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

2014 Interim Report

ICBC

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

CONTENTS

Definitions 2

Important Notice 3

Corporate Information 4

Financial Highlights 6

Chairman's Statement 9

President's Statement 12

Discussion and Analysis 14

— Economic, Financial and Regulatory Environments 14

— Financial Statements Analysis 18

— Business Overview 35

— Risk Management 50

— Capital Management 63

— Outlook 65

— Other Financial Information Disclosed Pursuant to Regulatory Requirements 67

Information Disclosed Pursuant to the Capital Regulation 69

Details of Changes in Share Capital and Shareholding of Substantial Shareholders 73

Directors, Supervisors, Senior Management, Employees and Institutions 77

Significant Events 79

Unaudited Interim Condensed Consolidated Financial Statements 84

List of Domestic and Overseas Branches and Offices 189

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
CIRC	China Insurance Regulatory Commission
convertible bonds	convertible corporate bonds
CSRC	China Securities Regulatory Commission
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 (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
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 Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
LIBOR	London Interbank Offered Rate
MOF	Ministry of Finance of the People's Republic of China
PBC	People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises and the Application Guidance thereof promulgated by the Ministry of Finance, as well as other relevant regulations
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 2014 Interim 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 28 August 2014. There were 15 directors eligible for attending the meeting, of whom 14 directors attended the meeting in person and 1 director by proxy. Mr. Liu Lixian appointed Mr. Yi Huiman, Vice Chairman, to attend the meeting and exercise the voting right on his behalf.

Upon the approval at the Annual General Meeting for the Year 2013 held on 6 June 2014, the Bank has distributed cash dividends totaling RMB91,960 million, or RMB2.617 (pre-tax) per ten shares, for the period from 1 January 2013 to 31 December 2013 to the shareholders whose names appeared on the share register after the close of market on 19 June 2014. The Bank will not declare or distribute interim dividends for 2014, nor will it convert any capital reserves to share capital.

The 2014 interim financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen (Special General Partnership) and KPMG in accordance with Chinese and international standards on review engagements, respectively.

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

28 August 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 warrant and guarantee that the financial statements contained in the Interim Report are authentic, accurate and complete.

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 which we may involve do not constitute substantial commitment to investors, and hence investors shall not heavily rely on the same.

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 interim report in respect of A shares

www.sse.com.cn

The “HKExnews” website of SEHK for publication of the interim 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
27/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
Facsimile: 852-28650990

Location where copies of this interim 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
Date of change of registration: 29 May 2014
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

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

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 Interim Report are prepared in accordance with IFRSs and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

Financial Data

	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2012
Operating results (in RMB millions)			
Net interest income	237,607	215,889	204,058
Net fee and commission income	73,228	67,382	54,804
Operating income	316,853	291,476	262,828
Operating expenses	99,612	91,749	84,531
Impairment losses	24,167	21,941	19,237
Operating profit	193,074	177,786	159,060
Profit before taxation	194,090	178,841	160,212
Net profit	148,381	138,477	123,241
Net profit attributable to equity holders of the parent company	148,100	138,347	123,160
Net cash flows from operating activities	418,091	142,724	821,025
Per share data (in RMB yuan)			
Basic earnings per share	0.42	0.40	0.35
Diluted earnings per share	0.42	0.39	0.35

Financial Data (continued)

	30 June 2014	31 December 2013	31 December 2012
Balance sheet items (in RMB millions)			
Total assets	20,303,677	18,917,752	17,542,217
Total loans and advances to customers	10,646,115	9,922,374	8,803,692
Corporate loans	7,576,419	7,046,515	6,332,578
Personal loans	2,915,114	2,727,601	2,287,103
Discounted bills	154,582	148,258	184,011
Allowance for impairment losses on loans	251,680	240,959	220,403
Investment	4,476,040	4,322,244	4,083,887
Total liabilities	18,944,174	17,639,289	16,413,758
Due to customers	15,728,332	14,620,825	13,642,910
Corporate deposits	8,120,197	7,503,497	6,908,245
Personal deposits	7,330,378	6,895,839	6,554,287
Other deposits	277,757	221,489	180,378
Due to banks and other financial institutions	1,418,199	1,269,255	1,486,805
Equity attributable to equity holders of the parent company	1,354,857	1,274,134	1,124,997
Share capital	351,406	351,390	349,620
Net asset value per share(1) (in RMB yuan)	3.86	3.63	3.22
Net core tier 1 capital(2)	1,346,946	1,266,841	—
Net tier 1 capital(2)	1,347,009	1,266,859	—
Net capital base(2)	1,620,616	1,572,265	1,299,014
Risk-weighted assets(2)	11,858,669	11,982,187	9,511,205
Credit rating			
S&P(3)	A/Stable	A/Stable	A/Stable
Moody's(3)	A1/Stable	A1/Stable	A1/Stable

Notes: (1) 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.

(2) Data of 2013 and 2014 were calculated in accordance with the Capital Regulation and those for 2012 were calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

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

Financial Indicators

	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2012
Profitability (%)			
Return on average total assets[1]	1.51*	1.53*	1.51*
Return on weighted average equity[2]	21.77*	23.25*	24.31*
Net interest spread[3]	2.43*	2.41*	2.48*
Net interest margin[4]	2.62*	2.57*	2.66*
Return on risk-weighted assets[5]	2.49*	2.69*	2.82*
Ratio of net fee and commission income to operating income	23.11	23.12	20.85
Cost-to-income ratio[6]	24.97	25.09	25.57
	30 June 2014	31 December 2013	31 December 2012
Asset quality (%)			
Non-performing loans ("NPL") ratio[7]	0.99	0.94	0.85
Allowance to NPL[8]	238.02	257.19	295.55
Allowance to total loans ratio[9]	2.36	2.43	2.50
Capital adequacy (%)			
Core tier 1 capital adequacy ratio[10]	11.36	10.57	—
Tier 1 capital adequacy ratio[10]	11.36	10.57	—
Capital adequacy ratio[10]	13.67	13.12	13.66
Total equity to total assets ratio	6.70	6.76	6.43
Risk-weighted assets to total assets ratio[10]	58.41	63.34	54.22

Notes: * indicates annualized ratios.

(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 expense (less business tax and surcharges) by operating income.

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

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

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

(10) Data of 2013 and 2014 were calculated in accordance with the Capital Regulation and those for 2012 were calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations promulgated by CBRC.

Chairman's Statement

While the global economy generally maintained mild recovery this year, it is still being restrained by a number of in-depth contradictions. While China's economic development remained stable in general, difficulties in economic structural adjustment were mingled with vitality stimulated by the reforms, and the slow-down of traditional growth drivers was accompanied with the gradual development of newly-emerged industries, reflecting new stage features of economic operation. Our financial reforms continue to gather pace accompanied by more stringent capital regulations, greater interest and exchange rate liberalization, accelerating financial disintermediation and thriving internet-based finance industry. In face of these complex situations, our results for the first half of 2014 seem all the more extraordinary. The Group generated a net profit of RMB148,381 million, representing an increase of 7.2%, of which a net profit of RMB7,462 million was derived from our overseas institutions, representing an increase of 41.0%. Annualized return on average total assets (ROA) and return on weighted average equity (ROE) were 1.51% and 21.77%, respectively, with cost-to-income ratio kept at 24.97%. Both our core tier 1 capital adequacy ratio and tier 1 capital adequacy ratio reached 11.36% and our capital adequacy ratio was 13.67%. The Bank again ranked the largest enterprise in the world within the Global 2000 selected by *Forbes*. Within the Global 500 selected by *Fortune* in terms of total operating income, the Bank continued to rank first among all commercial banks. In the Top 1000 World Banks selected by *The Banker*, the Bank continued to top the list in terms of tier 1 capital and total assets.

Such achievements in our business performance benefited from the general growth trend and enormous potential of China's economic fundamentals, as well as from the Bank's unswerving adherence to the commercial bank's basic principles and business philosophies, its commitment to its strategies as well as its continued efforts to enhance its innovation capacity in the fast-changing market environment.

We continue to deepen our understanding of the dialectical relationship between finance and the real economy, and are committed to the principle that finance shall serve the needs of the real economy so that we have worked to enhance and improve our financial services in response to the needs of the real economy as well as upgrading our operation as a result of the qualitative and quantitative improvements of the real economy. To keep up with the business trend and the financial demands due to the strategic economic restructuring, we have attached greater importance to the coordination between loan increment direction and redirection of the stock of credit, making the use of funds more efficient. In the first half of 2014, the Bank accumulatively granted loans of RMB4.48 trillion, representing an increase of RMB130.3 billion compared to the same period of last year; RMB-denominated loans granted by our domestic branches increased by RMB523,084 million, representing an increment of RMB32,336 million or 5.9% compared to the same period of last year. In addition, RMB5,572 million of credit asset securitization products were issued in the inter-bank market. With regard to the allocation of loans, we are providing increasing support to key construction projects, advanced manufacturing industries, modern service industries, culture industries and strategic emerging industries, as well as to businesses that are undergoing merger and acquisition or re-structuring or those "Going Global" projects. We have also proactively provided strong credit support to endeavors involving ecological protection, clean energy, energy conservation and environment protection and other areas of the green economy, with all loans granted to enterprises and projects that are compliant with environmental standards. Priority also has been given to small and micro enterprises and personal consumption with reasonable financing needs so as to help small and micro enterprises play a more active role in job creation, innovation and efficiency enhancement as well as to provide greater support for the citizen consumption upgrade. Our outstanding loans to small and micro enterprises and in the personal loan sector have exceeded RMB4.3 trillion, accounting for nearly 50% of the RMB-dominated loans granted by domestic branches. The Bank has worked continuously to increase the availability of financial services to enterprises at a lower cost using a diverse array of financing instruments including financial leasing, short-term financing bonds, medium-term notes and syndicated loans.

We know very well that sound corporate governance and risk management form the cornerstone for the steady and sustainable development of a bank. Many large companies once had spectacular but transient achievements, which only lasted for a fleeting moment, primarily due to its ignorance of risk prevention and control and deviation from prudential operation. Moreover, we are increasingly aware that there is no "one-size-fits-all" approach to corporate governance and risk management. Indeed, we must be realistic and continue to use and improve new technologies and mechanisms suitable for us in an evolving risk environment. As such, with a view to ensuring risk management as the lifeline of operations, we continued to apply short-term measures alongside the long-term mechanisms and made equal efforts to manage on- and off-balance sheet risks altogether, maintaining the overall stability of the asset quality. The Bank outperformed each of the regulatory liquidity indicators and maintained a strong level of risk resilience. We are among the first group of banks in China to implement advanced capital management approaches, providing a good opportunity for us to propel capital conservation orientation and refined risk management. Pursuant to the latest regulatory requirements, we have revised our corporate governance policies and procedures, adjusted the composition of the special committees of the Board of Directors, strengthened the mechanism of duty performance and effective check-and-balance among the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Management, which further scientized the decision-making and stabilized our business operation.

Our adherence to strategic focus does not preclude innovation or change, neither does our prudential operation necessarily mean the lack of the courage to change. ICBC always embeds innovation into its every step forward. In the new era of change, with a broadened vision and spirit of initiative to propel reform and innovation, we designated this year to be a "Year of Reform", in which the Bank would stick to problem-orientation and focus on top-level design of reform, and accelerate breakthrough at key points on the basis of overall gradual development. Beginning with the Head Office, the Bank has made certain reforms to our organizational setup and personnel system to enhance management efficiency. We have also carried out systemized reforms on our credit operation system with efforts such as the reengineering of credit approval processes, enhancing our material risk prevention and control capability and customer service efficiency. In terms of outlet redeployment, counter process optimization and outlet operation standardization, we have enhanced the overall competitiveness of our outlets, which accelerated our off-line network transformation. With a more robust performance assessment system as well as a brand-new business quality assessment system, we have also formed an operational orientation which lays more stress on quality control and structure, compliance and risk control across the Bank.

We proactively applied to the new trends such as Big Data, the "platform economy", cloud computing and mobile internet, which aimed at promoting the fundamental change to the operational management and service manners led by the IT-based banking development. We strengthened the application of Big Data technologies in the areas of marketing, customer service, production innovation and risk controls, with measures that include the establishment of a remote database-oriented credit monitoring system that uses information integration and data mining techniques to develop risk identification and control models, which in turn enhances our capabilities in dynamic panoramic risk monitoring and analysis and hence a prospective and effective credit risk control. Benefiting from the online thinking culture, we are now also more sensitive to many aspects that make up the customer experience as well as more adept at innovative research and development, integrally formulating financial services and operation system that encompass payments, financing, financial trading, commerce and information and also provide both online and offline communication for the customers. A series of new internet finance service platforms and products along with integrated online and office service modes have been launched to provide the general public with products due to finance development and technology advancement. Since the establishment of two key data centers (one primary and one backup) in Beijing and Shanghai in 2002, which made us the first among Chinese banks to complete the task of data centralization, we have set up a local data center in Shanghai in June this year, enabling a full switchover between data centers on the minute level, generally accomplishing a technology operational structure with three centers at two places, allowing us to be in the leading position of the global financial industry.

With hard work comes great reward. In the face of a second half replete with opportunities and challenges and an era of sweeping changes, we will stick to our principle of honesty, commitment to innovation amidst change, and the balance between immediate benefits and sustainable development, and will make continuous efforts to provide better financial services and results for our general investors and customers.

姜建清

Chairman: Jiang Jianqing

28 August 2014

In the first half of 2014, facing the complex changes in the business environment, the Bank kept enhancing its financial services, continued to propel reform and innovation as well as business transformation, and strengthened its risk prevention and control in response to the growing demands of the real economy. The Bank has achieved "steady progress" in terms of the overall performance.

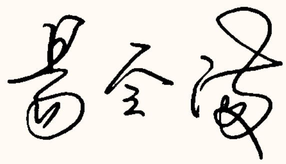
Our "steadiness" was reflected in the steady profit growth. The Bank realized a net profit of RMB148,381 million for the first half of 2014, up 7.2% compared to the same period of last year. Growth in the second quarter was 0.79 percentage points higher than that in the first quarter. The steady growth in profit can be attributed to three key factors: first, net interest margin (NIM) rose, at a steady rate, by 5 basis points to 2.62% compared to 2013 as a result of an optimized credit structure and increased yield on bonds investment and so forth; second, our fee-based income also grew steadily with net fee and commission income increasing by 8.7% to RMB73,228 million in the first half of the year compared to the same period of last year; third, our overseas institutions also delivered higher profits with a 41.0% increase to RMB7,462 million in their net profit compared to the same period of last year, which contributed 1.4 percentage points to the growth in Group profits. In addition, the Group managed to control its costs well in the first half of 2014, keeping its cost-to-income ratio at 24.97%.

Our "steadiness" was also reflected in the stability of asset quality. With its focus on comprehensive risk management, by being selected as a global systemically important bank and implementing advanced capital management approaches, the Bank further enhanced its capital and risk management and launched recovery and resolution planning (RRP) on all fronts, making a series of improvements in its enterprise risk management system which covers credit risk, market risk, liquidity risk and operational risk. The Bank has particularly taken into account the cyclicality and structural changes of the economy, and placed a stronger emphasis on credit risk prevention and control in priority areas and industries, and proactively reformed its risk management mechanisms and methods with innovative means, applying Big Data technology to information digging and analysis so as to timely monitor and provide early warnings of risks. In the meantime, the Bank ensured the implement of credit management responsibilities and accelerated the recovery and disposal of non-performing assets, through which it maintained the overall stability of the asset quality. As at the end of June 2014, the Group's non-performing loan ratio slightly rose by 0.05 percentage points compared to the beginning of the year, reaching 0.99%, which remained at a satisfactory level compared with those of international and domestic peer banks. The Bank's allowance to NPL reached 238.02%, proving that we were considerably well-protected against risk losses.

We also saw "progress" in our efforts to gather pace on business transformation. Promoting strategic restructuring of our business is vital to sustainable development and the maintenance of our competitive edge. The Bank well understood the relationship between the speed and quality of its development in a scientific manner, persistent in achieving business structural adjustments and transformation, making our basic businesses and emerging businesses better coordinated. In the first half year of 2014, our due to customers increased by RMB1,107,507 million, with the increment increased by RMB242 billion over the same period of last year. RMB-denominated loans granted by our domestic operations increased by RMB523,084 million or 5.9%, of which over 95% of new project loans were granted to key projects under construction and continuing projects; new loans to advanced manufacturing, modern services, culture industries and strategic emerging industries stood at RMB302.6 billion, accounting for 76% of new domestic corporate loans; new residential mortgages and new consumption loans rose by RMB169,356 million or 8.2%, representing 29% of total new domestic loans; loans to local government financing vehicles, real estate and industries operating at overcapacity were reduced by RMB74.2 billion. Meanwhile, the Bank supported leading enterprises among the industries and eligible key project constructions through shifting and relending of existing loans as well as structural adjustment, demonstrating that our credit stock was better aligned with the imperatives of economic transformation and that credit structure was increasingly optimized. 620 million bank cards were issued and card-based consumption reached RMB3.5 trillion, representing an increase of 35% over the same period of last year. The number of credit cards issued and credit card-based consumption reached 95.37 million and RMB885 billion, respectively, making the Bank the No. 1 credit card issuer brand in China. The number of private banking customers rose by 25% compared to the beginning of 2014, with RMB675.7 billion worth of assets under management. Assets under custody exceeded RMB5.2 trillion. Income from investment banking activities rose by 15.3% to RMB19,685 million compared to the same period of last year. Against the backdrop of the market downturn and price fluctuations, the precious metal business generated an income of RMB2,707 million, representing an increase of 13.2% compared to the same period of last year as a result of its innovative business approaches.

"Progress" was also reflected by our ongoing and entrenched innovation in the area of services. The Bank proactively took advantage of Big Data and IT development to pursue fundamental reforms in the way we run our operations by building up the IT-based banking. In particular, by studying and creating a general layout of the Internet-base finance, the Bank made an outstanding achievement in Internet-base finance innovation. The Bank's "ICBC E-Shopping" B2C e-commerce platform has grown rapidly since its launch earlier this year, and more than 20 million customers used the "ICBC e Payment" products, which feature to quicken small payments. Total transaction volume grew by 7.5 times compared to the same period of last year. The Bank issued RMB121.3 billion worth of "Easy Loan" facilities, an innovative credit loan facility based on direct consumption online and offline. Currently the Bank serves 180 million internet banking customers and 135 million mobile banking customers. E-banking transactions represent 82.3% of total transactions processed by the Bank.

"A good game player looks at the bigger picture". In the second half of 2014, the management of the Bank will hold on to the principle of "seeking growth while ensuring stability", implement all strategic arrangements laid down by the Board of Directors, keep abreast of the times and changes in a practical down-to-earth manner, as well as pursue opportunities, innovation, restructuring and risk prevention while serving the needs of the real economy in order to continue to deliver results that match the expectations of our investors.



President: Yi Huiman

28 August 2014

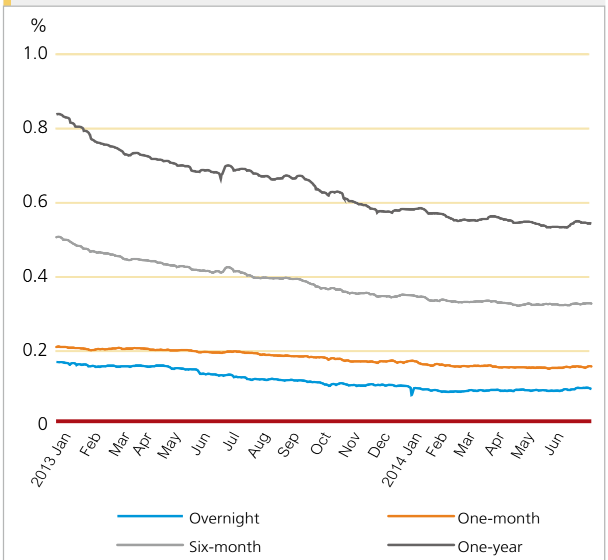
ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

International Economic, Financial and Regulatory Environments

In the first half of 2014, the world economy maintained mild recovery. In terms of different regions, the internally-driven growth of the US economy was gradually consolidated; the European economy rebounded, but there was still risk of deflation; Japan suffered economic upheavals caused by increase of consumption tax; and the economy of emerging markets continued to slow down afflicted by structural problems. The global monetary policies varied significantly due to differences in economic recovery. The monetary policies of developed economies were loose as a whole, but varied to some extent. The US Federal Reserve (FED) reduced its asset purchase step by step; the European Central Bank (ECB) intensified its relaxed monetary policy by adopting a series of measures, including interest cut and introduction of a new round of long-term refinancing operations; Japan continued to pursue its ultra-easy monetary policy, in an attempt to get out of long-term deflation. Pressed by the high inflation rate, slow economic growth and capital flight, the monetary policies of emerging markets were caught in a dilemma. Though Brasil, India, Russia and South Africa raised their interest rates, the pace of interest rise slowed down. Other countries, including Turkey, lowered their interest rates.

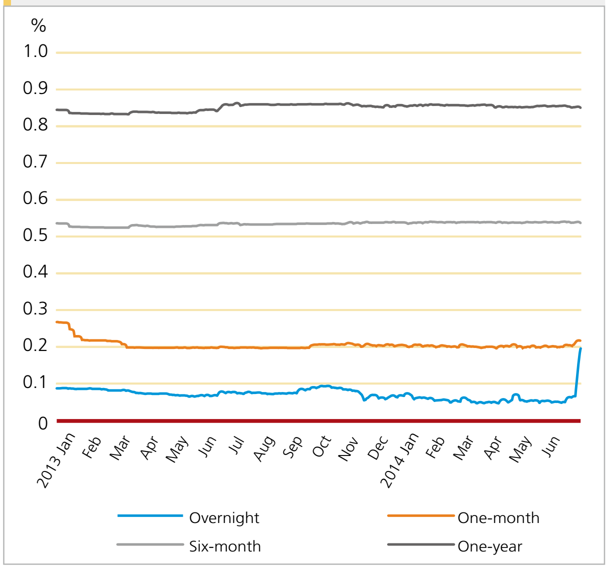
Amidst the relaxed monetary polices of major developed countries and the less volatile environment, prices of key assets, including stocks, gold and oil, simultaneously rose in the first half of 2014. First, volatility of global exchange rates differentiated. At the end of June, US dollar index closed at 79.79, representing a decrease of 0.54%. Euro depreciated slightly by 0.49% against US dollar. Japanese Yen appreciated by 3.72% against US dollar. The exchange rates of most emerging markets remained stable against US dollar. Second, global stock markets bettered off. The US stock market created record high consecutively. At the end of June 2014, S&P 500 Index, Dow Jones Industrial Average and NASDAQ Index rose by 6.05%, 1.51% and 5.54% respectively; European stock markets saw steady gains. German DAX30 Index and French CAC40 Index rose by 2.94% and 2.95% respectively; UK FTSE100 Index slightly dropped by 0.08%; Nikkei 225 Index decreased by 6.93%. Stock markets of emerging economies experienced a rise. MSCI emerging markets index rose by 4.80%. The total market capitalization of global stock markets reached USD65.25 trillion, representing an increase of USD3.19 trillion over the end of the previous year. Third, geographical risk pushed up the gold price and oil price. At the end of June, New York Spot Gold Price increased by 8.4% to close at USD1,327.33 per ounce. Futures prices of WTI crude oil and Brent crude oil increased by 10.7% and 6.4% to close at USD105.37 a barrel and USD112.36 a barrel, respectively. Fourth, the continued easing liquidity in the world led to the steady fund price with a downward trend. The one-year US dollar LIBOR dropped to 0.5451% from 0.5831% at the end of last year, while the one-year HK dollar HIBOR declined to 0.8650% from 0.8664% at the end of last year.

Movements of US Dollar LIBOR since 2013



Data source: Bloomberg.

Movements of HK Dollar HIBOR since 2013



Data source: Bloomberg.

Economic, Financial and Regulatory Environments in China

In the first half of 2014, in view of the complex and volatile situations at home and abroad, Chinese economy maintained stable operation on the whole. Positive changes presented in structural adjustment and strong momentum featured the transformation and upgrading.

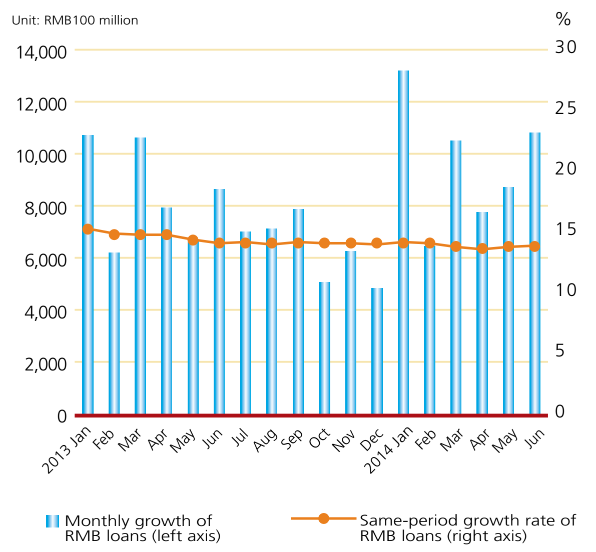
According to the preliminary statistical results of the National Bureau of Statistics, China's gross domestic product (GDP) stood at RMB26.9 trillion in the first half of 2014, representing an increase of 7.4% over the same period of last year. The growth rate in the first and second quarters was 7.4% and 7.5%, respectively. Capital formation, final consumption and net export contributed 48.5%, 54.4% and -2.9% to GDP, respectively. Industrial output increased smoothly. Industrial added value of above-scale enterprises grew by 8.8%, representing a decrease of 0.5 percentage points compared to the same period of last year. Fixed asset investment slowed down at a high level. The fixed asset investment (excluding peasant households) was RMB21.3 trillion in the first half of 2014, representing an increase of 17.3% over the same period of last year. Meanwhile, market sales maintained a steady pace of increase. Total retail sales of consumer goods amounted to RMB12.4 trillion, representing an increase of 12.1% over the same period of last year. Consumer price index (CPI), by and large, remained stable. China's CPI for the first half year recorded an increase of 2.3%. Meanwhile, producer price index (PPI) decreased by 1.8%. The growth rate of imports and exports turned the table around to see positive growth. In the first half of 2014, total imports and exports arrived at RMB12.4 trillion, representing an increase of 1.2%. Trade surplus stood at USD102.9 billion.

PBC continued to implement prudent monetary policy, timely and appropriately deployed the fine-tuning and pre-setting adjustments to the structure with the focus on outstanding problems, to promote stable economic operation in the long run. First, PBC flexibly conducted open market operations, to facilitate overall balance of banking liquidity and stable interest rates on the monetary market. Second, PBC reduced the reserve requirement ratio in a targeted manner twice, gave stronger support to re-loan by credit policy, encouraged financial institutions to grant more credit to "Sannong" (agriculture, rural areas and farmers) and small and micro enterprises, backed economic structural adjustment, transformation and upgrading, and strengthened financial services for the real economy. Third, PBC strengthened macro-prudential management and continued to give play to the role of dynamic adjustment mechanism of differentiated reserve in countercyclical regulation.

Money supply maintained a general stable growth. In the first half of 2014, the broad money (M2) balance was RMB120.96 trillion, representing an increase of 14.7% compared to the same period of last year, with the growth rate up 0.7 percentage points. The narrow money (M1) balance was RMB34.2 trillion, representing an increase of 8.9%, 0.2 percentage points lower than that of the end of the previous year. The total outstanding RMB and foreign currency-denominated loans of financial institutions reached RMB82.9 trillion, representing an increase of 13.7%. Specifically, the balance of RMB-denominated loans was RMB77.6 trillion, representing an increase of 14.0%. The balance of foreign currency-denominated loans was USD852.6 billion, representing an increase of 9.9%. The total balance of RMB and foreign currency-denominated deposits of financial institutions increased by 13.1% to RMB117.26 trillion. Specifically, the balance of RMB-denominated deposits increased by 12.6% to RMB113.61 trillion, with the growth rate down 1.7 percentage points. The balance of foreign currency-denominated deposits rose by 34.5% to USD593.6 billion.

