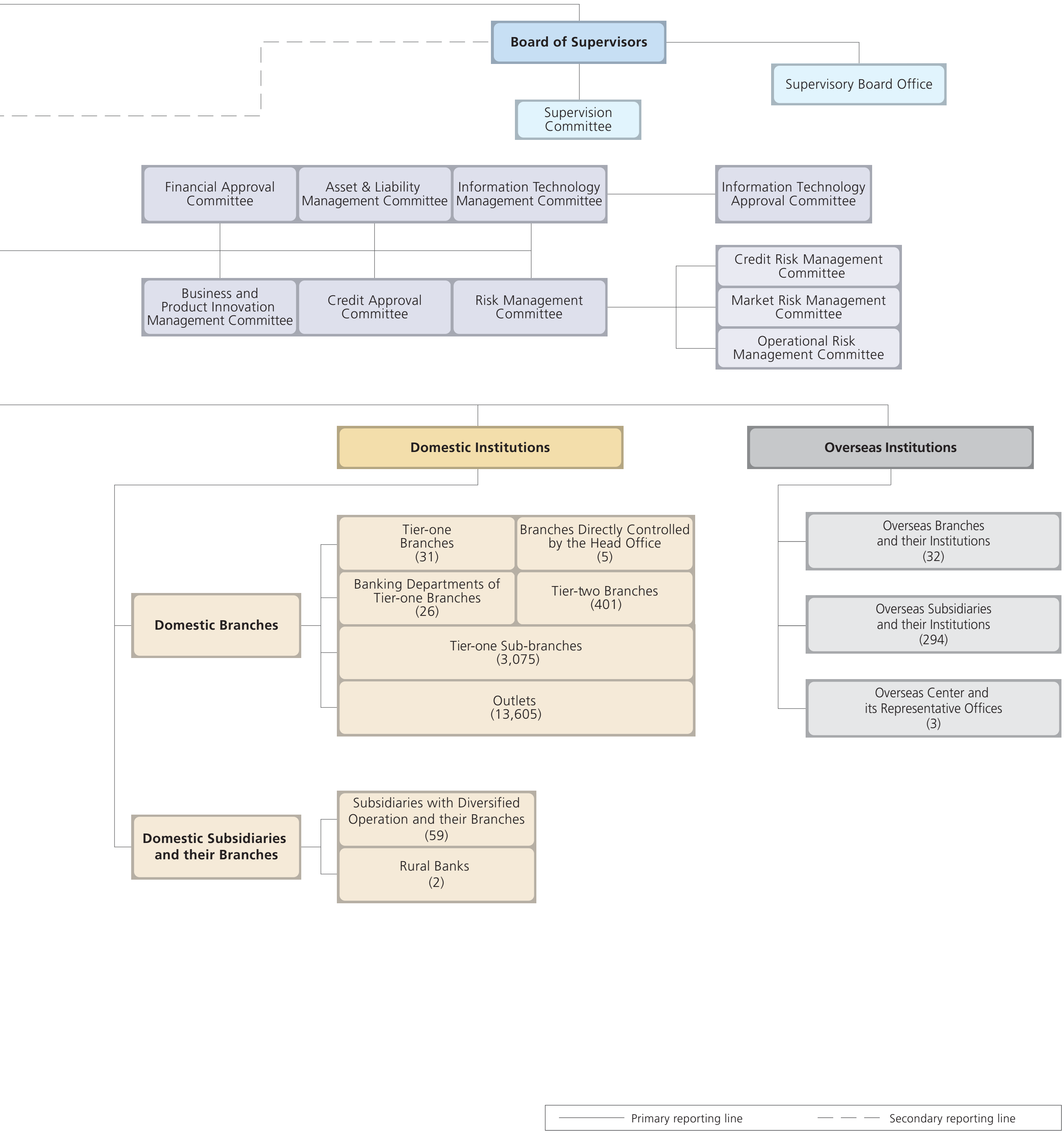
None.

Investigations, Administrative Penalties, Censures by CSRC; Public Reprimand by Stock Exchanges; and Sanctions Imposed by Other Regulatory and Judicial Authorities During the Reporting Period

During the reporting period, neither the Bank nor any of its Directors, Supervisors, Senior Management members and shareholders holding 5% shares or above was subject to any investigation by competent authorities, coercive measures taken by judicial authorities or disciplinary inspection departments, transfer to judicial authorities or investigation for criminal responsibility, investigation or administrative penalty by CSRC, restricted access to market, identification as unqualified, penalty by other administrative authorities or public reprimand by the stock exchanges.

Organizational Chart




Board of Supervisors
Supervisory Board Office
Supervision Committee
Financial Approval Committee
Asset & Liability Management Committee
Information Technology Management Committee
Information Technology Approval Committee
Credit Risk Management Committee
Business and Product Innovation Management Committee
Credit Approval Committee
Risk Management Committee
Market Risk Management Committee
Operational Risk Management Committee
Domestic Institutions
Overseas Institutions
Tier-one Branches (31)
Branches Directly Controlled by the Head Office (5)
Overseas Branches and their Institutions (32)
Banking Departments of Tier-one Branches (26)
Tier-two Branches (401)
Domestic Branches
Overseas Subsidiaries and their Institutions (294)
Tier-one Sub-branches (3,075)
Outlets (13,605)
Overseas Center and its Representative Offices (3)
Subsidiaries with Diversified Operation and their Branches (59)
Domestic Subsidiaries and their Branches
Rural Banks (2)
Primary reporting line
Secondary reporting line

Independent Auditors' Report and Financial Statements

CONTENTS

KPMG

To the shareholders of Industrial and Commercial Bank of China Limited

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (together, the "Group") set out on pages 150 to 280, which comprise the consolidated and Bank's statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Charter Road

Central, Hong Kong

27 March 2014

Consolidated Income Statement

Year ended 31 December 2013
(In RMB millions, unless otherwise stated)

	Notes	2013	2012
Interest income	6	767,111	721,439
Interest expense	6	(323,776)	(303,611)
NET INTEREST INCOME	6	443,335	417,828
Fee and commission income	7	134,550	115,881
Fee and commission expense	7	(12,224)	(9,817)
NET FEE AND COMMISSION INCOME	7	122,326	106,064
Net trading income	8	154	510
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	(2,413)	(5,114)
Net gain on financial investments	10	625	608
Other operating income, net	11	14,874	9,824
OPERATING INCOME		578,901	529,720
Operating expenses	12	(204,140)	(189,940)
Impairment losses on:			
Loans and advances to customers	26	(38,098)	(32,572)
Others	15	(223)	(1,173)
OPERATING PROFIT		336,440	306,035
Share of profits of associates and joint ventures		2,097	2,652
PROFIT BEFORE TAXATION		338,537	308,687
Income tax expense	16	(75,572)	(69,996)
PROFIT FOR THE YEAR		262,965	238,691
Attributable to:			
Equity holders of the parent company		262,649	238,532
Non-controlling interests		316	159
		262,965	238,691
EARNINGS PER SHARE			
— Basic (RMB yuan)	19	0.75	0.68
— Diluted (RMB yuan)	19	0.74	0.67

Details of the dividends declared and paid or proposed are disclosed in note 18 to the financial statements.

The notes on pages 158 to 280 form part of these financial statements.

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2013
(In RMB millions, unless otherwise stated)

	Notes	2013	2012
Profit for the year		262,965	238,691
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets	42	(33,864)	85
Net (loss)/gain on cash flow hedges	42	(272)	176
Share of other comprehensive income of associates and joint ventures	42	763	255
Foreign currency translation differences	42	(11,436)	(1,913)
Others	42	5	120
Tax effect of the items that may be reclassified subsequently to profit or loss	42	8,175	99
Subtotal of other comprehensive income for the year		(36,629)	(1,178)
Total comprehensive income for the year		226,336	237,513
Total comprehensive income attributable to:			
Equity holders of the parent company		226,375	237,245
Non-controlling interests		(39)	268
		226,336	237,513

The notes on pages 158 to 280 form part of these financial statements.

Consolidated Statement of Financial Position

31 December 2013
(In RMB millions, unless otherwise stated)

	Notes	31 December 2013	31 December 2012
ASSETS			
Cash and balances with central banks	20	3,294,007	3,174,943
Due from banks and other financial institutions	21	717,984	636,450
Financial assets held for trading	22	28,143	20,463
Financial assets designated at fair value through profit or loss	23	344,413	201,208
Derivative financial assets	24	25,020	14,756
Reverse repurchase agreements	25	331,903	544,579
Loans and advances to customers	26	9,681,415	8,583,289
Financial investments	27	3,949,688	3,862,216
Investments in associates and joint ventures	29	28,515	33,284
Property and equipment	30	164,347	135,889
Deferred income tax assets	31	28,860	22,789
Other assets	32	323,457	312,351
TOTAL ASSETS		**18,917,752**	**17,542,217**
LIABILITIES			
Due to central banks		724	1,133
Financial liabilities designated at fair value through profit or loss	33	553,607	319,742
Derivative financial liabilities	24	19,168	13,261
Due to banks and other financial institutions	34	1,269,255	1,486,805
Repurchase agreements	35	299,304	237,764
Certificates of deposit	36	130,558	38,009
Due to customers	37	14,620,825	13,642,910
Income tax payable		55,674	56,922
Deferred income tax liabilities	31	420	552
Debt securities issued	38	253,018	232,186
Other liabilities	39	436,736	384,474
TOTAL LIABILITIES		**17,639,289**	**16,413,758**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	40	351,390	349,620
Equity component of convertible bonds	38	1,960	2,708
Reserves		408,835	400,128
Retained profits		511,949	372,541
		1,274,134	1,124,997
Non-controlling interests		4,329	3,462
TOTAL EQUITY		**1,278,463**	**1,128,459**
TOTAL EQUITY AND LIABILITIES		**18,917,752**	**17,542,217**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance and Accounting Department

The notes on pages 158 to 280 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2013
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Equity component of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2013	349,620	2,708	133,835	98,063	189,071	(3,757)	(12,822)	(3,754)	(508)	400,128	372,541	1,124,997	3,462	1,128,459
Profit for the year	–	–	–	–	–	–	–	–	–	–	262,649	262,649	316	262,965
Other comprehensive income	–	–	8	–	–	(25,622)	(11,216)	(207)	763	(36,274)	–	(36,274)	(355)	(36,629)
— Change in fair value of available-for-sale investments	–	–	–	–	–	(25,622)	–	–	–	(25,622)	–	(25,622)	(128)	(25,750)
— Cash flow hedges	–	–	–	–	–	–	–	(207)	–	(207)	–	(207)	(2)	(209)
— Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	–	763	763	–	763	–	763
— Exchange differences on translation of foreign operations	–	–	–	–	–	–	(11,216)	–	–	(11,216)	–	(11,216)	(220)	(11,436)
— Others	–	–	8	–	–	–	–	–	–	8	–	8	(5)	3
Total comprehensive income	–	–	8	–	–	(25,622)	(11,216)	(207)	763	(36,274)	262,649	226,375	(39)	226,336
Dividend — 2012 final (note 18)	–	–	–	–	–	–	–	–	–	–	(83,565)	(83,565)	–	(83,565)
Appropriation to surplus reserve (i)	–	–	–	25,807	–	–	–	–	–	25,807	(25,807)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	13,869	–	–	–	–	13,869	(13,869)	–	–	–
Conversion of convertible bonds	1,770	–	5,009	–	–	–	–	–	–	5,009	–	6,779	–	6,779
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	953	953
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(47)	(47)
Conversion of equity component of convertible bonds (note 38)	–	(748)	–	–	–	–	–	–	–	–	–	(748)	–	(748)
Others	–	–	–	–	–	–	–	–	296	296	–	296	–	296
Balance as at 31 December 2013	**351,390**	**1,960**	**138,852**	**123,870**	**202,940**	**(29,379)**	**(24,038)**	**(3,961)**	**551**	**408,835**	**511,949**	**1,274,134**	**4,329**	**1,278,463**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB67 million and RMB358 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB1,140 million.

The notes on pages 158 to 280 form part of these financial statements.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Issued share capital	Equity component of convertible bonds	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2012	349,084	2,954	132,096	74,420	104,301	(3,999)	(10,792)	(3,893)	(763)	291,370	313,334	956,742	1,081	957,823
Profit for the year	–	–	–	–	–	–	–	–	–	–	238,532	238,532	159	238,691
Other comprehensive income	–	–	107	–	–	242	(2,030)	139	255	(1,287)	–	(1,287)	109	(1,178)
— Change in fair value of available-for-sale investments	–	–	–	–	–	242	–	–	–	242	–	242	(8)	234
— Cash flow hedges	–	–	–	–	–	–	–	139	–	139	–	139	–	139
— Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	–	255	255	–	255	–	255
— Exchange differences on translation of foreign operations	–	–	–	–	–	–	(2,030)	–	–	(2,030)	–	(2,030)	117	(1,913)
— Others	–	–	107	–	–	–	–	–	–	107	–	107	–	107
Total comprehensive income	–	–	107	–	–	242	(2,030)	139	255	(1,287)	238,532	237,245	268	237,513
Dividend — 2011 final (note 18)	–	–	–	–	–	–	–	–	–	–	(70,912)	(70,912)	–	(70,912)
Appropriation to surplus reserve (i)	–	–	–	23,643	–	–	–	–	–	23,643	(23,643)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	84,770	–	–	–	–	84,770	(84,770)	–	–	–
Conversion of convertible bonds	536	–	1,632	–	–	–	–	–	–	1,632	–	2,168	–	2,168
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	1,554	1,554
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	600	600
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(41)	(41)
Conversion of equity component of convertible bonds (note 38)	–	(246)	–	–	–	–	–	–	–	–	–	(246)	–	(246)
Balance as at 31 December 2012	**349,620**	**2,708**	**133,835**	**98,063**	**189,071**	**(3,757)**	**(12,822)**	**(3,754)**	**(508)**	**400,128**	**372,541**	**1,124,997**	**3,462**	**1,128,459**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amounts of RMB15 million and RMB310 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB1,314 million.

The notes on pages 158 to 280 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2013
(In RMB millions, unless otherwise stated)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		338,537	308,687
Adjustments for:			
Share of profits of associates and joint ventures		(2,097)	(2,652)
Depreciation	12	14,420	13,215
Amortisation	12	2,018	1,781
Amortisation of financial investments		(163)	(2,857)
Impairment losses on loans and advances to customers	26	38,098	32,572
Impairment losses on assets other than loans and advances to customers	15	223	1,173
Unrealised foreign exchange loss		6,206	6,853
Interest expense on debt securities issued		10,785	9,876
Accreted interest on impaired loans	6	(2,019)	(944)
Gain on disposal of available-for-sale financial assets, net	10	(524)	(559)
Net trading gain on equity investments	8	(40)	(42)
Net loss on financial assets and liabilities designated at fair value through profit or loss	9	2,413	5,114
Net gain on disposal and overage of property and equipment and other assets (other than repossessed assets)		(848)	(961)
Dividend income	10	(101)	(49)
		406,908	371,207
Net (increase)/decrease in operating assets:			
Due from central banks		(319,010)	(179,741)
Due from banks and other financial institutions		81,342	(191,882)
Financial assets held for trading		(7,804)	10,636
Financial assets designated at fair value through profit or loss		(142,720)	(80,025)
Reverse repurchase agreements		5,443	(35,653)
Loans and advances to customers		(1,159,539)	(1,010,592)
Other assets		(10,432)	(31,126)
		(1,552,720)	(1,518,383)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		234,583	147,651
Due to central banks		(409)	1,025
Due to banks and other financial institutions		(207,685)	148,697
Repurchase agreements		61,540	31,325
Certificates of deposit		94,351	(3,880)
Due to customers		994,119	1,365,818
Other liabilities		42,214	55,401
		1,218,713	1,746,037
Net cash flows from operating activities before tax		72,901	598,861
Income tax paid		(74,848)	(65,353)
Net cash flows from operating activities		(1,947)	533,508

The notes on pages 158 to 280 form part of these financial statements.

(In RMB millions, unless otherwise stated)

	Notes	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(44,427)	(31,852)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		1,088	1,271
Purchases of financial investments		(1,239,747)	(1,058,490)
Proceeds from sale and redemption of financial investments		1,117,779	965,229
Investments in associates and joint ventures		–	(19)
Proceeds from disposal of investments in associates and joint ventures		493	–
Acquisition of subsidiaries		–	(3,723)
Dividends received		653	914
Net cash flows from investing activities		(164,161)	(126,670)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholders		955	600
Proceeds from issuance of subordinated bonds		3,031	20,000
Proceeds from issuance of other debt securities		41,336	9,640
Interest paid on debt securities		(10,074)	(8,566)
Repayment of other debt securities		(17,084)	–
Acquisition of non-controlling interests		(17)	–
Dividends paid on ordinary shares		(83,565)	(70,912)
Dividends paid to non-controlling shareholders		(47)	(41)
Net cash flows from financing activities		(65,465)	(49,279)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(231,573)	357,559
Cash and cash equivalents at beginning of the year		1,201,647	848,308
Effect of exchange rate changes on cash and cash equivalents		(12,672)	(4,220)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	44	957,402	1,201,647
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		756,529	704,500
Interest paid		(265,008)	(243,400)

The notes on pages 158 to 280 form part of these financial statements.

Statement of Financial Position

31 December 2013
(In RMB millions, unless otherwise stated)

	Notes	31 December 2013	31 December 2012
ASSETS			
Cash and balances with central banks	20	3,253,660	3,146,659
Due from banks and other financial institutions	21	757,506	658,317
Financial assets held for trading	22	27,607	18,064
Financial assets designated at fair value through profit or loss	23	344,091	200,786
Derivative financial assets	24	23,049	13,406
Reverse repurchase agreements	25	95,575	320,133
Loans and advances to customers	26	9,169,446	8,168,369
Financial investments	27	3,861,326	3,808,282
Investments in subsidiaries	28	73,850	69,638
Investments in associates	29	34,243	33,883
Property and equipment	30	121,716	114,950
Deferred income tax assets	31	28,139	22,144
Other assets	32	268,170	257,760
TOTAL ASSETS		**18,058,378**	**16,832,391**
LIABILITIES			
Due to central banks		418	658
Financial liabilities designated at fair value through profit or loss	33	552,759	319,742
Derivative financial liabilities	24	16,986	12,322
Due to banks and other financial institutions	34	1,172,312	1,424,272
Repurchase agreements	35	63,754	7,313
Certificates of deposit	36	99,186	18,124
Due to customers	37	14,201,528	13,301,472
Income tax payable		54,868	56,075
Debt securities issued	38	220,481	214,044
Other liabilities	39	407,911	359,668
TOTAL LIABILITIES		**16,790,203**	**15,713,690**
EQUITY			
Share capital	40	351,390	349,620
Equity component of convertible bonds	38	1,960	2,708
Reserves	41	430,720	413,395
Retained profits	41	484,105	352,978
TOTAL EQUITY		**1,268,175**	**1,118,701**
TOTAL EQUITY AND LIABILITIES		**18,058,378**	**16,832,391**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance
and Accounting Department

The notes on pages 158 to 280 form part of these financial statements.

1. CORPORATE INFORMATION

Industrial and Commercial Bank of China Limited (the "Bank"), which was previously known as Industrial and Commercial Bank of China ("ICBC"), used to be a wholly-state-owned commercial bank established on 1 January 1984 based on the authorisation of the State Council and the People's Bank of China (the "PBOC") of the People's Republic of China (the "PRC"). On 28 October 2005, with the approval of the State Council, ICBC was restructured and incorporated as a joint-stock limited company. The joint-stock limited company undertook all the assets and liabilities of ICBC upon the restructuring.

The Bank obtained its finance permit No. B0001H111000001 from the China Banking Regulatory Commission (the "CBRC") of the PRC. The Bank obtained its business license No. 100000000003965 from the State Administration for Industry and Commerce of the PRC. The legal representative is Jiang Jianqing and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC.

The Bank's A Shares and H Shares are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited and the stock codes are 601398 and 1398, respectively.

The principal activities of the Bank and its subsidiaries (collectively referred to as the "Group") comprise corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services. Domestic establishments refer to the Head Office of the Bank, branches and subsidiaries established inside Mainland China. Overseas establishments refer to branches and subsidiaries established under local jurisdictions outside Mainland China.

2. BASIS OF PREPARATION

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

(2) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

(In RMB millions, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

(3) Change in accounting policies

The IASB has issued the following revised IFRSs (including International Accounting Standards ("IASs")) and amendments to standards that are effective in 2013 and relevant to the Group's operation.

Amendments to IAS 1	*Presentation of financial statements — Presentation of items of other comprehensive income*
Amendments to IFRS 7	*Disclosures — Offsetting financial assets and financial liabilities*
IFRS 10	*Consolidated financial statements*
IFRS 11	*Joint arrangements*
IFRS 12	*Disclosure of interests in other entities*
IFRS 13	*Fair value measurement*
IAS 19	*Employee Benefits (2011)*

The principal effects of adopting these new and amended IFRSs are as follows:

Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of the consolidated statement of comprehensive income and other comprehensive income in these financial statements has been modified accordingly.

Amendments to IFRS 7, Disclosures — Offsetting financial assets and financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. The adoption does not have any material impact on the financial position and the financial result of the Group.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. It also introduces the judgment of substantive rights and the concept of principal and agent, and amends the consideration of potential voting rights. As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not have any material impact on the financial position and the financial result of the Group.

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement.

The Group reassesses the type of the joint arrangement in which it is involved and changes the accounting policies in respect of joint arrangement. The adoption of IFRS 11 does not have any material impact on the Group's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

(3) Change in accounting policies (continued)

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 29 and 43.

IFRS 13, Fair value measurement

IFRS 13 defines fair value, set out in a single IFRS a framework for measuring fair value and amends the disclosures requirements about fair value. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 54. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

IAS 19, Employee Benefits (2011)

The ISAB has issued amendments to IAS 19. The Group revisits the accounting policies of classification, recognition and measurement in respect of employee benefits by categories of short-term employee benefits, termination benefits, post-employment benefits, and other long-term employee benefits. The adoption of this standard does not have any material impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions, cash flows and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see note 3(20)).

(2) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Group.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) Associate and Joint ventures

An associate is an entity in which the Group or Bank has significant influence.

A joint venture is an arrangement whereby the Group or Bank and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated income statement reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 3(20)).

(4) Foreign currency translation

The consolidated financial statements are presented in RMB, being the functional and presentation currency of the Bank's operations in Mainland China. Each entity in the Group determines its own functional currency and the financial statements of each entity are presented using that functional currency.

Foreign currency transactions are initially recorded at the functional currency using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in the income statement, with the exception that they are taken directly to other comprehensive income when the monetary items are designated as part of the hedge of the Bank's net investment of a foreign entity, and the aggregate exchange differences are not recognised in the income statement until the disposal of such net investment. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rates ruling at the end of the reporting period. The exchange differences are recognised in the income statement or in other comprehensive income, depending on the nature of non-monetary items.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the above translation are taken directly to other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Cash flows arising from transactions in foreign currencies and cash flows of overseas subsidiaries are translated using the weighted average exchange rates for the year. The effect of exchange rate movements on cash is presented separately in statement of cash flows as a reconciling item.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(5) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition of financial instruments

At initial recognition, financial assets are classified into four categories: financial assets at fair value through profit or loss, held-to-maturity financial investments, loans and receivables and available-for-sale financial assets.

At initial recognition, financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss and other financial liabilities.

A financial asset or financial liability is measured initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition and location of the asset; and restrictions, if any, on the sale or use of the asset, etc.), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

Financial assets or financial liabilities at fair value through profit or loss

Financial assets or financial liabilities at fair value through profit or loss include financial assets or financial liabilities held for trading and financial assets or financial liabilities designated at fair value through profit or loss.

Financial assets or financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if:

(i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(ii) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or

(iii) it is a derivative that is not designated as an effective hedging instrument.

Financial assets or financial liabilities held for trading are measured at fair value after initial recognition. Realised or unrealised income or expenses are recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(5) Financial instruments (continued)

Financial assets or financial liabilities at fair value through profit or loss (continued)

Financial assets or financial liabilities designated at fair value through profit or loss

A financial instrument may be designated as a financial asset or financial liability at fair value through profit or loss upon initial recognition, if it meets any of the criteria set out below.

(i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or financial liability or from recognising the gains and losses on them on different bases;

(ii) It applies to a group of financial assets, financial liabilities or both which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and where information about that group of financial instruments is provided internally on that basis to key management personnel; or

(iii) The financial instrument contains one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

In the case of an equity investment, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, it cannot be designated as a financial asset at fair value through profit or loss.

Financial assets and liabilities designated at fair value through profit or loss are measured at fair value after initial recognition. Realised and unrealised income or expenses are recognised in the income statement.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity and which the Group has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss. Gains and losses are recognised in the income statement when the held-to-maturity financial investments are derecognised or impaired, as well as through the amortisation process.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group has no intention of trading the assets immediately or in the near term. After initial measurement, such assets are subsequently carried at amortised cost using the effective interest rate method, less any allowance for impairment losses. Gains and losses are recognised in the income statement when such assets are derecognised or impaired, as well as through the amortisation process.

Discounted bills are granted by the Group to its customers based on the bank acceptance held which has not matured. Discounted bills are carried at face value less unrealised interest income and the interest income of the discounted bills is recognised using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(5) Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are designated as such or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Premiums and discounts on available-for-sale financial assets are amortised using the effective interest rate method and are taken to the income statement as interest income. Changes in fair value of available-for-sale financial assets are recognised as a separate component of other comprehensive income until the financial asset is derecognised or determined to be impaired at which time the cumulative gains or losses previously recorded in other comprehensive income are transferred to the income statement. Dividend and interest income on available-for-sale financial assets are recorded in the income statement.

In the case of an equity investment classified as available for sale, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, it will be measured at cost less any impairment loss.

Other financial liabilities

Other financial liabilities are carried at amortised cost using the effective interest rate method.

(6) Impairment of the financial assets

An assessment on carrying amount of financial assets is made at the end of each reporting period. Impairment is recognised if there is objective evidence of impairment of financial assets, i.e., one or more events that occur after the initial recognition of those assets and have an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, they would probably enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and shall include the value of any relevant collateral. The original effective interest rate is the rate used to determine the values of financial assets at initial recognition. With respect to floating-rate loans, receivables and held-to-maturity investments, the discount rate could be the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through the use of an impairment provision account and the amount of the loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Future cash flows of a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the impact of current conditions that did not affect the period on which the historical loss experience is based and to eliminate the impact of historical conditions that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) Impairment of the financial assets (continued)

Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date.

When an item of loans and receivables is uncollectible, it is written off against the related allowance for impairment losses. Such loans and receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on the financial asset, the amount of impairment loss, measured as the difference between the carrying amount of that financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, is recognised in the income statement. In the case of an equity investment, if neither a quoted market price in an active market exists nor its fair value can be reliably measured, the amount of impairment loss is recognised in the income statement. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If there is objective evidence that the financial asset is impaired, the cumulative loss, measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The Group considers the time period and continuity of the magnitude of the decline to evaluate whether the decline in fair value is prolonged. More significantly the fair value declines relative to the cost, the less the volatility moves, and the longer the decline lasts or the more obvious the continuity of the magnitude of the decline is, the more likely the equity investment impairs. In general, the Group considers the situation when fair value is less than 40% of the cost as significant decline and that when fair value falls below the cost in a period over 12 months as prolonged decline. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised as other comprehensive income.

In the case of debt instruments classified as available for sale, if, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impaired loss is reversed through the income statement.

(7) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to individual or collective impairment assessment, and the provision is calculated using the loan's original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset; or has retained its rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Securitisation

As part of its operational activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Further details on prerequisites for derecognition of financial assets are set out above. When the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognized, and the consideration paid by third parties are recorded as a financial liability; when the securitisation of financial assets that partially qualify for derecognition, interests in the securitised financial assets may be partially retained by the Group and are classified as available-for-sale financial assets. The book value of the transferred asset should be recognised between the derecognised portion and the retained portion based on their respective relative fair values, and the difference between the book value of the derecognised portion and the total consideration paid for the derecognised portion shall be recorded in profit or loss.

Sales of assets on condition of repurchase

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) Convertible bonds

Convertible bonds which contain both a liability and an equity component are separated at the issue date. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. The equity component is assigned the residual amount after deducting from the fair value of the convertible bonds as a whole the amount separately determined for the liability component. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the convertible bonds are first recognised. The liability component is carried as a liability on the amortised cost basis until extinguished on cancellation, conversion or redemption. The equity component is included in shareholders' equity, and not remeasured in subsequent years.

On conversion of the convertible bonds, the Group derecognises the liability component and recognises it as equity.

(10) Derivatives and hedge accounting

Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with the changes in fair value recognised in the income statement.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting periods for which they were designated.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in the income statement. Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) Derivatives and hedge accounting (continued)

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to the income statement.

For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. If the hedged items are derecognised, the unamortised fair value is recorded in the income statement.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the income statement. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

(11) Trade date accounting

All regular way purchases and sales of financial assets are recognised at the trade date, which is the date that the Group commits to purchase or sell the assets. A regular way purchase or sale is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(12) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to offset such amounts with the same counterparty and an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) Repurchase and reverse repurchase transactions (including securities borrowing and lending)

Assets sold under agreements to repurchase at a specified future date ("repos") are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognised on the statement of financial position as a "repurchase agreement", reflecting its economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as an interest expense and is accrued over the life of the agreement using the effective interest rate method.

Conversely, assets purchased under agreements to resell at a specified future date ("reverse repos") are not recognised on the statement of financial position. The corresponding cash paid, including accrued interest, is recognised on the statement of financial position as a "reverse repurchase agreement". The difference between the purchase and resale prices is treated as an interest income and is accrued over the life of the agreement using the effective interest rate method.

Securities borrowing and lending transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a financial liability held for trading and measured at fair value with any gains or losses included in the income statement.

(14) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in income statement.

The Group records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognised. The precious metals deposited in the Group are measured at fair value both on initial recognition and in subsequent measurement.

(15) Property and equipment

Property and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Construction in progress comprises the direct costs of construction during the period of construction and is not depreciated. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

(In RMB millions, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) Property and equipment (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value and the annual depreciation rate of each item of property and equipment (excluding aircraft and vessels) are as follows:

	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	5–35 years	3%	2.77%–19.40%
Office equipment and motor vehicles (excluding aircraft and vessels)	3–6 years	–	16.67%–33.33%
Leasehold improvements	Over the shorter of the economic useful lives and remaining lease terms		

Equipment under operating leases where the Group is the lessor is aircraft, aircraft engines and vessels. The estimated useful lives and depreciation methods are determined according to the real conditions of each individual aircraft and vessels. The residual values are assessed by an independent valuer based on historical data. The estimated useful lives range from 15 to 25 years.

For an item of impaired fixed assets, the depreciation is calculated based on the carrying value less the cumulative impairment losses.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(16) Land use rights

Land use rights are recognised at cost, being the fair value at the time of injection from the central government of the PRC (the "Government") or the consideration paid. The rights are amortised using the straight-line basis over the period of the leases. When the prepaid land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of properties and buildings as finance leases in property and equipment.

(17) Repossessed assets

Repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(18) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition costs incurred are expensed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) Business combination and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

(19) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

(20) Asset impairment

Impairment losses on assets except for deferred tax assets, financial assets and goodwill are determined based on the following:

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, or when impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(20) Asset impairment (continued)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Any such reversal is recognised in the income statement. After such a reversal, the depreciation/amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(21) Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks, amounts due from banks and other financial institutions and reverse repurchase agreements with original maturity of less than three months.

(22) Employee benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

Statutory defined contribution plans

In accordance with the relevant laws and regulations, domestic employees of the Group participate in various social insurance schemes like basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. The Group calculates and contributes to the local government agencies the above pension and insurance schemes using applicable contribution basis and rates stipulated in the relevant local regulations in the period the employees providing their services to the Group. Contributions to these plans are recognised in the income statement as incurred.

All eligible employees outside Mainland China participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

Retirement benefit annuity plan

In addition, employees in Mainland China also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(22) Employee benefits (continued)

Termination benefits

Termination benefits are payable as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognise termination benefits in income statement at the earlier of:

— when the Group can no longer withdraw an offer of those benefits; and

— when the Group recognises any related restructuring costs.

Early retirement benefits

According to the Bank's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Bank. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

(23) Fiduciary activities

Where the Group acts in a fiduciary capacity such as custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the statement of financial position.

The asset custody services of the Group refer to the business that the Group as trustee approved by regulatory authorities, signs custody agreement with clients and takes the responsibility of trustee in accordance with relevant laws and regulations. The assets under custody are recorded as off-balance sheet items as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

The Group grants entrusted loans on behalf of trustors, which are recorded off-balance sheet. The Group, as a trustee, grants such entrusted loans to borrowers under the direction of those trustors who fund these loans. The Group has been contracted by those trustors to manage the administration and collection of these loans on their behalf. Those trustors determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to its activities in connection with entrusted loans which are recognised ratably over the period in which the service is provided. The risk of loss is borne by those trustors.