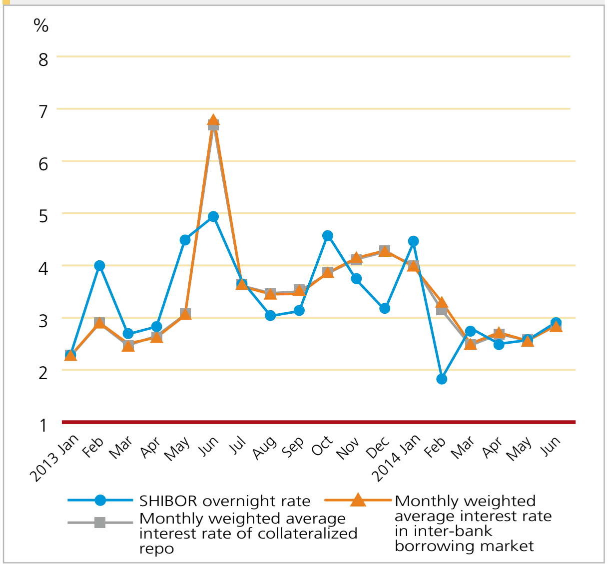
The social financing scale expanded slightly, and financing structure developed in a diversified manner. Preliminary statistics of PBC show that the social financing scale for the first half of 2014 was RMB10.57 trillion, representing an increase of RMB414.6 billion compared to the same period of the previous year. Particularly speaking, new RMB-denominated loans recorded RMB5.74 trillion, representing an increase of RMB659 billion over the same period of the previous year, accounting for 54.3% of total social financing scale, up 4.3 percentage points. New foreign currency-denominated loans stood at RMB463.2 billion, with an obvious decrement of RMB115.9 billion. Direct financing was brisk, with the net financing via corporate bonds and stocks amounted to RMB1.5 trillion, representing an increase of RMB163.5 billion. The financing amount of entrusted loans, trust loans and undiscounted bank's acceptance bills totaled up to RMB2.60 trillion.

RMB Loan Growth of Domestic Financial Institutions since 2013



Data source: PBC.

Movements of Interest Rate in Domestic Inter-bank Market since 2013



Data source: PBC.

At the end of June, banking financial institutions (corporate) recorded total assets of RMB167.17 trillion, representing an increase of 10.45% compared to the end of the previous year. The balance of NPLs stood at RMB694.4 billion, rose by RMB102.3 billion over the end of the previous year. NPL ratio was 1.08%, up by 0.08 percentage points. Allowance to NPL recorded 262.88%, down by 19.82 percentage points. Core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 10.13%, 10.13% and 12.40%, respectively.

Reform towards interest rate liberalization was stepped up and the financial regulatory reform was promoted. In the first half of 2014, PBC chose Shanghai to lead the complete interest rate liberalization of foreign currency-denominated deposits, marking another step toward interest rate liberalization reform. PBC, CBRC, CSRC, CIRC and SAFE jointly released the Circular on Regulating Inter-bank Business of Financial Institutions. In addition to encouraging financial innovation and safeguarding independent operation of financial institutions, the circular put forward a series of regulating opinions on controlling inter-bank business operation activities, improving internal and external management of inter-bank business and promoting asset & liability business innovation in a compliant manner.

Since 2014, RMB depreciated by a small margin. The bi-directional fluctuation features of exchange rates were obvious with significant enhancement of elasticity. At the end of June, the central parity of RMB against US dollar was RMB6.1528 per USD, representing a depreciation of 559 basis points from the end of the previous year and an accumulative appreciation of 34.52% since the exchange rate reform in 2005. The balance of national foreign exchange reserves of China increased by 4.41% to USD3.99 trillion compared to the end of the previous year.

The operation of financial market maintained healthy and steady. The transaction volume and interest rate of money market saw decline over the same period of last year. In the first half year, the transactions in the form of borrowing and lending, spot notes and bond repurchase in the inter-bank RMB market amounted to RMB129.65 trillion, with an average daily transaction value of RMB1.06 trillion, down 2.1% from the same period of the previous year. The money market rate lowered on the whole. In June, the monthly weighted average interest rate of inter-bank borrowing and the monthly weighted average interest rate of collateralized repo was 2.85% and 2.89%, respectively, down by 131 and 139 basis points compared to December 2013, and down by 372 and 393 basis points compared to the same period of last year. The bond issuing scale was significantly expanded compared to the same period of last year. In the first half of 2014, the accumulative issuance amount of bonds (including central bank notes) reached RMB5.38 trillion, representing an increase of RMB1.13 trillion compared to the same period of last year. The government bond yield curve moved downward notably in the inter-bank market.

Turnover of stock markets increased by a small margin compared to the same period of last year. In the first half of 2014, the combined turnover on the Shanghai and Shenzhen stock exchanges was RMB21.7 trillion, representing an increase of 2.4% over the same period of last year. The average daily turnover was RMB182.0 billion. At the end of June, the capitalization of the free float stocks in the Shanghai and Shenzhen stock markets amounted to RMB20.3 trillion, up by 1.7% over the end of last year. The Shanghai Composite Index closed at 2048 points, down by 68 points or 3.2% over the end of last year; Shenzhen Component Index closed at 1097 points, up by 39 points or 3.7% over the end of last year. The funds raised from the equity market increased compared to the same period of last year. In the first half of 2014, enterprises and financial institutions accumulatively raised RMB256.5 billion through public offerings, additional issues, allotment of shares and warrant exercise in both the domestic and foreign equity markets, representing an increase of RMB60.1 billion compared to the same period of last year.

Outlook for the Second Half of 2014

In the second half of 2014, the world economy is expected to maintain mild recovery. According to the forecast by the International Monetary Fund (IMF), the growth rate of world economy for the year 2014 is expected to reach 3.4%, which is higher than that of 2013. Particularly speaking, the growth rate of developed countries and emerging markets is predicted to be 1.8% and 4.6%, respectively. According to prediction of the World Trade Organization (WTO), the global trade volume will grow by 4.7% in 2014, significantly higher than that of 2013 (2.1%), but lower than the average level of the past two decades (5.3%).

Presently, China's economy is at a stage featuring growth rate slowdown and transformation of development mode. Structural adjustment mixed with vitality stimulated by the reforms, making the economy present unique stage characteristics and new normal state. Backed by various positive factors and favorable macro policy environment, China's economy is expected to maintain stable operation for a certain period of time. In terms of challenges, the world economy is still at the stage of post-crisis recovery. There is still uncertainty in the economic policy adjustment of the US and certain deflation risk in the economy of the Eurozone. Relative economic slowdown in emerging markets is likely to continue and uncertainties in overseas market demands are far from a few. China's economy is faced with transformation of growth mode, but new growth driver is yet to be formed. There are important issues in real estate industry and local government debts; manufacturing investment tends to decline amidst fluctuation; and low-efficiency enterprises have occupied massive resources. Consequently, potential risks in the economic and financial fields deserve special attention. With heavy air and water pollution, resource and environmental constraints aggravated. As for opportunities, with huge economic aggregate and vast markets, China has much leeway in advancing new industrialization, information technology, urbanization and agricultural modernization in a synergic manner. Eastern China presents stronger economic adjustment elasticity and risk resistance. The growth potential resulted from coordinated regional development and industrial upgrading is still very considerable. Within the framework of interval management, the macro policy highlights directional adjustment and control as well as well-targeted efforts. The short-term demand will be duly adjusted and a series of policy measures will be introduced as soon as possible to promote reform, adjust the structure and improve people's livelihood, thus providing strong support for economic growth. Though industrial growth and investment increment slow down, the service industry maintains its growth rate, investment structure betters off, income realizes stable growth and the employment situation is good.

In the second half of 2014, China's macro policy will properly deal with the relations among stabilizing growth, promoting reform, adjusting the structure, improving people's livelihood, and preventing risks. China will continue to pursue proactive fiscal policy and prudent monetary policy, and enhance the pertinence, flexibility and foresight of macro policies. These policies will propel the transformation of economic growth mode and adjustment of economic structure, and further promote sustained and healthy economic growth. The fiscal policy will facilitate the progress of key projects such as railway, highroad and water transport, and will support the development of small and micro enterprises, streamline administration and delegate power to the lower levels and make efficient use of idle funds in central and local fiscal revenue. Monetary policy of China will follow the principle of "general stabilization and structural optimization", and persistently and proactively deploy the fine-tuning and pre-setting adjustment in a timely and appropriate manner. 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 financial control mechanism. Both fiscal and credit policies will place more emphasis on enhancing their coordination with industrial policies, and help make good use of existing credit and upgrade the incremental credit. China will continue to strengthen its credit support to key projects under construction and continuing projects, "Sannong" (agriculture, rural areas and farmers), small and micro enterprises, science and technology, culture, information consumption and strategic emerging industries and keep increasing inputs into employment, poverty alleviation, school aid, low-income housing, shantytown renovation and other projects vital to people's livelihood, in a bid to further improve financial services to better serve the real economy.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In the first half of 2014, on the basis of serving the real economy and satisfying customers' financial needs, the Bank continuously carried forward operational transformation and improved financial service. While achieving steady growth in income, the Bank reinforced control over expense and cost, maintained risk coverage capability and accomplished steady growth in profit. Net profit of the Bank reached RMB148,381 million in the first half year, representing an increase of RMB9,904 million or 7.2% as compared to the same period of last year. Operating income amounted to RMB316,853 million, representing an increase of 8.7%. Net interest income was RMB237,607 million, representing an increase of 10.1%. Non-interest income reached RMB79,246 million, representing an increase of 4.8%. Operating expenses amounted to RMB99,612 million, representing an increase of 8.6%, and the cost-to-income ratio decreased to 24.97%. Allowance for impairment losses was RMB24,167 million, representing an increase of 10.1%. Income tax expense increased by RMB5,345 million or 13.2% to RMB45,709 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase/ (decrease)	Growth rate (%)
Net interest income	237,607	215,889	21,718	10.1
Non-interest income	79,246	75,587	3,659	4.8
Operating income	316,853	291,476	25,377	8.7
Less: Operating expenses	99,612	91,749	7,863	8.6
Less: Impairment losses	24,167	21,941	2,226	10.1
Operating profit	193,074	177,786	15,288	8.6
Share of profits of associates and joint ventures	1,016	1,055	(39)	(3.7)
Profit before taxation	194,090	178,841	15,249	8.5
Less: Income tax expense	45,709	40,364	5,345	13.2
Net profit	148,381	138,477	9,904	7.2
Attributable to: Equity holders of the parent company	148,100	138,347	9,753	7.0
Non-controlling interests	281	130	151	116.2

Net Interest Income

In face of the interest rate liberalization reform and increasingly fierce market competition, the Bank continued to take its initiative to strengthen 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 the first half of 2014, net interest income increased by RMB21,718 million or 10.1% to RMB237,607 million, accounting for 75.0% of the Bank's operating income. Interest income increased by RMB40,106 million or 10.8% to RMB412,613 million, and interest expenses increased by RMB18,388 million or 11.7% to RMB175,006 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. Average yield and average cost are annualized.

In RMB millions, except for percentages

	Six months ended 30 June 2014			Six months ended 30 June 2013		
Item	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	10,349,467	297,753	5.80	9,235,044	266,057	5.81
Investment	4,006,223	77,490	3.90	3,944,131	71,920	3.68
Investment in bonds not related to restructuring	3,775,176	74,912	4.00	3,684,035	69,018	3.78
Investment in bonds related to restructuring(2)	231,047	2,578	2.25	260,096	2,902	2.25
Due from central banks	3,046,399	23,695	1.57	2,809,481	21,966	1.58
Due from banks and other financial institutions(3)	885,134	13,675	3.12	928,604	12,564	2.73
Total interest-generating assets	**18,287,223**	**412,613**	**4.55**	**16,917,260**	**372,507**	**4.44**
Non-interest-generating assets	1,383,544			1,215,149		
Allowance for impairment losses	(249,948)			(231,415)		
Total assets	**19,420,819**			**17,900,994**		
Liabilities						
Deposits	14,402,012	146,493	2.05	13,580,315	132,153	1.96
Due to banks and other financial institutions(3)	1,842,986	21,474	2.35	1,712,411	18,642	2.20
Debt securities issued	383,933	7,039	3.70	287,851	5,823	4.08
Total interest-bearing liabilities	**16,628,931**	**175,006**	**2.12**	**15,580,577**	**156,618**	**2.03**
Non-interest-bearing liabilities	1,379,450			1,210,513		
Total liabilities	**18,008,381**			**16,791,090**		
Net interest income		**237,607**			**215,889**	
Net interest spread			**2.43**			**2.41**
Net interest margin			**2.62**			**2.57**

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 period and that at the end of the period.

(2) Investment in bonds related to restructuring includes Huarong bonds and special government bonds. Please see "Note 21.(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 six months ended 30 June 2014 and 30 June 2013		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	32,154	(458)	31,696
Investment	1,551	4,019	5,570
Investment in bonds not related to restructuring	1,875	4,019	5,894
Investment in bonds related to restructuring	(324)	–	(324)
Due from central banks	1,868	(139)	1,729
Due from banks and other financial institutions	(685)	1,796	1,111
Changes in interest income	**34,888**	**5,218**	**40,106**
Liabilities			
Deposits	8,279	6,061	14,340
Due to banks and other financial institutions	1,558	1,274	2,832
Debt securities issued	1,758	(542)	1,216
Changes in interest expenses	**11,595**	**6,793**	**18,388**
Impact on net interest income	**23,293**	**(1,575)**	**21,718**

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*

In the first half of 2014, net interest spread and net interest margin were 2.43% and 2.62%, respectively representing an increase of 2 and 5 basis points as compared to the same period of last year, and representing an increase of 3 and 5 basis points, respectively, as compared to the whole year of 2013.

The table below sets out the yield of interest-generating assets, cost of interest-bearing liabilities, net interest spread and net interest margin in the first half of 2014, the first half of 2013 and the whole year of 2013.

Percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Yield of interest-generating assets	4.55	4.44	4.45
Cost of interest-bearing liabilities	2.12	2.03	2.05
Net interest spread	2.43	2.41	2.40
Net interest margin	2.62	2.57	2.57

Interest Income

◆ *Interest Income on Loans and Advances to Customers*

Interest income on loans and advances to customers was RMB297,753 million, representing an increase of RMB31,696 million or 11.9% as compared to the same period of the previous year, principally due to an increase of RMB1,114,423 million in average balance. Average yield dropped slightly by 1 basis point.

ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY MATURITY STRUCTURE

In RMB millions, except for percentages

Item	Six months ended 30 June 2014			Six months ended 30 June 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	3,620,723	90,179	5.02	3,280,391	82,120	5.05
Medium to long-term loans	6,728,744	207,574	6.22	5,954,653	183,937	6.23
Total loans and advances to customers	**10,349,467**	**297,753**	**5.80**	**9,235,044**	**266,057**	**5.81**

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2014			Six months ended 30 June 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	6,685,215	202,508	6.11	6,138,785	185,025	6.08
Discounted bills	141,016	4,594	6.57	182,125	5,212	5.77
Personal loans	2,791,921	78,055	5.64	2,397,591	66,741	5.61
Overseas business	731,315	12,596	3.47	516,543	9,079	3.54
Total loans and advances to customers	**10,349,467**	**297,753**	**5.80**	**9,235,044**	**266,057**	**5.81**

In terms of business line, interest income on corporate loans amounted to RMB202,508 million, representing an increase of RMB17,483 million or 9.4% as compared to the same period of the previous year and accounting for 68.0% of total interest income on loans and advances to customers, mainly due to an increase of RMB546,430 million in average balance of corporate loans.

Interest income on discounted bills was RMB4,594 million, representing a decrease of RMB618 million or 11.9% as compared to the same period of last year, principally due to a decrease of RMB41,109 million in average balance of discounted bills. Average yield rose by 80 basis points, mainly due to a large increase in the average level of bill market interest rate as compared to the same period of last year during the reporting period.

Interest income on personal loans was RMB78,055 million, representing an increase of RMB11,314 million or 17.0% as compared to the same period of last year, principally due to an increase of RMB394,330 million in average balance of personal loans.

Interest income on overseas loans was RMB12,596 million, representing an increase of RMB3,517 million or 38.7% as compared to the same period of last year, mainly driven by the growth in overseas loans.

◆ *Interest Income on Investment*

Interest income on investment amounted to RMB77,490 million, representing an increase of RMB5,570 million or 7.7% as compared to the same period of last year. Specifically, interest income on investment in bonds not related to restructuring was RMB74,912 million, representing an increase of RMB5,894 million or 8.5%, mainly because the Bank seized a favorable opportunity in the bond market to increase bond investment during the reporting period and the new bond investment produced a relatively high yield, resulting into an increase of 22 basis points in average yield of bonds not related to restructuring.

Interest income on investment in bonds related to restructuring decreased by RMB324 million or 11.2% to RMB2,578 million from the same period of the previous year, mainly due to the advance repayment of part of the Huarong bonds in 2013, resulting in a decrease 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 RMB23,695 million, representing an increase of RMB1,729 million or 7.9% as compared to the same period of last year, mainly due to the increase in the size of mandatory reserves with central banks resulted from the growth in customers' deposits of the Bank.

◆ *Interest Income on Due from Banks and Other Financial Institutions*

Interest income on due from banks and other financial institutions was RMB13,675 million, representing an increase of RMB1,111 million or 8.8% as compared to the same period of last year, mainly because the Bank actively adjusted the outward financing structure based on the trend of market interest rate and effectively enhanced return on fund operation, resulting in an increase of 39 basis points in average yield.

Interest Expense

◆ *Interest Expense on Deposits*

Interest expense on deposits amounted to RMB146,493 million, representing an increase of RMB14,340 million or 10.9% as compared to the same period of last year, and accounted for 83.7% of total interest expense, principally because: (1) the Bank played a full role of the comprehensive advantage of financial service and proactively promoted deposit growth, resulting in an increase of RMB821,697 million in average balance; (2) as affected by the rise of percentage of corporate time deposits with relatively high cost and upward floating of deposit interest rate, average cost increased by 9 basis points.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	Six months ended 30 June 2014			Six months ended 30 June 2013		
Item	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	3,310,621	56,533	3.44	2,893,288	46,691	3.25
Demand deposits(1)	3,738,446	14,460	0.78	3,668,012	13,269	0.73
Subtotal	**7,049,067**	**70,993**	**2.03**	**6,561,300**	**59,960**	**1.84**
Personal deposits						
Time deposits	3,898,703	65,641	3.40	3,835,673	64,224	3.38
Demand deposits	2,967,396	5,142	0.35	2,806,902	4,874	0.35
Subtotal	**6,866,099**	**70,783**	**2.08**	**6,642,575**	**69,098**	**2.10**
Overseas business	**486,846**	**4,717**	**1.95**	**376,440**	**3,095**	**1.66**
Total deposits	**14,402,012**	**146,493**	**2.05**	**13,580,315**	**132,153**	**1.96**

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 RMB21,474 million, representing an increase of RMB2,832 million or 15.2% as compared to the same period of the previous year, principally due to an increase of RMB130,575 million in average balance and a rise of 15 basis points in average cost. The Bank intensified liquidity management, optimized inter-bank liability structure and strived to control the cost of funding during the reporting period.

◆ *Interest Expense on Debt Securities Issued*

Interest expense on debt securities issued was RMB7,039 million, representing an increase of RMB1,216 million or 20.9% as compared to the same period of last year, mainly attributable to the rapid increase in the issuance of certificates of deposit by overseas institutions. Please refer to "Note 31. to the Financial Statements: Debt Securities Issued" for details of the subordinated bonds issued by the Bank.

Non-interest Income

In the first half of 2014, the Bank realized non-interest income of RMB79,246 million, representing an increase of RMB3,659 million or 4.8% as compared to the same period of last year.

COMPOSITION OF NON-INTEREST INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase/ (decrease)	Growth rate (%)
Fee and commission income	79,386	72,512	6,874	9.5
Less: Fee and commission expense	6,158	5,130	1,028	20.0
Net fee and commission income	73,228	67,382	5,846	8.7
Other non-interest related gain	6,018	8,205	(2,187)	(26.7)
Total	**79,246**	**75,587**	**3,659**	**4.8**

Adapting to changes in the market competitive environment and customer demands, the Bank proactively developed business with high technical content and value added for customers. Besides, the Bank carried out regulatory requirements in an earnest manner and strictly regulated the design, sale and fund investment orientation of banking wealth management products. While constantly strengthening normalized management on charges and protecting consumer rights and interests substantially, the Bank pushed forward the sound and compliant development of fee-based business. In the first half of 2014, net fee and commission income of the Bank was RMB73,228 million, representing an increase of RMB5,846 million or 8.7% as compared to the same period of the previous year. Fee and commission income amounted to RMB79,386 million, representing an increase of 9.5%, of which, income from investment banking, bank card business, private banking service and pension business achieved a favorable growth. Fee and commission expense increased by RMB1,028 million or 20.0%, mainly attributable to the increase in expenses relating to the bank card business resulted from the growth in issuance volume and transaction amount of bank cards.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase/ (decrease)	Growth rate (%)
Investment banking business	19,685	17,077	2,608	15.3
Bank card business	16,861	14,275	2,586	18.1
Settlement, clearing business and cash management	16,701	15,638	1,063	6.8
Personal wealth management and private banking services	10,108	9,920	188	1.9
Corporate wealth management services	7,056	6,868	188	2.7
Asset custody business	3,532	3,738	(206)	(5.5)
Guarantee and commitment business	2,841	2,812	29	1.0
Trust and agency services	1,162	1,004	158	15.7
Others	1,440	1,180	260	22.0
Fee and commission income	**79,386**	**72,512**	**6,874**	**9.5**
Less: Fee and commission expense	**6,158**	**5,130**	**1,028**	**20.0**
Net fee and commission income	**73,228**	**67,382**	**5,846**	**8.7**

Income from investment banking business amounted to RMB19,685 million, representing an increase of RMB2,608 million or 15.3% as compared to the same period of last year. Among others, income from merger & acquisition, equity financing and other business realized a fine growth.

Income from bank card business increased by RMB2,586 million or 18.1% to RMB16,861 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 settlement, clearing business and cash management amounted to RMB16,701 million, representing an increase of RMB1,063 million or 6.8% as compared to the same period of last year. Specifically, the Bank achieved rapid growth in income from businesses including e-commerce based on internet finance, franchise foreign exchange trading and foreign exchange settlement and sale.

Income from personal wealth management and private banking services amounted to RMB10,108 million, representing an increase of RMB188 million or 1.9% as compared to the same period of last year. Specifically, income from private banking service and fee income from selling personal wealth management products increased quickly, and income from personal wealth investment and management dropped to some extent as compared to the same period of last year.

Income from corporate wealth management services amounted to RMB7,056 million, representing an increase of RMB188 million or 2.7% as compared to the same period of last year. The slow-down in growth rate was mainly attributable to the decrease in income from banking corporate wealth management products.

Income from asset custody business was RMB3,532 million, representing a decrease of RMB206 million or 5.5% as compared to the same period of last year, principally due to a decrease in income from "Anxin Account" custody business.

OTHER NON-INTEREST RELATED GAIN

In RMB millions, except for percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase/ (decrease)	Growth rate (%)
Net trading income/(expense)	1,626	(338)	1,964	N/A
Net (loss)/gain on financial assets and liabilities designated at fair value through profit or loss	(4,977)	90	(5,067)	(5,630.0)
Net gain on financial investments	1,036	608	428	70.4
Other operating income, net	8,333	7,845	488	6.2
Total	**6,018**	**8,205**	**(2,187)**	**(26.7)**

Other non-interest income was RMB6,018 million, representing a decrease of RMB2,187 million or 26.7% as compared to the same period of the previous year. Specifically, net loss on financial assets and liabilities designated at fair value through profit or loss increased by RMB5,067 million, mainly due to an increase in expenses from structural deposits paid to customers.

Operating Expenses

OPERATING EXPENSES

In RMB millions, except for percentages

Item	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase/ (decrease)	Growth rate (%)
Staff costs	49,452	44,700	4,752	10.6
Including: Salaries and bonuses	31,108	30,532	576	1.9
Premises and equipment expenses	13,825	12,655	1,170	9.2
Business tax and surcharges	20,493	18,613	1,880	10.1
Amortisation	1,131	1,002	129	12.9
Others	14,711	14,779	(68)	(0.5)
Total	**99,612**	**91,749**	**7,863**	**8.6**

The Bank exercised strict cost management and control. Operating expenses were RMB99,612 million, representing an increase of RMB7,863 million or 8.6% as compared to the same period of last year. Cost-to-income ratio dropped to 24.97%. Staff costs increased by 10.6% to RMB49,452 million, of which, salaries and bonuses increased by 1.9%; and other operating expenses decreased by 0.5% to RMB14,711 million, mainly due to a decrease in marketing expense, conference expense and other expenses as compared to the same period of last year.

Impairment Losses

The Bank continued to strengthen loan 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 RMB24,167 million, representing an increase of RMB2,226 million or 10.1% as compared to the same period of last year. Specifically, allowance for impairment losses on loans was RMB23,988 million, representing an increase of RMB2,061 million or 9.4% as compared to the same period of last year. Please refer to "Note 20. to the Financial Statements: Loans and Advances to Customers" and "Note 10. 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 RMB5,345 million or 13.2% to RMB45,709 million as compared to the same period of last year. The effective tax rate was 23.6%. Please see "Note 11. to the Financial Statements: Income Tax Expense" for the reconciliation of income tax expense applicable to profit before taxation at the PRC statutory income tax rate and the effective income tax rate.

Net Profit Attributable to Non-controlling Interests

Net profit attributable to non-controlling interests was RMB281 million, representing an increase of RMB151 million or 116.2% as compared to the same period of last year, mainly due to the increase in return of non-controlling shareholders resulted from the rapid growth in net profit of non-wholly-owned subsidiaries such as ICBC (Argentina).

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 — OPERATING INCOME

In RMB millions, except for percentages

	Six months ended 30 June 2014		Six months ended 30 June 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate Banking	149,592	47.2	148,224	50.9
Personal banking	109,636	34.6	95,097	32.6
Treasury operations	55,435	17.5	44,691	15.3
Others	2,190	0.7	3,464	1.2
Total	**316,853**	**100.0**	**291,476**	**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 — OPERATING INCOME

In RMB millions, except for percentages

	Six months ended 30 June 2014		Six months ended 30 June 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	27,528	8.7	18,264	6.3
Yangtze River Delta	59,170	18.7	58,405	20.0
Pearl River Delta	39,844	12.6	37,821	13.0
Bohai Rim	63,057	19.9	59,966	20.6
Central China	42,337	13.4	40,276	13.8
Western China	50,107	15.7	47,320	16.2
Northeastern China	16,742	5.3	15,870	5.4
Overseas and others	18,068	5.7	13,554	4.7
Total	**316,853**	**100.0**	**291,476**	**100.0**

Note: Please see "Note 45. to the Financial Statements: Segment Information" for the Bank's classification of geographic regions.

Balance Sheet Analysis

In the first half of 2014, the Bank timely adjusted business strategy based on the external macroeconomic environment, and improved the asset and liability structure to maintain coordinated development of deposit and loan business. The Bank also strengthened liquidity management and interest rate pricing management and strived to enhance the efficiency of resource allocation for assets and liabilities. Based on the development needs of the real economy, the Bank reasonably controlled the aggregate amount, direction and pace of lending and bolstered the economic restructuring and transformation and upgrading by the loan structure adjustment. The Bank flexibly arranged its investment schedule by closely monitoring the trends of the domestic and international financial markets, leading to a moderate increase in investment size. The Bank developed inter-bank business in a prudent manner based on fund trend and changing tendency of prices. Furthermore, the Bank actively adopted measures to promote steady growth in due to customers, and further refined the inter-bank liability structure, thereby ensuring a stable and sustainable growth of funding sources on the basis of appropriate cost control.

Assets Deployment

As at the end of June 2014, total assets of the Bank amounted to RMB20,303,677 million, representing an increase of RMB1,385,925 million or 7.3% from the end of the previous year, of which total loans and advances to customers (collectively referred to as "total loans") increased by RMB723,741 million or 7.3%, investment increased by RMB153,796 million or 3.6%, and cash and balances with central banks increased by RMB313,397 million or 9.5%. In terms of structure, net loans and advances to customers accounted for 51.2% of total assets; investment accounted for 22.0%; and cash and balances with central banks accounted for 17.8%.

ASSETS DEPLOYMENT

In RMB millions, except for percentages

Item	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	10,646,115	—	9,922,374	—
Less: Allowance for impairment losses on loans	251,680	—	240,959	—
Loans and advances to customers, net	10,394,435	51.2	9,681,415	51.2
Investment	4,476,040	22.0	4,322,244	22.8
Cash and balances with central banks	3,607,404	17.8	3,294,007	17.4
Due from banks and other financial institutions	642,087	3.2	717,984	3.8
Reverse repurchase agreements	540,645	2.7	331,903	1.8
Others	643,066	3.1	570,199	3.0
Total assets	**20,303,677**	**100.0**	**18,917,752**	**100.0**

Loan

In the first half of 2014, the Bank supported real economy development and industrial structure adjustment and reasonably controlled the direction and pace of lending in accordance with changes in macroeconomic environment and financial regulatory requirements. The Bank continuously bolstered the national key projects under construction and continuing projects and put forth efforts to open up eight key target markets including key 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, merger & acquisition, "Going Global" business and modern agriculture, as well as three major business segments including supply chain financing, small and micro enterprises and personal consumption loans. The Bank also attached importance to both credit structure adjustment & optimization and risk prevention, realizing steady and moderate loan growth and rational loan orientation structure. As at the end of June 2014, total loans amounted to RMB10,646,115 million, representing an increase of RMB723,741 million or 7.3% from the end of the previous year, of which, RMB-denominated loans of domestic branches increased by RMB523,084 million or 5.9% to RMB9,338,266 million.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	7,576,419	71.2	7,046,515	71.0
Discounted bills	154,582	1.5	148,258	1.5
Personal loans	2,915,114	27.3	2,727,601	27.5
Total	**10,646,115**	**100.0**	**9,922,374**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY MATURITY

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	3,135,196	41.4	2,871,038	40.7
Medium to long-term corporate loans	4,441,223	58.6	4,175,477	59.3
Total	**7,576,419**	**100.0**	**7,046,515**	**100.0**

DISTRIBUTION OF CORPORATE LOANS BY PRODUCT LINE

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Working capital loans	3,524,935	46.5	3,227,142	45.8
Including: Trade finance	1,173,251	15.5	1,110,219	15.8
Project loans	3,535,194	46.7	3,302,809	46.9
Property loans	516,290	6.8	516,564	7.3
Total	**7,576,419**	**100.0**	**7,046,515**	**100.0**

Corporate loans increased by RMB529,904 million or 7.5% from the end of last year. In terms of maturity structure, short-term corporate loans increased by RMB264,158 million or 9.2%, while medium to long-term corporate loans increased by RMB265,746 million or 6.4%. In terms of product type, working capital loans increased by RMB297,793 million or 9.2%, principally because the Bank proactively optimized the credit orientation, enhanced the support to real economy efficiency and increased granting of working capital loans; project loans increased by RMB232,385 million or 7.0%, mainly due to the continuous support to national key projects under construction and continuing projects; and property loans decreased by RMB274 million, and its percentage to corporate loans dropped by 0.5 percentage points.

Discounted bills increased by RMB6,324 million or 4.3% from the end of last year, 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

Item	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Residential mortgages	1,919,755	65.9	1,720,535	63.1
Personal consumption loans	338,861	11.6	371,138	13.6
Personal business loans	327,563	11.2	328,793	12.0
Credit card overdrafts	328,935	11.3	307,135	11.3
Total	**2,915,114**	**100.0**	**2,727,601**	**100.0**

Personal loans increased by RMB187,513 million or 6.9% from the end of the previous year, which was mainly due to the increase of residential mortgages by RMB199,220 million or 11.6%. Personal consumption loans decreased by RMB32,277 million or 8.7%, principally because the Bank reinforced the purpose management on personal consumption loans and took the initiative to adjust the product structure. Credit card overdrafts increased by RMB21,800 million or 7.1%, mainly due to the Bank's vigorous development of credit card installment business and the continuous 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 the first half of 2014, the Bank precisely seized opportunities in the market and flexibly organized its investment schedule and focus in strict adherence to the trends in financial markets, and continuously improved the return on investment portfolios on the basis of guaranteed liquidity and controllable risks. As at the end of June 2014, investment amounted to RMB4,476,040 million, representing an increase of RMB153,796 million or 3.6% from the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

Item	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Debt instruments	**4,316,062**	**96.4**	**4,144,950**	**95.9**
Investment in bonds not related to restructuring	3,984,766	89.0	3,836,995	88.8
Investment in bonds related to restructuring	231,046	5.2	231,046	5.3
Other debt instruments	100,250	2.2	76,909	1.8
Equity instruments and others	**159,978**	**3.6**	**177,294**	**4.1**
Total	**4,476,040**	**100.0**	**4,322,244**	**100.0**

Investment in bonds not related to structuring amounted to RMB3,984,766 million, representing an increase of RMB147,771 million or 3.9% from the end of last year. Investment in bonds related to structuring amounted to RMB231,046 million, remaining unchanged as compared to the end of last year. For details of the investment in bonds related to restructuring, please refer to "Note 21.(a) to the Financial Statements: Receivables".

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	1,003,693	25.2	976,351	25.4
Central bank bills	363,832	9.1	389,662	10.2
Policy bank bonds	1,764,267	44.3	1,682,619	43.9
Other bonds	852,974	21.4	788,363	20.5
Total	**3,984,766**	**100.0**	**3,836,995**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB27,342 million or 2.8% over the end of last year; central bank bills decreased by RMB25,830 million or 6.6%; policy bank bonds increased by RMB81,648 million or 4.9%; and other bonds increased by RMB64,611 million or 8.2%. Part of the central bank bills matured during the reporting period and the Bank moderately increased investment in policy bank bonds and high-quality credit bonds with relatively high yield.

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

In RMB millions, except for percentages

Remaining maturity	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated(1)	88	0.0	77	0.0
Less than 3 months	370	0.0	148,963	3.9
3 to 12 months	658,447	16.5	522,375	13.6
1 to 5 years	2,321,147	58.3	2,129,398	55.5
Over 5 years	1,004,714	25.2	1,036,182	27.0
Total	**3,984,766**	**100.0**	**3,836,995**	**100.0**

Note: (1) Refers to impaired bonds.

In terms of remaining maturity structure, bonds not related to restructuring within 3-month maturity decreased by RMB148,593 million, principally due to part of central bank bills matured during the reporting period. Bonds not related to restructuring within 1 to 5-year maturity increased by RMB191,749 million, mainly because the Bank moderately increased investment in medium-term bonds in the first half year.

DISTRIBUTION OF INVESTMENT IN BONDS NOT RELATED TO RESTRUCTURING BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	3,849,178	96.6	3,734,780	97.3
USD-denominated bonds	92,106	2.3	75,556	2.0
Other foreign currency bonds	43,482	1.1	26,659	0.7
Total	**3,984,766**	**100.0**	**3,836,995**	**100.0**

In terms of currency structure, RMB-denominated bonds not related to restructuring increased by RMB114,398 million or 3.1% over the end of the previous year; USD-denominated bonds increased by the equivalent of RMB16,550 million or 21.9%; and other foreign currency bonds increased by the equivalent of RMB16,823 million or 63.1%, mainly due to the increase of investment in foreign currency bonds by overseas institutions.

DISTRIBUTION OF INVESTMENT BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 30 June 2014 Amount	At 30 June 2014 Percentage (%)	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)
Financial assets at fair value through profit or loss	386,592	8.6	372,556	8.6
Available-for-sale financial assets	1,128,582	25.2	1,000,800	23.2
Held-to-maturity investments	2,621,864	58.6	2,624,400	60.7
Receivables	339,002	7.6	324,488	7.5
Total	**4,476,040**	**100.0**	**4,322,244**	**100.0**

As at the end of June 2014, the Bank held RMB1,972,262 million of financial bonds[1], including RMB1,764,268 million of policy bank bonds and RMB207,994 million of bonds issued by banks and non-bank financial institutions, accounting for 89.5% and 10.5% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Debt securities	Nominal value	Annual interest rate	Maturity date	Impairment loss
Policy bank bonds 2010	18,060	3.60%	3 February 2015	–
Policy bank bonds 2007	17,300	5.07%	29 November 2017	–
Policy bank bonds 2008	17,000	4.83%	4 March 2015	–
Policy bank bonds 2008	15,820	4.95%	11 March 2018	–
Policy bank bonds 2011	13,870	4.49%	25 August 2018	–
Policy bank bonds 2010	12,460	3.26%	30 July 2015	–
Policy bank bonds 2012	11,550	4.04%	25 June 2022	–
Policy bank bonds 2007	11,420	4.94%	20 December 2014	–
Policy bank bonds 2010	11,050	3.51%	27 July 2020	–
Policy bank bonds 2012	10,990	3.76%	13 July 2019	–

Due from Banks and Other Financial Institutions

Due from banks and other financial institutions was RMB642,087 million, representing a decrease of RMB75,897 million or 10.6% from the end of the previous year. The decrease was mainly because the Bank took the initiative to adjust the size of due from banks based on the market fund and interest rate trends.

Reverse Repurchase Agreements

Reverse repurchase agreements were RMB540,645 million, representing an increase of RMB208,742 million or 62.9% from the end of the previous year. This was mainly because the Bank's fund position at the end of the reporting period was sufficient, and the Bank lent funds to the market through bonds under reverse repurchase agreements.

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 June 2014, total liabilities of the Bank amounted to RMB18,944,174 million, representing an increase of RMB1,304,885 million or 7.4% from the end of the previous year.

LIABILITIES

In RMB millions, except for percentages

Item	At 30 June 2014 Amount	At 30 June 2014 Percentage (%)	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)
Due to customers	15,728,332	83.0	14,620,825	82.9
Due to banks and other financial institutions	1,418,199	7.5	1,269,255	7.2
Repurchase agreements	193,858	1.0	299,304	1.7
Debt securities issued	255,640	1.3	253,018	1.4
Others	1,348,145	7.2	1,196,887	6.8
Total liabilities	**18,944,174**	**100.0**	**17,639,289**	**100.0**

Due to Customers

Due to customers is the Bank's main source of fund. In the first half of 2014, proactively responding to the external changes such as interest rate liberalization and increasingly fierce inter-bank competition, the Bank implemented the differential pricing strategy for deposit interest rate, increased deposit marketing intensity and gave play to the Bank's comprehensive advantages in financial services, maintaining steady growth in deposits. As at the end of June 2014, the balance of due to customers was RMB15,728,332 million, representing an increase of RMB1,107,507 million or 7.6% when compared to the end of the previous year. Specifically, the balance of corporate deposits increased by RMB616,700 million or 8.2%; and personal deposits increased by RMB434,539 million or 6.3%. In terms of maturity structure, the balance of time deposits increased by RMB531,796 million or 7.2%, while the balance of demand deposits increased by RMB519,443 million or 7.4%.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2014 Amount	At 30 June 2014 Percentage (%)	At 31 December 2013 Amount	At 31 December 2013 Percentage (%)
Corporate deposits				
Time deposits	3,843,649	24.4	3,464,625	23.7
Demand deposits	4,276,548	27.2	4,038,872	27.6
Subtotal	**8,120,197**	**51.6**	**7,503,497**	**51.3**
Personal deposits				
Time deposits	4,053,870	25.8	3,901,098	26.7
Demand deposits	3,276,508	20.8	2,994,741	20.5
Subtotal	**7,330,378**	**46.6**	**6,895,839**	**47.2**
Other deposits(1)	**277,757**	**1.8**	**221,489**	**1.5**
Total	**15,728,332**	**100.0**	**14,620,825**	**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 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	71,150	0.5	128,631	0.9
Yangtze River Delta	3,108,543	19.7	2,961,946	20.2
Pearl River Delta	2,031,901	12.9	1,903,961	13.0
Bohai Rim	4,214,929	26.8	3,783,427	25.9
Central China	2,237,872	14.2	2,070,744	14.2
Western China	2,604,390	16.6	2,432,806	16.6
Northeastern China	923,788	5.9	886,193	6.1
Overseas and others	535,759	3.4	453,117	3.1
Total	**15,728,332**	**100.0**	**14,620,825**	**100.0**

DISTRIBUTION OF DUE TO CUSTOMERS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2014		At 31 December 2013	
	Amount	Percentage (%)	Amount	Percentage (%)
Demand[(1)]	8,132,674	51.7	7,602,977	52.0
Less than 3 months	2,170,696	13.8	2,112,169	14.5
3 to 12 months	3,722,090	23.7	3,237,621	22.1
1 to 5 years	1,658,307	10.5	1,610,908	11.0
Over 5 years	44,565	0.3	57,150	0.4
Total	**15,728,332**	**100.0**	**14,620,825**	**100.0**

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

In terms of the currency structure, the balance of RMB deposits amounted to RMB14,997,292 million, which accounted for 95.4% of the total balance of due to customers, representing an increase of RMB965,171 million or 6.9% as compared to the end of the previous year. The balance of foreign currency deposits was equivalent to RMB731,040 million, representing an increase of RMB142,336 million or 24.2%.

Due to Banks and Other Financial Institutions

The Bank constantly optimized the liability structure and moderately borrowed funds from peers based on fund changes in the market and the Bank. Due to banks and other financial institutions was RMB1,418,199 million, representing an increase of RMB148,944 million or 11.7% from the end of the previous year.

Repurchase Agreements

Repurchase agreements were RMB193,858 million, representing a decrease of RMB105,446 million or 35.2% from the end of the previous year. The decrease was principally due to the decrease in the Bank's needs for borrowed funds at the end of the reporting period.

Shareholders' Equity

As at the end of June 2014, shareholders' equity amounted to RMB1,359,503 million in aggregate, representing an increase of RMB81,040 million or 6.3% as compared to the end of the previous year. Equity attributable to equity holders of the parent company amounted to RMB1,354,857 million, representing an increase of RMB80,723 million or 6.3%. Please refer to the "Unaudited Interim Condensed Consolidated Financial Statements: Statement of Changes in Equity" for details.

SHAREHOLDERS' EQUITY

In RMB millions

Item	At 30 June 2014	At 31 December 2013
Share capital	351,406	351,390
Equity component of convertible bonds	1,954	1,960
Reserves	434,176	408,835
Retained profits	567,321	511,949
Equity attributable to equity holders of the parent company	**1,354,857**	**1,274,134**
Non-controlling interests	**4,646**	**4,329**
Total shareholders' equity	**1,359,503**	**1,278,463**

For details of off-balance sheet items, please refer to "Note 40. to the Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB418,091 million, representing an increase of RMB275,367 million as compared to the same period of last year, mainly due to the increase in deposits of banks and other financial institutions as compared to the same period of last year. Specifically, net cash outflows of operating assets amounted to RMB982,607 million, representing an increase of RMB84,871 million as compared to the same period of last year; and net cash inflows of operating liabilities were RMB1,240,242 million, representing an increase of RMB351,932 million.

Net cash outflows from investing activities amounted to RMB106,862 million, of which, cash inflows increased by RMB63,656 million to RMB500,631 million, mainly due to the increase in cash inflows generated from sale and payment of bond investment as compared to the same period of last year; and cash outflows decreased by RMB52,811 million to RMB607,493 million, mainly due to the decrease in cash payment generated from investment in RMB-denominated bonds as compared to the same period of last year.

Net cash outflows from financing activities amounted to RMB72,704 million, of which, cash inflows were RMB24,349 million, mainly due to the issuance of debt securities by overseas institutions; and cash outflows were RMB97,053 million, mainly due to the distribution of dividends for 2013.

BUSINESS OVERVIEW

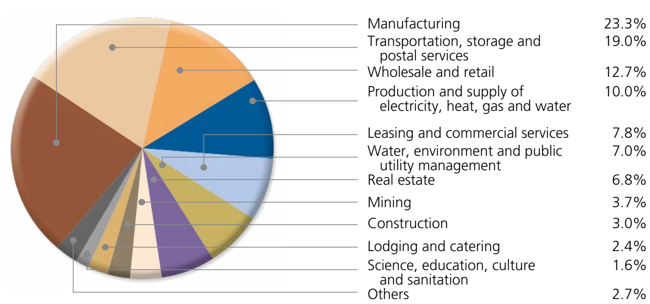
Corporate Banking

In the first half of 2014, faced with the complicated and volatile economic and financial environments at home and abroad, the Bank took initiatives to adapt itself to overall requirements of China's economic restructuring, transformation and upgrading, seized new opportunities of economic growth, persisted in serving the real economy with finance and actively answered the challenge of interest rate liberalization. It realized sound development of corporate banking services through persistent optimization of business structure and strengthening of customer base. The Bank actively promoted all-product marketing and comprehensive services, intensified the growth through interaction between RMB and foreign currencies, between home and abroad and between commercial banking and investment banking services, and developed businesses including bond underwriting, asset trading, syndicated loans, merger and acquisition, and equity financing so as to satisfy the customer requirements for diversified financing services. In addition, the Bank strengthened product and service innovation. In view of the diverse and individualized financial requirements of customers, the Bank advanced the building of differentiated service marketing system and improved the tier of marketing toward as well as the level of serving key customers. At the end of June 2014, the Bank had 5,032 thousand corporate customers, representing an increase of 297 thousand over the end of the previous year. Among them, 142 thousand corporate customers had loan balances with the Bank. According to statistics from PBC, at the end of June 2014, the Bank ranked first in the domestic banking industry in terms of corporate deposits and corporate loans, with a market share of 11.8% and 11.3%, respectively.

Corporate Deposits and Loans

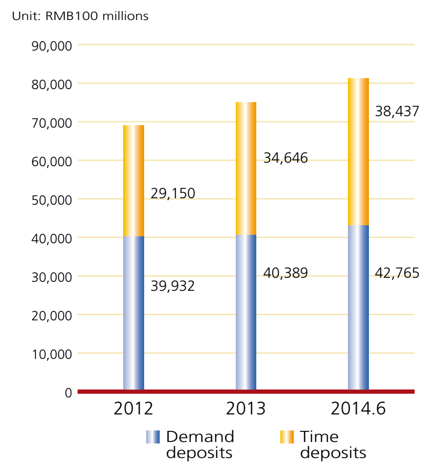
Faced with changes in economic, financial and regulatory environments and in the macro-control policies of China, the Bank strengthened capital constraint, maintained sustained growth of the amount of credit and balanced pace of lending. It made proactive efforts to satisfy financing requirements of the State's key projects under construction and major continuing projects, and increased loan extensions to new urbanization area, basic industries and infrastructure, energy and resources, modern service industry, advanced manufacturing industry, culture industry, energy saving and environmental protection industries and modern agricultural sectors. It also increased the credit facilities to high-quality customers in Central, Western and Northeastern China, yet strictly controlled total lending to local government financing vehicles (LGFVs), industries with overcapacity and the real estate industry. The Bank proactively supported the "Going Global" efforts of Chinese-owned companies and developed the cross-border trade finance products. By means of the credit process optimization and the credit granting approval reform, the Bank improved the capability of risk control and efficiency of market response simultaneously. At the end of June 2014, the balance of corporate loans reached RMB7,576,419 million, representing an increase of RMB529,904 million or 7.5% over the end of the previous year.

Breakdown of Corporate Loans by Industry



Note: Domestic operations data.

Growth of Corporate Deposits



The Bank relied on fund, transaction and information flows to strengthen precision marketing campaigns over quality customer groups so as to continuously step up the customer base and consolidate the advantages in terms of customer base. It improved the interest rate management system, optimized the authorization of differential pricing for key customers and raised the pricing management level of the interest on deposit. It also gave rein to comprehensive financial service edges in respect of corporate wealth management, cash management and E-banking and boosted the Bank's competitiveness in the corporate deposit market. At the end of June 2014, the balance of corporate deposits amounted to RMB8,120,197 million, representing an increase of RMB616,700 million or 8.2% from the end of the previous year.

Small and Medium Enterprise Business

The Bank comprehensively optimized the operation model of small and micro enterprise finance. It provided SME customers with professional, efficient and convenient financial services leveraging on complete and independent small and micro enterprise organizational structure, credit policy, business process and product system. Due to macro-economic growth slowdown, among others, effective credit demands of small and micro enterprises declined and potential risks increased. The Bank supported reasonable credit demands of SMEs, continued to develop the special credit plan for small enterprise customers, enhanced the level of professional management and steadily expanded the credit market of small and micro enterprises with controllable risks. It also introduced innovative small enterprise credit products and promoted small enterprise featured products like Petty Credit Loan and Online Revolving Loan. With more efforts on expanding batch markets, the Bank pushed forward business development among small and micro enterprises on the upstream and downstream of the supply chain, in special markets and industry clusters. At the end of June 2014, the balance of loans to small (micro) and medium-sized enterprises reached RMB4,548,905 million, including RMB2,731,707 million to medium-sized enterprises and RMB1,817,198 million to small and micro enterprises.

LOANS TO DOMESTIC SMALL (MICRO) AND MEDIUM ENTERPRISES

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans to small (micro) and medium-sized enterprises	**4,548,905**	**46.6**	**4,386,581**	**47.8**
Medium-sized enterprises	2,731,707	28.0	2,516,812	27.4
Small and micro enterprises	1,817,198	18.6	1,869,769	20.4

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

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

Institutional Banking

Taking the good opportunity of the State devoting more efforts to the improvement of people's livelihood and accelerating the innovative development of financial market, the Bank strengthened customer expansion and comprehensive services. With a focus on addressing financial service requirements of people's livelihood sectors, it actively promoted the electronic centralized payment of the Treasury and assisted in the State's fiscal & taxation system reform. Besides, it also bettered the development of such platforms as integrated social security & housing fund service system to raise service efficiency and improve customer experience. The Bank diversified the insurance brokerage product line and propelled the insurance brokerage service via internet banking and self-service equipment, among other new channels. It was certified by the National Equities Exchange and Quotations ("NEEQ") as one of the first group of settlement banks for transaction settlement funds and was among the first group of comprehensive clearing members for centralized clearing service of RMB interest rate swap with the Shanghai Clearing House. At the end of June 2014, the number of contracted customers of the bank-to-bank platform increased by 20 to 405, and the number of domestic correspondent banks increased by 18 to 191.

Settlement and Cash Management

The Bank made debut of the "Enterprise Link" platform providing new enterprises with one-stop comprehensive services including industrial and commercial registration, account opening, internet banking and settlement service. By implementing the cluster marketing strategy, the Bank consolidated its customer scale advantages and optimized its customer structure. At the end of June 2014, it had 6.04 million corporate settlement accounts, increasing by 330 thousand over the end of the previous year. In the first half of 2014, the volume of corporate RMB settlements reached RMB842 trillion, enabling the Bank to maintain its position as a market leader.

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. With "Caizhi Account" as the core sub-brand, it reinforced the promotion of products like "ICBC Fund Pool". Once again, the Bank won the "Best Bank in Cash Management (China)" by *The Asset*, and the "Best Cash Management Bank in China" and the "Leading Counterparty Bank in China" by *The Asian Banker*. At the end of June 2014, the Bank had 1,032 thousand cash management customers, representing an increase of 6.9% from the end of the previous year. With presence in more than 50 countries and regions, the Bank had 4,130 global cash management customers, representing an increase of 8.3%.

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 merger and acquisition services supported industrial structure adjustment of the real economy and "Going Global" of Chinese-owned companies. The Bank, through its equity financing businesses such as private placement and capital financing of key construction projects, served strategic emerging industries. The financing size of leading equity financing banks during their existence amounted to RMB44.56 billion. The Bank also expanded such high-end financial advisory services including structured financing, asset securitization and project recommendation. It diversified investment banking research products and improved E-service channels of investment banking. Furthermore, it actively expanded bond underwriting business and underwrote various debt financing instruments worth RMB205.3 billion as a lead manager in the first half of 2014. With increasing influence of investment banking service brand, the Bank won the "Best Investment Bank in China" from the *Euromoney*, and it was named the "Best Bank in Investment Banking" by *Securities Times* for six consecutive years. In the first half of 2014, the investment banking income was RMB19,685 million, representing an increase of 15.3% compared with the same period of last year.

International Settlement and Trade Finance

Leveraging on its advantages in local and foreign currency resources and interaction between domestic and overseas branches, the Bank enhanced its services to import and export enterprises. It quickened the expansion of global supply chain and integrated RMB and foreign currency products and optimized the business structure. It strengthened the check of trade background truthfulness to strictly prevent and control false transactions and arbitrage behaviors. Besides, the Bank optimized the product functions of "ICBC Express", improved the differential pricing policy and enhanced the cross-border remitting service capability. It also actively bolstered cross-border RMB service pilots of many places including China (Shanghai) Pilot Free Trade Zone and Suzhou Industrial Park, and made debuts of many products including two-way fund pool of cross-border RMB and cross-border RMB loan at the earliest in the market, thus pioneering in blazing new trails into cross-border RMB service. In the first half of 2014, domestic branches disbursed an aggregate of USD79.9 billion in international trade finance. The transaction volume of international settlements reached USD1,338.1 billion, representing an increase of 19.6% compared to the same period of last year, of which USD435.5 billion, increasing by 27.3%, was processed by overseas institutions.

Personal Banking

In the first half of 2014, quickened interest rate liberalization and rapider growth of internet finance intensified market competition. Through full-scale implementation of the "Big Retail" strategy, the Bank improved the customer-centric operation service system and enhanced the diversified service capability and market competitiveness of retail banking. It consistently exploited new customers and markets, further promoted the interactive corporate and private banking mechanism and improved mass and cluster customer expansion. It also expanded the commodity exchange market, the county market and other key markets based on its ICBC Merchant Friend Club platform so as to improve the customer structure. Relying on the system of star-class services for personal customers, the Bank sped up the transformation of customer service model. "Big Data" based precision marketing enhanced the Bank's ability to identify and expand premium customers. The Bank strengthened development of self-service banking, optimized self-service terminal transaction flow, diversified business types and stepped up customer diversion and guidance of self-service equipment for counter-based businesses. The Bank expedited product and service innovation, actively advanced construction of intelligent outlets and introduced such innovative financial services as comprehensive personal asset service, self-service pledge loan of personal internet banking, integrated on- and off-line reservation service and portable financial service terminal for personal customers. As a result, the Bank effectively improved its personal banking competitiveness and further solidified the leading position in the industry in terms of personal loans, banking wealth management service and credit card service. At the end of June 2014, the Bank had 449 million personal customers, including 9.29 million personal loan customers, representing an increase of 17.01 million and 0.55 million from the end of the previous year, respectively. According to statistics from PBC, at the end of June 2014, the Bank ranked first in the domestic industry in terms of both the balance of personal deposits and personal loans, with a market share of 15.1% and 13.1% respectively.

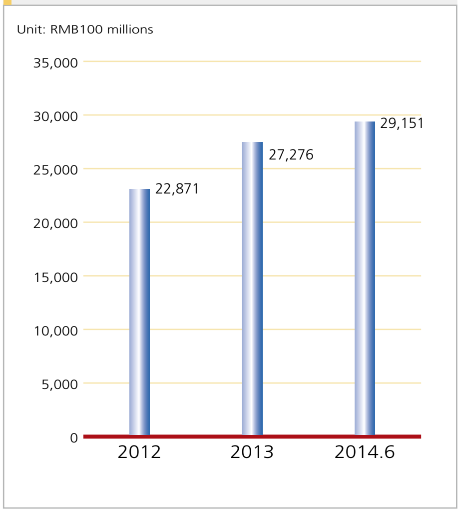
Personal Deposits

Targeting at key customer groups, the Bank continued to expand the size of underlying customers and optimized the customer structure. It integrated resources, promoted coordinated marketing of public and private sectors and popularized "ICBC Salary Manager" financial service on the basis of agency payroll service. Adapting to the trend of interest rate liberalization, the Bank promoted sophisticated management of interest rate. It consistently consolidated channel advantages and enhanced service level. It properly strengthened coordinated development of wealth management products and savings deposits and facilitated benign cycling of customer funds within the Bank. At the end of June 2014, the balance of the Bank's personal deposits amounted to RMB7,330,378 million, representing an increase of RMB434,539 million or 6.3% from the end of the previous year, of which personal demand deposits increased by 9.4% and personal time deposits increased by 3.9%.