(24) Insurance contracts

Insurance contracts classification

The Group's insurance subsidiary executes the contract with the policyholder. Where the Group undertakes only the insurance risk, the contract is classified as an insurance contract; where the Group undertakes the risks other than the insurance risk, the contract is classified as non-insurance contract; and where the Group undertakes both insurance risk and other risks, forming a contract with mixed risks, the following stipulations shall apply:

(i) Where the insurance risk and other risks can be distinguished from each other and separately measured, the insurance risk shall be separated from other risks. The insurance risk is accounted for according to the insurance contract and other risks are accounted for according to the relevant accounting standards.

(ii) Where the insurance risk and other risks cannot be distinguished from each other, or can be distinguished but cannot be separately measured, an umbrella contract applies and significant insurance risk test shall be performed based on it. If the insurance risk is significant, the contract is identified as an insurance contract; otherwise, it is identified as non-insurance contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) Insurance contracts (continued)

Insurance income recognition

Insurance premium income is recognised when:

(i) The insurance contract is issued, and related insurance risk is undertaken by the Group;

(ii) The related economic benefits are likely to flow to the Group; and

(iii) Related income can be reliably measured.

Insurance contract liabilities

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Insurance contract liabilities are measured based on a reasonably estimated amount of payment that the Group is obliged to pay to fulfill relevant obligations under the insurance contract. At the end of each reporting period, liability adequacy tests are performed. If the insurance contract liabilities re-calculated with the insurance actuarial method exceed their carrying amounts on date of the liability adequacy test, an additional provision shall be made for the respective insurance contract liabilities based on the difference. Otherwise, no adjustment is made to the respective insurance contract liabilities.

(25) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as available-for-sale financial assets, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded in profit or loss.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) Recognition of income (continued)

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income on transactions conducted or from services provided over a period of time

Fee income is recognised on the basis of when the transaction is completed or on an accrual basis when the service is provided over a period of time. These fees mainly include fee income on settlement and clearing business, commission income and fee income on asset management, custody and other management advisory services.

(ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

The fair value of the award credits granted to the bank card holders is deferred and recognised as fee and commission income when the award credits are redeemed or expire.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities that are held for trading. This includes gains and losses from changes in fair value relating to the ineffective portion of the hedging arrangements.

(26) Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(26) Income tax (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(i) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(i) Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(27) Leases

Leases which transfer substantially all the risks and rewards of ownership of the assets to the lessees are classified as finance leases. Leases where substantially all the rewards and risks of the assets remain with the lessor are accounted for as operating leases.

Finance leases

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as loans and advances to customers. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(27) Leases (continued)

Operating leases

Rental payments applicable to operating leases are charged to the income statement on the straight-line basis over the lease terms.

When the Group is the lessor under operating leases, the assets subject to operating leases are accounted for as the Group's assets. Rental income is recognised as "other operating income, net" in the income statement on the straight-line basis over the lease term.

(28) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(29) Financial guarantee contracts

The Group issues financial guarantee contracts, including letters of credit, letters of guarantee and acceptance. These financial guarantee contracts provide for specified payments to be made to reimburse the holders for the losses they incur when a guaranteed party defaults under the original or modified terms of a debt instrument, loan or any other obligation.

The Group initially measures all financial contracts at fair value, in other liabilities, being the premium received. This amount is recognised ratably over the period of the contract as fee and commission income. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortisation and the best estimate of expenditure being required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to a financial guarantee is taken to the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

(31) Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgements and made assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

Designation of held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Group has the positive intention and ability to hold the investments to maturity. Accordingly, in evaluating whether a financial asset shall be classified as a held-to-maturity investment, significant management judgement is required. If the Group fails to correctly assess its intention and ability to hold the investments to maturity and the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, the Group shall reclassify the whole held-to-maturity investment portfolio as available for sale.

Impairment losses of loans and advances and amounts due from banks and other financial institutions

The Group determines periodically whether there is any objective evidence that impairment losses have occurred on loans and advances and amounts due from banks and other financial institutions. If any such evidence exists, the Group assesses the amount of impairment losses. The amount of impairment losses is measured as the difference between the carrying amount and the present value of estimated future cash flows. Assessing the amount of impairment losses requires significant judgement on whether the objective evidence for impairment exists and also significant estimates when determining the present value of the expected future cash flows.

Impairment losses of available-for-sale and held-to-maturity investments

In determining whether there is any objective evidence that impairment losses have occurred on available-for-sale and held-to-maturity investments, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry environment, change of technology as well as operating and financing cash flows. This requires a significant level of judgement of management, which would affect the amount of impairment losses.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU or groups of CGUs to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the CGU or groups of CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 3(1) indicate that the Group controls a securitisation vehicle, an investment fund, a non-principal guaranteed wealth management product, a specialised asset management plan or asset-backed financings.

Securitisation vehicles

Certain securitisation vehicles sponsored by the Group under its securitisation programme are run according to predetermined criteria that are part of the initial design of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through its holding of debt securities in the vehicles. Outside the day-to-day servicing of the receivables (which is carried out by the Group under a servicing contract), key decisions are usually required only when receivables in the vehicles go into default. Therefore, in considering whether it has control, the Group considers whether it manages these key decisions that most significantly affect these vehicles' returns.

Investment funds, non-principal guaranteed wealth management products, segregated asset management plans and asset-backed financings

The Group acts as manager to a number of investment funds, non-principal guaranteed wealth management products, segregated asset management plans and assets-backed financings. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated investment funds, non-principal guaranteed wealth management products, segregated asset management plans and assets-backed financings in which the Group has an interest or for which it is a sponsor, see Note 43.

5. IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs and IASs that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[1]
Amendments to IAS 32	*Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[2]

1 The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, early adoption of IFRS 9 is permitted.

2 Effective for annual periods beginning on or after 1 January 2014

Further information about those changes that are expected to affect the Group is as follows:

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

IAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities (Amendments)

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group is currently assessing the impact of the amendments on its financial position and performance.

(In RMB millions, unless otherwise stated)

6. NET INTEREST INCOME

	2013	2012
Interest income on:		
Loans and advances to customers (i)	548,640	519,852
— Corporate loans and advances	395,461	379,020
— Personal loans	142,625	126,233
— Discounted bills	10,554	14,599
Financial investments (ii)	148,514	138,159
Due from central banks	45,487	41,766
Due from banks and other financial institutions	24,470	21,662
	767,111	721,439
Interest expense on:		
Due to customers	(273,797)	(249,422)
Due to banks and other financial institutions	(38,209)	(43,461)
Debt securities issued	(11,770)	(10,728)
	(323,776)	(303,611)
Net interest income	443,335	417,828

The above interest income and expense were related to financial instruments which are not at fair value through profit or loss.

(i) Included in interest income on loans and advances to customers for the year is an amount of RMB2,019 million (2012: RMB944 million) with respect to the accreted interest on impaired loans.

(ii) Included in interest income on financial investments for the year is an amount of RMB7 million (2012: RMB10 million) with respect to interest income on impaired debt securities.

7. NET FEE AND COMMISSION INCOME

	2013	2012
Settlement, clearing business and cash management	30,513	27,499
Investment banking business	29,486	26,117
Bank card business	28,533	23,494
Personal wealth management and private banking services (i)	18,231	16,760
Corporate wealth management services (i)	12,611	10,018
Asset custody business (i)	6,893	5,974
Guarantee and commitment business	4,357	2,848
Trust and agency services (i)	1,857	1,623
Others	2,069	1,548
Fee and commission income	134,550	115,881
Fee and commission expense	(12,224)	(9,817)
Net fee and commission income	122,326	106,064

(i) Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB15,050 million (2012: RMB12,074 million) with respect to trust and other fiduciary activities.

(In RMB millions, unless otherwise stated)

8. NET TRADING INCOME

	2013	2012
Debt securities	1,383	1,043
Equity investments	40	42
Derivatives	(1,269)	(575)
	154	510

The above amounts include gains and losses arising from the buying and selling of, interest income and expense on, and changes in the fair value of financial assets and liabilities held for trading.

9. NET LOSS ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
Financial assets	8,021	5,135
Financial liabilities	(10,434)	(10,249)
	(2,413)	(5,114)

The above amounts represent gains and losses arising from the buying and selling of, interest income and expense on, and changes in the fair value of financial assets and liabilities designated at fair value through profit or loss upon initial recognition.

10. NET GAIN ON FINANCIAL INVESTMENTS

	2013	2012
Dividend income from unlisted investments	93	41
Dividend income from listed investments	8	8
Dividend income	101	49
Gain on disposal of available-for-sale financial assets, net	524	559
	625	608

11. OTHER OPERATING INCOME, NET

	2013	2012
Insurance net income (i)	1,043	537
Gain from foreign exchange and foreign exchange products, net	6,593	4,095
Leasing income	3,412	2,058
Net gain on disposal of property and equipment, repossessed assets and others	1,012	1,165
Sundry bank charge income	315	357
Others	2,499	1,612
	14,874	9,824

(In RMB millions, unless otherwise stated)

11. OTHER OPERATING INCOME, NET (CONTINUED)

(i) Details of insurance net income are as follows:

	2013	2012
Premium income	10,287	4,132
Less: premiums ceded to reinsurers	(177)	(1,216)
Net premium income	10,110	2,916
Insurance operating cost	(9,067)	(2,379)
Insurance net income	1,043	537

12. OPERATING EXPENSES

	2013	2012
Staff costs:		
Salaries and bonuses	68,216	63,256
Staff benefits	24,185	22,762
Contributions to defined contribution schemes (i)	11,054	10,222
	103,455	96,240
Premises and equipment expenses:		
Depreciation (note 30)	14,420	13,215
Lease payments under operating leases in respect of land and buildings	5,799	4,910
Repairs and maintenance charges	3,206	2,839
Utility expenses	2,669	2,523
	26,094	23,487
Amortisation	2,018	1,781
Other administrative expenses (ii)	24,721	24,802
Business tax and surcharges	37,441	35,066
Others	10,411	8,564
	204,140	189,940

(i) Contributions to defined contribution schemes mainly include contributions to the state pension and the Bank's Annuity Plan.

(ii) Auditors' remuneration (including related assurance services for the Group and its subsidiaries and overseas branches) of RMB160 million for the year (2012: RMB186 million) was included in other administrative expenses.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the directors' and supervisors' emoluments before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, are as follows:

		Year ended 31 December 2013			
Name	Position	Remuneration paid (before tax) RMB'000 (1)	Contributions to defined contribution schemes RMB'000 (2)	Fees RMB'000 (3)	Total emoluments before tax RMB'000 (4)=(1)+(2)+(3)
JIANG Jianqing	Chairman of the Board of Directors, Executive Director	879	258	–	1,137
YANG Kaisheng (iii)	Former Vice Chairman of the Board of Directors, Executive Director, President	339	98	–	437
YI Huiman (i)(ii)	Vice Chairman of the Board of Directors, Executive Director, President	800	233	–	1,033
ZHAO Lin	Chairman of the Board of Supervisors	802	240	–	1,042
LIU Lixian (ii)	Executive Director, Secretary of Party Discipline Committee	765	233	–	998
WANG Lili (iii)	Former Executive Director, Vice President	317	94	–	411
LI Xiaopeng (iii)	Former Executive Director, Vice President	317	94	–	411
LUO Xi (ii)(vi)	Former Executive Director, Vice President	702	213	–	915
HUAN Huiwu (vii)	Former Non-executive Director	–	–	–	–
WANG Xiaoya	Non-executive Director	–	–	–	–
GE Rongrong	Non-executive Director	–	–	–	–
LI Jun	Non-executive Director	–	–	–	–
WANG Xiaolan	Non-executive Director	–	–	–	–
YAO Zhongli	Non-executive Director	–	–	–	–
FU Zhongjun (iv)	Non-executive Director	–	–	–	–
XU Shanda (vii)	Former Independent Non-executive Director	–	–	–	–
WONG Kwong Shing, Frank	Independent Non-executive Director	–	–	520	520
M.C. McCarthy (v)	Independent Non-executive Director	–	–	430	430
Kenneth Patrick CHUNG (v)	Independent Non-executive Director	–	–	440	440
Or Ching Fai	Independent Non-executive Director	–	–	440	440
HONG Yongmiao	Independent Non-executive Director	–	–	420	420
YI Xiqun (iv)	Independent Non-executive Director	–	–	–	–
WANG Chixi	Shareholder Representative Supervisor	727	200	–	927
DONG Juan	External Supervisor	–	–	300	300
MENG Yan	External Supervisor	–	–	280	280
ZHANG Wei	Employee Representative Supervisor	–	–	50	50
ZHU Lifei (vii)	Former Employee Representative Supervisor	–	–	42	42
LI Mingtian	Employee Representative Supervisor	–	–	50	50
Total		5,648	1,663	2,972	10,283

Note: The total compensation packages for the Chairman of the Board of Directors, President, Chairman of the Board of Supervisors, Executive Directors, and Supervisors of the Bank have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's and the Bank's 2013 financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

(i) At the board meeting held on 22 May 2013, Mr. Yi Huiman was appointed as President of the Bank, and his appointment was approved by CBRC on 30 May 2013.

(ii) At the Annual General Meeting for the year 2012 held on 7 June 2013, Mr. Yi Huiman, Mr. Luo Xi and Mr. Liu Lixian were appointed as Executive Directors of the Bank. The appointment of Mr. Yi Huiman as Vice Chairman and Executive Director of the Bank, and the appointment of Mr. Luo Xi and Mr. Liu Lixian as Executive Director, were approved by CBRC in July 2013.

(iii) On 22 May 2013, Mr. Yang Kaisheng, Ms.Wang Lili and Mr. Li Xiaopeng tendered his or her resignation to the Board of the Bank. Mr Yang Kaisheng ceased to act as Executive Director and President. Ms. Wang Lili and Mr. Li Xiaopeng ceased to act as Executive Director and Vice President.

(iv) At the Second Extraordinary Meeting held on 10 September 2013, Mr. Fu Zhongjun and Mr. Yi Xiqun were appointed as Non-Executive Director and Independent Non-Executive Director of the Bank, respectively, and their appointments were approved by CBRC in December 2013.

(v) At the First Extraordinary General Meeting of 2013 held on 20 March 2013, Mr. M.C.McCarthy and Mr. Kenneth Patrick CHUNG were re-appointed as Independent Non-executive Director of the Bank, and their new term of office took effect from the date of review and approval by the General Meeting.

(vi) Mr. Luo Xi, Executive Director and Executive Vice President of the Bank, due to change of job assignments, tendered his resignation to the board of the Bank on 11 November 2013.

(vii) Mr. Zhu Lifei, the Employee Representative Supervisor of the Bank, due to the expiration of the term of office, ceased to act as Employee Representative Supervisor of the Bank with effect from 9 September 2013. Mr. Huan Huiwu ceased to act as Non-executive Director of the Bank with effect from 31 December 2013. Mr. Xu Shanda ceased to act as Independent Non-executive Director with effect from 31 December 2013.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

		Year ended 31 December 2012						
Name	Position	Fees RMB'000 (1)	Remuneration paid RMB'000 (2)	Discretionary bonuses RMB'000 (3)	Contributions to defined contribution schemes RMB'000 (4)	Total emoluments before tax RMB'000 (5)=(1)+(2)+(3)+(4)	Of which: deferred payment RMB'000 (6)	Actual amount of remuneration paid (pre-tax) RMB'000 (7)=(5)-(6)
JIANG Jianqing	Chairman of the Board of Directors, Executive Director	–	495	1,167	334	1,996	585	1,411
YANG Kaisheng	Vice Chairman of the Board of Directors, Executive Director, President	–	446	1,142	392	1,980	572	1,408
ZHAO Lin	Chairman of the Board of Supervisors	–	436	1,116	335	1,887	559	1,328
WANG Lili	Executive Director, Vice President	–	421	1,074	301	1,796	538	1,258
LI Xiaopeng	Executive Director, Vice President	–	421	1,074	301	1,796	538	1,258
HUAN Huiwu	Non-executive Director	–	–	–	–	–	–	–
WANG Xiaoya	Non-executive Director	–	–	–	–	–	–	–
GE Rongrong	Non-executive Director	–	–	–	–	–	–	–
LI Jun	Non-executive Director	–	–	–	–	–	–	–
WANG Xiaolan	Non-executive Director	–	–	–	–	–	–	–
YAO Zhongli	Non-executive Director	–	–	–	–	–	–	–
XU Shanda	Independent Non-executive Director	–	–	–	–	–	–	–
WONG Kwong Shing, Frank	Independent Non-executive Director	490	–	–	–	490	–	490
M.C. McCarthy	Independent Non-executive Director	410	–	–	–	410	–	410
Kenneth Patrick CHUNG	Independent Non-executive Director	412	–	–	–	412	–	412
Or Ching Fai	Independent Non-executive Director	242	–	–	–	242	–	242
HONG Yongmiao	Independent Non-executive Director	140	–	–	–	140	–	140
LEUNG Kam Chung Antony (iii)	Former Independent Non-executive Director	208	–	–	–	208	–	208
QIAN Yingyi (iii)	Former Independent Non-executive Director	327	–	–	–	327	–	327
WANG Chixi	Shareholder Representative Supervisor	–	347	929	279	1,555	372	1,183
DONG Juan	External Supervisor	300	–	–	–	300	–	300
MENG Yan	External Supervisor	280	–	–	–	280	–	280
ZHANG Wei	Employee Representative Supervisor	50	–	–	–	50	–	50
ZHU Lifei	Employee Representative Supervisor	50	–	–	–	50	–	50
LI Mingtian	Employee Representative Supervisor	21	–	–	–	21	–	21
		2,930	2,566	6,502	1,942	13,940	3,164	10,776

Note: (i) The above directors' and supervisors' emoluments for the year ended 31 December 2012 were restated in accordance with the supplemental announcement for the 2012 annual report released by the Bank on 27 June 2013. The remuneration before tax payable to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other senior management members for 2012 set out in the table above represents the total amount of annual remuneration for each of these individuals, which includes the amount of "remuneration paid" as disclosed in the 2012 Annual Report.

(ii) Pursuant to the PRC relevant regulations, a portion of the discretionary bonus payments for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors and other senior management members are deferred based on the future performance.

(iii) Mr. Leung Kam Chung, Antony ceased to act as Independent Non-executive Director of the Bank with effect from May 2012. Mr. Qian Yingyi ceased to act as Independent Non-executive Director of the Bank with effect from August 2012.

The non-executive directors of the Bank received emoluments from the Bank's shareholders or its affiliates in respect of their services during the year.

During the year, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration (2012: Nil).

During the year, no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group are employees of the Bank's subsidiaries. Their emoluments were determined based on the prevailing market rates in the respective countries/regions where the subsidiaries are operating. None of them are directors, supervisors or key management personnel of the Bank whose emoluments are disclosed in notes 13 and 51(e) to the financial statements. Details of the emoluments in respect of the five highest paid individuals are as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Salaries and allowances	19,927	14,273
Discretionary bonuses	31,427	23,757
Contributions to defined contribution schemes	641	799
	51,995	38,829

The number of these individuals whose emoluments fell within the following bands is set out below.

	Number of employees	
	2013	2012
RMB7,000,001 to RMB7,500,000	–	3
RMB7,500,001 to RMB8,000,000	1	–
RMB8,000,001 to RMB8,500,000	–	1
RMB8,500,001 to RMB9,000,000	–	1
RMB9,500,001 to RMB10,000,000	1	–
RMB10,000,001 to RMB10,500,000	1	–
RMB10,500,001 to RMB11,000,000	1	–
RMB13,000,001 to RMB13,500,000	1	–
	5	5

During the year, no emoluments were paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

15. IMPAIRMENT LOSSES ON ASSETS OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

	Notes	2013	2012
Charge/(reversal) of impairment losses on:			
Due from banks and other financial institutions	21	58	97
Financial investments:			
Held-to-maturity investments	27(d)	(295)	(30)
Available-for-sale financial assets	27(c)(i),(d)	102	607
Other assets		358	499
		223	1,173

(In RMB millions, unless otherwise stated)

16. INCOME TAX EXPENSE

(a) Income tax

	2013	2012
Current income tax expense:		
Mainland China	74,159	68,844
Hong Kong and Macau	1,081	1,019
Overseas	1,044	850
	76,284	70,713
Adjustments in respect of current income tax of prior years	(2,684)	(433)
Deferred income tax expense	1,972	(284)
	75,572	69,996

(b) Reconciliation between income tax and accounting profit

PRC income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before taxation at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2013	2012
Profit before taxation	338,537	308,687
Tax at the PRC statutory income tax rate	84,634	77,172
Effects of different applicable rates of tax prevailing in other countries/regions	(264)	(42)
Non-deductible expenses (i)	1,865	996
Non-taxable income (ii)	(8,283)	(7,589)
Profits attributable to associates and joint ventures	(524)	(663)
Adjustment in respect of current and deferred income tax of prior years	(2,684)	(239)
Others	828	361
Current income tax expenses	75,572	69,996

(i) The non-deductible expenses mainly represent non-deductible impairment provision and write-offs.

(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds, which is exempted from income tax.

17. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

The consolidated profit attributable to equity holders of the parent company for the year ended 31 December 2013 includes a profit of RMB252,870 million (2012: RMB231,881 million) which has been dealt with in the financial statements of the Bank (Note 41).

18. DIVIDENDS

	2013	2012
Dividends on ordinary shares declared and paid:		
Final dividend for 2012: RMB0.239 per share (2011: RMB0.203 per share)	83,565	70,912

	2013	2012
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Final dividend for 2013: RMB0.2617 per share (2012: RMB0.239 per share)	91,958	83,559

19. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	2013	2012
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent company	262,649	238,532
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	350,068	349,312
Basic earnings per share (RMB yuan)	0.75	0.68

Basic earnings per share was calculated as the profit for the year attributable to ordinary equity holders of the Bank divided by the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the following:

	2013	2012
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent company	262,649	238,532
Add: Interest expense on convertible bonds (net of tax)	565	631
Profit used to determine diluted earnings per share	263,214	239,163
Shares:		
Weighted average number of ordinary shares outstanding (in million shares)	350,068	349,312
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	4,652	6,015
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	354,720	355,327
Diluted earnings per share (RMB yuan)	0.74	0.67

Diluted earnings per share was computed from dividing the profit attributable to ordinary equity holders of the parent company (after adjusting for interest expense on the convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(In RMB millions, unless otherwise stated)

20. CASH AND BALANCES WITH CENTRAL BANKS

	Group		Bank	
	2013	2012	2013	2012
Cash and unrestricted balances with central banks:				
Cash on hand	80,913	76,060	77,985	72,807
Surplus reserves with central banks (i)	66,077	276,483	63,959	275,765
Unrestricted balances with central banks of overseas countries or regions	47,772	42,165	26,077	29,472
	194,762	394,708	168,021	378,044
Restricted balances with central banks:				
Mandatory reserves with central banks (ii)	2,805,957	2,571,357	2,798,814	2,566,105
Fiscal deposits with the PBOC	285,987	201,319	285,987	201,319
Mandatory reserves with central banks of overseas countries or regions (ii)	7,076	7,374	613	1,006
Other restricted balances with the PBOC (ii)	225	185	225	185
	3,099,245	2,780,235	3,085,639	2,768,615
	3,294,007	3,174,943	3,253,660	3,146,659

(i) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

(ii) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. Mandatory reserve deposits with central banks and other restricted deposits are not available for use in the Group's daily operations. Mandatory reserve deposits mainly consist of deposits placed with the PBOC. As at 31 December 2013, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Mainland China are determined by local jurisdictions.

(In RMB millions, unless otherwise stated)

21. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2013	2012	2013	2012
Due from banks and other financial institutions:				
Banks operating in Mainland China	208,768	335,545	193,677	327,882
Other financial institutions operating in Mainland China	3,439	1,479	3,438	1,463
Banks and other financial institutions operating outside Mainland China	94,342	74,961	95,555	79,684
	306,549	411,985	292,670	409,029
Less: Allowance for impairment losses	(183)	(48)	(183)	(48)
	306,366	411,937	292,487	408,981
Placements with banks and other financial institutions:				
Banks operating in Mainland China	89,643	61,224	61,428	45,324
Other financial institutions operating in Mainland China	277,416	60,974	301,264	71,763
Banks and other financial institutions operating outside Mainland China	44,625	102,458	102,391	132,381
	411,684	224,656	465,083	249,468
Less: Allowance for impairment losses	(66)	(143)	(64)	(132)
	411,618	224,513	465,019	249,336
	717,984	636,450	757,506	658,317

As at 31 December 2013, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB175,862 million. During the year of 2013, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB207,546 million. The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

Movements of the allowance for impairment losses during the year are as follows:

Group	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2012	34	61	95
Charge for the year	15	82	97
Write off for the year	(1)	–	(1)
At 31 December 2012 and 1 January 2013	48	143	191
Charge/(reversal) for the year	135	(77)	58
At 31 December 2013	183	66	249

(In RMB millions, unless otherwise stated)

21. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Bank	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2012	33	54	87
Charge for the year	15	78	93
At 31 December 2012 and 1 January 2013	48	132	180
Charge/(reversal) for the year	135	(68)	67
At 31 December 2013	183	64	247

22. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	2013	2012	2013	2012
Debt securities	27,808	20,317	27,607	18,064
Equity investments	335	146	–	–
	28,143	20,463	27,607	18,064
Debt securities analysed into:				
Listed in Hong Kong	83	98	65	69
Listed outside Hong Kong	526	1,495	366	355
Unlisted	27,199	18,724	27,176	17,640
	27,808	20,317	27,607	18,064

23. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	2013	2012	2013	2012
Debt securities	103,027	103,460	102,705	103,038
Other debt instruments:				
Banks and other financial institutions	70,689	85,010	70,689	85,010
Others	170,697	12,738	170,697	12,738
	344,413	201,208	344,091	200,786
Analysed into:				
Listed in Hong Kong	63	66	–	–
Listed outside Hong Kong	4,306	2,029	4,047	1,819
Unlisted	340,044	199,113	340,044	198,967
	344,413	201,208	344,091	200,786

(In RMB millions, unless otherwise stated)

24. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participates at measured date.

At the end of the reporting period, the Group and the Bank had derivative financial instruments as follows:

Group

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	841,965	679,653	79,228	1,492	1,602,338	17,977	(13,331)
Option contracts purchased	4,071	30,395	210	–	34,676	164	–
Option contracts written	605	5,471	210	–	6,286	–	(33)
	846,641	715,519	79,648	1,492	1,643,300	18,141	(13,364)
Interest rate contracts:							
Swap contracts	39,736	98,611	153,414	21,563	313,324	3,068	(3,394)
Forward contracts	823	3,878	48	–	4,749	–	(1)
	40,559	102,489	153,462	21,563	318,073	3,068	(3,395)
Commodity derivatives and others	195,466	40,513	844	254	237,077	3,811	(2,409)
	1,082,666	858,521	233,954	23,309	2,198,450	25,020	(19,168)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	672,192	511,474	73,218	2,689	1,259,573	10,781	(8,153)
Option contracts purchased	5,117	14,689	593	–	20,399	71	–
Option contracts written	2,798	2,969	593	–	6,360	–	(44)
	680,107	529,132	74,404	2,689	1,286,332	10,852	(8,197)
Interest rate contracts:							
Swap contracts	65,507	118,368	176,537	24,472	384,884	3,280	(3,640)
Forward contracts	1,610	2,619	1,745	–	5,974	38	(38)
Option contracts purchased	–	–	62	–	62	–	–
	67,117	120,987	178,344	24,472	390,920	3,318	(3,678)
Commodity derivatives and others	81,249	17,604	2,637	139	101,629	586	(1,386)
	828,473	667,723	255,385	27,300	1,778,881	14,756	(13,261)

(In RMB millions, unless otherwise stated)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Bank

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	660,230	606,330	66,302	1,726	1,334,588	16,687	(11,638)
Option contracts purchased	3,590	26,863	–	–	30,453	123	–
Option contracts written	197	1,948	–	–	2,145	–	(6)
	664,017	635,141	66,302	1,726	1,367,186	16,810	(11,644)
Interest rate contracts:							
Swap contracts	35,798	83,290	120,522	8,502	248,112	2,634	(2,934)
Forward contracts	788	3,806	–	–	4,594	–	–
	36,586	87,096	120,522	8,502	252,706	2,634	(2,934)
Commodity derivatives and others	195,232	40,513	844	254	236,843	3,605	(2,408)
	895,835	762,750	187,668	10,482	1,856,735	23,049	(16,986)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	581,000	471,262	66,809	2,689	1,121,760	10,505	(7,992)
Option contracts purchased	2,236	12,583	–	–	14,819	33	–
Option contracts written	83	867	–	–	950	–	(8)
	583,319	484,712	66,809	2,689	1,137,529	10,538	(8,000)
Interest rate contracts:							
Swap contracts	59,684	108,512	154,563	12,979	335,738	2,482	(2,903)
Forward contracts	1,496	2,617	1,745	–	5,858	38	(38)
	61,180	111,129	156,308	12,979	341,596	2,520	(2,941)
Commodity derivatives and others	79,516	12,355	1,970	–	93,841	348	(1,381)
	724,015	608,196	225,087	15,668	1,572,966	13,406	(12,322)

(In RMB millions, unless otherwise stated)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges

The Group's cash flow hedges consist of interest rate swap contracts and interest forward contracts that are used to protect against exposures to variability of future cash flows arising from foreign currency assets and foreign currency liabilities during the year.

Among the above derivative financial instruments, those designated as hedging instruments in cash flow hedges are set out below.

Group

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	127	3,138	2,531	3,490	9,286	291	(49)
	127	3,138	2,531	3,490	9,286	291	(49)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	1,427	312	1,976	3,613	7,328	400	(64)
Interest forward contracts	25	–	–	–	25	–	–
	1,452	312	1,976	3,613	7,353	400	(64)

Bank

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	42	159	278	479	171	(1)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	–	–	309	309	–	–

There is no ineffectiveness recognised in the income statement that arises from the cash flow hedge for the current year (2012: Nil).

(In RMB millions, unless otherwise stated)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial assets and financial liabilities due to movements in market interest rates and exchange rates. Interest rate swaps and currency swaps are used as hedging instruments to hedge the interest risk and currency risk of financial assets and financial liabilities, respectively.

The effectiveness of hedges based on changes in fair value of the derivatives and the hedged items attributable to the hedged risk recognised in the income statement during the year is presented as follows:

	Group	
	2013	2012
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	203	119
— Hedged items attributable to the hedged risk	(206)	(119)
	(3)	–

Among the above derivative financial instruments, those designated as hedging instruments in fair value hedges are set out below:

Group

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	55	302	68	–	425	8	(5)
Interest rate swap contracts	1,080	3,761	5,386	3,187	13,414	12	(316)
	1,135	4,063	5,454	3,187	13,839	20	(321)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	–	–	438	–	438	2	(24)
Interest rate swap contracts	727	1,359	9,295	4,005	15,386	40	(743)
	727	1,359	9,733	4,005	15,824	42	(767)

(In RMB millions, unless otherwise stated)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hedges (continued)

Bank

	2013						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	757	547	5,036	2,350	8,690	12	(188)

	2012						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	665	940	5,552	2,883	10,040	40	(430)

The credit risk weighted amounts in respect of the above derivatives of the Group and the Bank as at the end of the reporting date are as follows:

	2013	
	Group	Bank
Counterparty credit default risk-weighted assets	33,670	14,460
Currency derivatives	31,252	12,513
Interest rate derivatives	1,348	824
Commodity derivatives and others	1,070	1,123
Credit value adjustment	19,874	16,194
	53,544	30,654

(i) The credit risk weighted amounts represent the counterparty credit risk associated with derivative transactions and are calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC, which include counterparty credit default risk-weighted assets and credit value adjustment.

(ii) The Group and the Bank previously calculated the credit risk-weighted assets for derivatives as at 31 December 2012 in accordance with Regulations Governing Capital Adequacy of Commercial Banks and relevant requirements promulgated by the CBRC, which was superseded from 1 January 2013. The calculation is listed as follows:

	2012	
	Group	Bank
Currency derivatives	10,080	9,369
Interest rate derivatives	2,568	1,823
Commodity derivatives and others	1,093	787
	13,741	11,979

(In RMB millions, unless otherwise stated)

25. REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements comprise reverse repurchases of securities, bills, loans, and cash advanced as collateral on securities borrowing.

	Group		Bank	
	2013	2012	2013	2012
Reverse repurchases (i)	292,731	526,054	95,575	320,133
Cash advanced as collateral on securities borrowing	39,172	18,525	–	–
	331,903	544,579	95,575	320,133
Reverse repurchases analysed by counterparty:				
Banks	94,949	153,324	81,447	153,207
Other financial institutions	197,782	372,730	14,128	166,926
	292,731	526,054	95,575	320,133
Reverse repurchases analysed by collateral:				
Securities	228,337	448,409	28,976	243,012
Bills	61,876	73,358	58,736	73,556
Loans	2,518	4,287	7,863	3,565
	292,731	526,054	95,575	320,133

(i) In accordance with master repo agreements and related supplementary agreements, the Group offsets reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting (note 3(12)), and presents net positive (or negative) amounts as reverse repurchase agreements (or repurchase agreements) in the financial statement. As at 31 December 2013, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB339,102 million and 366,696 million, respectively, and the net reverse repurchase agreements and net repurchase agreements were RMB173,497 million and RMB201,091 million, respectively.