Personal Loans

The Bank strictly implemented differentiated housing credit policy to support the credit needs of the borrowers eligible for first personal housing and improvement housing mortgage. On the premise of the controllable risks, residential mortgages continued to play the principal and supporting role in the personal loan product system. To address ever-changing consumption ways and transaction habits of consumers in the new era, the Bank promoted the small, quick and convenient "Easy Loan", a kind of unsecured consumer loan product, and supported rational credit needs of residents for buying bulk durable goods, as well as education, traveling and cultural services. The Bank actively established the diversified self-service loan platform and self-service loan system covering all kinds of guarantee modes, e.g. mortgage, pledge and credit. At the end of June 2014, the Bank's personal loans reached RMB2,915,114 million, increasing by RMB187,513 million or 6.9% over the end of the previous year, of which residential mortgages increased by RMB199,220 million or 11.6%.

Growth of Personal Loans



Personal Wealth Management

The Bank made greater efforts to conduct marketing and launching of wealth management products toward new markets and customers. Relying on the star-class services for personal customers, the Bank launched precision marketing campaigns among target customers and thus scaled up Elite Club Account service steadily and rapidly. The Bank provided individualized, all-directional and expert-level "ICBC Wealth" services for wealth customers with its wealth management centers and VIP service centers, which constantly improved its service quality. At the end of June 2014, the number of employees with certificates of Associate Financial Planner (AFP) and Certified Financial Planner (CFP) was 26,289 and 3,944 respectively, securing the leading position in the domestic banking industry. The number of Elite Club Account holders increased by 13.7% over the end of last year to 30.51 million, and the number of wealth customers increased by 7.7% to 4.74 million.

Private Banking

The Bank accelerated private banking business layout and service extension and developed a network of channels covering nationwide high-end customer markets. It strengthened internet finance services by popularizing basic private banking services on mobile banking and internet banking platforms as well as by releasing the "ICBC Private Banking" WeChat service platform to build all-dimensional private banking product and service channels. When the global layout was basically shaped, the Bank further expanded overseas operations on this basis by taking Hong Kong Private Banking Center as its global product research and development center and Hong Kong, Europe, Singapore and Middle East as its regional centers. The Bank improved the product line, offered direct investment of special account and pledge financing services, enhanced product allocation capability and provided one-to-one exclusive wealth management service. In that way, the Bank formed the basic product service system which has diversified products and strong market competitiveness. The Bank was awarded the "Best Private Bank in China" by *FinanceAsia* once again. At the end of June 2014, the Bank had a pool of over 39,300 private banking customers and managed RMB675.7 billion worth of assets.

Bank Card Business

In the first half of 2014, the Bank accelerated new market expansion, improved bank card service quality, quickened bank card product innovation and vigorously promoted comprehensive bonus points system for personal customers in order to further consolidate its leading position in the industry. At the end of June 2014, the Bank issued 620 million bank cards, representing an increase of 42.43 million cards from the end of the previous year. In the first half of 2014, annual consumption volume of bank cards stood at RMB3,513.3 billion, representing an increase of 34.8% compared with the same period of the previous year. Income from bank card business amounted to RMB16,861 million, representing an increase of 18.1% compared to the same period of last year.

Item	At 30 June 2014	At 31 December 2013	Growth rate (%)
Issued bank cards (in 10 thousands)	62,023	57,780	7.3
Debit cards	52,486	48,975	7.2
Credit cards	9,537	8,805	8.3
	Six months ended 30 June 2014	Six months ended 30 June 2013	Growth rate (%)
Bank card consumption volume (in RMB100 millions)	35,133	26,063	34.8
Average consumption volume per card(1) (in RMB yuan)	5,847	5,378	8.7

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, by virtue of advanced technologies and broad customer base, precisely applied to the card use demands of target customers to meet their individualized needs. Strengthened development of channels enabled marketing efficiency of credit cards and customer satisfaction level to enhance. Through five types of competitive cards, namely transportation card, business card, CNPC refueling card, housing fund card and co-brand air travel card, the Bank improved the volume of credit card issuance and the service quality in a comprehensive manner. Carrying forward the credit card consumer credit service, the Bank made efforts to promote "Easy Loan" Corporate Card for small and micro enterprises, SMS installment payment and mass consumption installment payment, among other key products and businesses, which diversified installment payment businesses and acceptance channels and strengthened financial service for small and micro enterprises. The Bank improved online acquiring services and system functions, launched "Online POS" product and established an integrated acquiring service model across the Bank through merging on- and off-line acquiring services. The Bank was the winner of "China's Top Credit Card Brand" in the China Brand List of the Ministry of Industry and Information Technology and the "Best Asia-Pacific Risk Control Award" granted by Visa International Service Association. At the end of June 2014, 95.37 million credit cards were issued, representing an increase of 7.32 million or 8.3% from the end of 2013; in the first half of 2014, the consumption volume stood at RMB885 billion, representing an increase of 17.8% compared with the same period of the previous year; total credit card loans amounted to RMB328,935 million, representing an increase of 7.1%. The Bank led the peers in terms of volume of cards issued, consumption and loans.

◆ *Debit Card Business*

The Bank pushed forward upgrading and rebuilding for chip debit card issuance, paid more efforts to issue single chip debit cards and made card use of cardholders safer. It accelerated product innovation and loaded chips with industry applications which deepened the cooperation of finance with people's livelihood sectors including social security, medical care, transportation and education. At the end of June 2014, 525 million debit cards were issued, representing an increase of 35.11 million from the end of the previous year. Debit card consumption amounted to RMB2,628.3 billion in the first half of 2014, representing an increase of 41.7% compared with the same period of the previous year.

Treasury Operations

In the first half of 2014, facing the complicated financial environment, the Bank timely adjusted investment and trading strategies, actively realized existing assets to improve assets' use efficiency, increased securitized liability and conducted product innovation through various channels and strictly controlled business risks to enhance fund use efficiency and profitability.

Money Market Activities

In the first half of 2014, money market funds were ampler than that of 2013 to some extent, and RMB interest rates showed an overall trend of downturn. Pursuing prudent interbank business development strategy, the Bank flexibly operated funds on the basis of liquidity management needs and endeavored to improve fund returns. In the first half of 2014, domestic trading amount in the interbank market was RMB7.91 trillion, of which lending amounted to RMB6.81 trillion.

In respect of foreign currencies, the money supply in the domestic foreign exchange market was relatively relaxed. In line with foreign exchange fund movement, the Bank arranged foreign exchange fund positions in advance and their terms reasonably to improve returns on the premise of ensuring foreign exchange fund payment safety. In the first half of 2014, the Bank's foreign exchange transaction volume in money markets amounted to USD135.9 billion.

Investment

In the first half of 2014, the money supply in the RMB market was relatively relaxed overall, but the bond yield curve obviously declined compared with the end of last year. Under the strategies of trend trading and swing trading for trading book investment in harmony with market trends, the Bank increased spread income, strictly controlled credit risk and duly scaled up treasury bonds and policy-related financial bonds. In the first half of 2014, the transaction volume of RMB bonds in trading book was RMB117.1 billion. In line with market developments, the Bank, in respect of banking book investment, properly increased investments into premium debentures and policy-related financial bonds of better relative value, added inputs into medium-term bonds, optimized term structure of new investments and received higher yields.

In respect of foreign currencies, bond yields in the international market were generally kept at a low level. The Bank proactively adjusted the transaction strategy to boost profitability and traded USD4.2 billion worth of foreign currency bonds in trading book in the first half year. For banking book investment, the Bank took initiatives to prevent interest rate risk, shortened portfolio duration, increased investments into quality corporate bonds and flexibly arranged the area and currency of investment to make portfolios safer.

Financing

In the first half of 2014, the Bank was active in initiating indebtedness. It broadened the sources of funds from different channels and with different terms through launching a variety of debt 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. Specifically, during the reporting period, the Head Office offered two issues of RMB bonds totaling RMB2.5 billion in Hong Kong and two issues of interbank CDs totaling RMB2 billion in domestic interbank market. For information on the CDs and debt securities issued by the Bank, please refer to "Note 29 to the Financial Statements: Certificates of Deposit" and "Note 31 to the Financial Statements: Debt Securities Issued" for details.

Financial Asset Services

Seizing the market development opportunities of co-existence of cross-industry competition and cooperation, and integrating the Group's advantages in asset management, custody, pension and precious metal businesses and the functions of integrated subsidiaries specialized in investment banking, fund and insurance, etc., the Bank quickened the establishment of an integrated business operation system covering China and foreign countries and across different fields.

Wealth Management Services

The Bank continued to push the reform of profitability units, optimized the operation mechanisms throughout research and development of wealth management products, investment management and risk management, and promoted compliant, healthy, orderly growth of businesses. It accelerated product transformation, improved a product system serving the needs of all kinds of customers, with different risk return features and being invested into various markets, and tried hard to develop such net-worth products as "Zeng Li" and "Zun Li" Series, Unfixed-Term Series and Quasi-Fund Series. To blaze new trails into investment patterns, the Bank forcefully exploited quality project resource and actively promoted such innovative patterns as direct financing tool of wealth management, direct investment of wealth management, privately raised bonds of SMEs and asset securitization business. It optimized product issuing and marketing strategies and expanded on- and off-line sales channels in a bid to sell suitable products to those right customers. Moreover, the Bank advanced the development of offshore asset management platform and improved global service capability of asset management product line by leveraging interaction of the Group's domestic and overseas institutions. The Bank was awarded the "Best Wealth Management Bank" by *CBN*. Ranking atop in the industry in terms of business size, customer contribution and income proportion, the Bank further consolidated its market position as the first asset management bank. In the first half of 2014, the total issue of wealth management products amounted to RMB4,220.7 billion, of which the sales of personal wealth management products and corporate wealth management products were RMB3,085.8 billion and RMB1,134.9 billion, respectively.

Asset Custody Services

The Bank cemented capital market custody services and launched active marketing campaigns among big fund companies, medium and big insurance firms and annuity investment management agencies. Growing in a sound manner, global custody services saw three new QFII and seven new RQFII customers. The Bank improved Anxin Account custody services and conducted bulk commodity transaction fund custodies. It actively explored emerging custody services, expanded outsourced scale of middle and back-office businesses of fund companies, promoted standard growth of wealth management custody services, accelerated bills asset and equity investment fund custody services and was the first in China to introduce stock index, commodity and treasury bond futures derivative custody programmes. The Bank was recognized as the "Best Custodian Bank in China" by the *Global Custodian* and *The Asset* once again. At the end of June 2014, the total net value of assets under the Bank's custody reached RMB5,228.4 billion, representing an increase of 13.1% from the end of the previous year.

Pension Services

Seizing the favorable opportunity of increasing requirements for enterprise annuities and new-typed employee welfare schemes based on its universal license and comprehensive competitive edges, the Bank quickened product innovation, optimized business operation and increased influence of "Ruyi Pension Management" and "Ruyi Benefit Plan", thus growing pension service scale and income fast. At the end of June 2014, the Bank provided pension management services for 42,611 enterprises, representing an increase of 3,336 from the end of the previous year. The pension funds under the Bank's trusteeship amounted to RMB59 billion; the Bank managed 13.05 million individual pension accounts, and the pension funds under the Bank's custody totaled RMB305.4 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

In active response to fewer investment demands and fewer transactions in the precious metal market in the first half of 2014, the Bank actively adjusted the product and service structure. Precious metal financing services and agency transactions which were based on Gold Accumulation products grew quickly. It sold physical precious metals on the "ICBC E-shopping" e-commerce platform to align with customers' consumption habit change. It promoted Gold Accumulation marketing to increase the quantity of customers. It popularized the innovative products including silver leasing and advance financing to satisfy the hedge and preservation requirements of industry chain enterprises. It innovatively introduced the new-typed structured financing model on the basis of physical gold delivery. Besides, it propelled the growth of precious metal business abroad. In the first half of 2014, the Bank completed RMB462.0 billion worth of precious metal business and cleared RMB165.9 billion on behalf of Shanghai Gold Exchange.

Franchise Treasury Business

To meet customers' demands diversified and convenient foreign exchange purchase and sales for the Bank offered 26 currencies for foreign exchange purchase and sales, leading other banks in China. Grasping opportunities brought by more flexible RMB exchange rates, the Bank introduced spot and forward foreign exchange purchase and sales and RMB-foreign exchange option trading portfolio, and made more efforts to promote personal foreign exchange service. It strengthened the innovation of foreign exchange trading and foreign exchange purchase and sales portfolio and promoted the growth of corporate foreign exchange trading and foreign exchange purchase and sales. In the first half of 2014, the volume of franchise foreign exchange purchase and sales and foreign exchange trading amounted to USD350,720 million, representing an increase of 20.33% compared with the same period of the previous year. The Bank innovatively introduced RMB gold forward as a diversification of the system of trading products. It exclusively launched the first OTC China Development Bank bonds and OTC China EXIM Bank bonds to enrich the trading types of OTC bonds available for investment. It also took initiatives to market agency RMB bond trading service toward overseas customers. It explored key customer demands for foreign exchange hedging in the medium and long term and innovatively made debut of dual-currency forward foreign exchange purchase and sales to enhance competitiveness of franchise risk management service.

Asset Securitization Business

To further adjust credit structure, diversify asset and capital management methods and propel business transformation, the Bank, as the originator and loan service provider, successfully issued RMB5,572 million worth of credit assets-backed securities on 14 May 2014, the underlying assets of which were corporate loans. Besides, ICBC (Argentina), a subsidiary of the Bank, originated one issue of traditional asset securitization products in the first half of 2014.

Agency Sales

In the first half of 2014, the Bank, based on market changes, identified customer needs and strengthened precision marketing. Agency sales of funds increased by 29.6% from the same period of last year to RMB583.6 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 RMB37.5 billion, maintaining its first place in terms of market share. It also sold RMB58.6 billion worth of insurance distribution channels such as internet banking, self-service terminals and e-commerce platform.

Channels and Services

Channel Development

The whole bank pushed forward optimization and development of all channels, accelerated integration and innovation of on- and off-line channels, implemented the competitiveness enhancement project for outlets, facilitated standardization and intelligence of outlets and improved customer service capability. Subject to total outlet number control, the Bank continued to optimize distribution of existing outlets by relocating or establishing new outlets in new urban districts, development zones and advanced county areas, optimizing less efficient outlets and replacing them with independent self-service banking outlets. At the same time, the Bank accelerated the development of self-service channels and strengthened the coordinated distribution, complementary functioning and synergic service of physical outlets and self-service banking outlets, by building 1,442 independent self-service banking outlets.

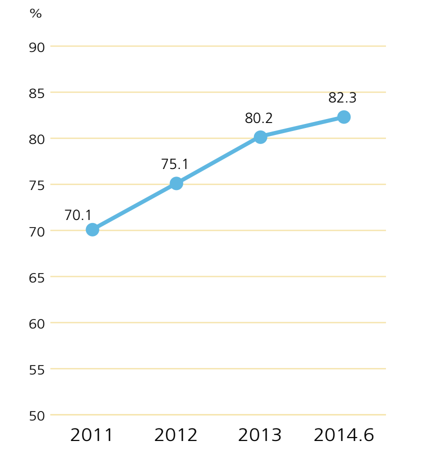
To adapt to booming internet finance, the Bank's "ICBC E-shopping" e-commerce platform started operation formally on 12 January 2014. Pursuing the strategic positioning of "reputational merchants, famous commodities and well-known shops", the Bank adhered to the operation concept of coordinating scale, quality and structure and committed to building "ICBC E-shopping" into a new tie of connecting personal and corporate customers to follow customer behavior and increase customer loyalty on the premise of giving full rein to financial advantages. Through "ICBC E-shopping", the Bank offered a new distribution channel of financial products, gradually guided financial products onto this platform for selling to more customers, steadily improved financial service innovation and service capability.

At the end of June 2014, the Bank had a total of 17,550 domestic and overseas institutions, among which 17,219 were domestic institutions and 331 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, 403 tier-two branches, 3,076 tier-one sub-branches, 13,574 outlets, 32 Head Office-level profitability units along with their directly controlled-institutions and branches, and 71 majority-controlled subsidiaries and their branches.

E-banking

With IT application as the focus and seizing internet-based emerging customer market as the core, the Bank carried deeper E-banking product innovation, marketing, customer service and business management system building. The Bank took full advantage of the E-banking channel and boosted customer diversion from counter-based businesses. In the first half of 2014, the transaction volume of E-banking increased by 15.8% compared with the same period of the previous year. The number of E-banking transactions accounted for 82.3% of total transactions of the Bank, representing an increase of 2.1 percentage points from the previous year. With optimized offshore E-banking products, E-banking service covered all of the Bank's overseas institutions. At the end of June 2014, in overseas institutions, the number of personal internet banking users and corporate internet banking users increased by 13.3% and 16.3% from the end of last 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 improved internet banking product functions. In respect of personal internet banking, it supported B2C payment with many bank cards and transfer for offline new share subscription, released paper precious metal index product and "ICBC e Investment" terminals and optimized mobile phone number-based remittance product for personal internet banking; in respect of corporate internet banking, it introduced bidding management service, social security payment inquiry and corporate B2B settlement backed electronic bills. The Bank won the "Best Internet Banking Initiative 2014" from *The Asian Banker*.

◆ *Mobile Banking*

The Bank continued to deepen product innovation and diversify mobile financial service functions to increase customer loyalty and activity. In line with market trend and customer requirement changes, it made debut of such innovative products as USBKey for android phones, 95588 SMS sending link and mobile and internet banking link and optimized mobile banking pages and WeChat banking functions. Relying on the quick and safe "ICBC e Payment", the Bank launched special marketing campaigns. As a result, the number of "ICBC e Payment" customers and the transaction volume surged. Both SMS banking and WeChat banking developed steadily and rapidly. The processing volume of WeChat banking transactions exceeded that of SMS banking transactions for the first time and tripled the latter.

◆ *Telephone Banking*

The Bank introduced the function of remittance to a mobile phone number through telephone banking and promoted the functions of telephone banking voice recognition and VIP identification. It optimized the overseas telephone banking system and promoted telephone banking in 17 overseas institutions. Besides the three basic languages, namely Chinese, English and Cantonese, the Bank released eight language versions including French, Spanish, Italian, Dutch, Japanese and Thai to better serve business growth needs of overseas institutions.

◆ *Self-service Banking*

The Bank installed more self-service banking outlets, 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. It optimized the functions of self-service equipment by installing ATMs supporting the multi-linguistic function and adding Korean, Japanese and Russian services on the basis of previous Chinese and English language services, becoming the first acquiring bank whose all ATMs provide five language services in China. At the end of June 2014, the Bank owned 23,712 self-service banking outlets, representing an increase of 8.6% from the end of the previous year, and 86,002 ATMs, up 6.8%. In the first half of 2014, the volume of ATM transactions amounted to RMB5,186.3 billion, up 31.9% compared with the same period of the previous year.

Service Enhancement

In the first half of 2014, the Bank launched an activity themed "To build a bank to people's satisfaction", focusing upon addressing customers' core appeals, enhancing customer service efficiency and fully improving standardized level of window services.

It continued to implement sophisticated management of customer complaints, improved the mechanism of customer feedback analysis and rectification, vigorously treated outstanding issues of the biggest customer concerns and increased the quality and efficiency of customer compliant handling. The number of customer complaints decreased further, and customer satisfaction rate in relation to complaint handling rose to over 95%. Carrying forward the special campaign on window service enhancement, the Bank applied the results of great discussion about "Customers in my heart" and took measures like the Handling Procedures for Special Business of Personal Customers to make window services more standard and customer-friendly. Measures such as strengthened customer guidance and diversion improved outlet service efficiency and effectiveness. Through outlet-specific improvement, the Bank made efforts to resolve overtime waiting of customers at some outlets, bringing the percentage of overtime waiting customers down 13% compared with the same period of last year. Besides, the Bank optimized the form-filling processes for corporate settlement account opening and personal banking. The innovative application of making reservation and pre-filling and comprehensive agreement signing helped to simplify the process of account opening by corporate customers and manifestly improve customer experience. The convenient and fast form-signing service model of lodging oral applications by personal customers was established preliminarily, where there was no need for them to fill any paper applications, obviously shortening business duration.

What's more, the Bank improved the system for consumer protection. It set up the service pricing management mechanism and strengthened the service pricing examination and analysis to protect reasonable pricing and compliant charging. It strengthened knowledge publicity and education among financial consumers and carried out the "3.15" activity to expose financial knowledge to consumers. It also developed the corporate culture of protecting consumers, reinforced internal training and guidance to employees and improved the level of consumer protection.

Internationalized and Diversified Operation

The Bank steadily advanced internationalized and diversified operation and development and stepped up its financial support to "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. The Bank improved the interaction between the Group and its subsidiaries, hence improving comprehensive services to customers. Strengthened interaction and information sharing of domestic and overseas institutions helped the Bank to further develop global key product lines like retail banking, E-banking, specialized financing and cash management. It accelerated development of electronic channels of overseas institutions to interconnect internet banking accounts across the Group and it also optimized telephone banking service offshore by offering human service in multiple languages and self-service voice service. Besides, the Bank advanced the construction of offshore RMB business centers in Europe, America and Australia and supported the extension of overseas RMB clearing network of PBC. In the first half of 2014, cross-border RMB business increased by 71% compared with the same period of last year to RMB1,684.6 billion and Singapore RMB clearing bank cleared RMB14.5 trillion, growing swiftly.

In respect of overseas institution development, the Bank took good opportunities to make presence in key markets by means of both establishment and acquisition and continued to improve the network of tier-2 institutions. ICBC (Peru) and ICBC (New Zealand) started operation formally. The Bank also entered into share purchase agreements to acquire 60% and 75.5% of the existing issued shares in Standard Bank PLC and Tekstil Bankası A.Ş. ("Tekstilbank") in Turkey respectively. At the end of June 2014, the Bank had 331 institutions in 40 countries and regions, and established correspondent banking relationship with 1,767 overseas banking institutions in 146 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.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

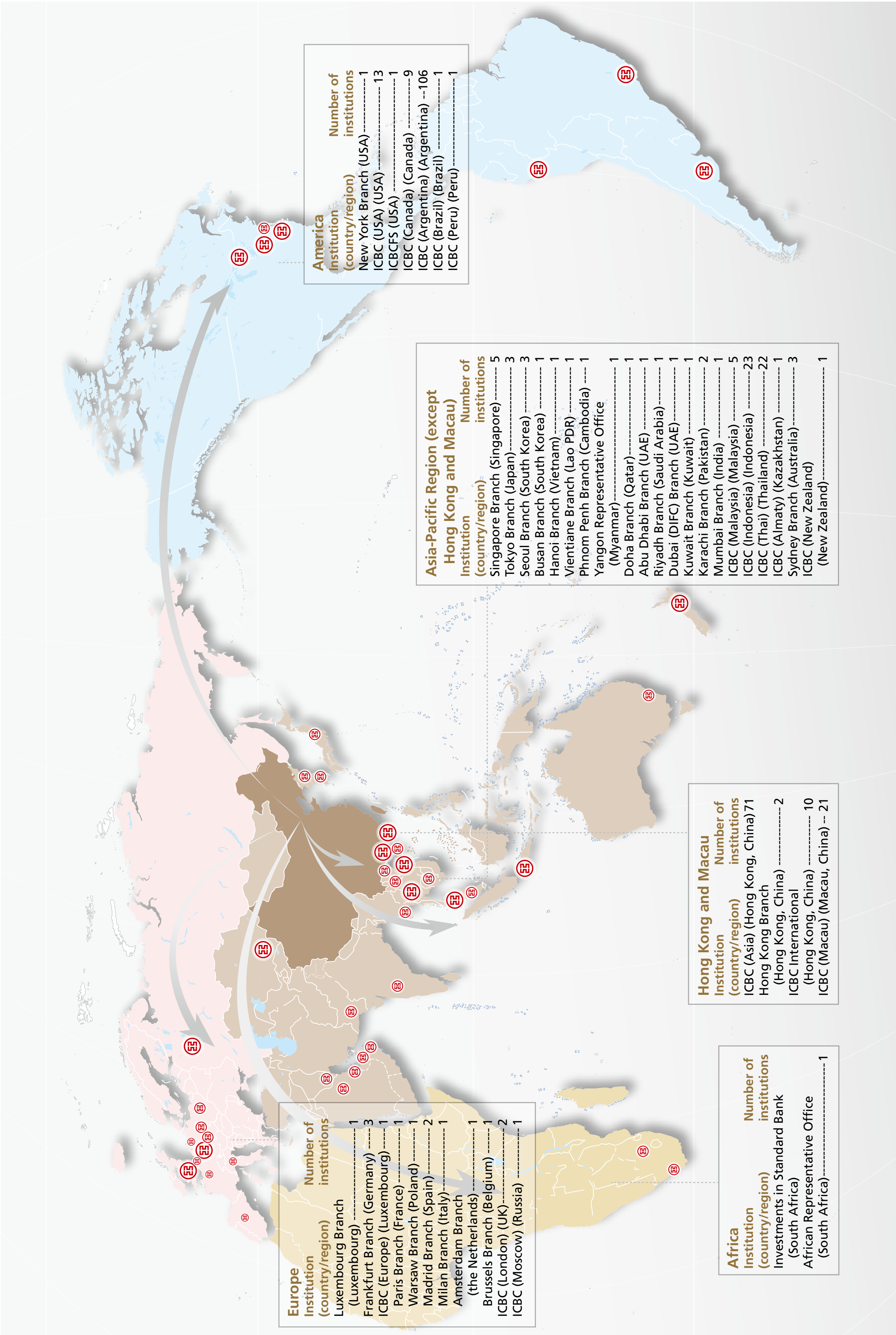
Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At 30 June 2014	At 31 December 2013	Six months ended 30 June 2014	Six months ended 30 June 2013	At 30 June 2014	At 31 December 2013
Hong Kong and Macau	108,010	101,024	626	547	104	104
Asia-Pacific region (except Hong Kong and Macau)	60,563	46,992	317	154	79	78
Europe	24,961	22,770	146	90	15	15
America	50,183	54,407	262	113	132	131
Africa(1)	4,583	4,606	159	166	1	1
Eliminations	(15,827)	(20,636)				
Total	**232,473**	**209,163**	**1,510**	**1,070**	**331**	**329**

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

At the end of the reporting period, total assets of overseas institutions (including overseas branches, subsidiaries and investment in Standard Bank) of the Bank were USD232,473 million, representing an increase of USD23,310 million or 11.1% from the end of the previous year, and they accounted for 7.1% of the Group's total assets. Total loans amounted to USD126,886 million, representing an increase of USD18,765 million or 17.4%, and total deposits were USD86,343 million, representing an increase of USD11,593 billion or 15.5%. Profit before taxation during the reporting period was USD1,510 million, representing an increase of 41.1% compared with the same period of the previous year.

Diversified service capability was steadily improved. Leveraging on its advantage as an all-around asset management platform, ICBC Credit Suisse Asset Management quickened innovation, expanded investment management product system, stably increased business results and was among the three biggest publicly offered funds managers in the industry. Grasping the opportunities in policies, ICBC Leasing innovated leasing products, made greater efforts in expanding domestic and international markets, actively served the real economy, and therefore further consolidated its leading position in the sector. ICBC-AXA promoted coordinated growth of bancassurance, personal insurance, group insurance and new channel service relying on the Group's advantages and further improved its profitability. As an overseas platform within 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



Information Technology and Product Innovation

In line with the reform and development strategy of the whole bank, the Bank quickened IT-based bank building, strengthened internet finance product innovation, and provided powerful support for accelerating business reform, improving service level, boosting internationalized and diversified operation and solidifying risk management.

Vigorous Propulsion of IT-based Bank Building

The Bank improved the "Big Data" base for IT-based bank development and added data on financial markets, e-commerce platform and integrated subsidiaries into the data warehouse. The "Big Data" analysis and mining platform went alive formally to analyze and mine internet banking transaction, Easy Loan product and customer data and apply them into precision marketing and product innovation, etc. Besides, the Bank promoted the application of IT results in collaborative service, business process, risk management and management accounting, improved the uniform view of customer information and realized interactive marketing toward corporate and personal customers. It preliminarily established the new-typed credit risk monitoring system. It also constantly developed the system of financial asset services and realized whole-process management of asset investment and operation and information sharing. And it preliminarily developed the views of outlet performance and employee performance.

Acceleration of Internet Finance Product & Service Innovation

The Bank designed internet finance products to enable customers to have the best experience and built the relatively complete internet finance service model. It developed the basic architecture of internet finance with a focus on the following five themes: payment, investment and wealth management, financing, on- and off-line integration and e-commerce. The "ICBC E-shopping" e-commerce platform featured with "reputational merchants, famous commodities and well-known shops" went alive formally. The Bank introduced reserved foreign currency note withdrawal which is synergistic on and off line. With the first batch of intelligent outlets open to the public, the Bank tried to establish new-typed outlet service models such as man-machine interaction.

Improvement of Information Technology and Product Innovation Management Level

Local Sub-center of Data Center (Shanghai) was officially put into use, and the switching operation of host system succeeded controlling switch time within a minute and improving business continuity. Strengthened change, event and emergency management helped information systems of the whole bank to operate in a safe and stable manner. The Bank made more efforts to give technological support to the Group's information systems and independently developed financial management systems and accounting systems for integrated subsidiaries ICBC-AXA and ICBC International respectively. In the first half of 2014, the Bank obtained 20 patents from the State Intellectual Property Office, and the total number of patents owned by the Bank increased to 327.

Focusing on bank-wide transformation, the Bank improved product innovation working mechanism and methods to enhance financial services for customers. It deepened innovation in key areas, ameliorated product life cycle management and strengthened prospective study, tracking and assessment of products. It also improved management mechanism and research and development efficiency of innovative projects. The Bank expanded the product innovation scope by holding the Fifth "ICBC Cup" Banking Product Innovative Design Competition for College Students.

Human Resources Management

To meet strategic development needs, the Bank continued to deepen reform under the concepts of humanity, service collaboration and scientific management. It strengthened the human resource system building to improve employee competency. It intensified the training, cultivation, introduction and reservation of talents to satisfy the needs of domestic and overseas institution development for talents. It improved the compensation resources allocation system of the Group and the compensation management system of employees to invoke enthusiasm of institutions and employees. It also optimized organizational framework of the Head Office and steadily promoted function, institution and employee adjustments. The profit-centric mechanism was further improved. In the first half of 2014, the profitability units generated profit before taxation of RMB33,153 million in total.

According to the strategic deployment, with the mission of supporting the growth of employees and business, the Bank improved the all-staff training system and the professional qualification system, mobilized various training resources in a centralized way and continued the all-staff training mainly consisting of managerial staff, professionals and business personnel. In particular, the Bank promoted the key training programs including international talents training, outlet competitiveness training and customer managers training and increased the pertinence and effectiveness of training with multiple approaches such as initiation of outlet head practice base construction and rollout of ICBC knowledge base learning platform. In the first half of 2014, the Bank organized 24 thousand sessions of training for 1.85 million persons, with the Group's average reaching about 3.8 days of training per person.

Corporate culture was promoted in and out of the Bank. The column of "Culture in the Eyes of Presidents" was set up in intranet as a platform for exchanging and sharing cultural management views of managers of domestic and overseas institutions at each level. Course materials for new employees' corporate culture training were optimized by elaborating on ICBC cultural concepts vividly with stories and cases. The education activity themed "To build a bank to people's satisfaction" was launched to strengthen building of specialized compliance, honesty and service cultures, promote featured cultures of basic-level branches and facilitate simultaneous improvement of corporate culture and operation management. The Bank also initiated the Fourth "Touching ICBC" Employees Award Ceremony and opened the WeChat public platform of "Touching ICBC" to guide the employees to follow the Bank's core values.

RISK MANAGEMENT

Enterprise Risk Management System

In the first half of 2014, in response to the complicated and changing operating environment, the Bank continued to improve its enterprise risk management system and enhance the risk management capability of the Group. In particular, the Bank formulated various enterprise risk management policies, promoted the implementation of advanced capital management approaches and effectively implemented the regulatory requirements on global systemically important banks. Therefore, enterprise risk management of the Bank was further strengthened.

During the reporting period, CBRC officially approved the Bank to adopt advanced capital management approaches. The Bank actively pushed forward the implementation of the advanced approaches by optimizing risk measurement models and promoting upgrading and overseas extension of IT systems as well as risk measurement result application, to further improve risk management and measurement. In terms of credit risk, to strengthen the management of internal credit risk rating, the Bank revised corporate customers rating and debt rating policies, optimized debt rating models, improved the internal rating review mechanism and validity management, and increased the predictive ability of internal rating models. The Bank also continuously improved the retail business internal rating model and measurement system, promoted the building of retail business internal rating in overseas institutions, and deepened the application of internal rating results in capital management and the whole process of credit business. In terms of market risk, the Bank further improved the market risk management policies, optimized market risk measurement models, and accelerated overseas extension of the global market risk management (GMRM) system. Besides, the Bank actively carried out the internal model approach (IMA) validation, and constantly deepened the IMA core application in the limit management, risk reporting, stress test, capital measurement and so on, refining the market risk management of the Group. In terms of operational risk, while adopting the standardized approach, the Bank carried forward the overseas extension of the advanced measurement approach (AMA) application and management system, to promote the AMA application.

Credit Risk

Credit Risk Management

In the first half of 2014, in response to changes in the macroeconomic environment and financial regulatory requirements, the Bank continued to serve the real economy, and intensified credit risk management according to economic and industry development trends.

The Bank continued to strengthen the development of the credit system. It refined the organization structure of credit business, and clearly defined responsibilities of each department, to optimize the credit risk management system. It also further improved centralized management of credit approval, streamlined credit business operation procedures, and enhanced due diligence and archive management. The credit risk monitoring and analysis center was established to realize full-process risk monitoring and supervision on credit business. Besides, the Bank revised the administrative measures for bad debt write-off, expanded disposal channel for NPLs, increased efforts in management on non-performing assets and their collection and disposal, and enhanced the compensation rate for the disposal of NPLs.

The Bank improved industry credit policies and enhanced industry-specific risk management. It constantly adjusted and improved industry-specific credit policies according to macroeconomic policies, industry policy orientation and industry development features, to stress key indicators in terms of operating results, environmental protection, capital and energy consumption, etc. It focused on expanding in eight target markets 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, while strictly controlling systemic risks of loans to industries with excess capacity.

The Bank strengthened risk management of loans to LGFVs. It earnestly followed the relevant policies of the State Council and regulatory requirements of CBRC governing loans to LGFVs, and strengthened the efforts in controlling the total amount and risk management of loans to LGFVs. It also exerted strict control over new loans, strengthened recovery management of financing upon maturity, and further optimized the structure of loans to LGFVs.

The Bank strengthened risk management of the property loans. It closely monitored changes in real estate markets, controlled the total financing amount to real estate development projects, and managed credit based on the list of real estate enterprises. By taking measures including raising higher standards on enterprise entry qualification and project capital ratio, it emphasized prevention and control of credit risk in third and fourth-tier cities and small and medium-sized developers, and strengthened risk prevention and control of real estate-related fixed assets-backed financing business.

The Bank strengthened risk management in relation to trade finance. It strengthened trade background authenticity verification and refined trade finance business management by focusing on preventing and fighting against false trading. It also prevented and controlled supply chain financing risk of core enterprises in particular, insisted on obtaining approval for project loan before handling supply chain financing under the project, effectively verified receivables, and well linked supply chain financing with project loan extension. Additionally, it closely followed commodity financing risk brought by commodity price fluctuations, and strengthened risk control of existing commodity financing by diversifying and transforming financing, increasing collaterals and reducing financing limit.

The Bank enhanced risk management of personal loans. It steadily developed the personal loan business, actively adjusted the structure of personal credit products and optimized the allocation of personal credit resources. It strictly controlled the entry criteria for borrowers, continued to implement differentiated housing credit policies, and propelled innovation of personal consumption loan products. It continuously promoted the financing limit management of personal customers, made more efforts on prevention and control of false loans risk and enhanced the loan purpose check and mortgage risk prevention. It further improved the personal loan collection mechanism.

The Bank enhanced risk management of small enterprise loans. It intensified prevention of small enterprise credit risk in the key fields of steel and other bulk commodities circulation, real estate industrial chain and upstream and downstream of industries with overcapacity, with a focus on the risk prevention for specialized markets and industrial clusters to prevent group-occurring risk. It also intensified risk warning, carried out regular tracking and monitoring for the key risky areas, products and industries, strictly controlled external guarantee of small enterprises and accelerated the disposal and mitigation of existing risky loans.

The Bank enhanced risk management of credit card business. It improved the credit policies for personal credit cards, further elaborated the dynamic adjustment plan of credit card credit extension and realized the differentiated management of customer credit. It also boosted the financing limit management and adjusted personal credit card limit according to financing limit so as to effectively control credit risk exposure. Besides, it reinforced authorization management of credit approval, granted credit line to asset customers of the Bank through preliminary approval, and formulated more detailed rules for management of approval authorization. Moreover, it enhanced collection and disposal of credit card NPLs.

The Bank improved credit risk management of treasury operations. It revised credit risk management measures for institutional customers and managed credit risk of treasury operations by defining customers' entry criteria, controlling credit limit, controlling investment limit, controlling margin proportion, rating management and controlling authorization limit for single transactions. It also improved monitoring and analysis mechanism, to increase business monitoring frequency and research and analysis level.

The Bank improved risk management of financial asset service business. It integrated measures regarding management of financial asset service business, to establish better financial asset service business policy system. Through authorization management, entry management and limit management, it standardized business procedures and better managed cooperative institutions of financial asset service business. It also strengthened risk prevention and control of agency investment business involving financing customers or projects, conducted regular risk review of financing customers, made dynamic adjustment of the list of customers subject to special monitoring, and timely formulated risk mitigation and disposal measures. Moreover, it improved the system building of financial asset services and included agency investment in the system 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 30 June 2014	At 31 December 2013
Balances with central banks	3,522,714	3,213,094
Due from banks and other financial institutions	642,087	717,984
Financial assets held for trading	47,351	27,808
Financial assets designated at fair value through profit or loss	338,893	344,413
Derivative financial assets	25,943	25,020
Reverse repurchase agreements	540,645	331,903
Loans and advances to customers	10,394,435	9,681,415
Financial investments	4,081,212	3,943,426
Receivables	339,002	324,488
Held-to-maturity investments	2,621,864	2,624,400
Available-for-sale financial assets	1,120,346	994,538
Others	261,635	225,020
Subtotal	**19,854,915**	**18,510,083**
Credit commitments	**2,423,905**	**2,445,956**
Maximum exposure to credit risk	**22,278,820**	**20,956,039**

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Pass	10,309,257	96.84	9,632,523	97.08
Special mention	231,117	2.17	196,162	1.98
NPLs	105,741	0.99	93,689	0.94
Substandard	48,986	0.45	36,532	0.37
Doubtful	47,689	0.45	43,020	0.43
Loss	9,066	0.09	14,137	0.14
Total	**10,646,115**	**100.00**	**9,922,374**	**100.00**

Loan quality was generally stable. As at the end of June 2014, according to the five-category classification, pass loans amounted to RMB10,309,257 million, representing an increase of RMB676,734 million from the end of the previous year and accounting for 96.84% of total loans. Special mention loans amounted to RMB231,117 million, representing an increase of RMB34,955 million and accounting for 2.17% of total loans. Outstanding NPLs amounted to RMB105,741 million, increased by RMB12,052 million, and NPL ratio was 0.99%.

DISTRIBUTION OF LOANS AND NPLs BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2014				At 31 December 2013			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	7,576,419	71.2	79,466	1.05	7,046,515	71.0	73,253	1.04
Discounted bills	154,582	1.5	119	0.08	148,258	1.5	10	0.01
Personal loans	2,915,114	27.3	26,156	0.90	2,727,601	27.5	20,426	0.75
Total	**10,646,115**	**100.0**	**105,741**	**0.99**	**9,922,374**	**100.0**	**93,689**	**0.94**

The balance of non-performing corporate loans stood at RMB79,466 million, increasing by RMB6,213 million from the end of the previous year, and NPL ratio was 1.05%, which was mainly due to defaults as a result of operating difficulties of some enterprises, especially small and medium-sized enterprises, in the face of slower macroeconomic growth and weak external markets. The balance of non-performing personal loans stood at RMB26,156 million, increased by RMB5,730 million, and NPL ratio was 0.90%, which was mainly due to the increase in NPL amount of personal business loans, 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 30 June 2014				At 31 December 2013			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	426,057	4.0	4,839	1.14	388,097	3.9	4,069	1.05
Yangtze River Delta	2,151,013	20.2	23,798	1.11	2,071,035	20.9	22,568	1.09
Pearl River Delta	1,414,482	13.3	17,942	1.27	1,319,021	13.3	15,507	1.18
Bohai Rim	1,839,459	17.3	19,455	1.06	1,731,710	17.5	16,626	0.96
Central China	1,441,187	13.5	15,802	1.10	1,340,628	13.5	14,323	1.07
Western China	1,879,953	17.7	13,910	0.74	1,750,714	17.6	11,490	0.66
Northeastern China	602,838	5.7	5,739	0.95	568,511	5.7	5,443	0.96
Overseas and others	891,126	8.3	4,256	0.48	752,658	7.6	3,663	0.49
Total	**10,646,115**	**100.0**	**105,741**	**0.99**	**9,922,374**	**100.0**	**93,689**	**0.94**

The Bank continuously optimized the geographic credit allocation 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 RMB264,125 million loans to the three regions, accounting for 36.5% of the increments of total loans. Overseas and other loans increased by RMB138,468 million or 18.4%, accounting for 19.1% of the increments of total loans, which was mainly due to the active support to "Going Global" Chinese-owned companies, innovation of cross-border trade finance business and efforts in exploring local businesses of ICBC (Asia), Singapore Branch, Sydney Branch and other overseas institutions, thus accomplishing fast increase of loans.

The Bohai Rim, the Pearl River Delta and the Western China witnessed relatively large increases in balance of NPLs, mainly due to weak domestic and overseas demand that caused small and medium-sized enterprises in the Bohai Rim and the Pearl River Delta which relied heavily on exports suffered from running below capacity, decline in orders, rising costs and falling profits, leading to intensity of business funds, and increase of defaults of some enterprises in Western China because of the falling coal price.

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

In RMB millions, except for percentages

	At 30 June 2014				At 31 December 2013			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Manufacturing	1,571,814	23.3	29,126	1.85	1,488,594	23.5	27,054	1.82
Chemical industry	258,610	3.8	3,217	1.24	237,524	3.7	3,159	1.33
Machinery	250,340	3.7	4,723	1.89	232,245	3.7	4,482	1.93
Metal processing	183,699	2.7	3,309	1.80	180,786	2.9	3,646	2.02
Textiles and apparels	143,231	2.1	4,789	3.34	141,603	2.2	4,460	3.15
Iron and steel	113,544	1.7	657	0.58	120,375	1.9	321	0.27
Computer, telecommunications equipment, and other electronic equipment	101,310	1.5	1,066	1.05	99,701	1.6	1,000	1.00
Transportation equipment	99,115	1.5	2,000	2.02	88,098	1.4	1,635	1.86
Non-metallic mineral	72,828	1.1	2,019	2.77	67,942	1.1	1,843	2.71
Petroleum processing, coking and nuclear fuel	62,355	0.9	366	0.59	58,267	0.9	399	0.68
Others	286,782	4.3	6,980	2.43	262,053	4.1	6,109	2.33
Transportation, storage and postal services	1,282,812	19.0	4,278	0.33	1,219,345	19.2	5,381	0.44
Wholesale and retail	853,862	12.7	30,924	3.62	786,202	12.4	26,739	3.40
Production and supply of electricity, heat, gas and water	670,584	10.0	1,550	0.23	618,246	9.8	1,813	0.29
Leasing and commercial services	528,223	7.8	946	0.18	456,519	7.2	867	0.19
Water, environment and public utility management	470,916	7.0	98	0.02	465,037	7.3	114	0.02
Real estate	457,146	6.8	3,788	0.83	463,585	7.3	4,029	0.87
Mining	245,834	3.7	986	0.40	245,930	3.9	629	0.26
Construction	204,810	3.0	1,090	0.53	181,605	2.9	881	0.49
Lodging and catering	160,669	2.4	1,226	0.76	146,625	2.3	739	0.50
Science, education, culture and sanitation	110,088	1.6	476	0.43	100,878	1.6	535	0.53
Others	177,783	2.7	1,034	0.58	166,154	2.6	1,061	0.64
Total	**6,734,541**	**100.0**	**75,522**	**1.12**	**6,338,720**	**100.0**	**69,842**	**1.10**

In the first half of 2014, the Bank further adjusted its credit structure, and endeavored to explore eight key target markets including key 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, merger & acquisition, "Going Global" business and modern agriculture. The increment of the loans to the manufacturing industry was RMB83,220 million, up 5.6%, 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; the increment of the loans to leasing and commercial services was RMB71,704 million, up 15.7%, which was mainly due to the rapid growth of loans to the business service industry covering investment and asset management, enterprise headquarters management and market management and loans to the machinery and equipment leasing industry; and the increment of loans to the wholesale and retail industry, main part of the loans to the service sector, was RMB67,660 million, up 8.6%. Loans to the real estate industry decreased by RMB6,439 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 cash flow of some wholesale enterprises and declining revenue and profits of retail enterprises affected by slower macroeconomic growth and downward fluctuation of bulk commodity prices. Increase in NPLs to the manufacturing industry was mainly due to more operating pressure of some industries with overcapacity affected by slower macroeconomic growth, 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 period	**39,065**	**201,894**	**240,959**
Charge for the period	10,677	13,311	23,988
Including: Impairment allowances charged	18,706	66,529	85,235
Impairment allowances transferred	214	(214)	–
Reversal of impairment allowances	(8,243)	(53,004)	(61,247)
Accreted interest on impaired loans	(1,215)	–	(1,215)
Write-offs	(10,778)	(1,933)	(12,711)
Recoveries of loans and advances previously written off	567	92	659
At the end of the period	**38,316**	**213,364**	**251,680**

As at the end of June 2014, the allowance for impairment losses on loans stood at RMB251,680 million, representing an increase of RMB10,721 million as compared to the end of last year. Allowance to NPL was 238.02%; allowance to total loans was 2.36% and that to loans of domestic branches was 2.51%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	4,783,465	44.9	4,446,023	44.8
Including: Residential mortgages	1,919,755	18.0	1,720,535	17.3
Pledged loans	1,275,579	12.0	1,184,175	11.9
Including: Discounted bills	154,582	1.5	148,258	1.5
Guaranteed loans	1,461,028	13.7	1,365,199	13.8
Unsecured loans	3,126,043	29.4	2,926,977	29.5
Total	**10,646,115**	**100.0**	**9,922,374**	**100.0**

Loans secured by mortgages stood at RMB4,783,465 million, representing an increase of RMB337,442 million or 7.6% from the end of the previous year. Pledged loans amounted to RMB1,275,579 million, representing an increase of RMB91,404 million or 7.7% from the end of the previous year. Unsecured loans amounted to RMB3,126,043 million, representing an increase of RMB199,066 million or 6.8% from the end of the previous year.

OVERDUE LOANS

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Overdue periods	Amount	% of total loans	Amount	% of total loans
1 to 90 days	83,327	0.78	53,868	0.54
91 days to 1 year	49,936	0.47	36,230	0.37
1 to 3 years	26,012	0.25	20,848	0.21
Over 3 years	19,432	0.18	22,685	0.23
Total	**178,707**	**1.68**	**133,631**	**1.35**

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 RMB178,707 million, representing an increase of RMB45,076 million from the end of the previous year. Among which, loans overdue for over 90 days amounted to RMB95,380 million, representing an increase of RMB15,617 million.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB4,659 million, representing a decrease of RMB270 million or 5.5% as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB2,364 million, representing a decrease of RMB337 million.

EXTENDED LOANS

The balance of extended loans amounted to RMB14,414 million, representing an increase of RMB4,031 million from the end of the previous year, of which the NPLs balance was RMB2,721 million, representing an increase of RMB245 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 4.4% and 16.5% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single customers was RMB267,534 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 June 2014.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	71,571	0.7
Borrower B	Information transmission, software and IT services	33,029	0.3
Borrower C	Transportation, storage and postal services	26,837	0.2
Borrower D	Transportation, storage and postal services	24,243	0.2
Borrower E	Transportation, storage and postal services	23,196	0.2
Borrower F	Transportation, storage and postal services	22,688	0.2
Borrower G	Transportation, storage and postal services	19,403	0.2
Borrower H	Transportation, storage and postal services	16,455	0.2
Borrower I	Transportation, storage and postal services	16,020	0.2
Borrower J	Transportation, storage and postal services	14,092	0.1
Total		**267,534**	**2.5**

Market Risk

In first half of 2014, the Bank comprehensively strengthened its consolidated management of market risk and enhanced the management and measurement of market risk at the Group's level. It improved the market risk management system, strengthened market risk limit management, and accelerated the overseas extension of the GMRM system. It also actively promoted the IMA application, optimized the measurement mode and data management of market risks, enhanced independent research and development capacity of the IMA, and deepened the core application of the IMA in limit management, risk reporting, stress test and capital measurement.

Market Risk Management of the Banking Book

The Bank actively improved the market risk management polices for the banking book and further increased interest rate and currency risk measurement capability, enhancing the interest rate and currency risk management of the Group. The Bank reinforced the analysis and application of banking book interest rate risk report of the Group, upgraded the risk module of interest rate management system, improved the system measurement accuracy and promoted the sophisticated management of interest rate risk.

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 improved the market risk limit management system based on trading portfolios, perfected the limit approval mechanism and limit setting, and realized fast and flexible monitoring and management with the help of its GMRM system.

Market Risk Analysis

◆ *Interest Rate Risk Analysis*

In the first half of 2014, China continued to reform the interest rate market in an orderly manner. In response to challenges in the interest rate risk management, the Bank actively took measures to improve monitoring, analysis and assessment mechanism for interest rate execution and optimize the interest rate structure. The Bank timely adjusted internal fund transfer prices, strengthened loan interest rate pricing management, improved the deposit interest rate pricing mechanism, and reasonably controlled interest rate cost.

As at the end of June 2014, the Bank had a cumulative interest rate sensitivity negative exposure within one year of RMB488,216 million, representing an increase of RMB136,511 million from the end of the previous year, mainly because of the increase of deposits within one year. Cumulative interest rate sensitivity positive exposure over one year stood at RMB1,776,903 million, representing an increase of RMB211,329 million, mainly due to the increase of bonds investment over one year since the Bank adopted the investment strategy of moderate increase of asset duration. 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 months	3 months to 1 year	1 to 5 years	Over 5 years
At 30 June 2014	(3,417,054)	2,928,838	648,019	1,128,884
At 31 December 2013	(1,106,776)	755,071	473,593	1,091,981

Note: Please refer to "Note 46.(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 30 June 2014		At 31 December 2013	
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	(15,402)	(27,742)	(3,625)	(23,845)
Decrease by 100 basis points	15,402	29,354	3,625	25,219

Note: Please refer to "Note 46.(c)(iii) to the Financial Statements: Interest rate risk".

◆ *Currency Risk Analysis*

In the first half of 2014, PBC further improved the Renminbi exchange rate formation mechanism. Renminbi depreciated slightly with obvious characteristics of two-way fluctuations, exchange rate elasticity was significantly enhanced, and the central parity of RMB against US dollar depreciated 0.91% compared to the end of 2013. 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 CURRENCY EXPOSURE

In RMB (USD) millions

Item	At 30 June 2014 RMB	At 30 June 2014 USD equivalent	At 31 December 2013 RMB	At 31 December 2013 USD equivalent
Exposure of on-balance sheet foreign currency items, net	217,677	35,081	253,530	41,824
Exposure of off-balance sheet foreign currency items, net	(111,665)	(17,996)	(149,043)	(24,587)
Total foreign currency exposure, net	**106,012**	**17,085**	**104,487**	**17,237**

Note: Please refer to "Note 46.(c)(ii) to the Financial Statements: Currency risk" for the currency risk 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 and carry out daily market risk measurement and monitoring.

VALUE AT RISK (VAR) OF THE TRADING BOOK

In RMB millions

	Six months ended 30 June 2014				Six months ended 30 June 2013			
Item	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
Interest rate risk	30	32	60	14	74	26	78	13
Currency risk	30	28	45	17	37	29	51	18
Commodity risk	18	14	20	7	1	3	12	0
Total portfolio VaR	**46**	**39**	**63**	**24**	**68**	**37**	**80**	**26**

Note: The measurement range includes the interest rate risk, currency risk, and commodity risk of fundamental commodity products and derivative products of the trading books of the Head Office, Shanghai Branch and all overseas branches. Please refer to "Note 46.(c)(i) to the Financial Statements: VaR".

Liquidity Risk

The Bank constantly improved its liquidity risk management rules according to the changes in the macroeconomic environment and financial regulatory requirements, thus enhancing the liquidity risk management quality of the Bank. It promoted the revision of liquidity risk management measures and emergency plans, and optimized the liquidity risk management mechanism to meet the regulatory requirements of the Regulations Governing the Liquidity Risk of Commercial Banks (Provisional) and businesses management demands of the Bank. It also balanced and managed on- and off-balance sheet liquidity risk, guided the adjustment of asset and liability structure of overseas institutions, and optimized treasury operations management models. Therefore, consolidated liquidity risk management of the Bank was enhanced.

Liquidity Risk Analysis

In the first half of 2014, PBC continued to implement the prudent monetary policy, used new control thoughts and methods, and timely and appropriately deployed the fine-tuning and pre-setting adjustments. 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 operating tempo in accordance with the Bank's development of asset and liability businesses and liquidity status, to consolidate the foundation for deposit growth and liability growth stability. It flexibly adjusted internal and external pricing strategies, reinforced asset and liability matching management, and optimized term structure. As a result, liquidity risk resilience of the Bank was enhanced.

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.

As at the end of June 2014, indicators reflecting the liquidity status of the Bank met regulatory requirements. Details are listed in the table below:

Item		Regulatory criteria	At 30 June 2014	At 31 December 2013	At 31 December 2012
Liquidity ratio (%)	RMB	>=25.0	33.5	30.2	32.5
	Foreign currency	>=25.0	81.2	61.0	65.2
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	66.3	66.6	64.1
Liquidity coverage ratio (%)	RMB and foreign currency	>=100.0	146.5	—	—

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 its liquidity risk status by using liquidity exposure analysis. Negative liquidity exposure for the less than 1 month category decreased to some extent, mainly due to the decrease of borrowings and increase of lendings and customers' loans with the corresponding term; negative liquidity exposure for the 1 to 3 months category decreased, mainly due to the decrease of customers' deposits and increase of customers' loans; negative liquidity exposure for the 3 months to 1 year category increased, because of the increase of customers' deposits and the decrease of bonds investment; and the increase of positive liquidity exposure for the 1 to 5 years category was mainly attributed to the increase of medium and long-term customers' loans and bonds investment. Deposits of the Bank maintained steady growth with a high deposition rate. At the same time, the Bank made major investment in central bank bills, treasury bonds and other assets with high liquidity quality, and possessed sufficient liquidity reserves, which have driven the further increase of the cumulative positive liquidity exposure compared to the end of last year. Therefore, the overall liquidity of the Bank was sound. The liquidity exposure analysis of the Bank as at the end of June 2014 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 30 June 2014	(7,972,068)	(290,373)	(491,432)	(996,188)	3,307,411	4,565,094	3,237,059	1,359,503
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

Note: Please refer to "Note 46.(b) to the Financial Statements: Liquidity risk".

Internal Control and Operational Risk

Internal Control

The Bank actively implemented the work requirements of the Group on internal control and made efforts in enhancing internal control management. In particular, the Bank deepened management of internal control rules and supervision and inspection at the Group level, actively implemented the compliance manager-responsible mechanism, and further strengthened the compliance management of all institutions and departments. It organized on-site and off-site inspections in key areas, carried out inspections of the risks in business operations, and intensified accountability for violations. It promoted the information-based internal control and compliance, continuously optimized system function, and encouraged supervision and inspection information sharing across the Group. It strengthened the management of staff behaviors and improved the long-acting mechanism for compliance culture education. During the reporting period, the Bank further improved its internal control system and enhanced the integrity, reasonableness and effectiveness of internal control.