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. At 31 December 2013, the Group had received securities with a fair value of approximately RMB199,239 million on such terms (31 December 2012: RMB353,994 million). Of these, securities with a fair value of approximately RMB191,300 million have been repledged under repurchase agreements (31 December 2012: RMB353,994 million). The Group has an obligation to return the securities to its counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

26. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	2013	2012	2013	2012
Corporate loans and advances	7,046,515	6,332,578	6,574,098	5,952,302
Personal loans	2,727,601	2,287,103	2,685,987	2,250,414
Discounted bills	148,258	184,011	144,846	182,113
	9,922,374	8,803,692	9,404,931	8,384,829
Less: Allowance for impairment losses	(240,959)	(220,403)	(235,485)	(216,460)
	9,681,415	8,583,289	9,169,446	8,168,369

(In RMB millions, unless otherwise stated)

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movements of allowance for impairment losses during the year are as follows:

Group

	Individually assessed	Collectively assessed	Total
At 1 January 2012	35,409	159,469	194,878
Impairment loss:	2,286	30,286	32,572
— impairment allowances charged	13,933	103,257	117,190
— impairment allowances transferred	84	(84)	–
— reversal of impairment allowances	(11,731)	(72,887)	(84,618)
Accreted interest on impaired loans (note 6)	(944)	–	(944)
Write-offs	(6,279)	(1,249)	(7,528)
Recoveries of loans and advances previously written off	701	191	892
Others	232	301	533
At 31 December 2012 and 1 January 2013	31,405	188,998	220,403
Impairment loss:	22,941	15,157	38,098
— impairment allowances charged	35,964	107,889	143,853
— impairment allowances transferred	417	(417)	–
— reversal of impairment allowances	(13,440)	(92,315)	(105,755)
Accreted interest on impaired loans (note 6)	(2,019)	–	(2,019)
Write-offs	(14,002)	(2,498)	(16,500)
Recoveries of loans and advances previously written off	740	237	977
At 31 December 2013	39,065	201,894	240,959

Bank

	Individually assessed	Collectively assessed	Total
At 1 January 2012	34,411	157,811	192,222
Impairment loss:	1,906	29,517	31,423
— impairment allowances charged	13,083	101,549	114,632
— impairment allowances transferred	80	(80)	–
— reversal of impairment allowances	(11,257)	(71,952)	(83,209)
Accreted interest on impaired loans	(924)	–	(924)
Write-offs	(5,879)	(1,236)	(7,115)
Recoveries of loans and advances previously written off	694	160	854
At 31 December 2012 and 1 January 2013	30,208	186,252	216,460
Impairment loss:	22,175	14,000	36,175
— impairment allowances charged	35,050	106,641	141,691
— impairment allowances transferred	404	(404)	–
— reversal of impairment allowances	(13,279)	(92,237)	(105,516)
Accreted interest on impaired loans	(2,008)	–	(2,008)
Write-offs	(13,644)	(2,414)	(16,058)
Recoveries of loans and advances previously written off	679	237	916
At 31 December 2013	37,410	198,075	235,485

(In RMB millions, unless otherwise stated)

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movements of allowance for impairment losses during the year analysed into those attributable to corporate loans and advances and discounted bills and personal loans are as follows:

Group

	Corporate loans and advances and discounted bills	Personal loans	Total
At 1 January 2012	147,337	47,541	194,878
Impairment loss:	19,051	13,521	32,572
— impairment allowances charged	88,269	28,921	117,190
— reversal of impairment allowances	(69,218)	(15,400)	(84,618)
Accreted interest on impaired loans (note 6)	(944)	–	(944)
Write-offs	(6,279)	(1,249)	(7,528)
Recoveries of loans and advances previously written off	701	191	892
Others	188	345	533
At 31 December 2012 and 1 January 2013	160,054	60,349	220,403
Impairment loss:	27,644	10,454	38,098
— impairment allowances charged	112,027	31,826	143,853
— reversal of impairment allowances	(84,383)	(21,372)	(105,755)
Accreted interest on impaired loans (note 6)	(2,019)	–	(2,019)
Write-offs	(14,002)	(2,498)	(16,500)
Recoveries of loans and advances previously written off	740	237	977
At 31 December 2013	172,417	68,542	240,959

Bank

	Corporate loans and advances and discounted bills	Personal loans	Total
At 1 January 2012	144,758	47,464	192,222
Impairment loss:	17,921	13,502	31,423
— impairment allowances charged	85,931	28,701	114,632
— reversal of impairment allowances	(68,010)	(15,199)	(83,209)
Accreted interest on impaired loans	(924)	–	(924)
Write-offs	(5,879)	(1,236)	(7,115)
Recoveries of loans and advances previously written off	694	160	854
At 31 December 2012 and 1 January 2013	156,570	59,890	216,460
Impairment loss:	25,983	10,192	36,175
— impairment allowances charged	110,145	31,546	141,691
— reversal of impairment allowances	(84,162)	(21,354)	(105,516)
Accreted interest on impaired loans	(2,008)	–	(2,008)
Write-offs	(13,644)	(2,414)	(16,058)
Recoveries of loans and advances previously written off	679	237	916
At 31 December 2013	167,580	67,905	235,485

(In RMB millions, unless otherwise stated)

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	Group		Bank	
	2013	2012	2013	2012
Loans and advances for which allowance for impairment losses are:				
Individually assessed	73,263	60,977	70,025	58,419
Collectively assessed	9,849,111	8,742,715	9,334,906	8,326,410
	9,922,374	8,803,692	9,404,931	8,384,829
Less: Allowance for impairment losses:				
Individually assessed	(39,065)	(31,405)	(37,410)	(30,208)
Collectively assessed	(201,894)	(188,998)	(198,075)	(186,252)
	(240,959)	(220,403)	(235,485)	(216,460)
Net loans and advances for which allowance for impairment losses are:				
Individually assessed	34,198	29,572	32,615	28,211
Collectively assessed	9,647,217	8,553,717	9,136,831	8,140,158
	9,681,415	8,583,289	9,169,446	8,168,369
Identified impaired loans and advances	93,689	74,575	90,199	71,761
Percentage of impaired loans and advances	0.94%	0.85%	0.96%	0.86%

27. FINANCIAL INVESTMENTS

		Group		Bank	
		2013	2012	2013	2012
Receivables	(a)	324,488	364,715	320,407	364,232
Held-to-maturity investments	(b)	2,624,400	2,576,562	2,624,378	2,582,790
Available-for-sale financial assets	(c)	1,000,800	920,939	916,541	861,260
		3,949,688	3,862,216	3,861,326	3,808,282

(a) Receivables

The receivables are unlisted and stated at amortised cost and comprise the following:

		Group		Bank	
		2013	2012	2013	2012
Huarong bonds	(i)	146,046	175,096	146,046	175,096
Special government bond	(ii)	85,000	85,000	85,000	85,000
Others	(iii)	93,442	104,619	89,361	104,136
		324,488	364,715	320,407	364,232

(i) The Huarong bonds are a series of long term bonds issued by China Huarong Asset Management Corporation ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. In 2010, the Bank received a notice from the Ministry of Finance of the People's Republic of China (the "MOF") that the maturity dates of the Huarong bonds were extended for another ten years and the interest rate remains unchanged. Additionally, the MOF will continue providing funding in support of the repayment of the principal and interest of the bonds. In 2013, the Bank received early repayment amounting to RMB29,050 million (2012: RMB137,900 million).

(ii) The special government bond represents a non-negotiable bond with a nominal value of RMB85,000 million issued by the MOF to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.

(iii) Others include government, financial and corporate bonds and debt investment plans. The balance represents debt securities with fixed or determinable payments that are not quoted in an active market. They mature from February 2014 to July 2027 and bear interest rates ranging from 3.60% to 7.94% per annum. During the reporting period, the amounts which have been matured have been repaid without overdue history.

(In RMB millions, unless otherwise stated)

27. FINANCIAL INVESTMENTS (CONTINUED)

(b) Held-to-maturity investments

Held-to-maturity investments are stated at amortised cost and comprise the following:

	Group		Bank	
	2013	2012	2013	2012
Debt securities	2,624,542	2,577,022	2,624,436	2,583,151
Less: Allowance for impairment losses	(142)	(460)	(58)	(361)
	2,624,400	2,576,562	2,624,378	2,582,790

	Group		Bank	
	2013	2012	2013	2012
Analysed into:				
Listed in Hong Kong	1,167	107	–	–
Listed outside Hong Kong	843,414	744,456	842,066	742,122
Unlisted	1,779,819	1,831,999	1,782,312	1,840,668
	2,624,400	2,576,562	2,624,378	2,582,790
Market value of listed debt securities	844,581	746,087	842,066	743,624

For the year ended 31 December 2013, the Group disposed of securities classified as held-to-maturity with a total carrying amount of RMB898 million prior to their maturity. The carrying amount of held-to-maturity securities sold accounted for 0.03% of the total amount of the Group's held-to-maturity investments.

(c) Available-for-sale financial assets

Available-for-sale financial assets comprise the following:

	Group		Bank	
	2013	2012	2013	2012
Debt securities, at fair value (i)	988,318	914,344	914,488	860,011
Other debt instruments, at fair value	6,220	2,799	–	–
Equity investments:				
At fair value (i)	5,461	2,655	1,370	148
At cost (ii)	801	1,141	683	1,101
Debt for equity swaps	1,209	1,619	1,209	1,619
Others	395	325	275	283
Less: Allowance for impairment losses of equity investments, at cost	(803)	(803)	(801)	(801)
	1,000,800	920,939	916,541	861,260
Debt securities analysed into:				
Listed in Hong Kong	14,954	7,633	4,981	1,783
Listed outside Hong Kong	166,693	134,210	136,641	106,819
Unlisted	806,671	772,501	772,866	751,409
	988,318	914,344	914,488	860,011
Equity investments analysed into:				
Listed in Hong Kong	347	502	–	–
Listed outside Hong Kong	2,088	320	1,280	146
Unlisted	3,827	2,974	773	1,103
	6,262	3,796	2,053	1,249
Market value of listed securities:				
Debt securities	181,647	141,843	141,622	108,602
Equity investments	4,633	822	1,280	146
	186,280	142,665	142,902	108,748

(In RMB millions, unless otherwise stated)

27. FINANCIAL INVESTMENTS (CONTINUED)

(c) Available-for-sale financial assets (continued)

(i) When impairment of an available-for-sale investment measured at fair value occurs, any impairment loss recognised is recorded in the carrying amount directly. As at 31 December 2013, the available-for-sale financial assets measured at fair value include impaired debt securities whose carrying amount is RMB39 million (31 December 2012: RMB106 million), and individually impaired equity investments whose carrying amount is RMB470 million (31 December 2012: RMB483 million), with the accrual of impairment loss recognised in the income statement for the year of RMB36 million (2012: accrual of impairment loss of RMB41 million) on available-for-sale debt securities; and the accrual of impairment loss recognised in the income statement for the year of RMB66 million (2012: RMB547 million) on available-for-sale equity investments.

(ii) Certain available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any impairment losses. There is no active market for these investments and it is the Group's intention to dispose of them as opportunities arise. During the year, the carrying amount of these equity investments decreased by RMB31 million (2012: RMB3 million). The gain on disposal of available-for-sale equity investments is RMB10 million during the year (2012: RMB37 million).

(d) Movements of allowance for impairment losses of held-to-maturity investments and available-for-sale equity investments measured at cost during the year are as follows:

	Group			Bank		
	Held-to-maturity investments	Available-for-sale equity investments	Total	Held-to-maturity investments	Available-for-sale equity investments	Total
At 1 January 2012	494	958	1,452	387	813	1,200
Charge for the year	1	19	20	1	19	20
Reversal	(31)	–	(31)	(24)	–	(24)
Disposals	(4)	(174)	(178)	(3)	(31)	(34)
At 31 December 2012 and 1 January 2013	460	803	1,263	361	801	1,162
Reversal	(295)	–	(295)	(282)	–	(282)
Disposals	(23)	–	(23)	(21)	–	(21)
At 31 December 2013	142	803	945	58	801	859

28. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2013	2012
Unlisted investments, at cost	73,850	69,638

(In RMB millions, unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the Group's principal subsidiaries as at the end of the reporting period are as follows:

Name	Percentage of equity interest 2013 %	Percentage of equity interest 2012 %	Voting rights 2013 %	Nominal value of issued share/paid-in capital 2013	Amount invested by the Bank	Place of incorporation/registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	100	HKD4,129 million	HKD34,142 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited	100	100	100	HKD4,839 million	HKD4,882 million	Hong Kong, the PRC	Investment banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
ICBC (London) PLC ("ICBC London")	100	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
Industrial and Commercial Bank of China (Europe) S.A.	100	100	100	EUR215 million	EUR215 million	Luxembourg	Commercial banking
PT. Bank ICBC Indonesia	98.61	97.50	98.61	IDR2,692.2 billion	USD286 million	Jakarta, Indonesia	Commercial banking
ZAO Industrial and Commercial Bank of China (Moscow)	100	100	100	RUB2,310 million	RUB2,310 million	Moscow, Russia	Commercial banking
ICBC Financial Leasing Co., Ltd. *	100	100	100	RMB8,000 million	RMB8,000 million	Tianjin, the PRC	Leasing
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	89.33	MOP461 million	MOP9,188 million	Macau, the PRC	Commercial banking
Industrial and Commercial Bank of China (Middle East) Limited	100	100	100	USD50 million	USD50 million	Dubai, United Arab Emirates	Commercial and investment banking
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking
Industrial and Commercial Bank of China (Canada)	80	80	80	CAD108 million	CAD138.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	100	MYR331 million	MYR331 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.70	97.70	97.70	THB14,187 million	THB17,871 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	100	USD50 million	USD50.25 million	Delaware and New York United States	Broker dealer
ICBC-AXA Assurance Co., Ltd *	60	60	60	RMB5,705 million	RMB3,900 million	Shanghai, China	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	80	USD169 million	USD146 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC Argentina")	80	80	80	ARS1,345 million	ARS3,505 million	Buenos Aires, Argentina	Commercial banking
Industrial and Commercial Bank of China (Peru) Limited	100	100	100	USD50 million	USD50 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brazil) Limited	100	–	100	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited	100	–	100	NZD60.38 million	NZD60.38 million	Auckland, New Zealand	Commercial banking

* These subsidiaries incorporated in Mainland China are all limited liability companies.

(In RMB millions, unless otherwise stated)

28. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The above table lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associate and joint ventures comprise the following:

		Group	
		2013	2012
Interest in associates	(a)	27,857	32,603
Interest in joint ventures	(b)	658	681
		28,515	33,284

	Group	
	2013	2012
Share of net assets	16,550	18,163
Goodwill	12,313	15,469
	28,863	33,632
Less: Allowance for impairment losses	(348)	(348)
	28,515	33,284

	Bank	
	2013	2012
Shares listed outside Hong Kong, at cost	34,243	33,883

(a) Interest in associates

(i) Particulars of the Group's only material associate is as follows:

	Percentage of equity interest		Voting rights		
Name	31 December 2013 %	31 December 2012 %	31 December 2013 %	Place of incorporation/ registration	Principal activities
Standard Bank Group Limited ("Standard Bank") (i)	20.09	20.05	20.09	Johannesburg, Republic of South Africa	Commercial banking

(i) Standard Bank, a listed commercial bank in Republic of South Africa and a strategic partner for the Group, enables the Group to widen its customer base in Africa.

The market value of the Group's investment in Standard Bank is amount to RMB24,016 million as at 31 December 2013 (31 December 2012: RMB27,990 million).

(In RMB millions, unless otherwise stated)

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Interest in associates (continued)

The summarised financial information of Standard Bank, being consistent with the Group's accounting policies, and reconciled to the carrying amounts in the Group's consolidated financial statements:

	2013	2012
Gross amounts of the associate		
Assets	985,554	1,138,166
Liabilities	894,821	1,039,279
Net assets	90,733	98,887
Revenue	44,931	52,757
Profit from continuing operations	9,919	12,433
Other comprehensive income	3,798	1,003
Total comprehensive income	13,717	13,436
Dividends received from the associate	3,742	4,836
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	77,871	86,065
Group's effective interest	20.09%	20.05%
Group's share of net assets of the associate	15,644	17,256
Goodwill	12,277	15,433
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	27,921	32,689

(ii) The following tables illustrate the summarised financial information of the associates that are not individually material to the Group:

	2013	2012
Aggregate amounts of the Group's share of those associates		
Profit from continuing operations	34	26
Other comprehensive income	–	–
Total comprehensive income	34	26

(iii) Reconciliation of carrying amounts to the Group's total interests in the associates

	2013	2012
Carrying amount of material associates — Standard Bank	27,921	32,689
Carrying amount of individually immaterial associates	284	262
Less: Allowance for impairment losses	(348)	(348)
Interest in associates in the consolidated financial statements	27,857	32,603

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(b) Interest in joint ventures

The Group has interests in a number of individually immaterially joint ventures. The following tables illustrate the summarized financial information of the joint ventures that are not individually material to the Group:

	2013	2012
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	658	681
Aggregate amounts of the Group's share of those joint ventures		
Profit from continuing operations	70	133
Other comprehensive income	–	1
Total comprehensive income	70	134

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

(In RMB millions, unless otherwise stated)

30. PROPERTY AND EQUIPMENT

Group

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2012	98,031	16,112	5,528	45,912	10,310	175,893
Additions	2,684	13,308	1,095	7,291	6,159	30,537
CIP transfer in/(out)	6,067	(6,688)	–	505	116	–
Acquisition of subsidiaries	282	–	143	270	–	695
Disposals	(438)	(70)	(106)	(2,200)	(791)	(3,605)
At 31 December 2012 and 1 January 2013	106,626	22,662	6,660	51,778	15,794	203,520
Additions	3,918	15,132	1,735	7,972	14,860	43,617
CIP transfer in/(out)	7,639	(12,561)	–	1,349	3,573	–
Disposals	(428)	(322)	(138)	(1,369)	(214)	(2,471)
At 31 December 2013	117,755	24,911	8,257	59,730	34,013	244,666
Accumulated depreciation and impairment:						
At 1 January 2012	25,100	58	2,800	28,433	474	56,865
Depreciation charge for the year (note 12)	5,071	–	927	6,658	559	13,215
Disposals	(232)	–	(77)	(2,102)	(38)	(2,449)
At 31 December 2012 and 1 January 2013	29,939	58	3,650	32,989	995	67,631
Depreciation charge for the year (note 12)	5,459	–	1,034	6,852	1,075	14,420
Impairment charge for the year	–	12	–	–	58	70
Disposals	(256)	–	(70)	(1,318)	(158)	(1,802)
At 31 December 2013	35,142	70	4,614	38,523	1,970	80,319
Net carrying amount:						
At 31 December 2012	76,687	22,604	3,010	18,789	14,799	135,889
At 31 December 2013	82,613	24,841	3,643	21,207	32,043	164,347

(In RMB millions, unless otherwise stated)

30. PROPERTY AND EQUIPMENT (CONTINUED)

Bank

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Total
Cost:					
At 1 January 2012	97,057	14,193	5,140	45,453	161,843
Additions	2,494	11,008	1,013	7,227	21,742
CIP transfer in/(out)	5,946	(6,451)	–	505	–
Disposals	(412)	(69)	(85)	(2,117)	(2,683)
At 31 December 2012 and 1 January 2013	105,085	18,681	6,068	51,068	180,902
Additions	3,571	8,861	1,054	6,196	19,682
CIP transfer in/(out)	7,639	(8,988)	–	1,349	–
Disposals	(423)	(263)	(26)	(1,024)	(1,736)
At 31 December 2013	115,872	18,291	7,096	57,589	198,848
Accumulated depreciation and impairment:					
At 1 January 2012	25,003	58	2,612	28,199	55,872
Depreciation charge for the year	5,031	–	887	6,570	12,488
Disposals	(232)	–	(75)	(2,101)	(2,408)
At 31 December 2012 and 1 January 2013	29,802	58	3,424	32,668	65,952
Depreciation charge for the year	5,269	12	959	6,077	12,317
Disposals	(252)	–	(13)	(872)	(1,137)
At 31 December 2013	34,819	70	4,370	37,873	77,132
Net carrying amount:					
At 31 December 2012	75,283	18,623	2,644	18,400	114,950
At 31 December 2013	81,053	18,221	2,726	19,716	121,716

(In RMB millions, unless otherwise stated)

30. PROPERTY AND EQUIPMENT (CONTINUED)

The carrying value of the Group's and the Bank's properties and buildings is analysed based on the remaining terms of the land leases as follows:

	Group		Bank	
	2013	2012	2013	2012
Long term leases (over 50 years):				
Held in the PRC (other than Hong Kong)	10,254	9,641	10,254	9,641
Held in Hong Kong	514	419	154	144
Held overseas	549	420	52	52
	11,317	10,480	10,460	9,837
Medium term leases (10 to 50 years):				
Held in the PRC (other than Hong Kong)	68,316	62,834	68,423	62,758
Held in Hong Kong	184	155	22	37
Held overseas	646	567	–	5
	69,146	63,556	68,445	62,800
Short term leases (less than 10 years):				
Held in the PRC (other than Hong Kong)	2,147	2,648	2,147	2,646
Held in Hong Kong	1	–	1	–
Held overseas	2	3	–	–
	2,150	2,651	2,148	2,646
	82,613	76,687	81,053	75,283

As at 31 December 2013, the process of obtaining the titleship for the Group's properties and buildings with an aggregate net carrying value of RMB9,327 million (31 December 2012: RMB10,126 million) was still in progress. Management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 31 December 2013, the net carrying value of aircraft and vessels leased out by the Group under operating leases was RMB32,043 million (31 December 2012: RMB14,799 million).

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Group

	2013		2012	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	78,779	19,612	78,301	19,561
Change in fair value of available-for-sale financial assets	39,044	9,782	6,545	1,670
Change in fair value of financial instruments at fair value through profit or loss	(6,941)	(1,874)	(1,569)	(387)
Accrued staff costs	23,005	5,751	23,726	5,932
Others	(18,311)	(4,411)	(16,241)	(3,987)
	115,576	28,860	90,762	22,789

(In RMB millions, unless otherwise stated)

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(a) Analysed by nature (continued)

	2013		2012	
	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred income tax liabilities/ (assets)
Deferred income tax liabilities:				
Allowance for impairment losses	(244)	(45)	(235)	(45)
Change in fair value of available-for-sale financial assets	905	149	908	151
Others	989	316	1,944	446
	1,650	420	2,617	552

Bank

	2013		2012	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	77,126	19,279	76,958	19,235
Change in fair value of available-for-sale financial assets	39,425	9,876	6,678	1,692
Change in fair value of financial instruments at fair value through profit or loss	(7,576)	(1,894)	(1,622)	(406)
Accrued staff costs	23,005	5,751	23,726	5,932
Others	(19,390)	(4,873)	(17,220)	(4,309)
	112,590	28,139	88,520	22,144

(b) Movements of deferred income tax

Group

2013	At 1 January 2013	Total gains/(losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 31 December 2013
Deferred income tax assets:				
Allowance for impairment losses	19,561	51	–	19,612
Change in fair value of available-for-sale financial assets	1,670	–	8,112	9,782
Change in fair value of financial instruments at fair value through profit or loss	(387)	(1,487)	–	(1,874)
Accrued staff costs	5,932	(181)	–	5,751
Others	(3,987)	(456)	32	(4,411)
	22,789	(2,073)	8,144	28,860

(In RMB millions, unless otherwise stated)

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Movements of deferred income tax (continued)

Group (continued)

2012	At 1 January 2012	Total gains/(losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	Acquisition of subsidiaries	At 31 December 2012
Deferred income tax assets:					
Allowance for impairment losses	19,378	112	–	71	19,561
Change in fair value of available-for-sale financial assets	1,446	–	222	2	1,670
Change in fair value of financial instruments at fair value through profit or loss	(1,247)	837	–	23	(387)
Accrued staff costs	5,764	168	–	–	5,932
Others	(3,403)	(807)	(15)	238	(3,987)
	21,938	310	207	334	22,789

2013	At 1 January 2013	Total losses recorded in profit or loss	Total losses recorded in other comprehensive income	At 31 December 2013
Deferred income tax liabilities:				
Allowance for impairment losses	(45)	–	–	(45)
Change in fair value of available-for-sale financial assets	151	–	(2)	149
Others	446	(101)	(29)	316
	552	(101)	(31)	420

2012	At 1 January 2012	Total losses recorded in profit or loss	Total losses recorded in other comprehensive income	Acquisition of subsidiaries	At 31 December 2012
Deferred income tax liabilities:					
Allowance for impairment losses	(51)	6	–	–	(45)
Change in fair value of available-for-sale financial assets	78	–	73	–	151
Others	76	20	35	315	446
	103	26	108	315	552

(In RMB millions, unless otherwise stated)

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Movements of deferred income tax (continued)

Bank

2013	At 1 January 2013	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	At 31 December 2013
Deferred income tax asset:				
Allowance for impairment losses	19,235	44	–	19,279
Change in fair value of available-for-sale financial assets	1,692	–	8,184	9,876
Change in fair value of financial instruments at fair value through profit or loss	(406)	(1,488)	–	(1,894)
Accrued staff costs	5,932	(181)	–	5,751
Others	(4,309)	(543)	(21)	(4,873)
	22,144	(2,168)	8,163	28,139

2012	At 1 January 2012	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	At 31 December 2012
Deferred income tax assets:				
Allowance for impairment losses	19,294	(59)	–	19,235
Change in fair value of available-for-sale financial assets	1,445	–	247	1,692
Change in fair value of financial instruments at fair value through profit or loss	(1,247)	841	–	(406)
Accrued staff costs	5,764	168	–	5,932
Others	(3,460)	(850)	1	(4,309)
	21,796	100	248	22,144

The Group and the Bank did not have significant unrecognised deferred income tax assets and liabilities at the end of the reporting period.

32. OTHER ASSETS

	Group		Bank	
	2013	2012	2013	2012
Interest receivable	98,475	87,496	94,825	84,835
Precious metals	61,821	55,358	61,772	55,297
Land use rights	21,039	20,921	20,952	20,669
Advance payments	30,417	32,639	936	1,558
Settlement accounts	91,380	89,561	82,162	80,627
Goodwill (i)	8,528	8,821	–	–
Repossessed assets	1,926	1,849	1,741	1,623
Others	9,871	15,706	5,782	13,151
	323,457	312,351	268,170	257,760

(In RMB millions, unless otherwise stated)

32. OTHER ASSETS (CONTINUED)

(i) Goodwill arising from business combinations has been allocated to the Group's CGU, which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections based on financial forecasts approved by management of the subsidiaries. The average growth rates are extrapolated using the estimated rates which do not exceed the long term average growth rate for the business in which the CGU operates. The discount rate is the pre-tax rate and reflects the specific risk associated with the CGU.

As indicated by the impairment tests, goodwill arising from business combinations is not impaired and thus, no impairment loss is recognised.

33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		Bank	
		2013	2012	2013	2012
Wealth management products	(1)	349,634	205,064	349,634	205,064
Structured deposits	(2)(a)	141,925	60,425	141,790	60,425
Financial liabilities related to precious metals	(2)(b)	59,527	52,346	59,524	52,346
Debt securities	(2)(c)	2,358	1,907	1,811	1,907
Others		163	–	–	–
		553,607	319,742	552,759	319,742

(1) The principal guaranteed wealth management products issued by the Group and the financial assets invested by the aforesaid product form part of a group of financial instruments that are together managed on a fair value basis, and are classified as financial liabilities and financial assets designated at fair value through profit or loss, respectively. The fair value of the wealth management products was RMB869 million lower than the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity as at 31 December 2013 (31 December 2012: RMB90 million higher).

(2) Structured deposits, certain financial liabilities related to precious metals and debt securities have been matched with derivatives or precious metals as part of a documented risk management strategy to mitigate market risk, such as interest rate risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related derivatives or precious metals were measured at fair value with movements in the fair value taken through the income statement. By designating these financial liabilities at fair value through profit or loss, the movement in their fair values is recorded in the income statement.

(a) As at 31 December 2013, the fair value of structured deposits was higher than the amount that the Group would be contractually required to pay to the holders of these structured deposits upon maturity by RMB306 million (31 December 2012: RMB81.73 million higher).

(b) As at 31 December 2013, the fair value of the financial liabilities related to precious metals was approximately the same as the amount that the Group would be contractually required to pay to the holders (31 December 2012: approximately the same).

(c) The debt securities include notes issued by the Singapore Branch at fixed rates and the credit linked notes issued by ICBC Asia, were classified as financial liabilities designated at fair value through profit or loss. The fair value of the debt securities is lower than the amount that the Group would be contractually required to pay to the holders of these debt securities upon maturity as at 31 December 2013 by RMB21.10 million (31 December 2012: RMB83.25 million higher).

There were no significant changes in the credit spread of the Bank and therefore the amounts of changes in fair value of the financial liabilities that were attributable to changes in credit risk were considered not significant during the years presented and cumulatively as at 31 December 2013 and 31 December 2012. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

(In RMB millions, unless otherwise stated)

34. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2013	2012	2013	2012
Deposits:				
Banks and other financial institutions operating in Mainland China	832,325	1,218,829	853,395	1,218,120
Banks and other financial institutions operating outside Mainland China	34,769	13,794	23,501	15,860
	867,094	1,232,623	876,896	1,233,980
Money market takings:				
Banks and other financial institutions operating in Mainland China	110,987	104,304	24,606	27,198
Banks and other financial institutions operating outside Mainland China	291,174	149,878	270,810	163,094
	402,161	254,182	295,416	190,292
	1,269,255	1,486,805	1,172,312	1,424,272

35. REPURCHASE AGREEMENTS

Repurchase agreements comprise repurchases of securities, bills, loans, and cash received as collateral on securities lending.

	Group		Bank	
	2013	2012	2013	2012
Repurchases (note 25(i))	281,060	226,098	63,754	7,313
Cash received as collateral on securities lending	18,244	11,666	–	–
	299,304	237,764	63,754	7,313
Repurchases analysed by counterparty:				
Banks	83,928	16,517	62,756	5,951
Other financial institutions	197,132	209,581	998	1,362
	281,060	226,098	63,754	7,313
Repurchases analysed by collateral:				
Securities	271,512	216,449	55,507	1,399
Bills	8,259	5,927	8,247	5,914
Loans	1,289	3,722	–	–
	281,060	226,098	63,754	7,313

36. CERTIFICATES OF DEPOSIT

Certificates of deposit were mainly issued by Tokyo Branch, Luxembourg Branch, Doha Branch, New York Branch, Sydney Branch, Abu Dhabi Branch, ICBC Asia, ICBC Macau, ICBC London and ICBC Argentina, and were recognised at amortised cost.

(In RMB millions, unless otherwise stated)

37. DUE TO CUSTOMERS

	Group		Bank	
	2013	2012	2013	2012
Demand deposits:				
Corporate customers	4,038,872	3,993,173	3,967,375	3,933,635
Personal customers	2,994,741	2,800,169	2,964,012	2,771,529
Time deposits:				
Corporate customers	3,464,625	2,915,072	3,206,967	2,704,893
Personal customers	3,901,098	3,754,118	3,841,987	3,711,060
Others	221,489	180,378	221,187	180,355
	14,620,825	13,642,910	14,201,528	13,301,472

38. DEBT SECURITIES ISSUED

		Group		Bank	
		2013	2012	2013	2012
Subordinated bonds issued by:					
The Bank	(1)(a)	183,023	183,000	183,023	183,000
A subsidiary	(1)(b)	7,522	4,589	–	–
		190,545	187,589	183,023	183,000
Convertible bonds	(2)	15,907	21,353	15,907	21,353
Other debt securities issued by:	(3)				
The Bank		21,048	9,691	21,551	9,691
Subsidiaries		25,518	13,553	–	–
		46,566	23,244	21,551	9,691
		253,018	232,186	220,481	214,044

(1) Subordinated bonds

(a) As approved by the PBOC and the CBRC, the Bank issued callable subordinated bonds through open market bidding in 2005, 2009, 2010, 2011 and 2012. These subordinated bonds were traded in the bond market among banks. The Bank has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds during the year (2012: Nil). The relevant information on these subordinated bonds is set out below:

Name	Issue date	Issue price (RMB)	Coupon rate	Value date	Maturity date	Circulation date	Issue amount (RMB)	Notes
05 ICBC 02 Bond	2005-8-19	100	3.77%	2005-9-6	2020-9-6	2005-10-11	13,000 million	(i)
09 ICBC 01 Bond	2009-7-16	100	3.28%	2009-7-20	2019-7-20	2009-8-20	10,500 million	(ii)
09 ICBC 02 Bond	2009-7-16	100	4.00%	2009-7-20	2024-7-20	2009-8-20	24,000 million	(iii)
09 ICBC 03 Bond	2009-7-16	100	Base rate +0.58%	2009-7-20	2019-7-20	2009-8-20	5,500 million	(iv)
10 ICBC 01 Bond	2010-9-10	100	3.90%	2010-9-14	2020-9-14	2010-11-3	5,800 million	(v)
10 ICBC 02 Bond	2010-9-10	100	4.10%	2010-9-14	2025-9-14	2010-11-3	16,200 million	(vi)
11 ICBC 01 Bond	2011-6-29	100	5.56%	2011-6-30	2031-6-30	2011-8-30	38,000 million	(vii)
11 ICBC 02 Bond	2011-12-29	100	5.50%	2011-12-30	2026-12-30	2012-1-17	50,000 million	(viii)
12 ICBC 01 Bond	2012-6-11	100	4.99%	2012-6-13	2027-6-13	2012-7-13	20,000 million	(ix)

(i) The Bank has the option to redeem all or part of the bonds at face value on 6 September 2015. If the Bank does not exercise this option, the annual coupon rate will increase by 300 basis points ("bps") thereafter.