Operational Risk Management

In accordance with latest regulatory requirements concerning operational risk and the trends of operational risk of banking, the Bank consolidated the refined management of operational risks in key fields and core links, continued to strengthen application and data quality control of operational risk management tools, and further improved the operational risk management of the Group. The Bank made greater efforts in building the operational risk management policies and further improved the three-level operational risk management system consisting of operational risk management rules, relevant management measures and manuals. It strengthened application of operational risk management tools, optimized operational risk monitoring indicator system, and enhanced the accuracy of risk warning and prompt. It also perfected the operational risk control system of each business line and highlighted the management functions of departments controlling various types of operational risk. It continued to promote the operational risk measurement management system in the optimization of domestic institutions and extension to overseas institutions and intensified operational risk management and control of overseas institutions. During the reporting period, the Bank's operational risk management continuously improved, and risk prevention and control capability further enhanced.

Legal Risk

The Bank continued to strengthen legal risk management and control of the Group and intensified the legal support for daily operation and management, safeguarding compliant operation and healthy business development of the Group. The Bank reinforced legal services and legal risk prevention and control in advance to support the internationalized and diversified operations as well as the development and innovation of various business lines. It included protection of consumers' rights and interests in the process of legal consultation and review to ensure fair and reasonable legal documents and business arrangements, and applied legal means to recover NPLs and improve recovery efficiency. It 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. It 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 implemented the "risk-based" regulatory requirements in respect of anti-money laundering, earnestly fulfilled the obligation to anti-money laundering as a commercial bank, and endeavored to boost the efficiency of anti-money laundering and counter-terrorism financing of the Group, to fully enhance the compliance level. The Bank revised the anti-money laundering customer risk classification policy, improved the money laundering risk assessment criteria and classification procedures, and reformed the centralized identification mechanism for the global special control list to prevent and control sensitive event-related risks. The Bank deepened the customer information maintenance efforts, further improved the integrity and authenticity of customer information, and examined money laundering risk of some overseas institutions, thus effectively preventing and controlling anti-money laundering compliance risk and reputational risk of the Group during its internationalized development. It optimized the anti-money laundering monitoring model and system function and improved anti-money laundering data quality. The Bank cooperated with the regulatory authorities in anti-money laundering investigations, strengthened analysis, screening and deterrence of money laundering and terrorist financing activities, and effectively fought against criminal activities of using false documents to open accounts and money laundering via Bitcoin trading. It launched training and international qualification certification for anti-money laundering management personnel, and strengthened the building of anti-money laundering specialist team and duty performance management, improving duty performance capability and expertise of anti-money laundering personnel.

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

The Bank continued to strengthen reputational risk management and promote the development of reputational risk management system and work mechanism. It revised the measures and emergency plan for reputational risk management, deployed work on the identification, assessment, monitoring, control, mitigation and evaluation of reputational risk, and strengthened the consolidated management of reputational risk. It organized reputational risk investigations and emergency drills to enhance the pre-event control and mitigation of reputational risk factors, and carried out reputational risk management targeted at protection of consumers' rights and improvement of financial service quality and operation management, improving the level of reputational risk management and work efficiency. In response to new changes in information transmission pattern, it effectively managed public opinions by making use of new media platform including Weibo and WeChat. During the reporting period, the Bank's reputational risk was controllable.

Country Risk

In the first half of 2014, the Bank continued to strengthen country risk management and improve country risk management system, and constantly improved the systemization level of country risk management. It closely watched changes in risk exposures, constantly tracked, monitored and reported country risk, and timely updated and adjusted the country risk rating and limits. It also strengthened the early warning mechanism for country risk, conducted stress testing on country risk, and effectively controlled country risk while pushing ahead the internationalization strategy.

CAPITAL MANAGEMENT

In the first half of 2014, 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. The Bank formulated the capital management measures for the overseas and controlled institutions, to regulate the management of capital adequacy ratio, capital investment and financing, capital planning and economic capital. It effectively curbed the expansion of risk assets by strengthening the Group's capital management mechanism, thus ensuring a stable capital adequacy ratio.

Capital Adequacy Ratio

The Bank calculated capital adequacy ratios at all tiers in accordance with the Capital Regulation. During the reporting period, CBRC officially approved the Bank to adopt advanced capital management approaches. Within the scope of the approval, the foundation internal ratings-based (IRB) approach is adopted to corporate credit risk, the IRB approach to retail credit risk, the internal model approach (IMA) to market risk, and the standardized approach to operational risk meeting regulatory requirements.

As at the end of June 2014, core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.36%, 11.36% and 13.67% respectively, all fulfilled regulatory requirements, up 0.79 percentage points, 0.79 percentage points and 0.55 percentage points respectively from the end of the previous year. During the reporting period, the Bank's profit maintained continuous growth, which effectively replenished the core tier 1 capital. Meanwhile, the growth rate of risk-weighted assets was controlled effectively and the capital adequacy ratio remained at a moderate level. In addition, adoption of advanced capital measurement approach played a positive role in the increase of capital adequacy ratio of the Bank at the end of the reporting period.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2014	At 31 December 2013
Core tier 1 capital	**1,357,009**	**1,276,344**
Paid-in capital	351,406	351,390
Valid portion of capital reserve	130,657	108,202
Surplus reserve	124,086	123,870
General reserve	203,492	202,940
Retained profits	567,402	512,024
Valid portion of minority interests	2,025	1,956
Others(2)	(22,059)	(24,038)
Core tier 1 capital deductions	**10,063**	**9,503**
Goodwill	8,520	8,049
Other intangible assets other than land use rights	1,498	1,474
Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,855)	(3,920)
Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900	3,900
Net core tier 1 capital	**1,346,946**	**1,266,841**
Additional tier 1 capital(3)	**63**	**18**
Net tier 1 capital	**1,347,009**	**1,266,859**
Tier 2 capital	**290,257**	**324,806**
Valid portion of tier 2 capital instruments and related premium	169,354	189,877
Surplus provision for loan impairment	120,742	134,857
Valid portion of minority interests	161	72
Tier 2 capital deductions	**16,650**	**19,400**
Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	16,650	19,400
Net capital base	**1,620,616**	**1,572,265**
Risk-weighted assets(4)	**11,858,669**	**11,982,187**
Core tier 1 capital adequacy ratio	**11.36%**	**10.57%**
Tier 1 capital adequacy ratio	**11.36%**	**10.57%**
Capital adequacy ratio	**13.67%**	**13.12%**

Notes: (1) Please refer to "Note 46.(d) to the Financial Statements: Capital management".

(2) Others were foreign currency translation reserve.

(3) Valid portion of minority interests.

(4) As at 30 June 2014, it refers to risk-weighted assets after capital floor and adjustments.

For more information of capital measurement of the Bank, please refer to "Information Disclosed Pursuant to the Capital Regulation".

Capital Financing Management

The Bank actively explored the external channels for capital replenishment and constantly promoted the issuance of new capital instruments. The Bank issued RMB20.0 billion worth of tier 2 capital bonds in the national inter-bank bond market on 4-5 August 2014. For the particulars of the issuance of tier 2 capital bonds, please refer to the announcements published by the Bank at the websites of SEHK and SSE. For details on the issuance of preference shares, please refer to "Significant Events".

OUTLOOK

In the second half of 2014, global economy is expected to maintain the trend of modest recovery, but the foundation for recovery is still unstable. China's economy is slowing down and gradually stabilizing. Though expected to maintain a stable growth, the economy faces a downward pressure. Some structural imbalances in transformation and upgrading may expose at certain time and in certain areas.

In the second half and in the coming years, the Bank will face both opportunities and challenges. Major opportunities for the Bank include the followings. First, it enjoys a broader space for business transformation and innovation as the country accelerates economic structural adjustment by promoting the upgrading of overcapacity industries, cultivating and developing strategic emerging industries, supporting small and micro enterprises and encouraging the development of private capital. Second, the country regards furthering the reform in finance, investment, fiscal taxation and administration as a major strategic move in advancing economic transformation, and has continuously issued a series of policies and measures to bring financial support to the real economy, providing a sound environment and opportunities for the Bank in improving resources allocation, accelerating financial innovation, and preventing and mitigating potential risks. Third, as China continues to open up its economy, especially as new headway is achieved in RMB internationalization with expanded scope of currency swap between China and Britain and China and South Korea, and as the reform in the free trade area is accelerated with the launch of the FTA account system, the Bank enjoys favorable conditions in promoting cross-boarder business innovation and pursuing external development. Fourth, the booming of Big Data technology as well as its accelerated application in the financial sector has provided important opportunities for the Bank to enhance the efficiency of operation management and innovate its marketing and service mode.

Meanwhile, the Bank also faces the following operational challenges. First, higher requirements are posed on the Bank's capability of product pricing and capital management as the interest rate liberalization and the reform of exchange rate formation mechanism are speeded up and the domestic financial regulatory reform is constantly deepened. Second, at the critical moment when China is shifting its economic growth rate, adjusting its economic structure, and gradually strengthening efforts to reduce overcapacity pressure, potential credit risks in certain areas, industries or enterprises may successively emerge, thus posing an overall test on the Bank's capacity of credit risk management. Third, more urgent requirements are posed on the Bank to speed up operational transformation and build new service mode, due to accelerated multi-layered capital market development, expanded access for private banks, continuous development of internet finance, and increasingly fierce inter-bank and cross-industry competition.

In the first half of the year, though faced with hash external environment, the Bank successfully achieved its goal in sequential progress of the whole year by following the trend, taking flexible measures and actively carrying out prudential operation. In the second half, the Bank will further seize opportunities in operation and development and prudently respond to external challenges to ensure the accomplishment of all operation goals. Specifically, the Bank will focus on the following aspects in the second half of 2014:

I. Adapt to the requirements of economic transformation and upgrading, and constantly improve and adjust credit structure. On the basis of maintaining a moderate growth of the aggregate amount of lending and balanced allocation, the Bank will focus more on strengthening financing support to major infrastructure construction, advanced manufacturing, strategic emerging industries, green and environment-friendly industries, upgrading and transformation of traditional industries and "Going Global" enterprises by adjusting the structure of existing credit. It will stick to providing diversified financial services for personal consumption, small and micro enterprises and people's livelihood by channel and product innovation, thus promoting the capacity and efficiency in serving the real economy in a comprehensive manner.

II. Carry forward reforms in key areas and consolidate the foundation for innovative development. The Bank will further improve its mechanism of Group capital management and overall risk management, promote its capital management and risk prevention capacity, and constantly improve and reengineer credit process based on institutional reform and business model innovation. In addition, it will adjust and improve the multi-dimensional classified evaluation system and performance assessment system, establish and refine the collaborative marketing profit distribution mechanism and performance assessment mechanism, and facilitate the forming of an institutional system adapting to the needs of competition, stimulating vitality and potential for Group operation and transformation.

III. Adapt to the need of transformation and competition and improve and upgrade the business development model. Based on institutional transformation, product research and development, customer service and marketing innovation, the Bank will constantly improve the comprehensive service capacity, the competitiveness and development of retail banking business and make new breakthroughs and improvements in asset management, financial market and other businesses. Besides, the Bank will further expand the overseas market, improve the quality and efficiency of integrated operation, and solidly enhance cross-border and cross-market service. The Bank will further enhance its competitive strength in internet finance by adjusting, improving and innovating resources allocation, accelerating the research and development of innovative products and functions, and building an internet finance service and function system with smooth information transfer, on- and off-line interaction and good customer experience.

IV. Carry out strict risk management to ensure stable asset quality and secured operation. The Bank will earnestly implement national macro-control policies, strengthen risk monitoring of key areas such as local government financial vehicles, overcapacity industries and real estate market, and strictly prevent external risk contagion to the banking system. It will pay high attention to prevent off-balance-sheet risks to ensure substantive risks are controllable, and constantly improve management mechanism and innovate technical means to further enhance the foresight, pertinence and effectiveness of risk prevention and control. Besides, the Bank will take effective measures to curb the rising NPL ratio and maintain asset quality at a reasonable level. It will focus on internal control and crime prevention to resolutely prevent various risk events from happening.

OTHER FINANCIAL INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

Major Regulatory Indicators

Item		Regulatory criteria	At 30 June 2014	At 31 December 2013	At 31 December 2012
Liquidity ratio (%)	RMB	>=25.0	33.5	30.2	32.5
	Foreign currency	>=25.0	81.2	61.0	65.2
Loan-to-deposit ratio (%)	RMB and foreign currency	<=75.0	66.3	66.6	64.1
Liquidity coverage ratio (%)	RMB and foreign currency	>=100.0	146.5	—	—
Percentage of loans to single largest customer (%)		<=10.0	4.4	4.2	4.0
Percentage of loans to top 10 customers (%)			16.5	16.2	17.9
Loan migration ratio (%)	Pass		1.4	1.7	1.9
	Special mention		12.5	9.7	4.1
	Substandard		26.1	43.9	28.1
	Doubtful		2.8	9.5	4.4

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.

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 six months ended 30 June 2014 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	Stock (Fund) code	Name	Number of shares held at the end of the period (10,000 shares/units)	Initial investment cost (RMB yuan)	Book value at the end of the period (RMB yuan)	Book value at the beginning of the period (RMB yuan)	Accounting item
1	000333	Midea Group	2,875.00	607,213,730	555,112,983	571,529,030	Available-for-sale financial assets
2	600893	Xi'An Aero-Engine	1,775.51	387,593,134	457,548,927	–	Available-for-sale financial assets
3	1619 (Hong Kong, China)	TIANHE CHEM	21,963.10	316,493,626	365,725,967	–	Available-for-sale financial assets
4	966 (Hong Kong, China)	CHINA TAIPING	2,688.55	95,490,974	297,887,871	330,784,831	Available-for-sale financial assets
5	1299 (Hong Kong, China)	AIA	539.80	92,556,985	168,537,408	163,925,627	Trading financial assets
6	601998	CNCB	3,103.44	167,223,692	132,516,888	120,103,128	Available-for-sale financial assets
7	485105	ICBCCS Enhanced Income Bond Fund A	7,776.32	82,226,766	83,960,884	79,108,463	Available-for-sale financial assets
8	163806	BOC Enhanced Return	7,233.97	79,715,273	81,526,797	–	Available-for-sale financial assets
9	380006	BOC Pure Bond Fund	7,082.31	73,890,000	75,214,097	42,112,392	Available-for-sale financial assets
10	MY (U.S.)	Mingyang Wind Power	325.96	101,315,110	69,375,808	48,344,937	Available-for-sale financial assets
Total			**—**	**2,003,719,290**	**2,287,407,630**	**1,355,908,408**	**—**

Notes: (1) The stock and fund investment listed in the table includes stocks issued by other listed companies, open-ended funds or close-ended funds and other securities investment (top 10 as ranked by book value at the end of the period) calculated under available-for-sale financial assets and held-for-trading financial assets of the Bank as at the end of the reporting period.

(2) The shares in Midea Group, TIANHE CHEM and Mingyang Wind Power are held by ICBC International, a controlled subsidiary of the Bank; the shares in CHINA TAIPING and AIA are held by ICBC (Asia), a controlled subsidiary of the Bank; ICBCCS Enhanced Income Bond Fund A is held by ICBC Credit Suisse Asset Management, a controlled subsidiary of the Bank; and BOC Enhanced Return and BOC Pure Bond Fund are held by ICBC-AXA, a controlled subsidiary of the Bank.

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)
China UnionPay Co., Ltd.	146,250,000	11,250.00	3.84	146,250,000
Xiamen International Bank	102,301,500	20,043.00	10.00	102,301,500
Bangkok BTMU Ltd.	4,272,984	20.00	10.00	3,898,250
Luen Fung Hang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,348,176
Subtotal	**254,342,924**	**—**	**—**	**253,797,926**

Notes: (1) Specified above are the Group's shares in unlisted financial enterprises with a shareholding percentage of 1% or above.

(2) The shares in Bangkok BTMU Ltd. and Luen Fung Hang Insurance Co., Ltd. are held by ICBC (Thai) and ICBC (Macau), respectively, both of which are controlled subsidiaries of the Bank.

Information Disclosed Pursuant to the Capital Regulation

Capital Adequacy Ratio

Scope of Capital Adequacy Ratio Calculation

The scope of capital adequacy ratio calculation shall cover the Bank and all eligible financial institutions in which the Bank has direct or indirect investment as specified in the Capital Regulation promulgated by CBRC.

Results of Capital Adequacy Ratio Calculation

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

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

	At 30 June 2014		At 31 December 2013	
Item	Group	Parent Company	Group	Parent Company
Calculated in accordance with the Capital Regulation:				
Net core tier 1 capital	1,346,946	1,262,953	1,266,841	1,190,490
Net tier 1 capital	1,347,009	1,262,953	1,266,859	1,190,490
Net capital base	1,620,616	1,529,939	1,572,265	1,478,863
Core tier 1 capital adequacy ratio	11.36%	11.28%	10.57%	10.58%
Tier 1 capital adequacy ratio	11.36%	11.28%	10.57%	10.58%
Capital adequacy ratio	13.67%	13.66%	13.12%	13.14%
Calculated in accordance with the Regulations Governing Capital Adequacy of Commercial Banks and related regulations:				
Core capital adequacy ratio	11.00%	11.25%	10.62%	10.86%
Capital adequacy ratio	13.56%	13.52%	13.31%	13.25%

Note: (1) Please refer to the section headed "Discussion and Analysis — Capital Management" for the Group's capital adequacy ratio at the end of the reporting period.

Measurement of Risk-Weighted Assets

In April 2014, CBRC officially approved the Bank to implement the advanced capital management approach, which allowed the Bank to use the internal model to calculate risk-weighted assets and capital adequacy ratio. The table below sets out the changes in risk measurement approaches of the Bank.

CHANGES IN VARIOUS RISK MEASUREMENT APPROACHES

Risk type	At 30 June 2014		At 31 December 2013
Credit risk	Parts covered by internal ratings-based approach		Weighted approach
	Corporate risk exposure	Foundation internal ratings-based approach	
	Retail risk exposure	Internal ratings-based approach	
	Parts uncovered by internal ratings-based approach	Weighted approach	
Market risk	Parts covered by internal model approach	Internal model approach	Standardized approach
	Parts uncovered by internal model approach	Standardized approach	
Operational risk	Standardized approach		Basic indicator approach

The table below sets out the measurement results of risk-weighted assets of the Bank.

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2014	At 31 December 2013
Credit risk-weighted assets	10,690,429	10,923,428
Parts covered by internal ratings-based approach	7,579,776	—
Parts uncovered by internal ratings-based approach	3,110,653	—
Market risk-weighted assets	78,307	78,283
Parts covered by internal model approach	68,589	—
Parts uncovered by internal model approach	9,718	—
Operational risk-weighted assets	971,717	980,476
Risk-weighted assets increased due to applying capital floor	118,216	—
Total	**11,858,669**	**11,982,187**

Credit Risk Exposure

The table below sets out the measurement results of the Bank's credit risk exposure at the end of the reporting period.

EXPOSURE AT DEFAULT COVERED BY INTERNAL RATINGS-BASED APPROACH

In RMB millions

Item	At 30 June 2014
Corporate risk exposure	7,173,322
Retail risk exposure	3,000,676
Total	**10,173,998**

RISK EXPOSURE UNCOVERED BY INTERNAL RATINGS-BASED APPROACH

In RMB millions

Item		At 30 June 2014
On-balance sheet credit risk		**11,153,488**
Including:	Cash assets	3,592,925
	Claims on the central governments and central banks	1,421,249
	Claims on China's financial institutions	3,379,671
	Asset securitization	2,618
Off-balance sheet credit risk		**827,900**
Counterparty credit risk		**56,545**
Total		**12,037,933**

Please refer to the section headed "Discussion and Analysis — Risk Management" for overdue loans, NPLs and provision for loan impairment of the Bank at the end of the reporting period.

Capital Requirement for Market Risk

The table below sets out measurement results of the Bank's capital requirement for market risk at the end of the reporting period.

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2014
Parts covered by internal model approach	**5,487**
Parts uncovered by internal model approach	**778**
Interest rate risk	768
Option risk	8
Equity risk	2
Total	**6,265**

Note: According to the scope of implementing the advanced capital management approach as approved by CBRC, the internal model approach for market risk of the Bank covers the Group's currency risk, the general interest rate risk of the parent company and ICBC (Canada) and the commodity risk of the parent company. Parts uncovered by the internal model approach will be measured according to the standardized approach.

The Bank applied the Historical Simulation Method (adopting a confidence interval of 99%, holding period of 10 days and historical data of 250 days) to measure VaR and to capital measurement by internal model approach.

VALUE AT RISK (VAR)

In RMB millions

Item	Six months ended 30 June 2014			
	Period end	Average	Maximum	Minimum
VaR	**527**	**554**	**721**	**426**
Interest rate risk	192	127	199	76
Currency risk	486	538	709	402
Commodity risk	26	30	55	14
Stressed VaR	**1,047**	**1,058**	**1,279**	**754**
Interest rate risk	152	78	152	43
Currency risk	1,020	1,059	1,296	789
Commodity risk	36	40	66	35

Operational Risk

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of June 2014, the capital requirement for operational risk was RMB77,737 million. Please refer to the section headed "Discussion and Analysis — Risk Management" for operational risk management of the Bank during the reporting period.

Equity Investment in the Banking Book and Its Gains and Losses

The table below sets out the equity investment in the banking book and its gains and losses.

EQUITY RISK IN THE BANKING BOOK

In RMB millions

Equity type	At 30 June 2014			At 31 December 2013		
	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealized potential gains (losses)(2)	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealized potential gains (losses)(2)
Financial Institutions	28,682	1,747	215	28,221	874	218
Company	2,518	1,484	758	1,900	1,573	863
Total	**31,200**	**3,231**	**973**	**30,121**	**2,447**	**1,081**

Notes: (1) Publicly-traded equity investment refers to equity investment on listed companies, and non-publicly-trade equity investment refers to equity investment on un-listed companies.

(2) Unrealized potential gains (losses) refer to the unrealized gains (losses) recognised on the balance sheet but not recognised on the income statement.

Please refer to the section headed "Discussion and Analysis — Risk Management" for interest rate risk 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 2013		Increase/decrease during the reporting period (+, -)	At 30 June 2014	
		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**	351,388,672,946	100.00	16,251,780	351,404,924,726	100.00
	1. RMB-denominated ordinary shares	264,594,628,396	75.30	16,251,780	264,610,880,176	75.30
	2. Foreign shares listed overseas	86,794,044,550	24.70	–	86,794,044,550	24.70
III.	**Total number of shares**	351,388,672,946	100.00	16,251,780	351,404,924,726	100.00

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.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 869,677 shareholders, including 145,538 holders of H shares and 724,139 holders of A shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 SHAREHOLDERS OF THE BANK

Unit: Share

Total number of shareholders	869,677 (number of holders of A shares and H shares on the register of shareholders as at 30 June 2014)

Particulars of shareholding of the top 10 shareholders
(The following data are based on the register of shareholders as at 30 June 2014)

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	24.47	85,999,959,735	–	Unknown
Ping An Life Insurance Company of China, Ltd. — Traditional — Ordinary insurance products	Other domestic entities	A shares	1.28	4,515,417,169	–	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	819,683,416	–	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	0.09	321,538,827	–	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
CSOP Asset Management Limited — CSOP FTSE China A50 ETF	Other domestic entities	A shares	0.06	225,243,165	–	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.

Changes of the Controlling Shareholders and De Facto Controller

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

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

As at 30 June 2014, 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	Percentage of A shares (%)	Percentage of total 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 30 June 2014, MOF held 123,316,451,864 shares in the Bank.

(2) According to the register of shareholders of the Bank as at 30 June 2014, 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	Percentage of H shares (%)	Percentage of total shares (%)
SSF	Beneficial owner	9,540,438,314	Long position	10.99	2.71
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,002,665,393	Long position	8.07	1.99
JPMorgan Chase & Co.	Beneficial owner	645,041,737	Long position	0.74	0.18
	Investment manager	1,017,766,100	Long position	1.17	0.29
	Trustee (excluding bare trustee)	103,820	Long position	0.00	0.00
	Custodian-corporation/ approved lending agent	4,599,843,815	Long position	5.30	1.31
	Total	6,262,755,472		7.22	1.78
	Beneficial owner	290,784,146	Short position	0.34	0.08
Blackrock, Inc.	Interest of controlled corporations	5,194,290,673	Long position	5.98	1.48
		297,000	Short position	0.00	0.00

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.	840,312,000
Credit Suisse (Hong Kong) Limited	761,380,000
An-Bang Insurance (Group) Company — Traditional insurance products	642,093,000
UBS AG	619,915,000
Happy Life Insurance Co., Ltd — Participating	557,491,000
Xingquan Trend Investment Mixed Securities Investment Fund	461,497,000
BNP Paribas — Equity fund	393,169,000
Guoyuan Securities Co., Ltd.	380,077,000
GIC PRIVATE LIMITED	374,365,000

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 RMB3.27 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)
20 June 2014	3.27	2013 profit distribution, RMB2.617 per ten shares (pre-tax)

- *Conversion of Convertible Bonds*

The conversion period of ICBC Convertible Bonds started on 1 March 2011. As at 30 June 2014, a total of RMB8,631,390,000 ICBC Convertible Bonds were converted into A shares of the Bank, and accumulated converted shares reached 2,386,378,899 shares. As at the end of the reporting period, there were still RMB16,368,610,000 ICBC Convertible Bonds trading in the market, approximately accounting for 65.47% 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 [2014] Gen Zong No. 074). The Bank was rated AAA with a stable prospect, and the credit rating for the ICBC 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

The composition of the Board of Directors, the Board of Supervisors and the Senior Management of the Bank is as follows:

The Board of Directors of the Bank consists 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.

The Board of Supervisors of the Bank consists 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.

The Bank has 11 Senior Management members, namely Mr. Jiang Jianqing, Mr. Yi Huiman, Mr. Liu Lixian, Mr. Zhang Hongli, Mr. Wang Xiquan, Mr. Zheng Wanchun, Mr. Gu Shu, Mr. Wang Jingdong, Mr. Wei Guoxiong, Mr. Lin Xiaoxuan and Mr. Hu Hao.

During the reporting period, the Bank did not implement any share incentives. None of the directors, supervisors and Senior Management members of the Bank, except Mr. Zhang Hongli who held 2,000 H shares of the Bank, held shares or share options or were granted restricted shares of the Bank, which remained unchanged during the reporting period.

Appointment and Removal

At the First Extraordinary General Meeting of 2014 held on 15 April 2014, Mr. Zhang Hongli was elected as Executive Director of the Bank, and his appointment was subject to approval by CBRC.

As reviewed and approved by the Annual General Meeting for the Year 2013 of the Bank held on 6 June 2014, Mr. Zhao Lin was re-appointed as Shareholder Supervisor, and the appointment took effect from the date of review and approval by the meeting.

Changes in Information of Directors and Supervisors

Mr. Wong Kwong Shing, Frank, Independent Non-executive Director of the Bank, has acted as Independent Non-executive Director of PSA International Pte Ltd. since April 2014, when he ceased to act as Independent Non-executive Director of Mapletree Investments Pte Ltd in the mean time.

Sir Malcolm Christopher McCarthy, Independent Non-executive Director of the Bank, has ceased to act as Non-executive Director of OneSavings Bank plc since May 2014.

Mr. Kenneth Patrick Chung, Independent Non-executive Director of the Bank, has ceased to act as Chairman of the Audit Committee of Harvest Real Estate Investments (Cayman) Limited since June 2014.

Ms. Dong Juan, External Supervisor of the Bank, has ceased to act as Chairman of Zhong Tian Hong International Consulting Co., Ltd. since March 2014.

Basic Information on Employees and Institutions

As at the end of June 2014, the Bank had 442,706 employees[1], representing an increase of 804 from the end of the previous year, of whom 4,729 were employees in major domestic subsidiaries and 10,767 were local employees in overseas institutions.

As at the end of June 2014, the Bank had a total of 17,550 institutions, representing a decrease of 24 as compared with the end of the previous year. Among them, there were 17,219 domestic institutions and 331 overseas ones.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES (AS AT THE END OF JUNE 2014)

	Assets (In RMB millions)	Percentage (%)	Number of institutions	Percentage (%)	Number of employees	Percentage (%)
Head Office	8,745,946	43.1	33	0.2	14,871	3.4
Yangtze River Delta	3,540,447	17.4	2,664	15.2	56,873	12.8
Pearl River Delta	2,332,348	11.5	2,157	12.3	48,907	11.0
Bohai Rim	4,763,130	23.5	2,848	16.2	69,952	15.8
Central China	2,438,560	12.0	3,676	20.9	92,016	20.8
Western China	2,810,129	13.8	3,986	22.7	92,785	21.0
Northeastern China	1,035,631	5.1	1,784	10.2	51,806	11.7
Overseas and others	1,724,425	8.5	402	2.3	15,496	3.5
Eliminated and undistributed assets	(7,086,939)	(34.9)				
Total	**20,303,677**	**100.0**	**17,550**	**100.0**	**442,706**	**100.0**

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

1 Does not include labors dispatched for services totaling 15,451 persons.

Corporate governance

Corporate Governance and Measures for Improvement during the Reporting Period

During the reporting period, the Bank strictly complied with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Law of the People's Republic of China on Commercial Banks and other applicable laws, as well as relevant regulations promulgated by regulatory authorities, and continued to improve its corporate governance on the basis of the Bank's situation.

- Improving the structure of the Board of Directors and relevant systems. The Bank held by-election for executive directors and adjusted the chairmen of certain special committees of the Board of Directors. It amended the Rules for Recommendation and Nomination of Board Candidates, adding relevant articles relating to diversified composition of the Board of Directors. The Bank also built up the duty performance support mechanism for the Board of Directors, to ensure that the duty performance of the Board of Directors strictly complies with laws and regulations.
- Giving full play to the supervisory role of the Board of Supervisors. The Bank performed supervision according to laws, conducted in-depth assessment on the duty performance of the Board of Directors, the Senior Management and its members, and organized special inspections and surveys on financial affairs, wealth management business, loan quality and corporate governance of its subsidiaries.
- Continuing to enhance the Group's governance level. The Bank strengthened the integral equity investment management system across the Group, coordinated equity investment layout of its subsidiaries, propelled interaction between the parent bank and subsidiary banks and between domestic operations and overseas operations, and improved synergy and return on capital of the Group. It promoted the duty performance of dispatched full-time directors and supervisors, to keep enhancing the corporate governance level of subsidiary banks.
- Constantly strengthening operating mechanism of corporate governance. The Bank reinforced enterprise risk management of the Group, continued to improve the institutional system and operation mechanism for enterprise risk management, further developed various risk measurement systems and application management, and propelled the implementation of advanced capital management approaches. Besides, the Bank improved the specialized management framework and practice standards for internal audit and planned for IT-based audit. It also conducted quality assessment, consolidated audit practice and enriched audit product standards. In addition, the Bank boosted coordinated management of the Group's rules as well as supervision and inspection, strengthened compliance management of the Group and improved the long-term mechanism for compliance education. Furthermore, the Bank improved its human resources management, reinforced personnel training and team building, optimized the compensation allocation of the Group and the institutional system for personnel compensation management and carried out organizational structure reform of the Head Office in an all-round manner. Moreover, the Bank improved the social responsibility management system, upgraded the working process and duties, strengthened internal and external communication and impelled fulfillment of social responsibilities across the Bank.
- Continuously increasing the level of transparency. Based on the needs of investors, the Bank continuously increased the depth and breadth of voluntary information disclosure and kept enhancing the information disclosure level of the Group. The Bank strictly implemented the Administrative Measures for Insider Information and Insiders to prevent insider transactions. It also planned for global road shows and reverse road shows to strengthen communication with the capital market.

Compliance with the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules)

During the reporting period, the Bank fully complied with the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules).

Profits and Dividends Distribution

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 demands, and their legitimate rights and interests are well protected.

Upon the approval at the Annual General Meeting for the Year 2013 held on 6 June 2014, the Bank has distributed cash dividends of RMB91,960 million, or RMB2.617 (pre-tax) per ten shares, for the period from 1 January 2013 to 31 December 2013 to the shareholders whose names appeared on the share register after trading hours on 19 June 2014. The Bank will not declare or distribute interim dividends for 2014, nor will it convert any capital reserves to share capital.

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 development and 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.

Issuance of Preference Shares

On 25 July 2014, the Board of Directors of the Bank reviewed and approved the Proposal in Respect of Issuance of Offshore Preference Shares by Industrial and Commercial Bank of China Limited and Proposal in Respect of Issuance of Domestic Preference Shares by Industrial and Commercial Bank of China Limited, proposing to issue preference shares within and outside the People's Republic of China with an aggregate amount of not more than RMB80 billion. Particularly speaking, the Bank is to issue preference shares of not more than RMB35 billion or its equivalent in the offshore market and not more than RMB45 billion or its equivalent in the domestic market. The specific size of the issuance will be determined by the Board of Directors as per authorization by the Shareholders' General Meeting (which may be further delegated) within the above scope. After deduction of the expenses relating to the issuance, the proceeds from the issuance of domestic and offshore preference shares will be used to replenish the capital of the Bank. The plan on the issuance of preference shares is subject to the review and approval of the Shareholders' General Meeting of the Bank. With the approval of the Shareholders' General Meeting, this plan shall be submitted to relevant regulators for approval.

For details on the proposed issuance of preference shares in both domestic and offshore markets, please refer to the announcements published by the Bank at the websites of SEHK and SSE.

Material Legal Proceedings and Arbitration

The Bank was involved in several legal proceedings in daily course of business. Most of these legal proceedings were initiated by the Bank for recovering NPLs. In addition, some legal proceedings arose from customer disputes. As at 30 June 2014, the amount of pending proceedings in which the Bank and its subsidiaries acted as defendant totaled RMB2,510 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 reporting period, the Bank did not have any common query from the media.

Material Asset Acquisition, Sale and Merger

Acquisition of 20% Shares in Bank SinoPac

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 Taiwan's financial regulator. At that time, the Bank will subscribe for shares of Bank SinoPac. 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 (the "Supplementary Agreement"). According to the Supplemental Agreement, the selected 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 60% 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"). 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 shares of the Target Bank that are held by SBLH and its related parties. According to the agreement, the purchase price for the abovementioned 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.

Acquisition of 75.5% shares of Tekstilbank

On 29 April 2014, the Bank entered into a share purchase agreement to acquire 75.5% of the existing issued shares in Tekstilbank from GSD Holding A.Ş. of Turkey. According to the capital markets law of Turkey, this transaction will trigger the provision that a mandatory tender offer shall be issued to purchase all the remaining shares of Tekstilbank that are presently traded on the Istanbul Stock Exchange. The Board of Directors of the Bank has authorized the Bank to issue a mandatory tender offer for the remaining shares at a proper time. According to the agreement, the consideration of this transaction is calculated in Turkish Lira and paid in USD dollar. The specific amount is determined based on the net asset value of Tekstilbank at the end of 2013 and will be adjusted on the basis of net asset value on the closing date. In calculation of the consideration, the exchange rate of USD against Turkish Lira should be the average exchange rate announced by the Turkish Central Bank during the period shortly before the closing date. Based on the net asset value at the end of 2013, the consideration for acquiring 75.5% of existing issued shares of Tekstilbank is expected to be approximately 669 million Turkish Lira. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

Material Related Party Transactions

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

Please refer to "Note 44 to the Financial Statements: Disclosure of Related Parties" for particulars on the related party transactions defined under the laws, regulations and accounting standards of Chinese Mainland.

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 that needed to be disclosed, and no other corporation held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets that needed to be disclosed.

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.

Occupation of Fund by Controlling Shareholders and Other Related Parties

None of the controlling shareholders and other related parties of the Bank occupied any fund of the Bank.

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 30 June 2014, 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 business 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.

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.

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, the Bank is satisfied that during the reporting period, all directors and supervisors have complied with the provisions of the aforesaid codes of conduct.

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

As at 30 June 2014, the following Directors of the Bank are regarded to possess the interests as defined in Part XV of the Securities and Futures Ordinance of Hong Kong for the shares held by their spouse:

Name	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares (%)	Percentage of total shares (%)
Or Ching Fai (Director)	Spouse's interest	1,316,040	Long position	0.001516	0.000375

Save as disclosed above, as at 30 June 2014, 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.

Review of the Interim Report

The 2014 interim financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by KPMG Huazhen (Special General Partnership) and KPMG in accordance with Chinese and international standards on review engagements, respectively.

The Interim Report has been reviewed and approved by the Audit Committee of the Board of Directors.

Warning and Explanation on the Prediction that the Accumulated Net Profits from the Beginning of the Year to the End of the Next Reporting Period May Be Negative or Have Substantial Changes Compared to the Same Period of Last Year

Not applicable.

ICBC

Unaudited Interim Condensed Consolidated Financial Statements

- Report on Review of Interim Financial Information
- Unaudited Interim Condensed Consolidated Financial Statements
- Unaudited Supplementary Financial Information

CONTENTS

	Pages
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	86
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
Statement of income	87
Statement of comprehensive income	88
Statement of financial position	89
Statement of changes in equity	90
Statement of cash flows	93
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
1. Corporate Information	95
2. Basis of Preparation and Accounting Policies	95
3. Net Interest Income	99
4. Net Fee and Commission Income	99
5. Net Trading Income/(Expense)	100
6. Net (Loss)/Gain on Financial Assets and Liabilities Designated at Fair Value through Profit or Loss	100
7. Net Gain on Financial Investments	100
8. Other Operating Income, Net	100
9. Operating Expenses	101
10. Impairment Losses on Assets Other than Loans and Advances to Customers	101
11. Income Tax Expense	102
12. Dividends	102
13. Earnings Per Share	103
14. Cash and Balances with Central Banks	104
15. Due from Banks and Other Financial Institutions	104
16. Financial Assets Held for Trading	105
17. Financial Assets Designated at Fair Value through Profit or Loss	105
18. Derivative Financial Instruments	106
19. Reverse Repurchase Agreements	109
20. Loans and Advances to Customers	109
21. Financial Investments	111
22. Investments in Associates and Joint Ventures	114
23. Property and Equipment	116
24. Deferred Income Tax Assets and Liabilities	117
25. Other Assets	118
26. Financial Liabilities Designated at Fair Value through Profit or Loss	119
27. Due to Banks and Other Financial Institutions	120
28. Repurchase Agreements	120
29. Certificates of Deposit	120
30. Due to Customers	121
31. Debt Securities Issued	121
32. Other Liabilities	124
33. Share Capital	124
34. Reserves	125
35. Components of Other Comprehensive Income	126
36. Involvement with Unconsolidated Structured Entities	126
37. Notes to the Consolidated Statement of Cash Flows	128
38. Transferred Financial Assets	128
39. Share Appreciation Rights Plan	129
40. Commitments and Contingent Liabilities	129
41. Designated Funds and Loans	131
42. Assets Pledged	131
43. Fiduciary Activities	131
44. Related Party Disclosures	132
45. Segment Information	137
46. Financial Instrument Risk Management	143
47. Fair Value of Financial Instruments	165
48. Other Events	172
49. After the Reporting Period Event	172
50. Comparative Amounts	172
51. Approval of the Unaudited Interim Condensed Consolidated Financial Statements	172
UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION	173

Report on Review of Interim Financial Information

KPMG

To the board of directors of Industrial and Commercial Bank of China Limited

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

Introduction

We have reviewed the accompanying interim financial information set out on pages 87 to 172, which comprises the consolidated statement of financial position of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") as at 30 June 2014 and the related consolidated statement of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2014

Unaudited Interim Consolidated Statement of Income

For the six months ended 30 June 2014
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
Interest income	3	412,613	372,507
Interest expense	3	(175,006)	(156,618)
NET INTEREST INCOME	3	237,607	215,889
Fee and commission income	4	79,386	72,512
Fee and commission expense	4	(6,158)	(5,130)
NET FEE AND COMMISSION INCOME	4	73,228	67,382
Net trading income/(expense)	5	1,626	(338)
Net (loss)/gain on financial assets and liabilities designated at fair value through profit or loss	6	(4,977)	90
Net gain on financial investments	7	1,036	608
Other operating income, net	8	8,333	7,845
OPERATING INCOME		316,853	291,476
Operating expenses	9	(99,612)	(91,749)
Impairment losses on:			
Loans and advances to customers	20	(23,988)	(21,927)
Others	10	(179)	(14)
OPERATING PROFIT		193,074	177,786
Share of profits of associates and joint ventures		1,016	1,055
PROFIT BEFORE TAXATION		194,090	178,841
Income tax expense	11	(45,709)	(40,364)
PROFIT FOR THE PERIOD		148,381	138,477
Attributable to:			
Equity holders of the parent company		148,100	138,347
Non-controlling interests		281	130
		148,381	138,477
EARNINGS PER SHARE			
— Basic (RMB yuan)	13	0.42	0.40
— Diluted (RMB yuan)	13	0.42	0.39

Details of the dividends declared and paid are disclosed in note 12 to the financial statements.

The notes on pages 95 to 172 form part of these financial statements.

Unaudited Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
Profit for the period		148,381	138,477
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss	35	24,565	(8,478)
Subtotal of other comprehensive income for the period		24,565	(8,478)
Total comprehensive income for the period		172,946	129,999
Total comprehensive income attributable to:			
Equity holders of the parent company		172,629	129,968
Non-controlling interests		317	31
		172,946	129,999

The notes on pages 95 to 172 form part of these financial statements.

Unaudited Interim Consolidated Statement of Financial Position

As at 30 June 2014
(In RMB millions, unless otherwise stated)

	Notes	30 June 2014 (unaudited)	31 December 2013 (audited)
ASSETS			
Cash and balances with central banks	14	3,607,404	3,294,007
Due from banks and other financial institutions	15	642,087	717,984
Financial assets held for trading	16	47,699	28,143
Financial assets designated at fair value through profit or loss	17	338,893	344,413
Derivative financial assets	18	25,943	25,020
Reverse repurchase agreements	19	540,645	331,903
Loans and advances to customers	20	10,394,435	9,681,415
Financial investments	21	4,089,448	3,949,688
Investments in associates and joint ventures	22	30,291	28,515
Property and equipment	23	175,368	164,347
Deferred income tax assets	24	21,480	28,860
Other assets	25	389,984	323,457
TOTAL ASSETS		**20,303,677**	**18,917,752**
LIABILITIES			
Due to central banks		745	724
Financial liabilities designated at fair value through profit or loss	26	642,497	553,607
Derivative financial liabilities	18	23,579	19,168
Due to banks and other financial institutions	27	1,418,199	1,269,255
Repurchase agreements	28	193,858	299,304
Certificates of deposit	29	176,265	130,558
Due to customers	30	15,728,332	14,620,825
Income tax payable		34,914	55,674
Deferred income tax liabilities	24	470	420
Debt securities issued	31	255,640	253,018
Other liabilities	32	469,675	436,736
TOTAL LIABILITIES		**18,944,174**	**17,639,289**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	33	351,406	351,390
Equity component of convertible bonds	31	1,954	1,960
Reserves	34	434,176	408,835
Retained profits		567,321	511,949
		1,354,857	1,274,134
Non-controlling interests		4,646	4,329
TOTAL EQUITY		**1,359,503**	**1,278,463**
TOTAL EQUITY AND LIABILITIES		**20,303,677**	**18,917,752**

Jiang Jianqing
Chairman

Yi Huiman
Vice Chairman and President

Liu Yagan
General Manager of Finance and Accounting Department

The notes on pages 95 to 172 form part of these financial statements.

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014
(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 2014	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
Profit for the period	–	–	–	–	–	–	–	–	–	–	148,100	148,100	281	148,381
Other comprehensive income	–	–	24	–	–	22,485	1,979	52	(11)	24,529	–	24,529	36	24,565
— Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	22,485	–	–	–	22,485	–	22,485	112	22,597
— Cash flow hedges, net of tax	–	–	–	–	–	–	–	52	–	52	–	52	1	53
— Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	–	(11)	(11)	–	(11)	–	(11)
— Exchange differences on translation of foreign operations	–	–	–	–	–	–	1,979	–	–	1,979	–	1,979	(77)	1,902
— Others	–	–	24	–	–	–	–	–	–	24	–	24	–	24
Total comprehensive income	–	–	24	–	–	22,485	1,979	52	(11)	24,529	148,100	172,629	317	172,946
Dividend — 2013 final (note 12)	–	–	–	–	–	–	–	–	–	–	(91,960)	(91,960)	–	(91,960)
Appropriation to surplus reserve (i)	–	–	–	216	–	–	–	–	–	216	(216)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	552	–	–	–	–	552	(552)	–	–	–
Conversion of convertible bonds	16	–	44	–	–	–	–	–	–	44	–	60	–	60
Conversion of equity component of convertible bonds (note 31)	–	(6)	–	–	–	–	–	–	–	–	–	(6)	–	(6)
Balance as at 30 June 2014 (unaudited)	**351,406**	**1,954**	**138,920**	**124,086**	**203,492**	**(6,894)**	**(22,059)**	**(3,909)**	**540**	**434,176**	**567,321**	**1,354,857**	**4,646**	**1,359,503**

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB216 million.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB552 million.

The notes on pages 95 to 172 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 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 period	–	–	–	–	–	–	–	–	–	–	138,347	138,347	130	138,477
Other comprehensive income	–	–	21	–	–	(1,207)	(7,845)	(172)	824	(8,379)	–	(8,379)	(99)	(8,478)
— Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(1,207)	–	–	–	(1,207)	–	(1,207)	(15)	(1,222)
— Cash flow hedges, net of tax	–	–	–	–	–	–	–	(172)	–	(172)	–	(172)	(2)	(174)
— Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	–	824	824	–	824	–	824
— Exchange differences on translation of foreign operations	–	–	–	–	–	–	(7,845)	–	–	(7,845)	–	(7,845)	(82)	(7,927)
— Others	–	–	21	–	–	–	–	–	–	21	–	21	–	21
Total comprehensive income	–	–	21	–	–	(1,207)	(7,845)	(172)	824	(8,379)	138,347	129,968	31	129,999
Dividend — 2012 final (note 12)	–	–	–	–	–	–	–	–	–	–	(83,565)	(83,565)	–	(83,565)
Appropriation to surplus reserve (i)	–	–	–	132	–	–	–	–	–	132	(132)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	225	–	–	–	–	225	(225)	–	–	–
Conversion of convertible bonds	30	–	91	–	–	–	–	–	–	91	–	121	–	121
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	125	125
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(32)	(32)
Conversion of equity component of convertible bonds	–	(14)	–	–	–	–	–	–	–	–	–	(14)	–	(14)
Balance as at 30 June 2013 (unaudited)	**349,650**	**2,694**	**133,947**	**98,195**	**189,296**	**(4,964)**	**(20,667)**	**(3,926)**	**316**	**392,197**	**426,966**	**1,171,507**	**3,586**	**1,175,093**

(i) Includes the appropriation made by subsidiaries in the amount of RMB132 million.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB225 million.

The notes on pages 95 to 172 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 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, net of tax	–	–	–	–	–	(25,622)	–	–	–	(25,622)	–	(25,622)	(128)	(25,750)
— Cash flow hedges, net of tax	–	–	–	–	–	–	–	(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 12)	–	–	–	–	–	–	–	–	–	–	(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	–	(748)	–	–	–	–	–	–	–	–	–	(748)	–	(748)
Others	–	–	–	–	–	–	–	–	296	296	–	296	–	296
Balance as at 31 December 2013 (audited)	**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 amount of RMB425 million.

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

The notes on pages 95 to 172 form part of these financial statements.

Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2014
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		194,090	178,841
Adjustments for:			
Share of profits of associates and joint ventures		(1,016)	(1,055)
Depreciation	9	7,829	7,196
Amortisation	9	1,131	1,002
Amortisation of financial investments		578	91
Impairment losses on loans and advances to customers	20	23,988	21,927
Impairment losses on assets other than loans and advances to customers	10	179	14
Unrealised foreign exchange (gain)/loss		(6,948)	4,767
Interest expense on debt securities issued		5,645	5,487
Accreted interest on impaired loans	3	(1,215)	(937)
Gain on disposal of available-for-sale financial assets, net	7	(924)	(578)
Net trading loss/(gain) on equity investments	5	1	(8)
Net loss/(gain) on financial assets and liabilities designated at fair value through profit or loss	6	4,977	(90)
Net gain on disposal of property and equipment and other assets (other than repossessed assets)		(426)	(423)
Dividend income	7	(112)	(30)
		227,777	216,204
Net decrease/(increase) in operating assets:			
Due from central banks		(130,081)	(239,541)
Due from banks and other financial institutions		(23,692)	111,677
Financial assets held for trading		(19,355)	(23,694)
Financial assets designated at fair value through profit or loss		8,636	(66,393)
Reverse repurchase agreements		(44,974)	9,817
Loans and advances to customers		(714,006)	(649,962)
Other assets		(59,135)	(39,640)
		(982,607)	(897,736)
Net increase/(decrease) in operating liabilities:			
Financial liabilities designated at fair value through profit or loss		86,055	69,995
Due to central banks		21	(416)
Due to banks and other financial institutions		138,442	(210,788)
Repurchase agreements		(105,446)	100,107
Certificates of deposit		43,069	18,407
Due to customers		1,091,999	871,542
Other liabilities		(13,898)	39,463
		1,240,242	888,310
Net cash flows from operating activities before tax		485,412	206,778
Income tax paid		(67,321)	(64,054)
Net cash flows from operating activities		418,091	142,724

The notes on pages 95 to 172 form part of these financial statements.

(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(19,981)	(12,274)
Proceeds from disposal of investments in associates and joint ventures		–	487
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		495	423
Purchases of financial investments		(587,502)	(648,030)
Proceeds from sale and redemption of financial investments		499,566	435,913
Investments in associates and joint ventures		(10)	–
Dividends received		570	152
Net cash flows from investing activities		(106,862)	(223,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling shareholders		–	125
Proceeds from issuance of other debt securities		24,349	21,889
Interest paid on debt securities		(4,013)	(1,532)
Repayments of debt securities		(23,794)	(3,289)
Dividends paid on ordinary shares		(69,246)	–
Dividends paid to non-controlling shareholders		–	(23)
Net cash flows from financing activities		(72,704)	17,170
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		238,525	(63,435)
Cash and cash equivalents at beginning of the period		957,402	1,201,647
Effect of exchange rate changes on cash and cash equivalents		8,940	(6,520)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	37	1,204,867	1,131,692
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		398,109	351,432
Interest paid		(150,557)	(125,971)

The notes on pages 95 to 172 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 (the "SSE") and the Stock Exchange of Hong Kong Limited (the "SEHK") 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 outside Mainland China.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

Accounting judgements and estimates

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2013.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the six months ended 30 June 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

(In RMB millions, unless otherwise stated)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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.

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 period 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.

Particulars of the Bank's principal subsidiaries as at the end of the reporting period are as follows:

	Percentage of equity interest directly attributable to the Bank				
Name	30 June 2014 %	31 December 2013 %	Nominal value of issued share/ paid-up capital	Place of incorporation registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	HKD4,129 million	Hong Kong, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	HKD4,839 million	Hong Kong, the PRC	Investment banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
Industrial and Commercial Bank of China (London) plc ("ICBC London")	100	100	USD200 million	London, United Kingdom	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	RMB200 million	Beijing, the PRC	Fund management
Industrial and Commercial Bank of China (Europe) S.A.	100	100	EUR215 million	Luxembourg	Commercial banking
PT. Bank ICBC Indonesia	98.61	98.61	IDR2,692.2 billion	Jakarta, Indonesia	Commercial banking
ZAO Industrial and Commercial Bank of China (Moscow)	100	100	RUB2,310 million	Moscow, Russia	Commercial banking
ICBC Financial Leasing Co., Ltd.*	100	100	RMB8,000 million	Tianjin, the PRC	Leasing
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	MOP461 million	Macau, the PRC	Commercial banking
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	RMB200 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	RMB100 million	Chongqing, the PRC	Commercial banking

(In RMB millions, unless otherwise stated)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Name	Percentage of equity interest directly attributable to the Bank 30 June 2014 %	31 December 2013 %	Nominal value of issued share/ paid-up capital	Place of incorporation registration and operations	Principal activities
Industrial and Commercial Bank of China (Canada)	80	80	CAD108 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	MYR331 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.70	97.70	THB14,187 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	USD50 million	Delaware and New York, United States	Broker dealer
ICBC-AXA Assurance Co., Ltd*	60	60	RMB5,705 million	Shanghai, China	Insurance
Industrial and Commercial Bank of China (USA) NA	80	80	USD169 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC Argentina")	80	80	ARS1,345 million	Buenos Aires, Argentina	Commercial banking
ICBC PERU BANK	100	100	USD50 million	Lima, Peru	Commercial banking
Industrial and Commercial Bank of China (Brazil) S.A.	100	100	Real202 million	Sao Paulo, Brazil	Commercial and investment banking
Industrial and Commercial Bank of China (New Zealand) Limited	100	100	NZD60.38 million	Auckland, New Zealand	Commercial banking

* These subsidiaries incorporated in Mainland China are all limited liability companies.

The above table only lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of management, result in particulars of excessive length. There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs", including International Accounting Standards ("IASs")) as of 1 January 2014. The principal effects of adopting these revised IFRSs are as follows:

Amendments to IFRS 10 — Consolidated financial statement, IFRS 12 — Disclosure of interests in other entities and IAS 27 — Separate financial statements — Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. The adoption does not have any material impact on the Group's financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Amendments to IAS 32 — Financial instruments: presentation — offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The adoption does not have any material impact on the Group's financial statements.

Amendments to IAS 36 — Impairment of assets — Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired nonfinancial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units ("CGU") whose recoverable amount is based on fair value less costs of disposal. The adoption does not have any material impact on the Group's financial statements.

Amendments to IAS 39 — Financial instruments: recognition and measurement — Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The adoption does not have any material impact on the Group's financial statements.

IFRIC 21 — Levies — Accounting for levies

The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. The interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The adoption does not have significant impact on the Group's financial statements.

The Group has not adopted any other standard, interpretation or amendment that was issued but is not yet effective.

(In RMB millions, unless otherwise stated)

3. NET INTEREST INCOME

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Interest income on:		
Loans and advances to customers (i)		
— Corporate loans and advances	213,873	192,903
— Personal loans	79,130	67,849
— Discounted bills	4,750	5,305
Financial investments (ii)	77,490	71,920
Due from central banks	23,695	21,966
Due from banks and other financial institutions	13,675	12,564
	412,613	372,507
Interest expense on:		
Due to customers	(146,493)	(132,153)
Due to banks and other financial institutions	(21,474)	(18,642)
Debt securities issued	(7,039)	(5,823)
	(175,006)	(156,618)
Net interest income	237,607	215,889

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 period is an amount of RMB1,215 million (six months ended 30 June 2013: RMB937 million) with respect to the accreted interest on impaired loans.

(ii) Included in interest income on financial investments for the period is an amount of RMB14 million (six months ended 30 June 2013: RMB4 million) with respect to interest income on impaired debt securities.

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Investment banking business	19,685	17,077
Bank card business	16,861	14,275
Settlement, clearing business and cash management	16,701	15,638
Personal wealth management and private banking services (i)	10,108	9,920
Corporate wealth management services (i)	7,056	6,868
Asset custody business (i)	3,532	3,738
Guarantee and commitment business	2,841	2,812
Trust and agency services (i)	1,162	1,004
Others	1,440	1,180
Fee and commission income	79,386	72,512
Fee and commission expense	(6,158)	(5,130)
Net fee and commission income	73,228	67,382

(i) Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above for the period is an amount of RMB8,175 million (six months ended 30 June 2013: RMB8,375 million) with respect to trust and other fiduciary activities.

(In RMB millions, unless otherwise stated)

5. NET TRADING INCOME/(EXPENSE)

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Debt securities	952	552
Equity investments	(1)	8
Derivatives and others	675	(898)
	1,626	(338)

The above amounts mainly 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.