(ii) The Bank has the option to redeem all or part of the bonds at face value on 20 July 2014. If the Bank does not exercise this option, the annual coupon rate will increase by 300 bps thereafter.

(iii) The Bank has the option to redeem all or part of the bonds at face value on 20 July 2019. If the Bank does not exercise this option, the annual coupon rate will increase by 300 bps thereafter.

(In RMB millions, unless otherwise stated)

38. DEBT SECURITIES ISSUED (CONTINUED)

(1) Subordinated bonds (continued)

(iv) The base rate for the bonds is the one-year lump-sum deposit and withdrawal time deposit rate published by the PBOC which is applicable on the date of issue or the first value date in each interest-bearing year. The spread in the first five interest-bearing years (i.e., initial spread) is 0.58%. The Bank has the option to redeem all or part of the bonds at face value on 20 July 2014. If the Bank does not exercise this option, the interest spread will increase by 300 bps thereafter.

(v) The Bank has the option to redeem all of the bonds on 14 September 2015 upon the approval of the relevant regulatory authorities.

(vi) The Bank has the option to redeem all of the bonds on 14 September 2020 upon the approval of the relevant regulatory authorities.

(vii) The Bank has the option to redeem all of the bonds on 30 June 2026 upon the approval of the relevant regulatory authorities.

(viii) The Bank has the option to redeem all of the bonds on 30 December 2021 upon the approval of the relevant regulatory authorities.

(ix) The Bank has the option to redeem all of the bonds on 13 June 2022 upon the approval of the relevant regulatory authorities.

(b) On 30 November 2010, ICBC Asia issued a subordinated bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 5.125% per annum. The bond was issued at the price fixed at 99.737% of the nominal amount with maturity due on 30 November 2020.

On 4 November 2011, ICBC Asia issued subordinated notes in an aggregate nominal amount of RMB1,500 million, with a fixed interest rate of 6% per annum. The subordinated notes were issued at the price fixed at 100% of the nominal amount maturing on 4 November 2021.

On 10 October 2013, ICBC Asia issued a subordinated bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 4.5% per annum. The bond was issued at the price fixed at 99.463% of the nominal amount with maturity due on 10 October 2023.

The above subordinated bonds and notes are all listed on The Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited. ICBC Asia has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and notes during the year (2012: Nil).

(2) Convertible bonds

As approved by the CBRC and the China Securities Regulatory Commission, the Bank issued RMB25 billion A share convertible bonds on 31 August 2010.

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
ICBC convertible bonds	31 August 2010	RMB100	Step-up interest rate	31 August 2010	31 August 2016	10 September 2010	RMB25 billion

The convertible bonds have a term of six years. From the first year to the sixth year, the bonds pay an annual coupon at the rates of 0.5%, 0.7%, 0.9%, 1.1%, 1.4% and 1.8%, respectively. The conversion period of the bonds commenced on 1 March 2011, which was the first trading day immediately following the expiry of the six-month period after the date of issuance of the convertible bonds, and ends on 31 August 2016, which is the maturity date of the bonds. Within five trading days after the maturity of the bonds, the Bank shall redeem all the outstanding convertible bonds which have not been converted into shares by then at 105% of the nominal value of these convertible bonds (including the interest last accrued). RMB8,577 million convertible bonds have been converted into shares from 1 March 2011 to 31 December 2013 (1 March 2011 to 31 December 2012: RMB2,323 million).

During the conversion period of the convertible bonds, if the closing prices of the A Shares of the Bank in at least 15 trading days out of 30 consecutive trading days are equal to or higher than 130% of the prevailing conversion price, the Bank shall have the right to redeem all or any part of the outstanding convertible bonds which have not been converted into the shares, at a price equal to the nominal value of the convertible bonds plus the interest accrued. When the nominal value of the balance of the outstanding convertible bonds is less than RMB30 million, the board of the Bank shall have the right to decide whether to redeem all the outstanding convertible bonds at a price equal to the nominal value plus the interest accrued.

(In RMB millions, unless otherwise stated)

38. DEBT SECURITIES ISSUED (CONTINUED)

(2) Convertible bonds (continued)

If, during the term of the convertible bonds, the closing prices of the A Shares of the Bank in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing conversion price, the board of the Bank may propose a downward adjustment to the conversion price to the shareholders for their consideration and approval at a shareholders' general meeting.

The initial conversion price was RMB4.20 per share. The conversion price is subject to adjustment, upon the occurrence of certain events which affect the share capital of the Bank, such as distribution of share dividend, capitalisation, issuance of new shares, rights issue or distribution of cash dividend. During the period from the date of issuance to 31 December 2013, the conversion price was adjusted from RMB4.20 per share to RMB3.53 per share, as a result of the cash dividend distribution and rights issue of A shares and H shares.

The convertible bonds issued have been split into the liability and equity components as follows:

	Liability component	Equity component	Total
Nominal value of convertible bonds	21,998	3,002	25,000
Direct transaction costs	(113)	(17)	(130)
Balance as at the issuance date	21,885	2,985	24,870
Accretion of interest	239	–	239
Balance as at 31 December 2010	22,124	2,985	25,109
Conversion	(234)	(31)	(265)
Accretion of interest	718	–	718
Balance as at 31 December 2011	22,608	2,954	25,562
Conversion	(1,916)	(246)	(2,162)
Accretion of interest	661	–	661
Balance as at 31 December 2012	21,353	2,708	24,061
Conversion	(6,001)	(748)	(6,749)
Accretion of interest	555	–	555
Balance as at 31 December 2013	15,907	1,960	17,867

(3) Other debt securities issued

As at 31 December 2013, the Group's other debt securities issued mainly include:

The Bank:

(i) Sydney Branch issued debt securities amounting to RMB2,051 million denominated in AUD. These securities were issued at par value with maturities between 2014 and 2017 at fixed or floating interest rates. In 2013, Sydney Branch newly issued debt securities amounting to RMB4,562 million denominated in AUD, HKD and JPY. These securities were issued at par value with maturities between 2014 and 2023 at fixed or floating interest rates;

(ii) Singapore Branch issued Euro medium term notes amounting to RMB1,667 million denominated in USD. These notes were issued at par value with maturities in 2014 at floating interest rates. In 2013, Singapore Branch issued debt securities amounting to 2,000 million denominated in RMB. These securities were issued at par value with maturities in 2016 at fixed interest rates;

(iii) Tokyo Branch issued interest free commercial papers amounting to RMB5,280 million denominated in HKD, USD and RMB. These commercial papers were issued at a discount with maturities in 2014.

(iv) The Head Office issued debt securities amounting to 1,000 million denominated in RMB. These securities were issued at par value with maturities in 2015 at fixed interest rates.

(v) The Head Office issued first edition interbank deposits amounting to RMB3,000 million denominated in RMB with maturities in 2014.

(vi) The Head Office issued debt securities in London amounting to 1,300 million and 700 million respectively denominated in RMB. These securities were issued at par value with maturities between 2016 and 2018 at fixed interest rates.

38. DEBT SECURITIES ISSUED (CONTINUED)

(3) Other debt securities issued (continued)

Subsidiaries:

(i) ICBC Asia issued interest-free Equity Linked Notes at 99.986% to 99.995% of the nominal amount denominated in HKD, and Senior Notes at 98.663% to 100.000% of the nominal amount denominated in USD, HKD and RMB at fixed interest rates. These notes amounted to RMB16,277 million with maturities between 2014 and 2016;

(ii) Skysea International Capital Management Limited ("Skysea International"), which is controlled by the Group, issued guaranteed notes of USD750 million with a fixed interest rate of 4.875%. The notes were guaranteed by Hong Kong Branch and were issued at the price fixed at 97.708% of the nominal amount with maturities due on 7 December 2021 amounted to RMB4,478 million. By satisfying certain conditions, Skysea International has the option to redeem all of the notes at any time. The notes were listed on the Stock Exchange of Hong Kong Limited;

(iii) ICBC Thai issued debt securities amounting to RMB1,131 million denominated in THB. These securities were issued at par value with maturities between 2014 and 2015 at fixed interest rates. In 2013, ICBC Thai issued debt securities amounting to RMB3,630 million denominated in THB. These securities were issued at par value with maturities between 2014 and 2018 at fixed interest rates.

39. OTHER LIABILITIES

	Group		Bank	
	2013	2012	2013	2012
Interest payable	212,577	164,451	209,129	162,040
Settlement accounts	112,461	138,141	107,580	134,831
Salaries, bonuses, allowances and subsidies payables (i)	18,742	16,394	17,850	15,188
Early retirement benefits	4,215	7,761	4,215	7,761
Sundry tax payables	11,378	11,240	10,928	10,722
Bank drafts	2,148	3,030	1,655	2,426
Others	75,215	43,457	56,554	26,700
	436,736	384,474	407,911	359,668

(i) Except for the deferred discretionary bonuses for those employees under the deferred performance-based salary scheme pursuant to regulations of the PRC relevant authorities, the salaries, bonuses, allowances and subsidies payables were scheduled to be paid before 30 June 2014. There was no overdue payment for staff salaries, bonuses, allowances, subsidies payables as at 31 December 2013 (31 December 2012: Nil).

40. SHARE CAPITAL

	2013		2012	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 each	86,795	86,795	86,795	86,795
A shares of RMB1 each (i)	264,595	264,595	262,825	262,825
	351,390	351,390	349,620	349,620

Except for the dividends for H shares which are payable in Hong Kong dollars, all of the H shares and A shares rank pari passu with each other in respect of dividends.

40. SHARE CAPITAL (CONTINUED)

(i) According to the "Announcement in relation to the Conversion of ICBC Convertible Bonds", the 250 million convertible bonds (with a nominal value of RMB100 each and an aggregate amount of RMB25 billion) issued by the Bank on 31 August 2010, can be converted into the Bank's A Shares from 1 March 2011. As of 31 December 2013, a total of 85,770,330 convertible bonds were converted into A Shares of the Bank, resulting in an increase of 2,370,127,119 A Shares. In 2013, a total of 62,535,590 convertible bonds were converted into A shares of the Bank, resulting in an increase of 1,769,915,420 A Shares. The number of the Bank's A Shares amounted to 264,594,628,396 at the end of the year.

41. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year pursuant to the Company Law of the People's Republic of China and the Articles to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

Pursuant to the resolution of the board of directors' meeting held on 27 March 2014, an appropriation of 10% of the profit for the year determined under the generally accepted accounting principles of PRC ("PRC GAAP") to the statutory surplus reserve, in the amount of RMB25,382 million (2012: RMB23,318 million) was approved.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

(iii) Other surplus reserve

The Bank's overseas entities appropriate their profits to the surplus reserves in accordance with the relevant regulations promulgated by the local regulatory bodies.

(c) General reserve

From 1 July 2012, the Bank is required by the MOF to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year end balance of its risk assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

The general reserve balance of the Bank as at 31 December 2013 amounted to RMB199,916 million (2012: RMB187,187 million), which has reached 1.5% of the year end balance of the Bank's risk assets.

(In RMB millions, unless otherwise stated)

41. RESERVES (CONTINUED)

(d) Investment revaluation reserve

The investment revaluation reserve records the fair value changes of available-for-sale financial assets.

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Mainland China.

(f) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

(g) Other reserves

Other reserves represent share of reserves of associates and joint ventures.

(h) Distributable profits

The Bank's distributable profits are based on the retained profits of the Bank as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by reference to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies of the respective countries/regions. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

The movements in reserves and retained profits of the Bank during the year are set out below.

	Reserves							
	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Total	Retained profits
Balance at 1 January 2012	136,219	73,951	103,731	(3,868)	(380)	(4,080)	305,573	298,798
Profit for the year	–	–	–	–	–	–	–	231,881
Convertible bonds	1,632	–	–	–	–	–	1,632	–
Change in fair value of available-for-sale investments	–	–	–	(641)	–	–	(641)	–
Foreign currency translation	–	–	–	–	42	–	42	–
Dividend — 2011 final (note 18)	–	–	–	–	–	–	–	(70,912)
Appropriation to surplus reserves (i)	–	23,333	–	–	–	–	23,333	(23,333)
Appropriation to general reserve	–	–	83,456	–	–	–	83,456	(83,456)
Balance as at 31 December 2012 and 1 January 2013	**137,851**	**97,284**	**187,187**	**(4,509)**	**(338)**	**(4,080)**	**413,395**	**352,978**
Profit for the year	–	–	–	–	–	–	–	252,870
Convertible bonds	5,009	–	–	–	–	–	5,009	–
Change in fair value of available-for-sale investments	–	–	–	(24,632)	–	–	(24,632)	–
Foreign currency translation	–	–	–	–	(1,235)	–	(1,235)	–
Dividend — 2012 final (note 18)	–	–	–	–	–	–	–	(83,565)
Appropriation to surplus reserves (i)	–	25,449	–	–	–	–	25,449	(25,449)
Appropriation to general reserve	–	–	12,729	–	–	–	12,729	(12,729)
Others	5	–	–	–	–	–	5	–
Balance as at 31 December 2013	**142,865**	**122,733**	**199,916**	**(29,141)**	**(1,573)**	**(4,080)**	**430,720**	**484,105**

(i) Includes the appropriation made by overseas branches in the amount of RMB67 million (2012: RMB15 million).

(In RMB millions, unless otherwise stated)

42. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2013	2012
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Changes in fair value recorded in other comprehensive income	(32,502)	(321)
Less: Transfer to the income statement arising from disposal/impairment	(1,362)	406
Income tax effect	8,114	149
	(25,750)	234
Cash flow hedges:		
(Loss)/gain during the year	(272)	176
Less: Income tax effect	63	(37)
	(209)	139
Share of other comprehensive income of associates and joint ventures	763	255
Foreign currency translation differences	(11,436)	(1,913)
Others	5	120
Less: Income tax effect	(2)	(13)
	3	107
	(36,629)	(1,178)

43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(1) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment funds, wealth management products, segregated asset management plans and asset-backed financings and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of notes to investors.

(In RMB millions, unless otherwise stated)

43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(1) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2013 in the structured entities sponsored by third party institutions:

	Group 31 December 2013	
	Carrying amount	maximum exposure
Investment funds	2,039	2,039
Wealth management products	6,220	6,220
Specialised asset management plan	140,566	140,566
Asset-backed financings	736	736
	149,561	149,561

The following table sets out an analysis of the line items in the statement of financial position as at 31 December 2013 in which assets are recognised relating to the Group's interests in structured entities sponsored by third parties:

	Group 31 December 2013		
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets designated at fair value through profit or loss
Investment funds	–	2,039	–
Wealth management products	–	6,220	–
Specialised asset management plan	–	–	140,566
Asset-backed financings	517	219	–
	517	8,478	140,566

The maximum exposures to loss in the above investment funds, wealth management products and segregated asset management plans are the fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the asset-backed financings are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the statement of financial positions.

(2) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in as at 31 December 2013

The types of unconsolidated structured entities sponsored by the Group include investment funds and non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services. As at 31 December 2013, the carrying amounts of the investments in the notes issued by these structured entities and fee receivables being recognised are not material in the statement of financial positions.

As at 31 December 2013, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, is RMB847.50 billion and RMB226.86 billion respectively.

(In RMB millions, unless otherwise stated)

43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(3) Unconsolidated structure entities sponsored by the Group during the year which the Group does not have an interest in as at 31 December 2013

During the year of 2013, the amount of fee and commission income received from such category of non-principal-guaranteed wealth management products by the Group is RMB10,541 million.

During the year of 2013, the amount of income received from such category of investment funds was not significant.

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2013 but matured before 31 December 2013 is RMB2,330.93 billion.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of balances of cash and cash equivalents

	Note	2013	2012
Cash on hand	20	80,913	76,060
Balances with central banks other than restricted deposits	20	113,849	318,648
Nostro accounts with banks and other financial institutions with original maturity of three months or less		221,474	279,311
Placements with banks and other financial institutions with original maturity of three months or less		282,479	37,916
Reverse repurchase agreements with original maturity of three months or less		258,687	489,712
		957,402	1,201,647

45. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

(In RMB millions, unless otherwise stated)

45. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

The following table analyses the carrying amount of the abovementioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	31 December 2013		31 December 2012	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	3,390	2,145	590	539
Securities lending agreements	17,443	–	15,906	–
	20,833	2,145	16,496	539

Securitisation transactions

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors.

The Group may retain interests in the form of subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets. As at 31 December 2013, loans with an original carrying amount of RMB3,592 million (31 December 2012: RMB8,011 million) have been securitised by the Group under arrangements in which the Group retains a continuing involvement in such assets in the form of subordinated tranches. As at 31 December 2013, the carrying amount of assets that the Group continues to recognise was RMB182 million (31 December 2012: Nil), and the assets were classified as available-for-sale financial assets.

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognized, and the consideration paid by third parties are recorded as a financial liability. As at 31 December 2013, carrying amount of transferred assets that did not qualify for derecognition were RMB522 million (31 December 2012: nil) and carrying amount of their associated liabilities were RMB214 million (31 December 2012: nil).

46. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

47. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At the end of the reporting period, the Group and the Bank had capital commitments as follows:

	Group		Bank	
	2013	2012	2013	2012
Authorised, but not contracted for	692	952	676	952
Contracted, but not provided for	1,521	11,992	1,521	7,707
	2,213	12,944	2,197	8,659

(In RMB millions, unless otherwise stated)

47. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

Operating lease commitments — Lessee

At the end of the reporting period, the Group and the Bank lease certain of its office properties under operating lease arrangements, and the total future minimum lease payments in respect of non-cancellable operating leases are as follows:

	Group		Bank	
	2013	2012	2013	2012
Within one year	4,448	4,166	4,090	3,995
Over one year but within five years	9,163	10,330	8,964	9,659
Over five years	2,433	1,516	2,073	1,444
	16,044	16,012	15,127	15,098

Operating lease commitments — Lessor

At the end of the reporting period, the Group leases certain aircraft and vessels to third parties under operating lease arrangements, and the total future minimum lease receivables in respect of non-cancellable operating leases with its tenants are as follows:

	Group	
	2013	2012
Within one year	2,993	1,539
Over one year but within five years	10,745	5,293
Over five years	7,755	4,794
	21,493	11,626

(c) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	Group		Bank	
	2013	2012	2013	2012
Bank acceptances	327,048	341,033	325,147	338,157
Guarantees issued:				
Financing letters of guarantees	102,275	47,148	149,441	98,952
Non-financing letters of guarantees	276,913	213,874	320,312	257,092
Sight letters of credit	88,669	52,190	72,480	50,276
Usance letters of credit and other commitments	409,095	347,271	408,713	337,524
Loan commitments:				
With an original maturity of under one year	265,303	214,370	130,583	88,967
With an original maturity of one year or over	536,245	453,520	470,595	421,671
Undrawn credit card limit	440,408	406,800	432,465	405,014
	2,445,956	2,076,206	2,309,736	1,997,653

(In RMB millions, unless otherwise stated)

47. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Credit commitments (continued)

	2013	
	Group	Bank
Credit risk weighted amount of credit commitments	917,567	894,779

(i) The credit risk weighted amount refers to the amount computed in accordance with Regulation Governing Capital of Commercial Banks (Provisional) promulgated by the CBRC. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors.

(ii) As at 31 December 2012, the credit risk weighted amount was computed in accordance with Regulations Governing Capital Adequacy of Commercial Banks and relevant requirements promulgated by the CBRC, which was superseded from 1 January 2013.

	2012	
	Group	Bank
Credit risk weighted amount of credit commitments	817,008	786,472

(d) Legal proceedings

As at 31 December 2013, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB2,389 million (31 December 2012: RMB1,559 million).

In the opinion of management, the Group and the Bank have made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits will not have a material impact on the financial position or operations of the Group and the Bank.

(e) Redemption commitments of government bonds

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public, in which the Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2013, the Bank had underwritten and sold bonds with an accumulated amount of RMB87,982 million (31 December 2012: RMB99,861 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(f) Underwriting obligations

As at 31 December 2013, the Group and the Bank had no unexpired securities underwriting obligations (31 December 2012: Nil).

48. DESIGNATED FUNDS AND LOANS

	Group	
	2013	2012
Designated funds	865,931	730,140
Designated loans	865,492	729,451

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group does not bear any risk.

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

(In RMB millions, unless otherwise stated)

49. ASSETS PLEDGED AS SECURITY

Financial assets of the Group including securities, bills and loans have been pledged as security for liabilities or contingent liabilities, mainly the repurchase agreements and derivative contracts. As at 31 December 2013, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB64,358 million (31 December 2012: RMB13,341 million).

50. FIDUCIARY ACTIVITIES

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in note 7 above. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

51. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) Shareholders with significant influence

(i) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 31 December 2013, the MOF directly owned approximately 35.09% (31 December 2012: approximately 35.27%) of the issued share capital of the Bank. The Group enters into banking transactions with the MOF in its normal course of business, including the subscription and redemption of government bonds issued by the MOF. Details of the material transactions are as follows:

	2013	2012
Balances at end of the year:		
The PRC government bonds and the special government bond	1,015,396	831,417

	2013	2012
Transactions during the year:		
Subscription of the PRC government bonds	203,505	84,587
Redemption of the PRC government bonds	103,087	90,895
Interest income on the PRC government bonds	32,988	29,918
Interest rate ranges during the year are as follows:	%	%
Bond investments	0 to 6.34	0.41 to 6.34

As of 31 December 2013, the Group holds a series of long term bonds issued by Huarong, which is under the control of the MOF, with an aggregate amount of RMB146,046 million (31 December 2012: RMB175,096 million). The details of the Huarong bonds are included in note 27.

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in note 51(g) "transactions with state-owned entities in the PRC".

(In RMB millions, unless otherwise stated)

51. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Shareholders with significant influence (continued)

(ii) Huijin

As at 31 December 2013, Central Huijin Investment Ltd ("Huijin") directly owned approximately 35.33% (31 December 2012: approximately 35.46%) of the issued share capital of the Bank. Huijin is a state-owned investment company established on 16 December 2003 under the Company Law of the PRC. Huijin has total registered and paid-in capital of RMB828,209 million. Huijin is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation by the State, Huijin makes equity investments in the key state-owned financial institutions, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not engage in other business activities, and does not intervene in the day-to-day business operations of the key state-owned financial institutions it controls.

As at 31 December 2013, the Huijin Bonds held by the Bank are of an aggregate face value of RMB21.63 billion (31 December 2012: RMB18.13 billion), with terms ranging from 5 to 30 years and coupon rates ranging from 3.14% to 4.20% per annum. The Huijin Bonds are government-backed and the Bank's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory requirements and the corporate governance of the Bank.

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and at the market rates. Details of the material transactions are as follows:

	2013	2012
Balances at end of the year:		
Debt securities purchased	19,387	17,288
Interest receivable	239	190
Deposits	11,763	10,236
Interest payable	170	16

	2013	2012
Transactions during the year:		
Interest income on debt securities purchased	677	760
Interest expense on deposits	216	77
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	3.14 to 4.20	3.14 to 4.20
Deposits	0.01 to 3.30	0.01 to 2.86

(In RMB millions, unless otherwise stated)

51. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Shareholders with significant influence (continued)

Huijin has equity interests in certain other banks and financial institutions under the direction of the Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms. Management considers that these banks and financial institutions are competitors of the Group. Significant transactions during the year conducted with these banks and financial institutions, and the corresponding balances as at 31 December 2013 are as follows:

	2013	2012
Balances at end of the year:		
Debt securities purchased	993,156	979,291
Due from these banks and financial institutions	69,330	142,413
Derivative financial assets	382	809
Due to these banks and financial institutions	82,077	115,434
Derivative financial liabilities	394	1,754

	2013	2012
Transactions during the year:		
Interest income on debt securities purchased	39,579	36,495
Interest income on amounts due from these banks and financial institutions	793	2,004
Interest expense on amounts due to these banks and financial institutions	2,290	1,067
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	0 to 8.25	0 to 8.25
Due from these banks and financial institutions	0 to 7.80	0 to 9.00
Due to these banks and financial institutions	0.0001 to 7.50	0.0001 to 7.40

The interest rates disclosed above vary across product groups and transactions depending on the maturity date, credit risk of counterparty and currency. In particular, given local market conditions, the spread of certain significant or long dated transactions can vary across the market.

(b) Subsidiaries

	2013	2012
Balances at end of the year:		
Debt securities purchased	6,868	14,029
Due from banks and other financial institutions	214,705	105,779
Loans and advances to customers	9,701	5,784
Derivative financial assets	199	887
Due to banks and other financial institutions	215,164	41,466
Derivative financial liabilities	2,459	764
Commitments	126,398	116,423

	2013	2012
Transactions during the year:		
Interest income on debt securities purchased	78	133
Interest income on amounts due from banks and other financial institutions	956	1,112
Interest income on loans and advances to customers	467	240
Interest expense on amounts due to banks and other financial institutions	657	619
Net trading expense	55	72
Net fee and commission income	453	315
Interest rate ranges during the year are as follows:	%	%
Debt securities purchased	0 to 2.74	0 to 1.55
Due from banks and other financial institutions	0 to 7.78	0 to 7.66
Loans and advances to customers	1.67 to 6.77	1.75 to 6.90
Due to banks and other financial institutions	0 to 7.77	0 to 6.00

The material balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements.

(In RMB millions, unless otherwise stated)

51. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Associates and affiliates

	2013	2012
Balances at end of the year:		
Due from banks	203	334
Loans to associates	488	3,100
Other receivables	–	209
Due to banks	850	3,341
Deposits	42	125

	2013	2012
Transactions during the year:		
Interest income on amounts due from banks	–	4
Interest income on loans to associates	20	62
Interest expense on amounts due to banks	14	46
Interest rate ranges during the year are as follows:	%	%
Due from banks	0.01 to 2.50	0.72 to 5.40
Loans to associates	1.63 to 2.68	1.47 to 2.84
Due to banks	0 to 2.50	0.50 to 1.65
Deposits	1.05 to 1.11	0 to 2.80

The major transactions between the Group and the associates and their affiliates mainly comprised taking and placing interbank balances, lending and deposit taking and the corresponding interest income and interest expense. In the opinion of management, the transactions between the Group and the associates and their affiliates were conducted under normal commercial terms and conditions.

(d) Joint ventures and affiliates

	2013	2012
Balances at end of the year:		
Deposits	47	264

	2013	2012
Transactions during the year:		
Interest expense on deposits	2	4
Interest rate ranges during the year are as follows:	%	%
Deposits	0.35 to 3.90	0.35 to 1.05

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

51. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

The aggregate compensation for the year, other than those for the personnel disclosed in note 13 above, is as follows:

	2013 RMB'000	2012 RMB'000
Short term employment benefits	5,236	13,233
Post-employment benefits	199	849
	5,435	14,082

Note: The above compensation for the year ended 31 December 2012 was restated in accordance with the supplemental announcement for the 2012 annual report released by the Bank on 27 June 2013.

The total compensation packages for senior management of the Bank for the year ended 31 December 2013 have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's and the Bank's 2013 financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

Companies or corporations, in which the key management of the Group or their close relatives are shareholders or key management personnel who are able to exercise control directly or indirectly are also considered as related parties of the Group.

The transactions between the Group and the aforementioned parties for the year are as follows:

	2013	2012
Loans	–	687

The aggregated balance of loans and credit card overdraft to the person which are considered as related parties according to the relevant rules of Shanghai Stock Exchange is RMB2.44 million as at 31 December 2013.

In the opinion of management, the transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(f) Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund, Annuity Fund holds the convertible bonds issued by the Group with an amount of RMB18.58 million (31 December 2012: None).

(g) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organizations (collectively the "state-owned entities") During the year, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

51. RELATED PARTY DISCLOSURES (CONTINUED)

(g) Transactions with state-owned entities in the PRC (continued)

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

52. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisational structure, management requirement and internal reporting system.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

Treasury operations

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers.

Others

This segment covers the Group's insurance and leasing services as well as the other assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. These transactions are conducted on terms determined with reference to the average cost of funding and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income/expense". Net interest income and expense relating to third parties are referred to as "external net interest income/expense".

(In RMB millions, unless otherwise stated)

52. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2013					
External net interest income/(expense)	271,599	(168)	171,421	483	443,335
Internal net interest income/(expense)	(68,036)	154,921	(86,885)	–	–
Net fee and commission income	76,911	45,254	995	(834)	122,326
Other income, net (i)	1,310	21	3,779	8,130	13,240
Operating income	281,784	200,028	89,310	7,779	578,901
Operating expenses	(92,594)	(85,994)	(17,827)	(7,725)	(204,140)
Impairment losses on:					
Loans and advances to customers	(27,644)	(10,454)	–	–	(38,098)
Others	43	1	9	(276)	(223)
Operating profit/(loss)	161,589	103,581	71,492	(222)	336,440
Share of profits and losses of associates and joint ventures	–	–	–	2,097	2,097
Profit before taxation	161,589	103,581	71,492	1,875	338,537
Income tax expense					(75,572)
Profit for the year					262,965
Other segment information:					
Depreciation	6,614	5,058	2,544	204	14,420
Amortisation	1,016	601	381	20	2,018
Capital expenditure	21,195	15,990	8,103	592	45,880
As at 31 December 2013					
Segment assets	7,193,345	2,765,136	8,820,870	138,401	18,917,752
Including: Investments in associates and joint ventures	–	–	–	28,515	28,515
Property and equipment	64,306	48,874	24,496	26,671	164,347
Other non-current assets (ii)	14,867	7,141	4,638	9,902	36,548
Segment liabilities	8,030,376	7,087,551	2,475,913	45,449	17,639,289
Other segment information:					
Credit commitments	2,005,548	440,408	–	–	2,445,956

(i) Including net trading income, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and other operating income (net).

(ii) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

(In RMB millions, unless otherwise stated)

52. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2012					
External net interest income/(expense)	276,656	(8,985)	150,087	70	417,828
Internal net interest income/(expense)	(58,023)	123,232	(65,209)	–	–
Net fee and commission income	66,158	39,788	395	(277)	106,064
Other income, net (i)	974	21	720	4,113	5,828
Operating income	285,765	154,056	85,993	3,906	529,720
Operating expenses	(89,871)	(77,140)	(17,094)	(5,835)	(189,940)
Impairment losses on:					
Loans and advances to customers	(19,051)	(13,521)	–	–	(32,572)
Others	(338)	(7)	(790)	(38)	(1,173)
Operating profit/(loss)	176,505	63,388	68,109	(1,967)	306,035
Share of profits and losses of associates and joint ventures	–	–	–	2,652	2,652
Profit before taxation	176,505	63,388	68,109	685	308,687
Income tax expense					(69,996)
Profit for the year					238,691
Other segment information:					
Depreciation	5,804	4,670	2,526	215	13,215
Amortisation	850	553	356	22	1,781
Capital expenditure	14,319	11,406	6,190	516	32,431
As at 31 December 2012					
Segment assets	6,495,908	2,320,534	8,591,801	133,974	17,542,217
Including: Investments in associates and joint ventures	–	–	–	33,284	33,284
Property and equipment	49,902	40,056	21,514	24,417	135,889
Other non-current assets (ii)	13,911	7,611	4,958	9,439	35,919
Segment liabilities	7,275,642	6,704,125	2,376,936	57,055	16,413,758
Other segment information:					
Credit commitments	1,669,406	406,800	–	–	2,076,206

(i) Including net trading income, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and other operating income (net).

(ii) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

(In RMB millions, unless otherwise stated)

52. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China (including: Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Busan, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, Islamabad, Lima, Buenos Aires, Sao Paulo and Auckland).

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

Head Office ("HO"): the HO business division (including institutions directly controlled by the HO and their offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang and Ningbo;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian

Overseas and others: branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and joint ventures.

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Year ended 31 December 2013										
External net interest income	172,708	58,681	43,074	29,780	41,725	63,647	17,334	16,386	–	443,335
Internal net interest income/(expense)	(143,331)	25,426	10,766	64,587	18,543	13,666	9,778	565	–	–
Net fee and commission income	3,860	30,125	20,056	20,493	19,439	18,133	4,829	5,441	(50)	122,326
Other income/(expense), net (i)	6,139	(125)	865	(388)	299	426	115	5,909	–	13,240
Operating income	39,376	114,107	74,761	114,472	80,006	95,872	32,056	28,301	(50)	578,901
Operating expenses	(16,468)	(34,465)	(24,769)	(34,237)	(32,384)	(36,463)	(14,199)	(11,205)	50	(204,140)
Impairment losses on:										
Loans and advances to customers	(2,695)	(16,599)	(5,428)	(4,108)	(2,754)	(3,586)	(739)	(2,189)	–	(38,098)
Others	83	(21)	(18)	(159)	(2)	85	167	(358)	–	(223)
Operating profit	20,296	63,022	44,546	75,968	44,866	55,908	17,285	14,549	–	336,440
Share of profits and losses of associates and joint ventures	–	–	–	–	–	–	–	2,097	–	2,097
Profit before taxation	20,296	63,022	44,546	75,968	44,866	55,908	17,285	16,646	–	338,537
Income tax expense										(75,572)
Profit for the year										262,965
Other segment information:										
Depreciation	1,564	2,203	1,472	1,984	2,327	2,623	1,075	1,172	–	14,420
Amortisation	855	225	143	112	231	255	60	137	–	2,018
Capital expenditure	3,169	5,307	3,410	4,631	5,855	6,955	2,341	14,212	–	45,880

(i) Including net trading income/(expense), net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and other operating income (net).

(In RMB millions, unless otherwise stated)

52. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information (continued)

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
As at 31 December 2013										
Assets by geographical areas	8,178,181	4,769,329	3,032,428	3,326,666	1,808,412	2,331,126	945,023	1,599,413	(7,101,686)	18,888,892
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	28,515	–	28,515
Property and equipment	13,857	23,791	12,458	18,498	19,467	23,017	10,470	42,789	–	164,347
Other non-current assets (i)	11,177	5,552	2,766	3,690	4,896	4,716	1,348	2,403	–	36,548
Unallocated assets										28,860
Total assets										18,917,752
Liabilities by geographical areas	6,891,849	4,709,007	2,988,614	3,648,679	1,763,358	2,273,841	926,129	1,483,349	(7,101,686)	17,583,140
Unallocated liabilities										56,149
Total liabilities										17,639,289
Other segment information:										
Credit commitments	494,153	456,115	389,353	386,886	149,095	192,459	71,345	306,550	–	2,445,956

(i) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Year ended 31 December 2012										
External net interest income	160,996	62,237	39,987	31,681	39,119	56,278	16,401	11,129	–	417,828
Internal net interest income/(expense)	(120,391)	19,187	11,327	54,029	14,701	11,616	9,071	460	–	–
Net fee and commission income	1,651	26,284	17,957	19,050	16,699	15,372	4,824	4,281	(54)	106,064
Other income/(expense), net (i)	5,363	(680)	45	(730)	(77)	(272)	(475)	2,654	–	5,828
Operating income	47,619	107,028	69,316	104,030	70,442	82,994	29,821	18,524	(54)	529,720
Operating expenses	(14,551)	(33,238)	(23,581)	(32,799)	(30,614)	(34,309)	(13,832)	(7,070)	54	(189,940)
Impairment losses on:										
Loans and advances to customers	(3,347)	(7,768)	(4,293)	(5,166)	(4,197)	(4,696)	(1,776)	(1,329)	–	(32,572)
Others	(166)	(21)	(6)	(155)	15	(82)	(12)	(746)	–	(1,173)
Operating profit	29,555	66,001	41,436	65,910	35,646	43,907	14,201	9,379	–	306,035
Share of profits and losses of associates and joint ventures	–	–	–	–	–	–	–	2,652	–	2,652
Profit before taxation	29,555	66,001	41,436	65,910	35,646	43,907	14,201	12,031	–	308,687
Income tax expense										(69,996)
Profit for the year										238,691
Other segment information:										
Depreciation	1,520	2,099	1,425	1,856	2,163	2,396	1,009	747	–	13,215
Amortisation	715	220	116	118	223	223	60	106	–	1,781
Capital expenditure	3,743	3,399	2,167	2,933	3,760	5,046	1,827	9,556	–	32,431

(i) Including net trading income/(expense), net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and other operating income (net).

(In RMB millions, unless otherwise stated)

52. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information (continued)

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
As at 31 December 2012										
Assets by geographical areas	8,224,142	3,294,148	2,296,600	3,902,655	2,095,440	2,466,885	923,766	1,234,420	(6,918,628)	17,519,428
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	33,284	–	33,284
Property and equipment	11,154	23,167	12,356	17,969	18,701	21,393	10,046	21,103	–	135,889
Other non-current assets (i)	11,014	5,731	2,320	4,041	4,869	4,257	1,681	2,006	–	35,919
Unallocated assets										22,789
Total assets										17,542,217
Liabilities by geographical areas	7,410,679	3,237,528	2,259,922	3,839,768	2,064,592	2,428,238	909,743	1,124,442	(6,918,628)	16,356,284
Unallocated liabilities										57,474
Total liabilities										16,413,758
Other segment information:										
Credit commitments	418,897	390,236	337,265	321,305	120,188	162,835	59,386	266,094	–	2,076,206

(i) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The board of directors (the "Board") has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments monitoring financial risks within the Group, including the Credit Management Department to monitor credit risk, the Risk Management Department together with the Asset and Liability Management Department to monitor market and liquidity risks, and the Internal Control and Compliance Department to monitor operational risk. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to both the corresponding risk management departments at the head office and management of the relevant branches.

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. The Group is exposed to credit risk primarily due to loans, guarantees and other credit related commitments.

The principal features of the Group's credit risk management function include:

- Centralised credit management policies and procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- Stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance the credit risk management practices, the Group also launches training programs periodically for credit officers at different levels.

In addition to the credit risk exposures on credit-related assets and amounts due from or lending to banks and other financial institutions, credit risk also arises in other areas. For instance, credit risk exposure also arises from derivative financial instruments which is, however, limited to those with positive fair values, as recorded in the statement of financial position. In addition, the Group also makes available to its customers' guarantees which may require the Group to make payments on their behalf. Such payments are collected from customers based on the terms of the agreements signed. They expose the Group to similar risks as loans and these are mitigated by the same control processes and policies.

The Group will normally sign an ISDA Master Agreement, a China Interbank Market Financial Derivatives Master Agreement ("NAFMII master agreement") with its counterparties for documenting over-the-counter derivative activities. Each of these master agreements provides the contractual framework within which derivative dealing activities are conducted. Under each of these master agreements, close-out netting shall be applied across all outstanding transactions covered by the agreement if either party defaults.

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry or geographical location or have comparable economic characteristics.

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue or whether there are any liquidity problems of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed impairment and collectively assessed impairment.

Individually assessed loans

All corporate loans and discounted bills are individually reviewed for objective evidence of impairment and classified based on a five-tier classification system. Corporate loans and discounted bills that are classified as substandard, doubtful or loss are assessed individually for impairment.

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

If there is objective evidence that an impairment loss on a loan or advance has been incurred on an individual basis, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the income statement. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the counterparty's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- Projected receipts and the expected payout should bankruptcy ensue;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, discrete event that caused the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Collectively assessed loans

Loans that are assessed for impairment losses on a collective basis include the following:

- Homogeneous groups of loans, including all personal loans; and
- All loans for which no impairment can be identified individually, either due to the absence of any loss events or due to an inability to measure reliably the impact of potential loss events on future cash flows.

For the purpose of collective assessment, assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

Objective evidence of impairment losses on a collective basis consists of observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans since the initial recognition of those loans, including:

- Adverse changes in the payment status of borrowers in the group of loans; and
- National or local economic conditions that correlate with defaults on assets in the portfolio of loans.

Homogenous groups of loans not considered individually significant

For homogeneous groups of loans, the Group uses a collective assessment approach for impairment losses. The approach analyses historical trends of probability of default and the amount of the consequential loss, as well as evaluates current economic conditions that may have a consequential impact on inherent losses in the portfolio.

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Individually assessed loans with no objective evidence of impairment

Individually assessed loans with no objective evidence of impairment are grouped together in portfolios of similar credit risk characteristics for the purpose of assessing a collective impairment loss. The collective impairment loss is assessed after taking into account:

- Historical loss experience in portfolios of similar risk characteristics; and
- The current economic and credit environment and, whether these, in management's experience, indicate that the actual level of incurred but not yet identified losses is likely to be greater or less than that suggested by historical experience.

As soon as information that specifically identifies objective evidence of impairment on individual assets in a pool is available, those assets are excluded and individually assessed. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

Collateral

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills, loans or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners. Fair value of collateral is shown in note 25.

Corporate loans are mainly collateralised by properties or other assets. As at 31 December 2013, the carrying value of corporate loans and discounted bills covered by collateral amounted to RMB7,194,773 million (31 December 2012: RMB6,516,589 million), of which credit exposure of corporate loans covered by collateral amounted to RMB3,256,175 million (31 December 2012: RMB2,907,405 million).

Retail loans are mainly collateralised by residential properties. As at 31 December 2013, the carrying value of retail loans covered by collateral amounted to RMB2,727,601 million (31 December 2012: RMB2,287,103 million), of which credit exposure of retail loans covered by collateral amounted to RMB2,336,089 million (31 December 2012: RMB1,952,522 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept the collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flow, instead of the value of collateral. The necessity of a collateral is dependent on the nature of the loan. In the event of default, the Group might sell the collateral for repayment. The fair value of collateral of past due but not impaired loans and impaired loans are disclosed in note 53(a)(iii).

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

(i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group and of the Bank without taking account of any collateral and other credit enhancements is set out below:

	Group		Bank	
	2013	2012	2013	2012
Balances with central banks	3,213,094	3,098,883	3,175,675	3,073,852
Due from banks and other financial institutions	717,984	636,450	757,506	658,317
Financial assets held for trading	27,808	20,317	27,607	18,064
Financial assets designated at fair value through profit or loss	344,413	201,208	344,091	200,786
Derivative financial assets	25,020	14,756	23,049	13,406
Reverse repurchase agreements	331,903	544,579	95,575	320,133
Loans and advances to customers	9,681,415	8,583,289	9,169,446	8,168,369
Financial investments				
— Receivables	324,488	364,715	320,407	364,232
— Held-to-maturity investments	2,624,400	2,576,562	2,624,378	2,582,790
— Available-for-sale financial assets	994,538	917,143	914,488	860,011
Others	225,020	220,183	181,070	176,680
	18,510,083	17,178,085	17,633,292	16,436,640
Credit commitments	2,445,956	2,076,206	2,309,736	1,997,653
Total maximum credit risk exposure	20,956,039	19,254,291	19,943,028	18,434,293

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

By geographical distribution

The following tables set out the breakdown of the Group's and the Bank's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical distribution.

Group

31 December 2013

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	2,829,619	63,151	46,996	145,319	23,007	30,700	9,848	64,454	3,213,094
Due from banks and other financial institutions	277,596	37,545	12,653	250,188	8,836	6,924	29,484	94,758	717,984
Financial assets held for trading	27,607	–	–	–	–	–	–	201	27,808
Financial assets designated at fair value through profit or loss	342,839	84	58	121	27	29	10	1,245	344,413
Derivative financial assets	16,573	446	1,875	213	33	101	850	4,929	25,020
Reverse repurchase agreements	57,440	3,203	3,845	10,972	7,334	–	7,380	241,729	331,903
Loans and advances to customers	378,717	2,017,579	1,282,763	1,688,082	1,306,448	1,707,744	553,825	746,257	9,681,415
Financial investments									
— Receivables	311,261	584	320	4,124	2,480	1,398	240	4,081	324,488
— Held-to-maturity investments	2,526,627	54,571	23,682	6,334	–	–	–	13,186	2,624,400
— Available-for-sale financial assets	565,796	50,368	33,959	214,179	14,440	13,955	4,029	97,812	994,538
Others	119,699	15,825	7,274	15,255	8,463	10,080	2,763	45,661	225,020
	7,453,774	2,243,356	1,413,425	2,334,787	1,371,068	1,770,931	608,429	1,314,313	18,510,083
Credit commitments	494,153	456,115	389,353	386,886	149,095	192,459	71,345	306,550	2,445,956
Total maximum credit risk exposure	7,947,927	2,699,471	1,802,778	2,721,673	1,520,163	1,963,390	679,774	1,620,863	20,956,039

The compositions of each geographical distribution above are set out in note 52(b).

31 December 2012

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	2,792,670	48,293	32,904	110,108	19,753	31,345	8,301	55,509	3,098,883
Due from banks and other financial institutions	291,330	49,415	61,071	52,112	16,588	20,166	37,278	108,490	636,450
Financial assets held for trading	18,064	–	–	–	–	–	–	2,253	20,317
Financial assets designated at fair value through profit or loss	200,778	2	–	–	4	–	2	422	201,208
Derivative financial assets	9,923	362	433	841	88	109	139	2,861	14,756
Reverse repurchase agreements	222,043	24,603	4,587	52,565	7,355	6,028	2,188	225,210	544,579
Loans and advances to customers	303,625	1,887,989	1,208,518	1,518,202	1,158,116	1,485,267	499,870	521,702	8,583,289
Financial investments									
— Receivables	358,110	300	220	2,224	1,860	1,398	120	483	364,715
— Held-to-maturity investments	2,481,924	44,108	26,543	10,853	–	–	1,000	12,134	2,576,562
— Available-for-sale financial assets	518,842	54,141	26,764	214,574	13,535	13,404	4,187	71,696	917,143
Others	122,366	15,199	6,106	13,004	7,440	8,248	2,636	45,184	220,183
	7,319,675	2,124,412	1,367,146	1,974,483	1,224,739	1,565,965	555,721	1,045,944	17,178,085
Credit commitments	418,897	390,236	337,265	321,305	120,188	162,835	59,386	266,094	2,076,206
Total maximum credit risk exposure	7,738,572	2,514,648	1,704,411	2,295,788	1,344,927	1,728,800	615,107	1,312,038	19,254,291

The compositions of each geographical distribution above are set out in note 52(b).

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Bank

31 December 2013

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	2,829,619	63,151	46,996	145,319	23,007	30,700	9,848	27,035	3,175,675
Due from banks and other financial institutions	299,076	37,783	13,126	250,231	8,851	7,022	29,500	111,917	757,506
Financial assets held for trading	27,607	–	–	–	–	–	–	–	27,607
Financial assets designated at fair value through profit or loss	342,839	84	58	121	27	29	10	923	344,091
Derivative financial assets	18,345	446	1,875	213	33	101	850	1,186	23,049
Reverse repurchase agreements	57,440	3,203	3,845	12,972	7,334	–	10,725	56	95,575
Loans and advances to customers	378,717	2,017,579	1,282,763	1,690,001	1,306,448	1,707,744	553,825	232,369	9,169,446
Financial investments									
— Receivables	311,261	584	320	4,124	2,480	1,398	240	–	320,407
— Held-to-maturity investments	2,526,627	54,571	23,682	6,334	–	–	–	13,164	2,624,378
— Available-for-sale financial assets	565,796	50,368	33,959	214,179	14,440	13,955	4,029	17,762	914,488
Others	119,686	15,825	7,274	15,255	8,463	10,080	2,763	1,724	181,070
	7,477,013	2,243,594	1,413,898	2,338,749	1,371,083	1,771,029	611,790	406,136	17,633,292
Credit commitments	494,153	470,832	407,798	397,563	154,988	196,480	73,566	114,356	2,309,736
Total maximum credit risk exposure	7,971,166	2,714,426	1,821,696	2,736,312	1,526,071	1,967,509	685,356	520,492	19,943,028

The compositions of each geographical distribution above are set out in note 52(b), except that "overseas and others" does not include domestic and overseas subsidiaries.

31 December 2012

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	North-eastern China	Overseas and others	Total
Balances with central banks	2,792,670	48,293	32,904	110,108	19,753	31,345	8,301	30,478	3,073,852
Due from banks and other financial institutions	338,818	49,700	61,499	52,144	16,657	20,237	37,359	81,903	658,317
Financial assets held for trading	18,064	–	–	–	–	–	–	–	18,064
Financial assets designated at fair value through profit or loss	200,778	2	–	–	4	–	2	–	200,786
Derivative financial assets	10,678	362	433	841	88	109	139	756	13,406
Reverse repurchase agreements	222,043	24,603	4,785	52,565	7,355	6,594	2,188	–	320,133
Loans and advances to customers	303,625	1,888,157	1,208,818	1,520,432	1,158,116	1,485,267	502,698	101,256	8,168,369
Financial investments									
— Receivables	358,110	300	220	2,224	1,860	1,398	120	–	364,232
— Held-to-maturity investments	2,483,486	44,108	26,543	10,853	–	–	1,000	16,800	2,582,790
— Available-for-sale financial assets	518,842	54,141	26,764	214,574	13,535	13,404	4,187	14,564	860,011
Others	122,139	15,199	6,106	13,004	7,440	8,248	2,636	1,908	176,680
	7,369,253	2,124,865	1,368,072	1,976,745	1,224,808	1,566,602	558,630	247,665	16,436,640
Credit commitments	420,767	402,690	362,804	331,240	123,199	164,203	60,024	132,726	1,997,653
Total maximum credit risk exposure	7,790,020	2,527,555	1,730,876	2,307,985	1,348,007	1,730,805	618,654	380,391	18,434,293

The compositions of each geographical distribution above are set out in note 52(b), except that "overseas and others" does not include domestic and overseas subsidiaries.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers and investments in securities. Details of the composition of the Group's investments in debt securities are set out in note 53(a)(iv) to the financial statements. The composition of the Group's and of the Bank's gross loans and advances to customers by industry is analysed as follows:

	Group		Bank	
	2013	2012	2013	2012
Manufacturing	1,580,147	1,455,792	1,511,663	1,406,071
Transportation, storage and postal services	1,301,794	1,154,071	1,235,150	1,144,740
Wholesale and retail	914,012	816,650	867,155	737,249
Production and supply of electricity, heating, gas and water	666,464	617,734	625,368	587,206
Real estate	530,600	562,563	469,612	491,014
Water, environment and public utility management	472,981	468,526	465,037	464,000
Leasing and commercial services	482,938	398,359	462,232	386,810
Mining	273,049	243,289	260,348	237,203
Lodging and catering	203,428	162,971	149,748	103,955
Construction	193,035	153,701	183,132	147,014
Science, education, culture and sanitation	104,510	87,450	101,590	85,096
Others	323,557	211,472	243,063	161,944
Subtotal for corporate loans and advances	7,046,515	6,332,578	6,574,098	5,952,302
Personal mortgage and business loans	2,049,328	1,660,600	2,024,557	1,640,298
Others	678,273	626,503	661,430	610,116
Subtotal for personal loans	2,727,601	2,287,103	2,685,987	2,250,414
Discounted bills	148,258	184,011	144,846	182,113
Total for loans and advances to customers	9,922,374	8,803,692	9,404,931	8,384,829

(iii) Loans and advances to customers

The total credit risk exposures of loans and advances to customers are summarised as follows:

	Group		Bank	
	2013	2012	2013	2012
Neither past due nor impaired	9,785,110	8,672,503	9,275,770	8,260,964
Past due but not impaired	43,575	56,614	38,962	52,104
Impaired	93,689	74,575	90,199	71,761
	9,922,374	8,803,692	9,404,931	8,384,829
Less: Allowance for impairment losses	(240,959)	(220,403)	(235,485)	(216,460)
	9,681,415	8,583,289	9,169,446	8,168,369

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Neither past due nor impaired

The balance of loans and advances to customers of the Group and the Bank that are neither past due nor impaired analyzed by five-tier classification and by collateral are as follows:

Group

	2013			2012		
	Pass	Special mention	Total	Pass	Special mention	Total
Unsecured loans	2,915,241	32,189	2,947,430	2,626,242	50,142	2,676,384
Guaranteed loans	1,312,889	41,048	1,353,937	1,197,403	42,074	1,239,477
Loans secured by mortgages	4,246,081	59,793	4,305,874	3,610,019	69,638	3,679,657
Pledged loans	1,154,073	23,796	1,177,869	1,052,280	24,705	1,076,985
	9,628,284	156,826	9,785,110	8,485,944	186,559	8,672,503

Bank

	2013			2012		
	Pass	Special mention	Total	Pass	Special mention	Total
Unsecured loans	2,695,788	30,840	2,726,628	2,484,865	48,351	2,533,216
Guaranteed loans	1,188,005	40,213	1,228,218	1,118,505	41,407	1,159,912
Loans secured by mortgages	4,119,019	56,506	4,175,525	3,440,501	66,354	3,506,855
Pledged loans	1,122,145	23,254	1,145,399	1,036,402	24,579	1,060,981
	9,124,957	150,813	9,275,770	8,080,273	180,691	8,260,964

Past due but not impaired

The following tables present the ageing analysis of each type of loans and advances to customers of the Group and the Bank that are subject to credit risk which are past due but not impaired as at the end of the reporting period:

Group

	2013			2012		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	13,652	15,930	29,582	12,010	31,814	43,824
One to two months	242	6,667	6,909	192	7,478	7,670
Two to three months	12	7,072	7,084	53	5,060	5,113
Over three months	–	–	–	5	2	7
Total	13,906	29,669	43,575	12,260	44,354	56,614
Fair value of collateral held	14,666	57,502	72,168	13,313	93,568	106,881

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Bank

	2013			2012		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	9,434	15,643	25,077	9,004	30,669	39,673
One to two months	189	6,633	6,822	2	7,389	7,391
Two to three months	2	7,061	7,063	2	5,035	5,037
Over three months	–	–	–	3	–	3
Total	9,625	29,337	38,962	9,011	43,093	52,104
Fair value of collateral held	13,676	57,237	70,913	11,533	92,130	103,663

Impaired

Impaired loans and advances are defined as those loans and advances having objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated. These loans and advances include corporate loans and personal loans which are graded as "Substandard", "Doubtful" or "Loss".

The fair values of collateral that the Group and the Bank hold relating to loans individually determined to be impaired as at 31 December 2013 amounted to RMB21,601 million (31 December 2012: RMB13,994 million) and RMB20,537 million (31 December 2012: RMB12,183 million), respectively. The collateral mainly consists of land and buildings, equipment and also others.

Renegotiated loans and advances to customers

The Group has formulated a set of loan restructuring policies to renegotiate the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of renegotiated loans and advances to customers is as follows:

	Group		Bank	
	2013	2012	2013	2012
Renegotiated loans and advances to customers	4,929	7,188	4,825	6,875
Impaired loans and advances to customers included in above	3,225	4,761	3,179	4,691

Collateral repossessed

During the year, the Group took possession of collateral held as security with a carrying amount of RMB868 million (2012: RMB558 million). Such collateral mainly comprises land and buildings, equipment and also others.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Debt securities

The credit risk of debt securities mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities by different types of issuers are generally subject to different degrees of credit risk.

The following tables present an analysis of the Group's total credit risk exposures of debt securities by types of issuers and investments:

Group

31 December 2013

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held-for- trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	90,544	1,262,845	95,153	523	1,954	1,451,019
Policy banks	15,090	1,319,470	314,547	289	33,223	1,682,619
Public sector entities	1,500	20,960	70,362	–	2,327	95,149
Banks and other financial institutions	176,597	8,801	138,292	–	5,492	329,182
Corporate entities	40,757	12,294	369,925	26,996	60,031	510,003
Subtotal	324,488	2,624,370	988,279	27,808	103,027	4,067,972
Impaired (*)						
Banks and other financial institutions	–	149	–	–	–	149
Corporate entities	–	23	39	–	–	62
	–	172	39	–	–	211
Less: Allowance for impairment losses	–	(142)	–	–	–	(142)
Subtotal	–	30	39	–	–	69
Total	324,488	2,624,400	988,318	27,808	103,027	4,068,041

31 December 2012

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held-for- trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	101,276	1,260,176	149,997	1,525	1,118	1,514,092
Policy banks	35,090	1,271,887	252,416	516	28,040	1,587,949
Public sector entities	2,500	22,508	66,048	190	3,354	94,600
Banks and other financial institutions	204,406	12,165	116,975	890	5,738	340,174
Corporate entities	21,443	9,533	328,802	17,196	65,210	442,184
Subtotal	364,715	2,576,269	914,238	20,317	103,460	3,978,999
Impaired (*)						
Banks and other financial institutions	–	723	–	–	–	723
Corporate entities	–	30	106	–	–	136
	–	753	106	–	–	859
Less: Allowance for impairment losses	–	(460)	–	–	–	(460)
Subtotal	–	293	106	–	–	399
Total	364,715	2,576,562	914,344	20,317	103,460	3,979,398

(*) Impaired debt securities above are mainly determined based on individual assessments. In determining whether a debt security is impaired, the Group considers the evidence of a loss event and the decreases in estimated future cash flows. No collateral was held by the Group as security of the impaired debt securities.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Bank

31 December 2013

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held-for- trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	90,544	1,260,755	85,901	377	1,954	1,439,531
Policy banks	15,090	1,318,866	306,091	289	33,223	1,673,559
Public sector entities	1,500	20,124	67,326	–	2,327	91,277
Banks and other financial institutions	176,597	15,559	109,806	–	5,492	307,454
Corporate entities	36,676	9,043	345,364	26,941	59,709	477,733
Subtotal	320,407	2,624,347	914,488	27,607	102,705	3,989,554
Impaired (*)						
Banks and other financial institutions	–	66	–	–	–	66
Corporate entities	–	23	–	–	–	23
	–	89	–	–	–	89
Less: Allowance for impairment losses	–	(58)	–	–	–	(58)
Subtotal	–	31	–	–	–	31
Total	320,407	2,624,378	914,488	27,607	102,705	3,989,585

31 December 2012

	Receivables	Held-to-maturity investments	Available-for-sale financial assets	Financial assets held-for- trading	Financial assets designated at fair value through profit or loss	Total
Neither past due nor impaired						
Governments and central banks	101,276	1,256,414	141,821	268	1,118	1,500,897
Policy banks	35,090	1,271,881	249,991	508	28,040	1,585,510
Public sector entities	2,500	21,586	63,833	100	3,193	91,212
Banks and other financial institutions	204,406	24,782	88,114	20	5,672	322,994
Corporate entities	20,960	7,835	316,252	17,168	65,015	427,230
Subtotal	364,232	2,582,498	860,011	18,064	103,038	3,927,843
Impaired (*)						
Banks and other financial institutions	–	623	–	–	–	623
Corporate entities	–	30	–	–	–	30
	–	653	–	–	–	653
Less: Allowance for impairment losses	–	(361)	–	–	–	(361)
Subtotal	–	292	–	–	–	292
Total	364,232	2,582,790	860,011	18,064	103,038	3,928,135

(*) Impaired debt securities above are all determined based on individual assessments. In determining whether a debt security is impaired, the Bank considers the evidence of a loss event and the decreases in estimated future cash flows. No collateral was held by the Bank as security of the impaired debt securities.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although remaining solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- optimising the structure of assets and liabilities;
- maintaining the stability of the deposit base;
- projecting cash flows and evaluating the level of current assets; and
- in terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism.

The Group and the Bank's expected remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(i) Analysis of the remaining maturity of the assets and liabilities is set out below:

Group

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	480,749	–	–	–	–	–	2,813,258	3,294,007
Due from banks and other financial institutions (*)	244,678	578,829	109,131	71,258	43,179	2,812	–	1,049,887
Financial assets held for trading	–	937	7,211	18,237	1,200	223	335	28,143
Financial assets designated at fair value through profit or loss	328	65,265	25,330	22,821	212,487	8,776	9,406	344,413
Derivative financial assets	–	3,095	7,669	9,736	4,067	453	–	25,020
Loans and advances to customers	16,117	670,754	811,950	2,428,835	2,340,307	3,357,223	56,229	9,681,415
Financial investments	–	39,347	94,241	482,330	2,063,210	1,264,229	6,331	3,949,688
Investments in associates and joint ventures	–	–	–	–	–	–	28,515	28,515
Property and equipment	–	–	–	–	–	–	164,347	164,347
Others	161,959	27,330	27,575	55,093	20,334	20,638	39,388	352,317
Total assets	903,831	1,385,557	1,083,107	3,088,310	4,684,784	4,654,354	3,117,809	18,917,752
Liabilities:								
Due to central banks	–	–	51	50	623	–	–	724
Financial liabilities designated at fair value through profit or loss	59,527	243,728	247,261	1,279	1,812	–	–	553,607
Derivative financial liabilities	–	2,678	3,716	8,057	4,169	548	–	19,168
Due to banks and other financial institutions (**)	598,585	555,362	229,780	173,382	9,745	1,705	–	1,568,559
Certificates of deposit	–	29,135	39,796	51,353	10,274	–	–	130,558
Due to customers	7,602,977	831,305	1,280,864	3,237,621	1,610,908	57,150	–	14,620,825
Debt securities issued	–	9,570	6,490	13,671	27,992	195,295	–	253,018
Others	212,691	52,946	42,261	132,042	41,186	11,704	–	492,830
Total liabilities	8,473,780	1,724,724	1,850,219	3,617,455	1,706,709	266,402	–	17,639,289
Net liquidity gap	(7,569,949)	(339,167)	(767,112)	(529,145)	2,978,075	4,387,952	3,117,809	1,278,463

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	596,027	–	–	–	–	–	2,578,916	3,174,943
Due from banks and other financial institutions (*)	106,092	647,390	206,587	112,412	108,213	335	–	1,181,029
Financial assets held for trading	–	488	2,467	10,815	6,091	456	146	20,463
Financial assets designated at fair value through profit or loss	9	29,380	47,522	17,518	87,014	10,469	9,296	201,208
Derivative financial assets	105	1,189	3,194	5,703	2,785	1,780	–	14,756
Loans and advances to customers	17,189	599,599	746,692	2,308,352	1,946,681	2,927,776	37,000	8,583,289
Financial investments	–	29,975	57,999	766,932	1,709,631	1,293,623	4,056	3,862,216
Investments in associates and joint ventures	–	–	–	–	–	–	33,284	33,284
Property and equipment	–	–	–	–	–	–	135,889	135,889
Others	165,191	35,938	28,595	50,748	6,789	12,931	34,948	335,140
Total assets	884,613	1,343,959	1,093,056	3,272,480	3,867,204	4,247,370	2,833,535	17,542,217
Liabilities:								
Due to central banks	–	219	18	50	846	–	–	1,133
Financial liabilities designated at fair value through profit or loss	52,346	160,691	103,980	818	1,907	–	–	319,742
Derivative financial liabilities	11	2,396	1,448	4,595	3,024	1,787	–	13,261
Due to banks and other financial institutions (**)	581,632	746,416	190,709	138,616	64,405	2,791	–	1,724,569
Certificates of deposit	–	6,323	2,895	27,376	1,415	–	–	38,009
Due to customers	7,076,646	818,534	1,222,968	2,964,264	1,533,049	27,449	–	13,642,910
Debt securities issued	–	581	2,516	7,970	63,721	157,398	–	232,186
Others	182,562	48,284	29,809	129,488	40,764	11,041	–	441,948
Total liabilities	7,893,197	1,783,444	1,554,343	3,273,177	1,709,131	200,466	–	16,413,758
Net liquidity gap	(7,008,584)	(439,485)	(461,287)	(697)	2,158,073	4,046,904	2,833,535	1,128,459

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Bank

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	454,008	–	–	–	–	–	2,799,652	3,253,660
Due from banks and other financial institutions (*)	218,042	382,942	102,851	120,913	26,205	2,128	–	853,081
Financial assets held for trading	–	910	7,211	18,199	1,092	195	–	27,607
Financial assets designated at fair value through profit or loss	328	65,174	25,330	22,760	212,317	8,776	9,406	344,091
Derivative financial assets	–	2,804	7,248	9,163	3,591	243	–	23,049
Loans and advances to customers	14,217	644,440	761,913	2,313,664	2,167,134	3,213,682	54,396	9,169,446
Financial investments	–	35,725	92,482	467,733	2,014,192	1,249,111	2,083	3,861,326
Investments in subsidiaries and associates	–	–	–	–	–	–	108,093	108,093
Property and equipment	–	–	–	–	–	–	121,716	121,716
Others	147,257	22,507	20,679	40,403	17,685	19,835	27,943	296,309
Total assets	833,852	1,154,502	1,017,714	2,992,835	4,442,216	4,493,970	3,123,289	18,058,378
Liabilities:								
Due to central banks	–	–	–	–	418	–	–	418
Financial liabilities designated at fair value through profit or loss	59,523	243,187	247,079	1,158	1,812	–	–	552,759
Derivative financial liabilities	–	2,205	3,298	7,287	3,784	412	–	16,986
Due to banks and other financial institutions (**)	620,183	344,880	216,130	52,968	1,759	146	–	1,236,066
Certificates of deposit	–	26,296	35,253	28,822	8,815	–	–	99,186
Due to customers	7,503,680	699,396	1,175,993	3,174,854	1,593,899	53,706	–	14,201,528
Debt securities issued	–	3,005	1,788	7,127	25,347	183,214	–	220,481
Others	209,555	54,284	42,212	122,240	27,228	7,260	–	462,779
Total liabilities	8,392,941	1,373,253	1,721,753	3,394,456	1,663,062	244,738	–	16,790,203
Net liquidity gap	(7,559,089)	(218,751)	(704,039)	(401,621)	2,779,154	4,249,232	3,123,289	1,268,175

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Assets:								
Cash and balances with central banks	579,363	–	–	–	–	–	2,567,296	3,146,659
Due from banks and other financial institutions (*)	109,556	442,889	209,806	115,197	100,846	156	–	978,450
Financial assets held for trading	–	103	1,962	9,746	5,895	358	–	18,064
Financial assets designated at fair value through profit or loss	9	29,380	47,522	17,436	86,674	10,469	9,296	200,786
Derivative financial assets	–	1,448	3,043	5,345	2,371	1,199	–	13,406
Loans and advances to customers	13,516	562,283	707,529	2,213,382	1,822,675	2,813,426	35,558	8,168,369
Financial investments	–	26,265	52,894	771,852	1,668,977	1,286,715	1,579	3,808,282
Investments in subsidiaries and associates	–	–	–	–	–	–	103,521	103,521
Property and equipment	–	–	–	–	–	–	114,950	114,950
Others	156,248	23,366	17,990	42,431	6,371	9,974	23,524	279,904
Total assets	858,692	1,085,734	1,040,746	3,175,389	3,693,809	4,122,297	2,855,724	16,832,391
Liabilities:								
Due to central banks	–	–	–	–	658	–	–	658
Financial liabilities designated at fair value through profit or loss	52,346	160,691	103,980	818	1,907	–	–	319,742
Derivative financial liabilities	–	2,695	1,339	4,293	2,542	1,453	–	12,322
Due to banks and other financial institutions (**)	584,761	564,628	148,731	77,660	55,805	–	–	1,431,585
Certificates of deposit	–	4,699	7,755	5,670	–	–	–	18,124
Due to customers	6,997,634	710,211	1,145,185	2,902,588	1,522,754	23,100	–	13,301,472
Debt securities issued	–	549	1,011	2,632	61,651	148,201	–	214,044
Others	165,933	44,497	28,774	129,190	41,514	5,835	–	415,743
Total liabilities	7,800,674	1,487,970	1,436,775	3,122,851	1,686,831	178,589	–	15,713,690
Net liquidity gap	(6,941,982)	(402,236)	(396,029)	52,538	2,006,978	3,943,708	2,855,724	1,118,701

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's and of the Bank's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group and the Bank's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Group

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	480,749	–	1,266	–	–	–	2,813,258	3,295,273
Due from banks and other financial institutions (*)	247,509	581,385	111,385	76,579	48,255	4,512	–	1,069,625
Financial assets held for trading	–	987	7,595	19,300	1,498	266	335	29,981
Financial assets designated at fair value through profit or loss	328	65,931	26,365	27,336	225,134	10,354	9,406	364,854
Loans and advances to customers (**)	16,435	733,548	962,581	2,932,718	4,001,244	5,089,803	107,682	13,844,011
Financial investments	–	46,199	119,357	602,788	2,466,506	1,521,807	6,331	4,762,988
Others	140,761	15,266	3,899	1,983	108	34	5,083	167,134
	885,782	1,443,316	1,232,448	3,660,704	6,742,745	6,626,776	2,942,095	23,533,866

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	–	51	51	695	–	–	797
Financial liabilities designated at fair value through profit or loss	59,527	244,337	251,115	1,330	1,969	–	–	558,278
Due to banks and other financial institutions (*)	598,738	558,571	233,593	177,587	10,681	3,768	–	1,582,938
Certificates of deposit	–	29,206	40,026	52,953	10,559	–	–	132,744
Due to customers	7,608,233	846,620	1,319,164	3,369,544	1,755,324	66,671	–	14,965,556
Debt securities issued	–	10,142	7,228	22,677	50,021	268,154	–	358,222
Others	69,748	5,200	18,795	31,027	18,560	5,721	4,906	153,957
	8,336,246	1,694,076	1,869,972	3,655,169	1,847,809	344,314	4,906	17,752,492
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(10)	(4)	(102)	(127)	(136)	–	(379)
Derivative financial instruments settled on gross basis:								
— Cash inflow	–	474,905	423,529	756,032	80,165	1,745	–	1,736,376
— Cash outflow	–	(474,523)	(420,304)	(754,715)	(80,235)	(1,515)	–	(1,731,292)
	–	382	3,225	1,317	(70)	230	–	5,084

(*) Includes reverse repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	596,027	–	1,316	–	–	–	2,578,916	3,176,259
Due from banks and other financial institutions (*)	106,650	648,657	208,535	115,129	118,200	433	–	1,197,604
Financial assets held for trading	–	500	2,605	11,578	7,098	521	146	22,448
Financial assets designated at fair value through profit or loss	9	29,844	48,967	21,752	99,404	11,757	9,296	221,029
Loans and advances to customers (**)	17,944	677,978	881,125	2,749,973	3,172,666	4,522,308	76,275	12,098,269
Financial investments	–	35,160	79,114	891,374	2,057,438	1,539,585	4,926	4,607,597
Others	154,899	11,269	10,440	8,124	371	4,009	664	189,776
	875,529	1,403,408	1,232,102	3,797,930	5,455,177	6,078,613	2,670,223	21,512,982

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Due to central banks	–	220	22	55	852	–	–	1,149
Financial liabilities designated at fair value through profit or loss	52,346	161,202	104,881	822	1,952	–	–	321,203
Due to banks and other financial institutions (*)	582,655	748,231	192,119	140,817	65,406	4,054	–	1,733,282
Certificates of deposit	–	6,378	3,108	27,674	1,531	–	–	38,691
Due to customers	7,079,079	838,220	1,258,654	3,069,964	1,660,171	30,817	–	13,936,905
Debt securities issued	–	605	2,546	17,789	98,579	199,755	–	319,274
Others	160,629	29	23	225	1,021	10,325	–	172,252
	7,874,709	1,754,885	1,561,353	3,257,346	1,829,512	244,951	–	16,522,756
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	2	(44)	(128)	77	(83)	–	(176)
Derivative financial instruments settled on gross basis:								
— Cash inflow	30,968	388,784	311,498	537,367	53,489	–	–	1,322,106
— Cash outflow	(30,735)	(382,958)	(308,246)	(535,419)	(53,933)	–	–	(1,311,291)
	233	5,826	3,252	1,948	(444)	–	–	10,815

(*) Includes reverse repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Bank

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	454,008	–	1,260	–	–	–	2,799,652	3,254,920
Due from banks and other financial institutions (*)	220,873	385,104	104,415	124,899	28,899	2,533	–	866,723
Financial assets held for trading	–	958	7,595	19,258	1,315	226	–	29,352
Financial assets designated at fair value through profit or loss	328	65,838	26,363	27,267	224,966	10,354	9,406	364,522
Loans and advances to customers (**)	14,507	704,633	905,127	2,793,363	3,744,041	4,875,506	104,083	13,141,260
Financial investments	–	42,155	117,095	585,860	2,411,189	1,502,346	2,083	4,660,728
Others	131,925	13,487	164	1,426	10	4	1,153	148,169
	821,641	1,212,175	1,162,019	3,552,073	6,410,420	6,390,969	2,916,377	22,465,674

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2013

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Borrowing from central banks	–	–	–	–	418	–	–	418
Financial liabilities designated at fair value through profit or loss	59,523	243,796	250,933	1,209	1,969	–	–	557,430
Due to banks and other financial institutions (*)	620,335	347,306	218,260	54,206	1,977	396	–	1,242,480
Certificates of deposit	–	26,339	35,428	29,368	8,996	–	–	100,131
Due to customers	7,508,930	714,570	1,214,061	3,306,237	1,736,614	62,408	–	14,542,820
Debt securities issued	–	3,022	1,813	16,160	44,890	254,129	–	320,014
Others	69,334	3,415	18,206	29,544	18,062	5,194	376	144,131
	8,258,122	1,338,448	1,738,701	3,436,724	1,812,926	322,127	376	16,907,424
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	(8)	(5)	(21)	(114)	(215)	–	(363)
Derivative financial instruments settled on gross basis:								
— Cash inflow	–	341,175	374,401	675,655	66,819	1,980	–	1,460,030
— Cash outflow	–	(340,553)	(371,358)	(673,839)	(67,025)	(1,750)	–	(1,454,525)
	–	622	3,043	1,816	(206)	230	–	5,505

(*) Includes reverse repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated (***)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	579,363	–	1,313	–	–	–	2,567,296	3,147,972
Due from banks and other financial institutions (*)	109,995	443,936	211,791	117,387	110,537	164	–	993,810
Financial assets held for trading	–	109	2,087	10,466	6,879	403	–	19,944
Financial assets designated at fair value through profit or loss	9	29,842	48,965	21,655	99,063	11,757	9,296	220,587
Loans and advances to customers (**)	14,204	638,113	837,914	2,640,950	3,002,070	4,370,809	73,460	11,577,520
Financial investments	–	31,209	73,686	882,287	2,013,423	1,531,378	2,095	4,534,078
Others	147,141	–	–	–	–	–	–	147,141
	850,712	1,143,209	1,175,756	3,672,745	5,231,972	5,914,511	2,652,147	20,641,052

(*) Includes reverse repurchase agreements.

(**) The maturity profile of the renegotiated loans' contractual undiscounted cash flows is determined according to the negotiated terms.

(***) Includes loans and advances to customers and bond investments that are impaired or not impaired but overdue for more than one month.

31 December 2012

	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative cash flows:								
Financial liabilities:								
Borrowing from central banks	–	–	–	–	673	–	–	673
Financial liabilities designated at fair value through profit or loss	52,346	161,202	104,881	822	1,952	–	–	321,203
Due to banks and other financial institutions (*)	585,797	566,293	149,786	78,844	56,439	–	–	1,437,159
Certificates of deposit	–	4,725	7,796	5,781	–	–	–	18,302
Due to customers	7,000,361	727,780	1,179,397	3,008,085	1,650,068	25,950	–	13,591,641
Debt securities issued	–	570	1,029	11,708	94,365	187,183	–	294,855
Others	146,000	29	23	225	1,021	5,221	–	152,519
	7,784,504	1,460,599	1,442,912	3,105,465	1,804,518	218,354	–	15,816,352
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	4	(15)	(10)	(158)	(434)	–	(613)
Derivative financial instruments settled on gross basis:								
— Cash inflow	–	336,122	261,034	475,867	63,998	–	–	1,137,021
— Cash outflow	–	(337,584)	(260,096)	(474,242)	(63,882)	–	–	(1,135,804)
	–	(1,462)	938	1,625	116	–	–	1,217

(*) Includes reverse repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(iii) Analysis of credit commitments by contractual expiry date

Management expects that not all of the commitments will be drawn before the expiry of the commitments.

Group

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
As at 31 December 2013							
Credit commitments	856,136	173,098	335,930	519,717	382,406	178,669	2,445,956

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
As at 31 December 2012							
Credit commitments	635,824	143,048	278,689	510,723	287,642	220,280	2,076,206

Bank

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
As at 31 December 2013							
Credit commitments	736,650	162,823	326,221	543,185	365,270	175,587	2,309,736

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Total
As at 31 December 2012							
Credit commitments	680,309	134,498	248,766	447,492	277,626	208,962	1,997,653

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios as immaterial.

Sensitivity analysis, interest rate repricing gap analysis and currency risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios including Head Office and all overseas branches and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(i) VaR

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaR by risk type of the Bank's trading portfolios is as follows:

	2013			
	31 December 2013	**Average**	**Highest**	**Lowest**
Interest rate risk	50	45	85	13
Currency risk	39	29	54	15
Commodity risk	16	5	19	0
Total portfolio VaR	61	53	95	26

	2012			
	31 December 2012	**Average**	**Highest**	**Lowest**
Interest rate risk	14	28	81	7
Currency risk	28	28	60	3
Commodity risk	0	7	20	0
Total portfolio VaR	32	41	88	22

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there was a diversification effect due to the correlation amongst the risk factors, the individual VaR did not add up to the total portfolio VaR.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model is based do give rise to some limitations, mainly including the following:

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(ii) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent, other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations, foreign exchange dealings and overseas investments.

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

The Group manages its currency risk through various methods, including limitation management and risk hedging to hedge currency risk, and performing currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the year end are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

Group

Currency	Change in currency rate	Effect on profit before taxation 2013	2012	Effect on equity 2013	2012
USD	-1%	(86)	(172)	(192)	(58)
HKD	-1%	848	62	(511)	(375)

Bank

Currency	Change in currency rate	Effect on profit before taxation 2013	2012	Effect on equity 2013	2012
USD	-1%	(71)	(76)	(10)	(16)
HKD	-1%	434	54	(10)	(4)

While the tables above indicates the effect on profit before taxation and equity of 1% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

A breakdown of the assets and liabilities analysed by currency is as follows:

Group

31 December 2013

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,217,297	38,088	22,619	16,003	3,294,007
Due from banks and other financial institutions (*)	628,196	349,912	14,742	57,037	1,049,887
Financial assets held for trading	27,717	253	104	69	28,143
Financial assets designated at fair value though profit or loss	343,211	208	132	862	344,413
Derivative financial assets	13,668	9,311	864	1,177	25,020
Loans and advances to customers	8,765,268	704,622	117,498	94,027	9,681,415
Financial investments	3,846,591	76,616	2,956	23,525	3,949,688
Investments in associates and joint ventures	129	529	196	27,661	28,515
Property and equipment	137,944	23,891	1,232	1,280	164,347
Others	242,542	23,986	1,663	84,126	352,317
Total assets	17,222,563	1,227,416	162,006	305,767	18,917,752
Liabilities:					
Due to central banks	100	–	–	624	724
Financial liabilities designated at fair value through profit or loss	491,716	2,377	–	59,514	553,607
Derivative financial liabilities	7,328	8,864	2,183	793	19,168
Due to banks and other financial institutions (**)	953,484	525,795	19,373	69,907	1,568,559
Certificates of deposit	30,133	78,806	9,807	11,812	130,558
Due to customers	14,032,121	299,284	188,478	100,942	14,620,825
Debt securities issued	217,185	23,352	1,781	10,700	253,018
Others	465,563	12,741	6,629	7,897	492,830
Total liabilities	16,197,630	951,219	228,251	262,189	17,639,289
Net position	1,024,933	276,197	(66,245)	43,578	1,278,463
Credit commitments	1,804,767	358,832	187,051	95,306	2,445,956

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

31 December 2012

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,099,725	36,778	10,617	27,823	3,174,943
Due from banks and other financial institutions (*)	725,041	371,620	15,730	68,638	1,181,029
Financial assets held for trading	18,458	460	991	554	20,463
Financial assets designated at fair value though profit or loss	200,777	340	82	9	201,208
Derivative financial assets	7,186	2,373	171	5,026	14,756
Loans and advances to customers	7,827,810	575,977	108,872	70,630	8,583,289
Financial investments	3,772,068	63,498	3,980	22,670	3,862,216
Investments in associates and joint ventures	121	719	184	32,260	33,284
Property and equipment	118,917	15,490	488	994	135,889
Others	220,571	44,129	7,503	62,937	335,140
Total assets	15,990,674	1,111,384	148,618	291,541	17,542,217
Liabilities:					
Due to central banks	68	219	–	846	1,133
Financial liabilities designated at fair value through profit or loss	265,489	1,906	1	52,346	319,742
Derivative financial liabilities	2,017	10,132	71	1,041	13,261
Due to banks and other financial institutions (**)	1,175,996	450,420	1,034	97,119	1,724,569
Certificates of deposit	10,646	14,116	4,444	8,803	38,009
Due to customers	13,076,332	250,042	137,219	179,317	13,642,910
Debt securities issued	209,050	18,420	549	4,167	232,186
Others	389,533	34,441	4,164	13,810	441,948
Total liabilities	15,129,131	779,696	147,482	357,449	16,413,758
Net position	861,543	331,688	1,136	(65,908)	1,128,459
Credit commitments	1,566,440	298,301	140,770	70,695	2,076,206

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Bank

31 December 2013

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,209,507	34,298	2,264	7,591	3,253,660
Due from banks and other financial institutions (*)	618,542	160,486	21,811	52,242	853,081
Financial assets held for trading	27,499	108	–	–	27,607
Financial assets designated at fair value though profit or loss	343,228	1	–	862	344,091
Derivative financial assets	13,710	8,281	–	1,058	23,049
Loans and advances to customers	8,627,999	507,956	9,593	23,898	9,169,446
Financial investments	3,807,218	38,790	1,614	13,704	3,861,326
Investments in subsidiaries and associates	12,553	4,742	30,504	60,294	108,093
Property and equipment	121,410	221	7	78	121,716
Others	205,272	18,676	455	71,906	296,309
Total assets	16,986,938	773,559	66,248	231,633	18,058,378
Liabilities:					
Due to central banks	–	–	–	418	418
Financial liabilities designated at fair value through profit or loss	491,418	1,830	–	59,511	552,759
Derivative financial liabilities	7,322	8,851	–	813	16,986
Due to banks and other financial institutions (**)	884,179	270,320	21,337	60,230	1,236,066
Certificates of deposit	16,969	64,763	5,910	11,544	99,186
Due to customers	13,934,111	201,349	34,418	31,650	14,201,528
Debt securities issued	208,199	5,043	1,300	5,939	220,481
Others	446,918	8,068	3,988	3,805	462,779
Total liabilities	15,989,116	560,224	66,953	173,910	16,790,203
Net position	997,822	213,335	(705)	57,723	1,268,175
Credit commitments	1,824,552	389,073	22,812	73,299	2,309,736

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

31 December 2012

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,093,873	34,945	1,416	16,425	3,146,659
Due from banks and other financial institutions (*)	724,270	178,759	8,588	66,833	978,450
Financial assets held for trading	17,995	69	–	–	18,064
Financial assets designated at fair value though profit or loss	200,777	–	–	9	200,786
Derivative financial assets	6,815	1,271	1	5,319	13,406
Loans and advances to customers	7,698,301	441,787	9,048	19,233	8,168,369
Financial investments	3,750,661	44,143	1,638	11,840	3,808,282
Investments in subsidiaries and associates	11,379	12,163	41,723	38,256	103,521
Property and equipment	114,690	212	8	40	114,950
Others	181,971	37,635	873	59,425	279,904
Total assets	15,800,732	750,984	63,295	217,380	16,832,391
Liabilities:					
Due to central banks	–	–	–	658	658
Financial liabilities designated at fair value through profit or loss	265,489	1,906	1	52,346	319,742
Derivative financial liabilities	2,244	7,505	16	2,557	12,322
Due to banks and other financial institutions (**)	1,104,836	233,104	6,560	87,085	1,431,585
Certificates of deposit	841	7,872	1,280	8,131	18,124
Due to customers	13,004,725	166,080	14,838	115,829	13,301,472
Debt securities issued	205,973	5,293	–	2,778	214,044
Others	375,246	28,711	1,375	10,411	415,743
Total liabilities	14,959,354	450,471	24,070	279,795	15,713,690
Net position	841,378	300,513	39,225	(62,415)	1,118,701
Credit commitments	1,561,904	326,651	42,845	66,253	1,997,653

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(iii) Interest rate risk

The Group's interest rate risk mainly arises from the mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB. The PBOC establishes RMB interest rate policy which includes a cap for RMB deposit rates and a floor for RMB loan rates.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may have impact on the PBOC benchmark interest rates;
- optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Bank's net interest income and equity.

The effect of the net interest income is the effect of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at year end that are subject to repricing within the coming year, including the effect of hedging instruments. The effect of equity is the effect of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate available-for-sale financial assets held at year end, including the effect of any associated hedges.

Group

	Effect on net interest income		Effect on equity	
Change in basis points	2013	2012	2013	2012
+100 basis points	(3,625)	(6,994)	(23,845)	(22,489)
−100 basis points	3,625	6,994	25,219	23,851

Bank

	Effect on net interest income		Effect on equity	
Change in basis points	2013	2012	2013	2012
+100 basis points	(4,408)	(6,553)	(22,475)	(21,733)
−100 basis points	4,408	6,553	23,794	23,094

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in net interest income and equity based on the projected yield curve scenarios and the Group's and the Bank's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

31 December 2013

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,925,637	–	–	–	368,370	3,294,007
Due from banks and other financial institutions (*)	904,190	112,495	12,998	3,133	17,071	1,049,887
Financial assets held for trading	8,599	18,442	597	170	335	28,143
Financial assets designated at fair value through profit or loss	94,699	26,644	206,352	6,984	9,734	344,413
Derivative financial assets	–	–	–	–	25,020	25,020
Loans and advances to customers	5,948,681	3,447,561	96,671	146,208	42,294	9,681,415
Financial investments	327,092	623,507	1,810,986	1,181,841	6,262	3,949,688
Investments in associates and joint ventures	–	–	–	–	28,515	28,515
Property and equipment	–	–	–	–	164,347	164,347
Others	32,904	1,449	28	6	317,930	352,317
Total assets	10,241,802	4,230,098	2,127,632	1,338,342	979,878	18,917,752
Liabilities:						
Due to central banks	51	50	623	–	–	724
Financial liabilities designated at fair value through profit or loss	490,989	1,279	1,812	–	59,527	553,607
Derivative financial liabilities	–	–	–	–	19,168	19,168
Due to banks and other financial institutions (**)	1,380,493	173,563	9,543	2,211	2,749	1,568,559
Certificates of deposit	68,931	51,353	10,274	–	–	130,558
Due to customers	9,380,482	3,237,299	1,607,592	54,442	341,010	14,620,825
Debt securities issued	27,632	11,483	24,195	189,708	–	253,018
Others	–	–	–	–	492,830	492,830
Total liabilities	11,348,578	3,475,027	1,654,039	246,361	915,284	17,639,289
Interest rate mismatch	(1,106,776)	755,071	473,593	1,091,981	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

31 December 2012

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,736,423	–	–	–	438,520	3,174,943
Due from banks and other financial institutions (*)	979,890	166,681	31,010	335	3,113	1,181,029
Financial assets held for trading	3,831	10,707	5,493	286	146	20,463
Financial assets designated at fair value through profit or loss	84,272	19,330	77,366	7,502	12,738	201,208
Derivative financial assets	–	–	–	–	14,756	14,756
Loans and advances to customers	5,041,876	3,363,398	22,392	117,512	38,111	8,583,289
Financial investments	276,967	939,062	1,446,678	1,195,889	3,620	3,862,216
Investments in associates and joint ventures	–	–	–	–	33,284	33,284
Property and equipment	–	–	–	–	135,889	135,889
Others	30,406	813	–	–	303,921	335,140
Total assets	9,153,665	4,499,991	1,582,939	1,321,524	984,098	17,542,217
Liabilities:						
Due to central banks	237	50	846	–	–	1,133
Financial liabilities designated at fair value through profit or loss	266,578	818	–	–	52,346	319,742
Derivative financial liabilities	–	–	–	–	13,261	13,261
Due to banks and other financial institutions (**)	1,523,838	172,359	9,461	1,199	17,712	1,724,569
Certificates of deposit	22,360	14,359	1,290	–	–	38,009
Due to customers	8,873,020	2,962,878	1,527,808	23,100	256,104	13,642,910
Debt securities issued	7,218	9,460	92,442	123,066	–	232,186
Others	–	–	–	–	441,948	441,948
Total liabilities	10,693,251	3,159,924	1,631,847	147,365	781,371	16,413,758
Interest rate mismatch	(1,539,586)	1,340,067	(48,908)	1,174,159	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Bank's assets and liabilities:

31 December 2013

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,888,218	–	–	–	365,442	3,253,660
Due from banks and other financial institutions (*)	734,452	96,163	1,061	3,133	18,272	853,081
Financial assets held for trading	8,560	18,405	492	150	–	27,607
Financial assets designated at fair value through profit or loss	94,607	26,583	206,182	6,985	9,734	344,091
Derivative financial assets	–	–	–	–	23,049	23,049
Loans and advances to customers	5,579,731	3,370,294	59,360	119,474	40,587	9,169,446
Financial investments	316,271	603,038	1,767,610	1,172,354	2,053	3,861,326
Investments in subsidiaries and associates	–	–	–	–	108,093	108,093
Property and equipment	–	–	–	–	121,716	121,716
Others	332	161	16	3	295,797	296,309
Total assets	9,622,171	4,114,644	2,034,721	1,302,099	984,743	18,058,378
Liabilities:						
Due to central banks	–	–	418	–	–	418
Financial liabilities designated at fair value through profit or loss	490,265	1,158	1,812	–	59,524	552,759
Derivative financial liabilities	–	–	–	–	16,986	16,986
Due to banks and other financial institutions (**)	1,185,047	47,784	1,739	139	1,357	1,236,066
Certificates of deposit	61,549	28,822	8,815	–	–	99,186
Due to customers	9,108,912	3,174,854	1,593,899	53,706	270,157	14,201,528
Debt securities issued	15,434	5,755	21,557	177,735	–	220,481
Others	–	–	–	–	462,779	462,779
Total liabilities	10,861,207	3,258,373	1,628,240	231,580	810,803	16,790,203
Interest rate mismatch	(1,239,036)	856,271	406,481	1,070,519	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

31 December 2012

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	2,711,421	–	–	–	435,238	3,146,659
Due from banks and other financial institutions (*)	784,074	169,197	22,850	–	2,329	978,450
Financial assets held for trading	2,581	9,869	5,425	189	–	18,064
Financial assets designated at fair value through profit or loss	84,272	19,248	77,026	7,502	12,738	200,786
Derivative financial assets	–	–	–	–	13,406	13,406
Loans and advances to customers	4,958,996	3,032,902	22,375	117,425	36,671	8,168,369
Financial investments	265,695	942,510	1,410,090	1,188,738	1,249	3,808,282
Investments in subsidiaries and associates	–	–	–	–	103,521	103,521
Property and equipment	–	–	–	–	114,950	114,950
Others	–	–	–	–	279,904	279,904
Total assets	8,807,039	4,173,726	1,537,766	1,313,854	1,000,006	16,832,391
Liabilities:						
Due to central banks	–	–	658	–	–	658
Financial liabilities designated at fair value through profit or loss	266,578	818	–	–	52,346	319,742
Derivative financial liabilities	–	–	–	–	12,322	12,322
Due to banks and other financial institutions (**)	1,308,588	112,222	3,880	–	6,895	1,431,585
Certificates of deposit	12,730	5,394	–	–	–	18,124
Due to customers	8,622,299	2,902,588	1,522,748	23,100	230,737	13,301,472
Debt securities issued	5,181	5,216	90,246	113,401	–	214,044
Others	–	–	–	–	415,743	415,743
Total liabilities	10,215,376	3,026,238	1,617,532	136,501	718,043	15,713,690
Interest rate mismatch	(1,408,337)	1,147,488	(79,766)	1,177,353	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Group's objectives on capital management are:

- Maintain reasonable capital adequacy ratio to continuously meet regulatory requirements on capital. Keeping stable capital base to ensure the Group's business growth and the implementation of business development and strategic plan in order to achieve comprehensive, coordinated and sustainable development;
- Adopt the advanced measurement approaches, improve the internal capital adequacy assessment process (ICAAP), disclose information on capital management, cover all types of risks, and ensure the stable operation of the Group;
- Integrated the quantified results of various risks into daily management, establish a bank value management system with economic capital as the core tool, improve the policy, process and application management system, strengthen the capital constraint and incentive mechanism, enhance the product pricing and decision-making capabilities, and improve the capital allocation efficiency; and
- Make reasonable use of various capital instruments, continuously enhance capital strengths, refine capital structure, improve capital quality, reduce capital cost, and maximize shareholder returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or repurchase own shares, other tier 1 capital instruments, qualifying tier 2 capital instruments and convertible bonds, etc.

The Group's Management monitors the capital adequacy ratio and the use of regulatory capital regularly based on regulations issued by the CBRC. The required information is respectively filed with the CBRC by the Group and the Bank semi-annually and quarterly.

From 1 January 2013, the Group commenced to calculate the capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations promulgated by the CBRC. As at 31 December 2012, the Group calculated the capital adequacy ratios in accordance with Regulations Governing Capital Adequacy of Commercial Banks and other relevant regulations promulgated by the CBRC.

The CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with Regulation Governing Capital of Commercial Banks (Provisional). For systemically important banks, CBRC requires minimum core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50%, respectively. For non-systemically important banks, CBRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. In addition, overseas entities are directly regulated by local banking regulatory commissions, and the requirements of capital adequacy ratios differ by countries.

The risk-weighted assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee. The similar calculation is adopted for off-balance sheet exposures, with adjustments made to reflect the more contingent nature of any potential loss. The risk-weighted assets of counterparty credit risk for over-the-counter (OTC) derivatives are the summation of default risk and credit value adjustment (CVA) risk capital charges. Market risk-weighted assets are calculated using the standardized approach. Basic indicator approach is used to calculate the risk-weighted assets of operational risk.

The Group calculates the following core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements promulgated by the CBRC. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the year, the Group has complied in full with all its externally imposed capital requirements.

(In RMB millions, unless otherwise stated)

53. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

(d) Capital management (continued)

The capital adequacy ratios calculated in accordance with Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements promulgated by the CBRC are as follows:

	31 December 2013
Core tier 1 capital	1,276,344
Paid-in capital	351,390
Valid portion of capital reserve	108,202
Surplus reserve	123,870
General reserve	202,940
Retained profits	512,024
Valid portion of minority interests	1,956
Others (i)	(24,038)
Core tier 1 capital deductions:	9,503
Goodwill	8,049
Other intangible assets other than land use rights	1,474
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,920)
Investments in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900
Net core tier 1 capital	1,266,841
Additional tier 1 capital (ii)	18
Net tier 1 capital	1,266,859
Tier 2 capital	324,806
Valid portion of tier 2 capital instruments and related premium	189,877
Surplus provision for loan impairment	134,857
Valid portion of minority interests	72
Tier 2 capital deductions	19,400
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	19,400
Net capital base	1,572,265
Risk-weighted assets	11,982,187
Core tier 1 capital adequacy ratio	10.57%
Tier 1 capital adequacy ratio	10.57%
Capital adequacy ratio	13.12%

(i) Others were foreign currency translation reserve.

(ii) Additional tier 1 capital was valid portion of minority interests.

The Group calculates the capital adequacy ratios as at 31 December 2012 in accordance with Regulations Governing Capital Adequacy of Commercial Banks and relevant requirements promulgated by the CBRC.

	31 December 2012
Core capital adequacy ratio	10.62%
Capital adequacy ratio	13.66%

54. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, specify the framework of fair value measurement of financial instrument, fair value measurement methodologies and procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter solutions. Operating procedures specify measurement operating procedures, valuation date, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transactions management. Financial Accounting Department plays a lead role of developing accounting policies of fair value measurement, valuation methodologies and system implementation. Risk Management Department is responsible for verifying trade details and valuation models.

The following is a description of the fair value of the financial instruments recorded at fair value which are determined using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments valued using valuation techniques consist of debt securities and asset-backed securities. The Group values such securities in use of a discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

A majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc..

Structured products are mainly valued using dealer's quotations.

Other liabilities designated at fair value through profit or loss

For unquoted other liabilities designated at fair value through profit or loss, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on yield curves, foreign exchange forward rates, foreign exchange rate volatilities, etc., which is calibrated by active market quotes of standard European options with the same underlying.

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group

31 December 2013

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	335	–	–	335
Debt securities	220	27,588	–	27,808
	555	27,588	–	28,143
Financial assets designated at fair value through profit or loss				
Debt securities	814	102,213		103,027
Other debt instruments	–	70,689	–	70,689
Others	–	30,131	140,566	170,697
	814	203,033	140,566	344,413
Derivative financial assets				
Exchange rate contracts	–	17,633	508	18,141
Interest rate contracts	–	2,516	552	3,068
Commodity derivatives and others	205	3,554	52	3,811
	205	23,703	1,112	25,020
Available-for-sale financial assets				
Equity investments	4,559	902	–	5,461
Debt securities	72,567	912,610	3,141	988,318
Other debt instruments	–	6,220	–	6,220
	77,126	919,732	3,141	999,999
	78,700	1,174,056	144,819	1,397,575
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	349,634	–	349,634
Structured deposits	–	141,925	–	141,925
Financial liabilities related to precious metals	–	59,527	–	59,527
Other debt securities issued	–	2,358	–	2,358
Others		163		163
	–	553,607	–	553,607
Derivative financial liabilities				
Exchange rate contracts	–	12,714	650	13,364
Interest rate contracts	–	2,843	552	3,395
Commodity derivatives and others	–	2,357	52	2,409
	–	17,914	1,254	19,168
	–	571,521	1,254	572,775

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

31 December 2012

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	146	–	–	146
Debt securities	1,955	18,362	–	20,317
	2,101	18,362	–	20,463
Financial assets designated at fair value through profit or loss				
Debt securities	341	103,119	–	103,460
Other debt instruments	–	85,010	–	85,010
Others	–	12,738	–	12,738
	341	200,867	–	201,208
Derivative financial assets				
Exchange rate contracts	–	10,674	178	10,852
Interest rate contracts	–	2,422	896	3,318
Commodity derivatives and others	–	277	309	586
	–	13,373	1,383	14,756
Available-for-sale financial assets				
Equity investments	2,479	176	–	2,655
Debt securities	54,237	859,092	1,015	914,344
Other debt instruments	–	2,799	–	2,799
	56,716	862,067	1,015	919,798
	59,158	1,094,669	2,398	1,156,225
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	205,064	–	205,064
Structured deposits	–	60,425	–	60,425
Financial liabilities related to precious metals	–	52,346	–	52,346
Other debt securities issued	–	1,907	–	1,907
	–	319,742	–	319,742
Derivative financial liabilities				
Exchange rate contracts	–	8,017	180	8,197
Interest rate contracts	–	2,735	943	3,678
Commodity derivatives and others	–	1,310	76	1,386
	–	12,062	1,199	13,261
	–	331,804	1,199	333,003

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

Bank

31 December 2013

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Debt securities	108	27,499	–	27,607
Financial assets designated at fair value through profit or loss				
Debt securities	491	102,214	–	102,705
Other debt instruments	–	70,689	–	70,689
Others	–	30,131	140,566	170,697
	491	203,034	140,566	344,091
Derivative financial assets				
Exchange rate contracts	–	16,313	497	16,810
Interest rate contracts	–	2,082	552	2,634
Commodity derivatives and others	–	3,554	51	3,605
	–	21,949	1,100	23,049
Available-for-sale financial assets				
Equity investment	1,269	101	–	1,370
Debt securities	29,504	882,512	2,472	914,488
	30,773	882,613	2,472	915,858
	31,372	1,135,095	144,138	1,310,605
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	349,634	–	349,634
Structured deposits	–	141,790	–	141,790
Financial liabilities related to precious metals	–	59,524	–	59,524
Debt securities issued	–	1,811	–	1,811
	–	552,759	–	552,759
Derivative financial liabilities				
Exchange rate contracts	–	11,138	506	11,644
Interest rate contracts	–	2,386	548	2,934
Commodity derivatives and others	–	2,356	52	2,408
	–	15,880	1,106	16,986
	–	568,639	1,106	569,745

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

31 December 2012

	Level 1	Level 2	Level 3	Total
Financial assets which are measured at fair value on a recurring basis:				
Financial assets held for trading				
Debt securities	–	18,064	–	18,064
Financial assets designated at fair value through profit or loss				
Debt securities	–	103,038	–	103,038
Other debt instruments	–	85,010	–	85,010
Others	–	12,738	–	12,738
	–	200,786	–	200,786
Derivative financial assets				
Exchange rate contracts	–	10,360	178	10,538
Interest rate contracts	–	1,624	896	2,520
Commodity derivatives and others	–	272	76	348
	–	12,256	1,150	13,406
Available-for-sale financial assets				
Equity investments	148	–	–	148
Debt securities	5,763	853,911	337	860,011
	5,911	853,911	337	860,159
	5,911	1,085,017	1,487	1,092,415
Financial liabilities which are measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	205,064	–	205,064
Structured deposits	–	60,425	–	60,425
Financial liabilities related to precious metals	–	52,346	–	52,346
Debt securities issued	–	1,907	–	1,907
	–	319,742	–	319,742
Derivative financial liabilities				
Exchange rate contracts	–	7,820	180	8,000
Interest rate contracts	–	1,998	943	2,941
Commodity derivatives and others	–	1,305	76	1,381
	–	11,123	1,199	12,322
	–	330,865	1,199	332,064

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year:

Group

	As at 1 January 2013	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2013
Financial assets:								
Derivative financial assets								
Exchange rate contracts	178	331	–	–	–	(1)	–	508
Interest rate contracts	896	6	–	44	–	(389)	(5)	552
Commodity derivatives and others	309	2	–	1	–	(186)	(74)	52
	1,383	339	–	45	–	(576)	(79)	1,112
Financial assets designated at fair value through profit or loss	–	2,834	–	128,082	(3,088)	–	12,738	140,566
Available-for-sale financial assets								
Debt securities	1,015	3	21	2,467	(95)	(251)	(19)	3,141
	2,398	3,176	21	130,594	(3,183)	(827)	12,640	144,819
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(180)	(467)	–	–	–	(3)	–	(650)
Interest rate contracts	(943)	(17)	–	(44)	–	447	5	(552)
Commodity derivatives and others	(76)	(2)	–	(1)	–	(47)	74	(52)
	(1,199)	(486)	–	(45)	–	397	79	(1,254)

	As at 1 January 2012	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2012
Financial assets:								
Derivative financial assets								
Exchange rate contracts	716	(296)	–	–	–	(242)	–	178
Interest rate contracts	1,796	(266)	–	–	–	(377)	(257)	896
Commodity derivatives and others	542	(261)	–	29	–	(1)	–	309
	3,054	(823)	–	29	–	(620)	(257)	1,383
Available-for-sale financial assets								
Debt securities	2,040	–	(311)	647	(953)	(408)	–	1,015
	5,094	(823)	(311)	676	(953)	(1,028)	(257)	2,398
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(731)	294	–	–	–	257	–	(180)
Interest rate contracts	(2,329)	283	–	–	–	416	687	(943)
Commodity derivatives and others	(2)	(76)	–	–	–	2	–	(76)
	(3,062)	501	–	–	–	675	687	(1,199)

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Movement in level 3 financial instruments measured at fair value (continued)

Bank

	As at 1 January 2013	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2013
Financial assets:								
Derivative financial assets								
Exchange rate contracts	178	327	–	–	–	(8)	–	497
Interest rate contracts	896	6	–	44	–	(389)	(5)	552
Commodity derivatives and others	76	2	–	1	–	46	(74)	51
	1,150	335	–	45	–	(351)	(79)	1,100
Financial assets designated at fair value through profit or loss	–	2,834	–	128,082	(3,088)	–	12,738	140,566
Available-for-sale financial assets								
Debt securities	337	3	(5)	2,467	(95)	(216)	(19)	2,472
	1,487	3,172	(5)	130,594	(3,183)	(567)	12,640	144,138
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(180)	(327)	–	–	–	1	–	(506)
Interest rate contracts	(943)	(7)	–	(44)	–	441	5	(548)
Commodity derivatives and others	(76)	(2)	–	(1)	–	(47)	74	(52)
	(1,199)	(336)	–	(45)	–	395	79	(1,106)

	As at 1 January 2012	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Disposals	Settlements	Transfers to Level 2 from Level 3	As at 31 December 2012
Financial assets:								
Derivative financial assets								
Exchange rate contracts	716	(296)	–	–	–	(242)	–	178
Interest rate contracts	1,796	(266)	–	–	–	(377)	(257)	896
Commodity derivatives and others	1	76	–	–	–	(1)	–	76
	2,513	(486)	–	–	–	(620)	(257)	1,150
Available-for-sale financial assets								
Debt securities	548	6	(14)	460	(254)	(409)	–	337
	3,061	(480)	(14)	460	(254)	(1,029)	(257)	1,487
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(731)	294	–	–	–	257	–	(180)
Interest rate contracts	(2,329)	283	–	–	–	416	687	(943)
Commodity derivatives and others	(2)	(76)	–	–	–	2	–	(76)
	(3,062)	501	–	–	–	675	687	(1,199)

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Movement in level 3 financial instruments measured at fair value (continued)

Gains or losses on level 3 financial instruments included in the income statement for the year comprise:

	2013					
	Group			Bank		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains for the year	33	2,657	2,690	37	2,799	2,836

	2012					
	Group			Bank		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total (losses)/gains for the year	(49)	(273)	(322)	(49)	70	21

(c) Transfers between levels

(i) Transfers between level 1 and level 2

During the year, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were immaterial.

(ii) Transfers between level 2 and level 3

During the year, certain derivatives financial instruments were transferred out from Level 3 to level 2 of the fair value hierarchy when significant inputs used in their fair value measurements such as market price volatility, which was previously unobservable became observable.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily certain structured derivatives, certain debt securities and asset-backed securities. These financial instruments are valued using cash flow discount model. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 31 December 2013, the carrying amount of financial instrument valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of held-to-maturity investments, receivables, subordinated bonds and convertible bonds:

Group

	31 December 2013					31 December 2012	
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying	Fair value amount
Financial assets							
Held-to-maturity investments	2,624,400	2,498,557	5,373	2,262,563	230,621	2,576,562	2,566,959
Receivables	324,488	322,825	–	43,312	279,513	364,715	364,669
	2,948,888	2,821,382	5,373	2,305,875	510,134	2,941,277	2,931,628
Financial liabilities							
Subordinated bonds	190,545	186,847	–	186,847	–	187,589	183,135
Convertible bonds	15,907	16,634	16,634	–	–	21,353	20,472
	206,452	203,481	16,634	186,847	–	208,942	203,607

Bank

	31 December 2013					31 December 2012	
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying	Fair value amount
Financial assets							
Held-to-maturity investments	2,624,378	2,498,502	2,105	2,264,714	231,683	2,582,790	2,573,157
Receivables	320,407	318,744	–	43,312	275,432	364,232	364,186
	2,944,785	2,817,246	2,105	2,308,026	507,115	2,947,022	2,937,343
Financial liabilities							
Subordinated bonds	183,023	179,094	–	179,094	–	183,000	178,030
Convertible bonds	15,907	16,634	16,634	–	–	21,353	20,472
	198,930	195,728	16,634	179,094	–	204,353	198,502

(In RMB millions, unless otherwise stated)

54. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (continued)

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods described below are adopted to determine the fair values of these assets and liabilities:

(i) The receivables are not quoted in an active market. The fair values of those receivables relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of receivables other than those relating to the restructuring of the Bank are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of held-to-maturity investments, subordinated bonds and convertible bonds are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group and the Bank's assets and liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because, for example, they are short term in nature or repriced at current market rates frequently, are as follows:

Assets	Liabilities
Balances with central banks	Due to banks and other financial institutions
Due from banks and other financial institutions	Repurchase agreements
Reverse repurchase agreements	Due to customers
Loans and advances to customers	Other financial liabilities
Other financial assets	

55. OTHER EVENTS

(a) Acquire 20% shares of Bank SinoPac Co., Ltd.

On 2 April 2013, the Bank entered into a share subscription agreement with SinoPac Financial Holdings Company Limited ("SPH") and Bank SinoPac Co., Ltd. ("BSP") regarding to subscribing for 20% shares of SPH or BSP. Completion of the transaction is conditional upon the obtaining of necessary regulatory approvals from the relevant regulatory authorities.

(b) Acquire 60% shares of Standard Bank Plc

The Bank entered into a share purchase agreement on 29 January 2014. Under the share purchase agreement, the Bank agreed to acquire 60 percent of the existing issued shares in Standard Bank Plc ("SB Plc") from Standard Bank London Holdings Limited ("SBLH"). Standard Bank Group Limited ("SBG") entered into the share purchase agreement as guarantor of the performance of SBLH's obligations. The Bank also has a five-year option to acquire a further 20 percent of the existing issued shares of SB Plc, exercisable from the second anniversary of the date that the transaction is completed (the "Call Option"). SBLH will have a put option, exercisable six months following the date on which the Bank's Call Option is exercised, to require the Bank to purchase all of the shares held by SBLH and its affiliates. According to the agreements, the purchase price for the transaction shall be determined by multiplying the net asset value of SB Plc at the completion date by the acquisition percentage (60%), less an agreed discount of USD80 million. Based on the net asset value of SB Plc as at the end of June 2013, the Bank estimates the consideration for this transaction to be approximately USD770 million. Completion of the transaction is conditional upon obtaining the necessary regulatory approvals from the relevant regulatory authorities.

56. AFTER THE REPORTING PERIOD EVENT

The profit distribution plan

A final dividend of RMB0.2617 per share after the appropriation of statutory surplus reserve and general reserve, was approved at the board of directors' meeting held on 27 March 2014, and is subject to the approval of the Bank's shareholders at the forthcoming annual general meeting. Based on the number of shares issued as at 31 December 2013, the final dividend amounted to approximately RMB91,958 million. The dividend payable was not recognised as a liability as at 31 December 2013.

57. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

58. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2014.

(In RMB millions, unless otherwise stated)

(a) Illustration of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under PRC GAAP and IFRSs for the year ended 31 December 2013 (2012: no differences). There are no differences between the equity attributable to equity holders of the parent company under PRC GAAP and IFRSs as at 31 December 2013 (31 December 2012: no differences).

(b) Liquidity ratios

	As at 31 December 2013	Average for the year ended 31 December 2013	As at 31 December 2012	Average for the year ended 31 December 2012
RMB current assets to RMB current liabilities	30.20%	31.02%	32.54%	32.64%
Foreign currency current assets to foreign currency current liabilities	60.98%	64.25%	65.23%	72.75%

The above liquidity ratios are calculated in accordance with the formula promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP.

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

(c) Foreign currency concentrations

	USD	HKD	Others	Total
As at 31 December 2013				
Spot assets	1,202,996	160,578	276,826	1,640,400
Spot liabilities	(945,124)	(228,251)	(262,189)	(1,435,564)
Forward purchases	714,341	124,180	261,060	1,099,581
Forward sales	(928,733)	(43,345)	(265,291)	(1,237,369)
Net option position	(11,255)	–	–	(11,255)
Net long/(short) position	32,225	13,162	10,406	55,793
Net structural position	18,325	1,428	28,941	48,694

	USD	HKD	Others	Total
As at 31 December 2012				
Spot assets	1,095,207	147,946	257,293	1,500,446
Spot liabilities	(779,717)	(147,482)	(357,428)	(1,284,627)
Forward purchases	520,694	52,815	336,903	910,412
Forward sales	(827,449)	(21,721)	(246,209)	(1,095,379)
Net option position	(2,068)	16	(35)	(2,087)
Net long/(short) position	6,667	31,574	(9,476)	28,765
Net structural position	16,177	672	34,248	51,097

(In RMB millions, unless otherwise stated)

(c) Foreign currency concentrations (continued)

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

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

(d) Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include loans and advances to customers, balances with central banks, amounts due from banks and other financial institutions and debt investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks and other financial institutions	Public sector entities	Others	Total
As at 31 December 2013				
Asia Pacific excluding Mainland China	73,091	3,587	354,967	431,645
— of which attributed to Hong Kong	25,702	123	226,158	251,983
Europe	26,580	–	27,604	54,184
North and South America	93,327	168	39,743	133,238
	192,998	3,755	422,314	619,067

	Banks and other financial institutions	Public sector entities	Others	Total
As at 31 December 2012				
Asia Pacific excluding Mainland China	163,667	25,540	264,335	453,542
— of which attributed to Hong Kong	91,553	5,779	134,656	231,988
Europe	55,135	7,040	25,436	87,611
North and South America	81,836	1,461	34,672	117,969
	300,638	34,041	324,443	659,122

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers

(i) Analysis by industry sector

31 December 2013

	Gross loans and advances to customers	Loans and advances covered by collateral	Overdue loans and advances to customers*	Loans and advances individually assessed to be impaired	Allowance for impairment losses		
					Individually assessed	Collectively assessed	Total
Manufacturing	1,580,147	717,905	31,151	27,679	15,710	29,069	44,779
Transportation, storage and postal services	1,301,794	336,295	5,188	5,798	4,053	24,268	28,321
Wholesale and retail	914,012	552,330	30,320	27,052	12,271	16,609	28,880
Production and supply of electricity, heating, gas and water	666,464	115,262	1,872	2,078	992	12,441	13,433
Real estate	530,600	425,202	5,169	4,480	2,827	9,852	12,679
Water, environment and public utility management	472,981	218,110	116	164	91	8,854	8,945
Leasing and commercial services	482,938	291,876	1,709	1,002	272	9,024	9,296
Mining	273,049	45,796	719	730	264	5,099	5,363
Lodging and catering	203,428	147,661	2,210	1,096	826	3,789	4,615
Construction	193,035	95,209	1,285	945	484	3,597	4,081
Science, education, culture and sanitation	104,510	28,999	646	554	409	1,947	2,356
Others	323,557	133,272	2,443	1,675	859	6,027	6,886
Subtotal of corporate loans and advances	7,046,515	3,107,917	82,828	73,253	39,058	130,576	169,634
Personal mortgage and business loans	2,049,328	1,991,041	31,367	–	–	51,498	51,498
Others	678,273	345,048	19,301	–	–	17,044	17,044
Subtotal of personal loans	2,727,601	2,336,089	50,668	–	–	68,542	68,542
Discounted bills	148,258	148,258	135	10	7	2,776	2,783
Total loans and advances to customers	9,922,374	5,592,264	133,631	73,263	39,065	201,894	240,959
Current market value of collateral held against the covered portion of overdue loans and advances *							125,538
Covered portion of overdue loans and advances *							55,990
Uncovered portion of overdue loans and advances *							77,641

* Please see section (e) (ii) for the definition of overdue loans and advances to customers.

31 December 2012

	Gross loans and advances to customers	Loans and advances covered by collateral	Overdue loans and advances to customers*	Loans and advances individually assessed to be impaired	Allowance for impairment losses		
					Individually assessed	Collectively assessed	Total
Manufacturing	1,455,792	661,890	24,603	23,793	13,091	32,864	45,955
Transportation, storage and postal services	1,154,071	334,842	8,662	9,955	4,309	20,568	24,877
Wholesale and retail	816,650	470,869	18,731	14,293	6,797	13,038	19,835
Production and supply of electricity, heating, gas and water	617,734	113,365	2,866	2,778	1,208	16,553	17,761
Real estate	562,563	444,353	6,704	4,691	2,735	15,979	18,714
Water, environment and public utility management	468,526	178,217	85	341	158	11,400	11,558
Leasing and commercial services	398,359	218,788	931	961	477	4,685	5,162
Mining	243,289	34,401	503	474	252	860	1,112
Lodging and catering	162,971	88,360	928	972	391	2,003	2,394
Construction	153,701	73,997	1,452	1,027	610	2,283	2,893
Science, education, culture and sanitation	87,450	21,286	725	592	421	546	967
Others	211,472	83,026	1,631	1,100	956	4,151	5,107
Subtotal of corporate loans and advances	6,332,578	2,723,394	67,821	60,977	31,405	124,930	156,335
Personal mortgage and business loans	1,660,600	1,594,477	37,989	–	–	51,323	51,323
Others	626,503	358,045	19,792	–	–	9,026	9,026
Subtotal of personal loans	2,287,103	1,952,522	57,781	–	–	60,349	60,349
Discounted bills	184,011	184,011	60	–	–	3,719	3,719
Total loans and advances to customers	8,803,692	4,859,927	125,662	60,977	31,405	188,998	220,403
Current market value of collateral held against the covered portion of overdue loans and advances *							134,863
Covered portion of overdue loans and advances *							61,635
Uncovered portion of overdue loans and advances *							64,027

* Please see section (e) (ii) for the definition of overdue loans and advances to customers.

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers (continued)

The amount of new impairment loss charged to the consolidated income statement and the amount of impaired loans and advances written off during the year are set out below:

	2013		2012	
	New impairment loss	Write-offs of impaired loans	New impairment loss	Write-offs of impaired loans
Manufacturing	26,339	6,709	29,905	4,121
Transportation, storage and postal services	18,011	237	4,209	203
Wholesale and retail	20,520	5,803	14,917	682
Production and supply of electricity, heating, gas and water	5,870	39	8,748	407
Real estate	2,492	205	9,402	214
Water, environment and public utility management	547	10	78	–
Leasing and commercial services	8,547	69	4,826	6
Mining	3,166	27	1,606	77
Lodging and catering	4,266	168	4,267	100
Construction	4,265	425	3,308	68
Science, education, culture and sanitation	2,002	61	1,112	56
Others	13,545	249	2,172	345
Subtotal for corporate loans and advances	109,570	14,002	84,550	6,279
Personal mortgage and business loans	19,157	1,089	27,438	538
Others	12,669	1,409	1,483	711
Subtotal for personal loans	31,826	2,498	28,921	1,249
Discounted bills	2,457		3,719	–
Total for loans and advances to customers	143,853	16,500	117,190	7,528

(ii) Overdue loans and advances to customers

	2013	2012
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	18,712	9,485
Between 6 and 12 months	17,518	11,903
Over 12 months	43,533	40,707
	79,763	62,095
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.19%	0.11%
Between 6 and 12 months	0.17%	0.14%
Over 12 months	0.44%	0.46%
	0.80%	0.71%

The definition of overdue loans and advances to customers is set out as follows:

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

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amounts of these loans and advances would be classified as overdue.

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers (continued)

(iii) Overdue and impaired loans and advances to customers by geographical distribution

31 December 2013

	Overdue loans and advances to customers			Impaired loans and advances to customers		
	Gross amount	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Collectively assessed allowance for impairment losses
Head Office	8,858	5	1	5	1	9,379
Yangtze River Delta	33,896	15,276	7,232	17,047	9,284	44,172
Pearl River Delta	21,432	10,362	5,981	13,091	7,652	28,606
Bohai Rim	19,971	13,490	6,195	13,878	6,983	36,645
Central China	19,160	9,030	4,101	12,200	5,526	28,654
Western China	16,703	7,705	4,360	9,169	5,401	37,569
Northeastern China	6,790	4,135	2,170	4,462	2,457	12,229
Overseas and others	6,821	2,040	752	3,411	1,761	4,640
Total	133,631	62,043	30,792	73,263	39,065	201,894

31 December 2012

	Overdue loans and advances to customers			Impaired loans and advances to customers		
	Gross amount	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Individually assessed to be impaired	Individually assessed allowance for impairment losses	Collectively assessed allowance for impairment losses
Head Office	7,131	136	90	136	106	9,196
Yangtze River Delta	30,067	12,831	4,886	13,130	6,159	42,574
Pearl River Delta	16,493	7,180	3,552	8,619	4,358	27,438
Bohai Rim	19,517	10,476	5,947	10,925	6,354	34,412
Central China	18,949	10,072	4,175	12,097	5,554	26,657
Western China	19,021	8,392	4,379	8,983	5,065	33,742
Northeastern China	7,340	4,125	2,125	4,362	2,486	11,674
Overseas and others	7,144	2,408	1,175	2,725	1,323	3,305
Total	125,662	55,620	26,329	60,977	31,405	188,998

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers (continued)

(iv) Renegotiated loans and advances to customers

	31 December 2013		31 December 2012	
		% of total loans and advances		% of total loans and advances
Renegotiated loans and advances	4,929	0.05%	7,188	0.08%
Less: Renegotiated loans and advances overdue for more than three months	(2,701)	(0.03%)	(3,969)	(0.04%)
Renegotiated loans and advances overdue for less than three months	2,228	0.02%	3,219	0.04%

(f) Overdue placements with banks and other financial institutions

	2013	2012
The Group's gross placements with banks and other financial institutions which have been overdue with respect to either principal or interest for a period of:		
Over 12 months	16	16
As a percentage of total gross placements with banks and other financial institutions:		
Over 12 months	0.01%	0.01%

(g) Exposures to Mainland China non-bank entities

	2013	2012
On-balance sheet exposure	11,751,059	10,374,194
Off-balance sheet exposure	2,408,947	1,765,308
	14,160,006	12,139,502
Individually assessed allowance for impairment losses	39,363	30,289

In addition to those disclosed above, exposures to other non-bank counterparties outside Mainland China to which credit is granted for use in Mainland China are considered insignificant to the Group.

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on CBRC Notice on issuing regulatory documents on capital regulation for Commercial Banks (Yin Jian Fa, No 33, 2013) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Item		Amount	Index
Core tier 1 capital			
1	Paid-in capital	351,390	p
2	Retained earnings	838,834	
2a	Surplus reserve	123,870	s
2b	General reserve	202,940	t
2c	Retained profits	512,024	u
3	Accumulated other comprehensive income (and other public reserves)	84,164	
3a	Capital reserve	108,202	q
3b	Others	(24,038)	v
4	Valid portion to core tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	
5	Valid portion of minority interests	1,956	w
6	Core tier 1 capital before regulatory adjustments	1,276,344	
Core tier 1 capital: Regulatory adjustments			
7	Prudential valuation adjustments	–	
8	Goodwill (net of deferred tax liabilities)	8,049	n
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,474	l-m
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	–	
11	Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,920)	r
12	Shortfall of provision for loan impairment	–	
13	Gain on sale related to asset securitization	–	
14	Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined-benefit pension fund net assets (net of related deferred tax liabilities)	–	
16	Directly or indirectly holding in own ordinary shares	–	
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	
20	Mortgage servicing rights	N/A	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item		Amount	Index
21	Deductible amount in deferred tax assets arising from temporary differences	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences	–	
23	Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	
26a	Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900	i
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	
26c	Others that should be deducted from core tier 1 capital	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	
28	Total regulatory adjustments to core tier 1 capital	9,503	
29	Core tier 1 capital	1,266,841	
Additional tier 1 capital:			
30	Additional tier 1 capital instruments and related premium	–	
31	Including: Portion classified as equity	–	
32	Including: Portion classified as liabilities	–	
33	Invalid instruments to additional tier 1 capital after the transition period	–	
34	Valid portion of minority interests	18	x
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	
36	Additional tier 1 capital before regulatory adjustments	18	
Additional tier 1 capital: Regulatory adjustments			
37	Directly or indirectly holding additional tier 1 capital of the Bank	–	
38	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	
39	Deductible amount of non-significant minority investment in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	
41a	Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	
41c	Others that should be deducted from additional tier 1 capital	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	
43	Total regulatory adjustments to additional tier 1 capital	–	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item		Amount	Index
44	Additional tier 1 capital	18	
45	Tier 1 capital (core tier 1 capital + additional tier 1 capital)	1,266,859	
Tier 2 capital:			
46	Tier 2 capital instruments and related premium	189,877	o
47	Invalid instruments to tier 2 capital after the transition period	185,346	
48	Valid portion of minority interests	72	y
49	Including: Invalid portion to tier 2 capital after the transition period	–	
50	Valid portion of surplus provision for loan impairment	134,857	b
51	Tier 2 capital before regulatory adjustments	324,806	
Tier 2 capital: Regulatory adjustments			
52	Directly or indirectly holding tier 2 capital of the Bank	–	
53	Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	–	
54	Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	19,400	h
56a	Investment in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	
56c	Others that should be deducted from tier 2 capital	–	
57	Total regulatory adjustments to tier 2 capital	19,400	
58	Tier 2 capital	305,406	
59	Total capital (tier 1 capital + tier 2 capital)	1,572,265	
60	Total risk-weighted assets	11,982,187	
Requirements for capital adequacy ratio and reserve capital			
61	Core tier 1 capital adequacy ratio	10.57%	
62	Tier 1 capital adequacy ratio	10.57%	
63	Capital adequacy ratio	13.12%	
64	Institution specific buffer requirement	3.5%	
65	Including: Capital conservation buffer requirement	2.5%	
66	Including: Countercyclical buffer requirement	–	
67	Including: G-SIB buffer requirement	1%	
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	5.57%	
Domestic minima for regulatory capital			
69	Core tier 1 capital adequacy ratio	5%	
70	Tier 1 capital adequacy ratio	6%	
71	Capital adequacy ratio	8%	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item	Amount	Index
Amounts below the thresholds for deduction		
72 Undeducted amount of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	26,898	c+d+f+g+j
73 Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,893	e+k
74 Mortgage servicing rights (net of deferred tax liabilities)	N/A	
75 Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	28,724	
Valid caps of surplus provision for loan impairment to tier 2 capital		
76 Provision for loan impairment set aside under the weighted approach	240,959	a
77 Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	134,857	b
78 Provision for loan impairment set aside under the internal rating-based approach	N/A	
79 Valid cap of provision for loan impairment to tier 2 capital under the internal rating-based approach	N/A	
Capital instruments subject to phase-out arrangements		
80 Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements	–	
81 Excluded from core tier 1 capital due to cap	–	
82 Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	
83 Excluded from additional tier 1 capital due to cap	–	
84 Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	185,346	
85 Excluded from tier 2 capital for the current period due to cap	17,006	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(ii) Consolidated financial statements

	31 December 2013 Balance sheet as in published financial statements (i)	31 December 2013 Under regulatory scope of consolidation (i)
Assets		
Cash and balances with central banks	3,294,007	3,294,006
Due from banks and other financial institutions	306,366	300,543
Precious metals	61,821	61,821
Placements with banks and other financial institutions	411,618	411,618
Financial assets at fair value through profit or loss	372,556	372,477
Derivative financial assets	25,020	25,020
Reverse repurchase agreements	331,903	331,870
Loans and advances to customers	9,681,415	9,680,819
Available-for-sale financial assets	1,000,800	996,556
Held-to-maturity investments	2,624,400	2,623,602
Receivables	324,488	320,407
Long term equity investments	28,515	32,415
Fixed assets	135,863	135,828
Construction in progress	24,841	24,841
Deferred income tax assets	28,860	28,860
Other assets	265,279	259,332
Total assets	18,917,752	18,900,015

(i) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(ii) Consolidated financial statements (continued)

	31 December 2013 Balance sheet as in published financial statements (i)	31 December 2013 Under regulatory scope of consolidation (i)
Liabilities		
Due to central banks	724	724
Due to banks and other financial institutions	867,094	867,094
Placements from banks and other financial institutions	402,161	402,161
Financial liabilities at fair value through profit or loss	553,607	553,543
Derivative financial liabilities	19,168	19,168
Repurchase agreements	299,304	297,616
Certificates of deposit	130,558	130,558
Due to customers	14,620,825	14,622,319
Employee benefits payable	24,529	24,425
Taxes payable	67,051	67,002
Debt securities issued	253,018	253,018
Deferred income tax liabilities	420	136
Other liabilities	400,830	385,665
Total liabilities	17,639,289	17,623,429
Shareholders' equity		
Share capital	351,390	351,390
Capital reserve	108,023	108,202
Surplus reserve	123,870	123,870
General reserve	202,940	202,940
Retained profits	511,949	512,024
Foreign currency translation reserve	(24,038)	(24,038)
Equity attributable to equity holders of the parent company	1,274,134	1,274,388
Minority interests	4,329	2,198
Total equity	1,278,463	1,276,586

(i) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iii) Description of related items

	Under regulatory scope of consolidation	Index
Loans and advances to customers	9,680,819	
Total loans and advances to customers	9,921,778	
Less: Provision for loan impairment set aside under the weighted approach	240,959	a
Including: Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	134,857	b
Available-for-sale financial assets	996,556	
Bond investment measured at fair value	985,296	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	13,119	c
Other debt instrument investment measured at fair value	5,008	
Equity investment	6,252	
Including: Undeducted portion of non-significant minority investments in capital nstruments issued by financial institutions that are not subject to consolidation	1,171	d
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	117	e
Held-to-maturity investments	2,623,602	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	2,327	f
Receivables	320,407	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	10,250	g
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	19,400	h
Long term equity investments	32,415	
Including: Investment in core tier1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900	i
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	31	j
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,776	k

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iii) Description of related items (continued)

	Under regulatory scope of consolidation	Index
Other assets	259,332	
Interest receivable	98,193	
Intangible assets	22,513	l
Including: land use rights	21,039	m
Other receivables	122,474	
Goodwill	8,049	n
Long-term deferred and prepaid expenses	4,610	
Repossessed assets	393	
Others	3,100	
Debt securities issued	253,018	
Including: Valid portion of tier 2 capital instruments and their premium	189,877	o
Share capital	351,390	p
Capital reserve	108,202	q
Share capital premium	138,580	
Reserve for changes in fair value of available-for-sale financial assets	(29,200)	
Reserve for cash flow hedging	(3,961)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,920)	r
Changes in share of other owners' equity of associates and joint ventures	255	
Equity component of convertible bonds	1,960	
Other capital reserve	568	
Surplus reserve	123,870	s
General reserve	202,940	t
Retained profits	512,024	u
Foreign currency translation reserve	(24,038)	v
Minority interests	2,198	
Including: Valid portion to core tier 1 capital	1,956	w
Including: Valid portion to additional tier 1 capital	18	x
Including: Valid portion to tier 2 capital	72	y

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iv) Main features of capital instruments

Main features of regulatory capital instrument	Ordinary share (A share)	Ordinary share (H share)	Tier 2 capital instrument	Tier 2 capital instrument
Issuer	ICBC	ICBC	ICBC (Asia)	ICBC (Asia)
Unique identifier	601398	1398	ISIN: HK0000091832 BBGID: BBG0027DX770	ISIN: XS0976879279 BBGID: BBG005CMF4N6
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/ Hong Kong, China	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with English law, except that the provision of the Notes relating to Subordination shall be governed by, and construed in accordance with, the laws of Hong Kong	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with English law, except that the provision of the Notes relating to Subordination shall be governed by, and construed in accordance with, the laws of Hong Kong
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/ Group	Parent company/ Group	Group	Group
Instrument type	Ordinary share	Ordinary share	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognized in regulatory capital (in RMB millions, as at the latest reporting date)	RMB320,770	RMB169,200	RMB1,500	RMB equivalent 3,031
Par value of instrument (in RMB millions)	RMB264,595	RMB86,795	RMB1,500	USD500
Accounting treatment	Share capital, Capital reserve	Share capital, Capital reserve	Debt securities issued	Debt securities issued
Original date of issuance	19 October 2006	19 October 2006	4 November 2011	10 October 2013
Perpetual or dated	Perpetual	Perpetual	Dated	Dated
Including: Original maturity date	No maturity date	No maturity date	4 November 2021	10 October 2023

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iv) Main features of capital instruments (continued)

Main features of regulatory capital instrument	Ordinary share (A share)	Ordinary share (H share)	Tier 2 capital instrument	Tier 2 capital instrument
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	5 November 2016, in full amount	10 October 2018, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed	Fixed
Including: Coupon rate and any related index	N/A	N/A	6.00%	4.50%
Including: Existence of a dividend stopper	N/A	N/A	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger (s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	No	No	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	N/A	Non-Viability of ICBC (Asia)	Non-Viability of ICBC (Asia) or the Bank
Including: If write-down, full or partial	N/A	N/A	Full write-down	Full write-down
Including: If write-down, permanent or temporary	N/A	N/A	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After depositor, general creditor and the creditor of the subordinated debts	After depositor, general creditor and the creditor of the subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts	After depositor and general creditor, in the same liquidation order with other subordinated debts
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

2013 Ranking and Awards

2013 Ranking

Forbes
The 1st place among the Global 2000
(Ranking in terms of combination of sales, profit, assets, and market value)

The Banker
The 1st place among the Top 1000 World Banks
(Ranking in terms of tier 1 capital of the bank)

Fortune
The 29th place among the Global 500
The 1st place on the sub-list of commercial banks
(Ranking in terms of revenue)

Millward Brown
The 16th place among the Top 100 Most Valuable Global Brands
The 2nd place among the brands of financial institutions
(Ranking in terms of brand value)

China Enterprise Confederation
The 4th place among the Top 500 Enterprises of China
Ranking in terms of operating income

2013 Awards

The Chamber of Hong Kong Listed Companies
Hong Kong Corporate Governance Excellence Awards

Euromoney
Best Bank in China
Best Precious Metal Trading Bank in China
Best Lending/Financing Solutions Private Banking

The Banker
Bank of the Year in China

Global Finance
Best Bank in China
Best Sub-Custodian Bank in China
Best Corporate/Institutional Internet Bank in China
Best Corporate Bank in China
Best Supply Chain Finance Provider
Best Integrated Corporate Bank Site (Asia)
Best Information Security Initiatives (Asia)
Best in Social Media (Asia)
Best Online Treasury Services (Asia)

The Asian Banker
Best Retail Bank in China
Best Large-Scale Retail Bank in China
Best Private Banking Business in China
Best Payments Product in China
Best Cash Management Bank in China
Leading Counterparty Bank in China

Asiamoney
Best Domestic Bank in China

The Asset
Best Domestic Bank (China)
Platinum Award for All-Round Excellence
China's Most Promising Companies
Best Bank in Cash Management (China)
Best Domestic Custodian Bank (China)
Best Private Bank in China
Best Wealth Management House (China)

Global Custodian
Domestic Top Rated Provider (China)

Corporate Governance Asia
Asian Corporate Director Recognition Awards
Asian Company Secretary Recognition Awards
Icon on Corporate Governance

YZZK
Ranking of Chinese Enterprises in Hong Kong Stock Market — Enterprise with the Largest Market Value

FinanceAsia
Best Bank in China
Best Private Bank in China
Best Corporate Social Responsibility
Most Committed to A Strong Dividend Policy

IFR Asia
China Bond House

Asia Risk
House of the Year (risk management and derivatives transactions), China

Asian Investor
Best Direct Custody Service Provider

Ta Kung Pao
Listed Company with Most Social Responsibilities

International Data Group
Global Competitiveness Top 10 Brands from China

Asia Pacific Contact Center Association Leaders (APCCAL)
China Best Call Center Operations Award

Ifeng.com and phtv.ifeng.com
Financier with the Most Reform Motivation

Brand Finance
Most Valuable Brand of Global Bank Asia

Visa Inc.
Best High-end Product Presentation in China
Best Global Business Development

2013 Ranking and Awards

MasterCard Worldwide
Best Cross-border Transaction Presentation
Best Corporate Card Presentation
Best Product Presentation
Best Cardholder Feedback

MOF
Award of Excellence in Underwriting Book-entry Treasury Bond

MOF, PBC
Award of Excellence in Savings Bond Underwriting

PBC
Bank Technological Development Award
Advanced Collective on Construction of Rural Payment Service Environment

CBRC
Advanced Unit of National Banking Financial Institutions to provide Financial Services for Small and Micro Enterprises
Featured Products of National Banking Financial Institutions to provide Financial Services for Small and Micro Enterprise

Office of Coordination and Steering Group of China Gold Card Project
20-year Excellent Application Achievement Award of China Gold Card Project — Financial IC Card Application Project

Office of Anti-Counterfeit Money Joint Meeting of the State Council
Advanced Collective on National Anti-Counterfeit Money

China Central Depository & Clearing Co., Ltd.
Excellent Settlement Member in National Interbank Bond Market

China Banking Association
Best Performance Award for Syndicated Loans
Best Social Responsibility Financial Institution Award
Best Livelihood Finance Award in Social Responsibility of the Year
Social Responsibility Leader Award of the Year
Excellent Charity Project Award of the Year
Best Social Responsibility Special Contribution Outlet Award of the Year
Outstanding Contribution Award of the Legal Committee
Best Effect Award for "Popularizing Financial Knowledge" Series in Chinese Banking Industry
Best Director Award of the Pension Business Specialized Committee
Outstanding Contribution Award in Pension Business

China Foreign Exchange Trade System
Best Market Maker
Best Market Maker in Derivatives
Best Market Maker in Anonymous Trading
Best Market Maker in Technologies
Excellent Market Maker in Direct Trading
Excellent Member in Derivative Trading
Best Market Maker in Back-office Support of Foreign Exchange Market

Shanghai Clearing House
Excellent Settlement Member
Excellent Clearing Member

China Association of Small and Medium Enterprises
Outstanding Contribution Award in Financing of Small and Medium-sized Enterprises

China Mergers & Acquisitions Association
Outstanding M&A Contribution Award

China Call-Centre & CRM Association (CNCCA), China Electronics Chamber of Commerce
Best Self-Built Call Center in China

Co-host by China Association of Trade in Service and China Information Industry Association
Best Customer Service Management Team in China
Best Customer Service Center in China

China Advertising Association
Most Influential Advertising Communication Case in China

CFCA
Best E-banking Award

China Financial Industry Call Center Development League
Operation and Management Model Team Award
Call Business Model Team Award
Technical Support Model Team Award
Integrated Business Support Model Team Award

China Internet Week of Chinese Academy of Sciences, Center for Informatization Study
Best Online Financing Bank in China

Organizing Committee for Environmental Responsibility Investigation Action of Chinese Listed Companies
Top 10 Enterprises in Environmental Responsibilities of Chinese Listed Companies

National Evaluation Committee of Innovation Achievements of Enterprise Management Modernization
First Prize of Innovation Achievements of National Enterprises Management Modernization

Chinese Foundation for Lifeline Express
Bright Merit Award

Bankcard Security Cooperation Committee
Police-Bank Joint Development Contribution Award

Customer Relation Management Specialized Committee of China Federation of IT Promotion
China Best Call Center Award

China Center for Market Value Management
Top 100 Chinese Listed Companies in Capital Brand

China E-Commerce Association
Top Ten Electronic Finance (Electronic Payment) Brands with User Satisfaction
Best Mobile Banking
Outstanding Contribution Award of the Year

Shanghai Gold Exchange
Excellent Financial Member
First Prize in Leasing Business

China UnionPay
Cross-bank Transaction Contribution Award
Award of Excellence in Industry Operation Cooperation
Award of Excellence in Business Rules and Technological Execution System Improvement
Excellent Contribution Award in Credit Card Marketing
Overseas Card Issue Promotion Award
Outstanding Contribution Award in Brand Cooperation

21st Century Business Herald

Best Commercial Bank in Asia
Best Chinese-funded Private Bank
Top 10 Listed Companies with Best Corporate Social Responsibility
Best Risk Control Bank

Treasury China

Best Cash Management Bank

Chinese Securities Journal

Gold Board Secretary
Best Shareholder Returns Award
Best Public Image Award

Directors & Boards

Golden Round Table — Most Innovative Board Secretary
Golden Round Table — Best Board of Directors

China Times

Best Retail Bank of the Year
"Golden Shield Award" for Information Disclosure of Listed Companies
Leading Bank with Best International Vision

Financial Money

Gold Custodian Bank of the Year

The Economic Observer

Outstanding Chinese-fund Bank of the Year

CCM World

Best Call Center in China

Money Week

Best Retail Bank in China
Best Bank Wealth Management Brand in China
Best Private Bank in China
Best China Small & Micro Financial Services Brand
Most Respectable Bank in China
Best Credit Card

Daonong Center for Enterprise

Chinese Green Companies Top 100

National Business Daily

Environmental Protection Fragrant Enterprise
Small & Micro Financial Contribution Award
Best Social Responsibility Commercial Bank

Southern Metropolis Daily

Customer Service Award of the Year

Southern Weekly

Second Place in the List of Chinese State-owned Listed Companies on Corporate Social Responsibilities

Training

Best Enterprise for Talent Development in China

Shanghai Securities News

Information Disclosure Enterprises — Board Secretary Award

CFO WORLD

Best Cash Management Brand Award
Best Corporate Wealth Management Award

Investor Journal Weekly

Best Fund Custodian Bank

The Chinese Banker

Best National Commercial Bank
Best Financial Service Innovation Award
Best Financial Enterprise Image Award
Best IT Commercial Bank
Best Risk Management Commercial Bank
First Place in the Ranking of National Commercial Banks in Financial Appraisal
First Place in the Ranking of National Commercial Banks in Core Competitiveness
Top Ten Financial Brand Marketing Award
Top Ten Financial Brand Innovation Award — Retail Business
Top Ten Financial Brand Innovation Award — Corporate Banking Business
Top Ten Financial Brand Innovation Award — ICBC Multi-currency Card

Securities Daily

"Golden Tripod Award" in Chinese Securities Market

Securities Times

Best Private Bank in China
Best Banking Wealth Management Brand in China
Best Structured Banking Wealth Management Product in China
Best Banking Wealth Management Product of Constant Returns in China
Best Bank in Investment Banking
Best Merger & Acquisition Advisor Bank
Best Equity Financing Project
Best Wealth Manager in China
Best Wealth Management Brand in China
Best Internet Financial Enterprise in China
Best Financial APP Product in China — ICBC Mobile Banking Client
Excellent Companies in Financial Service Sector — Most Popular Listed Company Website for Investors
Best Interactive Platform for Investor Relations
Best Business Platform Website
Main Board Top 100 — Board Secretary Award

China Business Journal

Wealth Management Bank with Excellent Competitiveness
Private Banking with Excellent Competitiveness
International Banking with Excellent Competitiveness
Investment Banking with Excellent Competitiveness
Risk Management Banking with Excellent Competitiveness

China Newsweek

Most Responsible Enterprise
China Low-carbon Model

Distance Education in China

Outstanding Implementation Award in E-learning Industry of China

China Securities Journal, jnlc.com

Golden Bull Wealth Management Bank Award

Wisemoney

Excellent Banker
Excellent Financial Wealth Management Product
Excellent E-banking
Excellent Bank Websites
No. 1 Credit Card Brand in China

CBN

Retail Bank of the Year
Excellent Practice Award of CBN Corporate Social Responsibility Ranking in China

iResearch

Chinese Bank Internet Service — Best Innovation Award

China.com.cn

Excellent Brand Award
Best Wealth Management Bank

ChinaHR

Top 50 Best Employers for University Students
Best Employers for University Students — Best Employer in National Banking Sector

Xinhuanet.com

China Electronic Payment Industry Contribution Award

Finance.sina.com.cn

Most Popular E-Bank in China

Bankrate.com.cn

Consumer Satisfaction Awards: General Banking Services
Consumer Satisfaction Awards: Precious Metal Business
Consumer Satisfaction Awards: Internet Banking
Consumer Satisfaction Awards: Credit Card Business
Financial Product and Service Innovation Award — ICBC Money Fund Credit Card

Stockstar.com

Listed Company with Best Investor Relations
Listed Company with Best Social Responsibilities
Best User Experience Banking Website Award

Zhaopin.com

Best Employer in China (Top 100)

Eastmoney.com

Best Bank Platform for Precious Metal Transactions
Best E-banking Award
Best Bank Website

Hexun

Most Respectable Leader of Listed Company
Top Ten Brand Banks

jrj.com

Best Bank of the Year
Best Retail Bank
Best Cash Management Bank
Best E-banking
Best Social Responsibility Award
Best Wealth Management Product Innovation Award
Best Innovation Award of the Year in Banking Sector
Best E-banking Security Award
E-banking & Mobile Banking User Experience Award
Best Credit Card Marketing Award

Taihe Consulting

Best Employer in China (Comprehensive Award in Financial Industry)

Tencent

Bank of the Year in Finance Grand Ceremony
Top 100 Hong Kong Stocks (Top Ten in terms of comprehensive strength)
Most Popular Credit Card of the Year

List of Domestic and Overseas Branches and Offices

Domestic Institutions

ANHUI PROVINCIAL BRANCH
Address: No. 189 Wuhu Road, Hefei City, Anhui Province, China
Postcode: 230001
Tel: 0551-62869178/62868101
Fax: 0551-62868077

BEIJING MUNICIPAL BRANCH
Address: Tower B, Tianyin Mansion, No. 2 Fuxingmen South Street, Xicheng District, Beijing, China
Postcode: 100031
Tel: 010-66410579
Fax: 010-66410579

CHONGQING MUNICIPAL BRANCH
Address: No. 9 Jiangnan Road, Nan'an District, Chongqing, China
Postcode: 400060
Tel: 023-62918002
Fax: 023-62918059

DALIAN BRANCH
Address: No. 5 Zhongshan Square, Dalian City, Liaoning Province, China
Postcode: 116001
Tel: 0411-82378888/82819593
Fax: 0411-82808377

FUJIAN PROVINCIAL BRANCH
Address: No. 108 Gutian Road, Fuzhou City, Fujian Province, China
Postcode: 350005
Tel: 0591-88087810/88087819/88087000
Fax: 0591-83353905/83347074

GANSU PROVINCIAL BRANCH
Address: No. 408 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province, China
Postcode: 730030
Tel: 0931-8434172
Fax: 0931-8435166

GUANGDONG PROVINCIAL BRANCH
Address: No. 123 Yanjiangxi Road, Guangzhou City, Guangdong Province, China
Postcode: 510120
Tel: 020-81308130/81308123
Fax: 020-81308789

GUANGXI AUTONOMOUS REGION BRANCH
Address: No. 15-1 Jiaoyu Road, Nanning City, Guangxi Autonomous Region, China
Postcode: 530022
Tel: 0771-5316617
Fax: 0771-5316617/2806043

GUIZHOU PROVINCIAL BRANCH
Address: No. 200 Zhonghua North Road, Guiyang City, Guizhou Province, China
Postcode: 550003
Tel: 0851-862000/8620018
Fax: 0851-5963911/8620017

HAINAN PROVINCIAL BRANCH
Address: Tower A, No. 3 Heping South Road, Haikou City, Hainan Province, China
Postcode: 570203
Tel: 0898-65303138
Fax: 0898-65303138

HEBEI PROVINCIAL BRANCH
Address: Tower B, Zhonghua Shangwu Tower, No. 188 Zhongshan West Road, Shijiazhuang City, Hebei Province, China
Postcode: 050051
Tel: 0311-66001888/66000001
Fax: 0311-66001889/66000002

HENAN PROVINCIAL BRANCH
Address: No. 99 Jingsan Road, Zhengzhou City, Henan Province, China
Postcode: 450011
Tel: 0371-65776888/65776808
Fax: 0371-65776889/65776988

HEILONGJIANG PROVINCIAL BRANCH
Address: No. 218 Zhongyang Road, Daoli District, Harbin City, Heilongjiang Province, China
Postcode: 150010
Tel: 0451-85870963/84668577
Fax: 0451-84698115/85870962

HUBEI PROVINCIAL BRANCH
Address: No. 31 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, China
Postcode: 430071
Tel: 027-69908676/69908658
Fax: 010-69908040

HUNAN PROVINCIAL BRANCH
Address: No. 619 Furong Middle Road Yi Duan, Changsha City, Hunan Province, China
Postcode: 410011
Tel: 0731 -84428833/84420000
Fax: 0731-84430039

JILIN PROVINCIAL BRANCH
Address: No. 9559 Renmin Avenue, Changchun City, Jilin Province, China
Postcode: 130022
Tel: 0431-89569073/89569712
Fax: 0431-88923808

JIANGSU PROVINCIAL BRANCH
Address: No. 408 Zhongshan South Road, Nanjing City, Jiangsu Province, China
Postcode: 210006
Tel: 025-52858000
Fax: 025-52858111

JIANGXI PROVINCIAL BRANCH
Address: No. 233, Fuhe North Road, Nanchang City, Jiangxi Province, China
Postcode: 330008
Tel: 0791-6695117/6695018
Fax: 0791-6695230

LIAONING PROVINCIAL BRANCH
Address: No. 88 Nanjing North Road, Heping District, Shenyang City, Liaoning Province, China
Postcode: 110001
Tel: 024-23491600/23491602
Fax: 024-23491609

INNER MONGOLIA AUTONOMOUS REGION BRANCH
Address: No. 105 Xilin North Road, Huhehot City, Inner Mongolia Autonomous Region, China
Postcode: 010050
Tel: 0471-6940297
Fax: 0471-6940048

NINGBO BRANCH
Address: No. 218 Zhongshan West Road, Ningbo City, Zhejiang Province, China
Postcode: 315010
Tel: 0574-87361162
Fax: 0574-87361190

NINGXIA AUTONOMOUS REGION BRANCH
Address: No. 901 Huanghe East Road, Jinfeng District, Yinchuan City, Ningxia Autonomous Region, China
Postcode: 750002
Tel: 0951-5039558
Fax: 0951-5042348

QINGDAO BRANCH
Address: No. 25 Shandong Road, Shinan District, Qingdao City, Shandong Province, China
Postcode: 266071
Tel: 0532-85809988-621031
Fax: 0532-85814711

QINGHAI PROVINCIAL BRANCH
Address: No. 2 Shengli Road, Xining City, Qinghai Province, China
Postcode: 810001
Tel: 0971-6146733/6146734
Fax: 0971-6146733

SHANDONG PROVINCIAL BRANCH
Address: No. 310 Jingsi Road, Jinan City, Shandong Province, China
Postcode: 250001
Tel: 0531-66681622
Fax: 0531-87941749

SHANXI PROVINCIAL BRANCH
Address: No. 145 Yingze Street, Taiyuan City, Shanxi Province, China
Postcode: 030001
Tel: 0351-6248888/6248011
Fax: 0351-6248004

SHAANXI PROVINCIAL BRANCH
Address: No. 395 Dongxin Street, Xi'an City, Shaanxi Province, China
Postcode: 710004
Tel: 029-87602608/87602630
Fax: 029-87602999

SHANGHAI MUNICIPAL BRANCH
Address: No. 9 Pudong Avenue, Pudong New District, Shanghai, China
Postcode: 200120
Tel: 021-58885888
Fax: 021-58886888

SHENZHEN BRANCH
Address: North Block Financial Center, No. 5055 Shennan East Road, Luohu District, Shenzhen City, Guangdong Province, China
Postcode: 518015
Tel: 0755-82246400
Fax: 0755-82062761

SICHUAN PROVINCIAL BRANCH
Address: No. 35 Zongfu Road, Jinjiang District, Chengdu City, Sichuan Province, China
Postcode: 610016
Tel: 028-82866000
Fax: 028-82866025

TIANJIN MUNICIPAL BRANCH
Address: No. 123 Weidi Road, Hexi District, Tianjin, China
Postcode: 300074
Tel: 022-28400033/28401380
Fax: 022-28400123

XIAMEN BRANCH
Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China
Postcode: 361012
Tel: 0592-5292000
Fax: 0592-5054663

XINJIANG AUTONOMOUS REGION BRANCH
Address: No. 231 Remin Road, Tianshan District, Urumuqi, Xinjiang Autonomous Region, China
Postcode: 830002
Tel: 0991-5981888
Fax: 0991-2337527

TIBET AUTONOMOUS REGION BRANCH
Address: No. 31 Jinzhu Mid-Rd., Lhasa, Tibet Autonomous Region
Postcode: 850000
Tel: 0891-6898019/6898002
Fax: 0891-6898001

YUNNAN PROVINCIAL BRANCH
Address: Bank Mansion, No. 395 Qingnian Road, Kunming City, Yunnan Province, China
Postcode: 650021
Tel: 0871-63136172/63178888
Fax: 0871-63134637

ZHEJIANG PROVINCIAL BRANCH
Address: No. 150 Zhonghe Middle Road, Hangzhou City, Zhejiang Province, China
Postcode: 310009
Tel: 0571-87803888
Fax: 0571-87808207

ICBC Credit Suisse Asset Management Co., Ltd.
Address: Bank of Beijing Building, 17 C Financial Street, Xicheng District, Beijing, China
Postcode: 100140
Tel: 010-66583333
Fax: 010-66583158

ICBC Financial Leasing Co., Ltd.
Address: E5AB, Finance Street, No. 20 Plaza East Road, Economic Development Zone, Tianjin
Postcode: 300457
Tel: 022-66283766/010-66105888
Fax: 022-66224510/010-66105999

ICBC-AXA Assurance Co., Ltd.
Address: 19/F Mirae Asset Tower, No. 166 Lujiazui Ring Road, Pudong New Area, Shanghai
Postcode: 200120
Tel: 021-5879-2288
Fax: 021-5879-2299

Chongqing Bishan ICBC Rural Bank Co., Ltd.
Address: No. 1 Aokang Avenue, Bishan County, Chongqing
Postcode: 402760
Tel: 023-85297704
Fax: 023-85297709

Zhejiang Pinghu ICBC Rural Bank Co., Ltd.
Address: No. 258 Chengnan West Road, Pinghu, Zhejiang Province
Postcode: 314200
Tel: 0573-85139616
Fax: 0573-85139626

Overseas Institutions

ICBC, Hong Kong Branch
Address: 33/F, ICBC Tower,
3 Garden Road, Central,
Hong Kong
Email: icbchk@icbcasia.com
Tel: +852-25881188
Fax: +852-28787784
SWIFT: ICBKHKHH

ICBC, Singapore Branch
Address: 6 Raffles Quay #12-01,
Singapore 048580
Email: icbcsg@icbc.com.sg
Tel: +65-65381066
Fax: +65-65381370
SWIFT: ICBKSGSG

ICBC, Tokyo Branch
Address: 2-1 Marunouchi 1-Chome,
Chiyoda-Ku Tokyo,
100-0005, Japan
Email: icbctokyo@icbc.co.jp
Tel: +813-52232088
Fax: +813-52198502
SWIFT: ICBKJPJT

ICBC, Seoul Branch
Address: 16th Floor,
Taepyeongno Bldg.,
#310, Taepeongno2-ga,
Jung-gu, Seoul 100-767,
Korea
Email: icbcseoul@kr.icbc.com.cn
Tel: +822-37886670
Fax: +822-7553748
SWIFT: ICBKKRSE

ICBC, Busan Branch
Address: 1st Floor, Samsung
Fire & Marine
Insurance Bldg.,
#1205-22,
Choryang-1dong,
Dong-Gu, Busan 601-728,
Korea
Email: busanadmin@kr.icbc.com.cn
Tel: +8251-4638868
Fax: +8251-4636880
SWIFT: ICBKKRSE

ICBC, Hanoi Branch
Address: Daeha Business Center,
No.360, Kim Ma Str.,
Ba Dinh Dist., Hanoi,
Vietnam
Email: liuming@vn.icbc.com.cn
Tel: +84-462698812
Fax: +84-462699800
SWIFT: ICBKVNVN

ICBC, Vientiane Branch
Address: Lanexang Avenue, Home
No. 12, Unit 15,
Ban Hatsadee-Tai,
Chanthabouly District,
Vientiane Capital,
Lao PDR.
Email: icbcvte@la.icbc.com.cn
Tel: +856-21258897
Fax: +856-21258897
SWIFT: ICBKLALA

ICBC, Phnom Penh Branch
Address: No. 15, Preah Norodom
Boulevard, Phsar Thmey I,
Duan Penh, Phnom Penh,
Cambodia
Tel: +855-23965280
Fax: +855-23965268
SWIFT: ICBKKHPP

ICBC, Doha Branch
Address: Office 1202, 12/F,
QFC Tower 1,
Diplomatic Area,
West Bay, Doha, Qatar
Email: dboffice@dxb.icbc.com.cn,
Tel: +974-44968076
Fax: +974-44968080
SWIFT: ICBKQAQA

ICBC, Abu Dhabi Branch
Address: 9th floor &
Mezzanine floor
AKAR properties,
Al Bateen Tower C6
Bainuna Street,
Al Bateen Area
Abu Dhabi
United Arab Emirates
Email: dboffice@dxb.icbc.com.cn,
Tel: +971-47031111
Fax: +971-47031199
SWIFT: ICBKAEAA

Industrial and Commercial Bank of China, Dubai (DIFC) Branch
Address: 16/F, Al Kifaf Tower,
Sheikah Zayed Road,
Dubai,
United Arab Emirates
Email: dboffice@dxb.icbc.com.cn
Tel: +971-47031111
Fax: +971-47031199
SWIFT: ICBKAEAD

ICBC, Karachi Branch
Address: Room No.G-02 & G-03
Ground Floor,
Office #803-807,
8th Floor, Parsa Towers,
Plot No.31-1-A, Block 6,
PECHS, Karachi, Pakistan
Tel: +92-2135208990
Fax: +92-2135208930
SWIFT: ICBKPKKAXXX

ICBC, Mumbai Branch
Address: Level 1, East Wing,
Wockhardt Tower, C-2,
G Block, Bandra Kurla
Complex, Bandra (E),
Mumbai-400 051, India
Email: icbcmumbai@india.icbc.com.cn
Tel: +91-2233155999
Fax: +91-2233155900
SWIFT: ICBKINBBXXX

ICBC, Sydney Branch
Address: Level 1,
220 George Street, Sydney
NSW 2000, Australia
Email: Info@icbc.com.au
Tel: +612-94755588
Fax: +612-92333982
SWIFT: ICBKAU2S

ICBC, Luxembourg Branch
Address: 32, Boulevard Royal,
L-2449 Luxembourg
B.P.278 L-2012
Luxembourg
Email: office@eu.icbc.com.cn
Tel: +352-2686661
Fax: +352-26866666
SWIFT: ICBKLULL

ICBC, Frankfurt Branch
Address: Bockenheimer Anlage 15,
60322 Frankfurt am Main,
Germany
Email: icbc@icbc-ffm.de
Tel: +49-6950604700
Fax: +49-6950604708
SWIFT: ICBKDEFF

ICBC, New York Branch
Address: 725 Fifth Avenue,
20th Floor, New York,
NY 10022, USA
Email: info@us.icbc.com.cn
Tel: +1-212-838 7799
Fax: +1-212-838 6688
SWIFT: ICBKUS33

Industrial and Commercial Bank of China (Asia) Limited
Address: 33/F, ICBC Tower,
3 Garden Road, Central,
Hong Kong
Email: enquiry@icbcasia.com
Tel: +852-25881188
Fax: +852-28787784
SWIFT: UBHKHKHH

ICBC International Holdings Limited
Address: 37/F, ICBC Tower,
3 Garden Road, Central,
Hong Kong
Email: info@icbci.com.hk
Tel: +852-26833888
Fax: +852-26833900
SWIFT: ICBHHKHH

Industrial and Commercial Bank of China (Macau) Limited
Address: 18th Floor, ICBC Tower,
Macau Landmark,
555 Avenida da Amizade,
Macau
Email: icbc@mc.icbc.com.cn
Tel: +853-28555222
Fax: +853-28338064
SWIFT: ICBKMOMX

Industrial and Commercial Bank of China (Malaysia) Berhad
Address: Level 35, Menara Maxis,
Kuala Lumpur City Centre,
50088 Kuala Lumpur,
Malaysia
Email: icbcmalaysia@icbcmalaysia.com.my
Tel: +603-23013399
Fax: +603-23013388
SWIFT: ICBKMYK

PT. Bank ICBC Indonesia
Address: TCT ICBC Tower,
Jl. MH.Thamrin
No. 81, Jakarta Pusat,
Indonesia
Email: cs@ina.icbc.com.cn
Tel: +62-2123556000
Fax: +62-2131996016
SWIFT: ICBKIDJA

Industrial and Commercial Bank of China (Thai) Public Company Limited
Address: 622 Emporium Tower
11th–13th Fl.,
Sukhumvit Road,
Khlong Ton, Khlong Toei,
Bangkok, Thailand
Tel: +66-26295588
Fax: +66-26639300
SWIFT: ICBKTHBK

Industrial and Commercial Bank of China (Almaty) Joint Stock Company
Address: 150/230,
Abai/Turgut Ozal Street,
Almaty,
Kazakhstan.050046
Email: office@kz.icbc.com.cn
Tel: +7727-2377085
Fax: +7727-2377070
SWIFT: ICBKKZKX

Industrial and Commercial Bank of China (New Zealand) Limited
Address: Level 11, PWC Tower,
188 Quay Street,
Auckland CBD,
New Zealand
Email: info@nz.icbc.com.cn
Tel: +64-93747288
Fax: +64-93747287
SWIFT: ICBKNZ2A

Industrial and Commercial Bank of China, (London) plc
Address: 81 King William Street,
London EC4N 7BG, UK
Email: admin@icbclondon.com
Tel: +44-2073978888
Fax: +44-2073978899
SWIFT: ICBKGB2L

Industrial and Commercial Bank of China (Europe) S.A.
Address: 32, Boulevard Royal,
L-2449 Luxembourg
Email: office@eu.icbc.com.cn
Tel: +352-2686661
Fax: +352-26866666
SWIFT: ICBKLULU

ZAO Industrial and Commercial Bank of China (Moscow)
Address: Serebryanicheskaya
Naberejnaya Street
No. 29, First floor,
room 46-1, 109028,
Moscow, Russia
Email: info@ms.icbc.com.cn
Tel: +7-495 2873099
Fax: +7-495 2873098
SWIFT: ICBKRUMM

Industrial and Commercial Bank of China (USA) NA
Address: 202 Canal Street,
New York, NY 10013, USA
Email: info@us.icbc.com.cn
Tel: +1-212-238-8208
Fax: +1-212-619-0315
SWIFT: ICBKUS3N

Industrial and Commercial Bank of China Financial Services LLC
Address: 1633 Broadway,
28th Floor, New York,
NY, 10019, USA
Email: info@icbkus.com
Tel: +1-212-993-7300
Fax: +1-212-993-7349
SWIFT: ICBKUS33FIN

Industrial and Commercial Bank of China (Canada)
Address: Unit 3710,
Bay Adelaide Centre,
333 Bay Street, Toronto,
Ontario,
M5H 2R2, Canada
Email: info@icbk.ca
Tel: +1416-366-5588
Fax: +1416-607-2000
SWIFT: ICBKCAT2

Industrial and Commercial Bank of China (Argentina) S.A.
Address: Blvd. Cecilia Grierson
355 (C1107CPG) Buenos
Aires, Argentina
Email: gongwen@ar.icbc.com.cn
Tel: +54-11-4820-9018
Fax: +54-11-4820-1901
SWIFT: ICBKARBA

Industrial and Commercial Bank of China (Brasil) S.A.
Address: Av.Brigadeiro Faria Lima,
3477 - Block B -
6 andar - SAO PAULO/SP -
Brasil
Post code: CEP: 04538133
Email: gybx@br.icbc.com.cn
Tel: +5511-2395-6600
Fax: +5511-2395-6600
SWIFT: ICBKBRSP

ICBC PERU BANK
Address: Av.Juan de Arona 151,
Oficina 204, San Isidro,
Lima27, Perú
Email: gongwen@pe.icbc.com.cn
Tel: +51-16316801
Fax: +51-16316803

Industrial and Commercial Bank of China Limited, Yangon Representative Office
Address: No. 601A, 6th Floor,
Sakura Tower,
No. 339, Bogyoke Aung
San Street, Kyauktada
Township, Yangon,
Myanmar
Tel: +95-1255045
Fax: +95-1255045

Industrial and Commercial Bank of China Limited, African Representative Office
Address: 47 Price Drive, Constantia,
Cape Town, South Africa,
7806
Email: icbc.africa@gmail.com
Tel: +27-212008006
+27-849450266

ICBC

中國北京市西城區復興門內大街55號　　　郵編：100140
No.55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC　　Post Code: 100140
www.icbc.com.cn, www.icbc-ltd.com