6. NET (LOSS)/GAIN ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Financial assets	9,286	4,122
Financial liabilities	(14,263)	(4,032)
	(4,977)	90

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.

7. NET GAIN ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Dividend income from unlisted investments	109	27
Dividend income from listed investments	3	3
Dividend income	112	30
Gain on disposal of available-for-sale financial assets, net	924	578
	1,036	608

8. OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Insurance net income (i)	318	544
Gain from foreign exchange and foreign exchange products, net	3,270	4,569
Leasing income	3,118	1,430
Net gain on disposal of property and equipment, repossessed assets and others	478	363
Sundry bank charge income	53	42
Others	1,096	897
	8,333	7,845

(In RMB millions, unless otherwise stated)

8. OTHER OPERATING INCOME, NET (CONTINUED)

(i) Details of insurance net income are as follows:

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Premium income	7,750	6,498
Less: premiums ceded to reinsurers	(45)	(34)
Net premium income	7,705	6,464
Insurance operating cost	(7,387)	(5,920)
Insurance net income	318	544

9. OPERATING EXPENSES

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Staff costs:		
Salaries and bonuses	31,108	30,532
Staff benefits	11,604	9,296
Contributions to defined contribution schemes (i)	6,740	4,872
	49,452	44,700
Premises and equipment expenses:		
Depreciation (note 23)	7,829	7,196
Lease payments under operating leases in respect of land and buildings	3,545	3,136
Repairs and maintenance charges	1,241	1,125
Utility expenses	1,210	1,198
	13,825	12,655
Amortisation	1,131	1,002
Other administrative expenses	10,093	10,443
Business tax and surcharges	20,493	18,613
Others	4,618	4,336
	99,612	91,749

(i) Contributions to defined contribution schemes mainly include contributions to the state pension and the Bank's Annuity Plan.

10. IMPAIRMENT LOSSES ON ASSETS OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

		Six months ended 30 June	
	Notes	2014 (unaudited)	2013 (unaudited)
Charge/(Reversal) of impairment losses on:			
Due from banks and other financial institutions	15	(29)	17
Financial investments:			
Held-to-maturity investments	21(d)	(9)	(283)
Available-for-sale financial assets	21(c)(i), (d)	83	30
Other assets		134	250
		179	14

(In RMB millions, unless otherwise stated)

11. INCOME TAX EXPENSE

(a) Income tax

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Current income tax expense:		
Mainland China	43,042	40,073
Hong Kong and Macau	779	645
Overseas	1,200	627
	45,021	41,345
Adjustments in respect of current income tax of prior years	292	(2,002)
Deferred income tax expense	396	1,021
	45,709	40,364

(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 period. 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:

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Profit before taxation	194,090	178,841
Tax at the PRC statutory income tax rate (25%)	48,523	44,710
Effects of different applicable rates of tax prevailing in other countries/regions	(176)	(11)
Effects of non-deductible expenses (i)	1,452	1,771
Effects of profits and losses attributable to associates and joint ventures	(254)	(360)
Effects of non-taxable income (ii)	(4,383)	(4,247)
Adjustment in respect of current income tax of prior years	292	(2,002)
Others	255	503
Income tax expenses	45,709	40,364

(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.

12. DIVIDENDS

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Dividends on ordinary shares declared and paid:		
Final dividend for 2013: RMB0.2617 per share (2012: RMB0.239 per share)	91,960	83,565

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	148,100	138,347
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	351,390	349,640
Basic earnings per share (RMB yuan)	0.42	0.40

Basic earnings per share was calculated as the profit for the period 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:

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent company	148,100	138,347
Add: Interest expense on convertible bonds (net of tax)	231	308
Profit used to determine diluted earnings per share	148,331	138,655
Shares:		
Weighted average number of ordinary shares outstanding (in million shares)	351,390	349,640
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (in million shares)	5,006	6,398
Weighted average number of ordinary shares for diluted earnings per share (in million shares)	356,396	356,038
Diluted earnings per share (RMB yuan)	0.42	0.39

Diluted earnings per share was computed from dividing the profit attributable to ordinary equity holders of the Bank (after adjusting for interest expense on the convertible bonds) by the weighted average number of ordinary shares outstanding during the period 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)

14. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Cash and unrestricted balances with central banks:		
Cash on hand	84,690	80,913
Surplus reserves with central banks (i)	197,267	66,077
Unrestricted balances with central banks of overseas countries or regions	96,121	47,772
	378,078	194,762
Restricted balances with central banks:		
Mandatory reserves with central banks (ii)	2,900,356	2,805,957
Fiscal deposits with the PBOC	320,334	285,987
Mandatory reserves with central banks of overseas countries or regions (ii)	8,265	7,076
Other restricted balances with the PBOC (ii)	371	225
	3,229,326	3,099,245
	3,607,404	3,294,007

(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 30 June 2014, 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.

15. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Due from banks and other financial institutions:		
Banks operating in Mainland China	167,289	208,768
Other financial institutions operating in Mainland China	1,720	3,439
Banks and other financial institutions operating outside Mainland China	60,957	94,342
	229,966	306,549
Less: Allowance for impairment losses	(177)	(183)
	229,789	306,366
Placements with banks and other financial institutions:		
Banks operating in Mainland China	73,044	89,643
Other financial institutions operating in Mainland China	266,330	277,416
Banks and other financial institutions operating outside Mainland China	72,967	44,625
	412,341	411,684
Less: Allowance for impairment losses	(43)	(66)
	412,298	411,618
	642,087	717,984

As at 30 June 2014, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group was RMB115,237 million (31 December 2013: RMB175,862 million). During the reporting period, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group was RMB175,862 million. The transactions were conducted in the ordinary course of business under normal terms.

(In RMB millions, unless otherwise stated)

15. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Movements of the allowance for impairment losses during the period/year are as follows:

	Due from banks and other financial institutions	Placements with banks and other financial institutions	Total
At 1 January 2013	48	143	191
Charge/(Reversal) for the year	135	(77)	58
At 31 December 2013 and 1 January 2014 (audited)	183	66	249
Reversal for the period	(6)	(23)	(29)
At 30 June 2014 (unaudited)	177	43	220

16. FINANCIAL ASSETS HELD FOR TRADING

	30 June 2014 (unaudited)	31 December 2013 (audited)
Debt securities	47,351	27,808
Equity investments	348	335
	47,699	28,143
Debt securities analysed into:		
Listed in Hong Kong	172	83
Listed outside Hong Kong	1,633	526
Unlisted	45,546	27,199
	47,351	27,808

17. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Debt securities	97,887	103,027
Banks and other financial institutions' investment in debt instruments	96,893	70,689
Others	144,113	170,697
	338,893	344,413
Analysed into:		
Listed in Hong Kong	63	63
Listed outside Hong Kong	3,534	4,306
Unlisted	335,296	340,044
	338,893	344,413

(In RMB millions, unless otherwise stated)

18. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the changes 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 had derivative financial instruments as follows:

	30 June 2014 (unaudited)						
	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	1,183,191	1,093,225	88,877	3,839	2,369,132	21,019	(19,631)
Option contracts purchased	8,735	33,988	370	–	43,093	192	–
Option contracts written	4,814	12,628	370	–	17,812	–	(143)
	1,196,740	1,139,841	89,617	3,839	2,430,037	21,211	(19,774)
Interest rate contracts:							
Swap contracts	30,755	129,888	159,820	25,840	346,303	2,520	(2,614)
Forward contracts	621	5,224	819	–	6,664	1	(6)
	31,376	135,112	160,639	25,840	352,967	2,521	(2,620)
Commodity derivatives and others	234,146	47,275	1,466	259	283,146	2,211	(1,185)
	1,462,262	1,322,228	251,722	29,938	3,066,150	25,943	(23,579)

	31 December 2013 (audited)						
	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)

(In RMB millions, unless otherwise stated)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges

The Group's cash flow hedges are interest rate swap contracts that are used to protect against exposures to variability of future cash flows arising from foreign currency denominated assets and foreign currency denominated liabilities during the period/year.

Among the above derivative financial instruments, those designated as hedging instruments in cash flow hedges are set out below.

	30 June 2014 (unaudited)						
	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	–	3,922	1,759	3,747	9,428	185	(37)
	–	3,922	1,759	3,747	9,428	185	(37)

	31 December 2013 (audited)						
	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)

There was no ineffectiveness recognised in the statement of income that arose from the cash flow hedge for the current period (six months ended 30 June 2013: Nil).

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 statement of income during the period is presented as follows:

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Gain/(Loss) arising from fair value hedges, net:		
— Hedging instruments	59	55
— Hedged items attributable to the hedged risk	(61)	(59)
	(2)	(4)

(In RMB millions, unless otherwise stated)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hedges (continued)

Among the above derivative financial instruments, those designated as hedging instruments in fair value hedges are set out below:

	30 June 2014 (unaudited)						
	Notional amounts with remaining life of					Fair values	
	Within three months	Over 3 months but within one year	Over 1 year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	–	141	69	–	210	9	–
Interest rate swap contracts	1,580	1,696	9,289	3,726	16,291	17	(271)
	1,580	1,837	9,358	3,726	16,501	26	(271)

	31 December 2013 (audited)						
	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)

The credit risk weighted amounts in respect of the above derivatives of the Group as at the end of the reporting period are as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Counterparty credit default risk-weighted assets	28,596	33,670
Currency derivatives	25,931	31,252
Interest rate derivatives	1,578	1,348
Commodity derivatives and others	1,087	1,070
Credit value adjustment	17,964	19,874
	46,560	53,544

The credit risk weighted amounts are calculated with reference to "Regulation Governing Capital of Commercial Banks (Provisional)" promulgated by the CBRC, which includes counterparty credit default risk-weighted assets and credit value adjustment.

(In RMB millions, unless otherwise stated)

19. REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements comprise reverse repurchase of securities, bills, loans, and cash advanced as collateral on securities borrowing.

	30 June 2014 (unaudited)	31 December 2013 (audited)
Reverse repurchase (i)	489,386	292,731
Cash advanced as collateral on securities borrowing	51,259	39,172
	540,645	331,903
Reverse repurchase analysed by counterparty:		
Banks	262,605	94,949
Other financial institutions	226,781	197,782
	489,386	292,731
Reverse repurchase analysed by collateral:		
Securities	401,716	228,337
Bills	83,169	61,876
Loans	4,501	2,518
	489,386	292,731

(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, and presents net positive (or negative) amounts as reverse repurchase agreements (or repurchase agreements) in the financial statement. As at 30 June 2014, reverse repurchase agreements and repurchase agreements which meet the criteria for offsetting were RMB346,837 million (31 December 2013: RMB339,102 million) and RMB354,044 million (31 December 2013: RMB366,696 million), respectively, and the net reverse repurchase agreements and net repurchase agreements were RMB106,015 million (31 December 2013: RMB173,497 million) and RMB113,222 million (31 December 2013: 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. As at 30 June 2014, the Group had received securities with a fair value of approximately RMB114,873 million on such terms (31 December 2013: RMB199,239 million), among which securities with a fair value of approximately RMB114,873 million have been repledged under repurchase agreements (31 December 2013: RMB191,300 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.

20. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Corporate loans and advances	7,576,419	7,046,515
Personal loans	2,915,114	2,727,601
Discounted bills	154,582	148,258
	10,646,115	9,922,374
Less: Allowance for impairment losses	(251,680)	(240,959)
	10,394,435	9,681,415

(In RMB millions, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movements of allowance for impairment losses during the period/year are as follows:

	Individually assessed	Collectively assessed	Total
At 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	(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 and 1 January 2014 (audited)	39,065	201,894	240,959
Impairment loss:	10,677	13,311	23,988
— impairment allowances charged	18,706	66,529	85,235
— impairment allowances transferred	214	(214)	–
— reversal of impairment allowances	(8,243)	(53,004)	(61,247)
Accreted interest on impaired loans (note 3)	(1,215)	–	(1,215)
Write-offs	(10,778)	(1,933)	(12,711)
Recoveries of loans and advances previously written off	567	92	659
At 30 June 2014 (unaudited)	38,316	213,364	251,680

Movements of allowance for impairment losses during the period/year analysed into those attributable to corporate loans and advances and discounted bills and personal loans are as follows:

	Corporate loans and advances and discounted bills	Personal loans	Total
At 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	(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 and 1 January 2014 (audited)	172,417	68,542	240,959
Impairment loss:	15,891	8,097	23,988
— impairment allowances charged	70,181	15,054	85,235
— reversal of impairment allowances	(54,290)	(6,957)	(61,247)
Accreted interest on impaired loans (note 3)	(1,215)	–	(1,215)
Write-offs	(10,778)	(1,933)	(12,711)
Recoveries of loans and advances previously written off	567	92	659
At 30 June 2014 (unaudited)	176,882	74,798	251,680

(In RMB millions, unless otherwise stated)

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	30 June 2014 (unaudited)	31 December 2013 (audited)
Loans and advances for which allowance for impairment losses are:		
Individually assessed	79,585	73,263
Collectively assessed	10,566,530	9,849,111
	10,646,115	9,922,374
Less: Allowance for impairment losses:		
Individually assessed	(38,316)	(39,065)
Collectively assessed	(213,364)	(201,894)
	(251,680)	(240,959)
Net loans and advances for which allowance for impairment losses are:		
Individually assessed	41,269	34,198
Collectively assessed	10,353,166	9,647,217
	10,394,435	9,681,415
Identified impaired loans and advances	105,741	93,689
Percentage of impaired loans and advances	0.99%	0.94%

21. FINANCIAL INVESTMENTS

		30 June 2014 (unaudited)	31 December 2013 (audited)
Receivables	(a)	339,002	324,488
Held-to-maturity investments	(b)	2,621,864	2,624,400
Available-for-sale financial assets	(c)	1,128,582	1,000,800
		4,089,448	3,949,688

(a) Receivables

The receivables are unlisted and stated at amortised cost and comprise the following:

		30 June 2014 (unaudited)	31 December 2013 (audited)
Huarong bonds	(i)	146,046	146,046
Special government bond	(ii)	85,000	85,000
Others	(iii)	107,956	93,442
		339,002	324,488

(i) The Huarong bonds are a series of long term bonds issued by China Huarong Asset Management Co., Ltd ("Huarong") in 2000 to 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 MOF that the maturity dates of the Huarong bonds are extended for another ten years and the interest rate remains unchanged. Besides, the MOF will continue providing funding in support of the repayment of the principal and interest of the bonds. As of 30 June 2014, the Bank received accumulated early repayment amounting to RMB166,950 million.

(In RMB millions, unless otherwise stated)

21. FINANCIAL INVESTMENTS (CONTINUED)

(a) Receivables (continued)

(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 with fixed or determinable payments that are not quoted in an active market. They will mature from July 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.

(b) Held-to-maturity investments

Held-to-maturity investments are stated at amortised cost and comprise the following:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Debt securities	2,622,000	2,624,542
Less: Allowance for impairment losses	(136)	(142)
	2,621,864	2,624,400

	30 June 2014 (unaudited)	31 December 2013 (audited)
Analysed into:		
Listed in Hong Kong	4,456	1,167
Listed outside Hong Kong	850,022	843,414
Unlisted	1,767,386	1,779,819
	2,621,864	2,624,400
Market value of listed debt securities	854,478	844,581

For the six months ended 30 June 2014, the Group disposed of securities classified as held-to-maturity with a total carrying amount of RMB13,250 million prior to their maturity (31 December 2013: RMB898 million). The carrying amount of held-to-maturity securities sold accounted for 0.50% of the total amount of the Group's held-to-maturity investments (31 December 2013: 0.03%).

(In RMB millions, unless otherwise stated)

21. FINANCIAL INVESTMENTS (CONTINUED)

(c) Available-for-sale financial assets

Available-for-sale financial assets comprise the following:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Debt securities, at fair value (i)	1,116,989	988,318
Other debt instruments, at fair value	3,357	6,220
Equity investments:		
At fair value (i)	7,427	5,461
At cost (ii)	809	801
Debt for equity swaps	1,061	1,209
Others	357	395
Less: Allowance for impairment losses of equity investments, at cost	(609)	(803)
	1,128,582	1,000,800
Debt securities analysed into:		
Listed in Hong Kong	21,347	14,954
Listed outside Hong Kong	176,706	166,693
Unlisted	918,936	806,671
	1,116,989	988,318
Equity investments analysed into:		
Listed in Hong Kong	158	347
Listed outside Hong Kong	2,361	2,088
Unlisted	5,717	3,827
	8,236	6,262
Market value of listed securities:		
Debt securities	198,053	181,647
Equity investments	2,519	4,633
	200,572	186,280

(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 30 June 2014, the available-for-sale financial assets measured at fair value include impaired debt securities whose carrying amount was RMB47 million (31 December 2013: RMB39 million), and impaired equity investments whose carrying amount was RMB302 million (31 December 2013: RMB470 million) with the accrual of impairment loss recognised in the statement of income for the period of RMB2 million (six months ended 30 June 2013: the reversal of impairment loss of RMB16 million) on available-for-sale bonds, and the accrual of impairment loss recognised in the statement of income for the period of RMB81 million (six months ended 30 June 2013: RMB14 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 six months ended 30 June 2014, the carrying amount of these equity investments were disposed of was RMB244 million (six months ended 30 June 2013: RMB31 million). A gain of RMB213 million was recognised on disposal during the period (six months ended 30 June 2013: RMB10 million).

(In RMB millions, unless otherwise stated)

21. FINANCIAL INVESTMENTS (CONTINUED)

(d) Movements of allowance for impairment losses of held-to-maturity investments and available-for-sale equity investments measured at cost during the period/year are as follows:

	Held-to-maturity investments	Available-for-sale equity investments	Total
At 1 January 2013	460	803	1,263
Reversal	(295)	–	(295)
Transfers	(23)	–	(23)
At 31 December 2013 and 1 January 2014 (audited)	142	803	945
Charge for the year	1	–	1
Reversal	(10)	–	(10)
Transfers	3	(194)	(191)
At 30 June 2014 (unaudited)	136	609	745

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures comprise the following:

		30 June 2014 (unaudited)	31 December 2013 (audited)
Interest in associates	(a)	28,385	27,857
Interest in joint ventures	(b)	1,906	658
		30,291	28,515

	30 June 2014 (unaudited)	31 December 2013 (audited)
Share of net assets	18,299	16,550
Goodwill	12,340	12,313
	30,639	28,863
Less: Allowance for impairment losses	(348)	(348)
	30,291	28,515

(a) Interest in associates

(i) Particulars of the Group's only material associate is as follows:

	Percentage of equity interest		Voting rights		
Name	30 June 2014 %	31 December 2013 %	30 June 2014 %	Place of incorporation/ registration	Principal activities
Standard Bank Group Limited ("Standard Bank") (i)	20.08	20.09	20.08	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.

(In RMB millions, unless otherwise stated)

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Interest in associates (continued)

The market value of the Group's investment in Standard Bank amounted to RMB27,551 million as at 30 June 2014 (31 December 2013: RMB24,016 million).

The summarised financial information of Standard Bank was as follows, being consistent with the Group's accounting policies, and reconciled to the carrying amounts in the Group's consolidated financial statements:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Gross amounts of the associate		
Assets	1,035,285	985,554
Liabilities	942,087	894,821
Net assets	93,198	90,733
Revenue	23,736	44,931
Profit from continuing operations	4,909	9,919
Other comprehensive income	(505)	3,798
Total comprehensive income	4,404	13,717
Dividends received from the associate	2,832	3,742
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attribute to the parent company	80,159	77,871
Group's effective interest	20.08%	20.09%
Group's share of net assets of the associate	16,097	15,644
Goodwill	12,340	12,277
Carrying amount of the Group's interest in Standard Bank in the consolidated financial statements	28,437	27,921

(ii) The following tables illustrate the summarised financial information of the associates that are not individually material to the Group:

	Six months ended 30 June 2014 (unaudited)	2013 (audited)
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operations	10	34
Total comprehensive income	10	34

(iii) Reconciliation of carrying amounts to the Group's total interests in the associates:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Carrying amount of material associates — Standard Bank	28,437	27,921
Carrying amount of individually immaterial associates	296	284
Less: Allowance for impairment losses	(348)	(348)
Interest in associates in the consolidated financial statements	28,385	27,857

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(In RMB millions, unless otherwise stated)

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Interest in joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following tables illustrate the summarized financial information of the joint ventures that are not individually material to the Group:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	1,906	658
Aggregate amounts of the Group's share of those joint ventures:		
Profit from continuing operations	20	70
Total comprehensive income	20	70

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

23. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 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 and 1 January 2014 (audited)	117,755	24,911	8,257	59,730	34,013	244,666
Additions	3,260	1,820	365	488	13,879	19,812
CIP transfer in/(out)	1,338	(4,057)	–	18	2,701	–
Disposals	(358)	(6)	(46)	(403)	(678)	(1,491)
At 30 June 2014 (unaudited)	121,995	22,668	8,576	59,833	49,915	262,987
Accumulated depreciation and impairment:						
At 1 January 2013	29,939	58	3,650	32,989	995	67,631
Depreciation charge for the year	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 and 1 January 2014	35,142	70	4,614	38,523	1,970	80,319
Depreciation charge for the period (note 9)	2,674	–	527	3,826	802	7,829
Disposals	(107)	(3)	(23)	(374)	(22)	(529)
At 30 June 2014 (unaudited)	37,709	67	5,118	41,975	2,750	87,619
Net carrying amount:						
At 31 December 2013 (audited)	82,613	24,841	3,643	21,207	32,043	164,347
At 30 June 2014 (unaudited)	84,286	22,601	3,458	17,858	47,165	175,368

As at 30 June 2014, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate net carrying value of RMB8,633 million (31 December 2013: RMB9,327 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 30 June 2014, the net carrying value of aircraft and vessels leased out by the Group under operating leases was RMB47,165 million (31 December 2013: RMB32,043 million).

(In RMB millions, unless otherwise stated)

24. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	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	83,271	20,588	78,779	19,612
Change in fair value of available-for-sale financial assets	11,654	2,788	39,044	9,782
Change in fair value of financial instruments at fair value through profit or loss	(3,039)	(759)	(6,941)	(1,874)
Accrued staff costs	19,396	4,849	23,005	5,751
Others	(24,167)	(5,986)	(18,311)	(4,411)
	87,115	21,480	115,576	28,860

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	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	(48)	(11)	(244)	(45)
Change in fair value of available-for-sale financial assets	743	174	905	149
Others	1,796	307	989	316
	2,491	470	1,650	420

(b) Movements of deferred income tax

Deferred income tax assets:

	At 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June 2014 (unaudited)
Allowance for impairment losses	19,612	976	–	20,588
Change in fair value of available-for-sale financial assets	9,782	–	(6,994)	2,788
Change in fair value of financial instruments at fair value through profit or loss	(1,874)	1,115	–	(759)
Accrued staff costs	5,751	(902)	–	4,849
Others	(4,411)	(1,673)	98	(5,986)
	28,860	(484)	(6,896)	21,480

(In RMB millions, unless otherwise stated)

24. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Movements of deferred income tax (continued)

Deferred income tax assets (continued):

	At 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2013 (audited)
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

	At 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June 2014 (unaudited)
Deferred income tax liabilities:				
Allowance for impairment losses	(45)	34	–	(11)
Change in fair value of available-for-sale financial assets	149	–	25	174
Others	316	(122)	113	307
	420	(88)	138	470

	At 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2013 (audited)
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

The Group did not have significant unrecognised deferred income tax assets and liabilities at the end of the reporting period.

25. OTHER ASSETS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Interest receivable	113,718	98,475
Precious metals	90,911	61,821
Land use rights	20,766	21,039
Advance payments	34,703	30,417
Settlement accounts	108,836	91,380
Goodwill	8,998	8,528
Repossessed assets	2,425	1,926
Others	9,627	9,871
	389,984	323,457

(In RMB millions, unless otherwise stated)

26. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2014 (unaudited)	31 December 2013 (audited)
Wealth management products	(1)	341,278	349,634
Structured deposits	(2)(a)	241,307	141,925
Financial liabilities related to precious metals	(2)(b)	53,539	59,527
Debt securities	(2)(c)	6,196	2,358
Others		177	163
		642,497	553,607

(1) The principal guaranteed wealth management products issued by the Group and the financial assets invested by the aforesaid products form part of a group of financial instruments that are managed together 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 RMB1,142 million higher than the amount that the Group would be contractually required to pay to the holders of the wealth management products upon maturity as at 30 June 2014 (31 December 2013: RMB869 million lower).

(2) Certain structured deposits, debt securities and financial liabilities related to precious metals 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 statement of income. By designating these financial liabilities at fair value through profit or loss, the movement in their fair values is recorded in the statement of income.

(a) As at 30 June 2014, 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 RMB1,129 million (31 December 2013: RMB306 million higher).

(b) As at 30 June 2014, 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 2013: approximately the same).

(c) The debt securities include notes issued by the Singapore Branch at fixed rates classified as financial liabilities designated at fair value through profit or loss. The fair value of the debt securities is less than the amount that the Group would be contractually required to pay to the holders of these debt securities upon maturity as at 30 June 2014 by RMB9 million (31 December 2013: RMB21 million lower).

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 period/year presented and cumulatively as at 30 June 2014 and 31 December 2013. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

(In RMB millions, unless otherwise stated)

27. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Deposits:		
Banks and other financial institutions operating in Mainland China	790,577	832,325
Banks and other financial institutions operating outside Mainland China	153,237	34,769
	943,814	867,094
Money market takings:		
Banks and other financial institutions operating in Mainland China	157,677	110,987
Banks and other financial institutions operating outside Mainland China	316,708	291,174
	474,385	402,161
	1,418,199	1,269,255

28. REPURCHASE AGREEMENTS

Repurchase agreements comprise repurchase of securities, bills, loans, and cash received as collateral on securities lending.

	30 June 2014 (unaudited)	31 December 2013 (audited)
Repurchase (note 19(i))	156,228	281,060
Cash received as collateral on securities lending	37,630	18,244
	193,858	299,304
Repurchase analysed by counterparty:		
Banks	46,513	83,928
Other financial institutions	109,715	197,132
	156,228	281,060
Repurchase analysed by collateral:		
Securities	146,193	271,512
Bills	10,035	8,259
Loans	–	1,289
	156,228	281,060

29. CERTIFICATES OF DEPOSIT

Certificates of deposit were mainly issued by Hongkong Branch, Tokyo Branch, Seoul Branch, Frankfurt Branch, Luxembourg Branch, Doha Branch, New York Branch, Sydney Branch, Abu Dhabi Branch, Dubai Branch, ICBC Asia, ICBC Macau, ICBC London and ICBC Argentina, and were recognised at amortised cost.

(In RMB millions, unless otherwise stated)

30. DUE TO CUSTOMERS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Demand deposits:		
Corporate customers	4,276,548	4,038,872
Personal customers	3,276,508	2,994,741
Time deposits:		
Corporate customers	3,843,649	3,464,625
Personal customers	4,053,870	3,901,098
Others	277,757	221,489
	15,728,332	14,620,825

31. DEBT SECURITIES ISSUED

		30 June 2014 (unaudited)	31 December 2013 (audited)
Subordinated bonds issued by:	(1)		
The Bank		183,040	183,023
A subsidiary		7,665	7,522
		190,705	190,545
Convertible bonds	(2)	16,071	15,907
Other debt securities issued by:	(3)		
The Bank		22,706	21,048
Subsidiaries		26,158	25,518
		48,864	46,566
		255,640	253,018

(1) Subordinated bonds

The Bank:

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 period (six months ended 30 June 2013: None). 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)

(In RMB millions, unless otherwise stated)

31. DEBT SECURITIES ISSUED (CONTINUED)

(1) Subordinated bonds (continued)

(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 had redeemed all of the bonds on 21 July 2014.

(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.

(iv) The Bank had redeemed all of the bonds on 21 July 2014.

(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.

A subsidiary:

On 30 November 2010, ICBC Asia, a subsidiary of the Bank, 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 with an aggregate nominal amount of RMB1,500 million, bearing 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 SEHK. ICBC Asia has not had any defaults of principal or interest or other breaches with respect to the subordinated bonds and notes during the period (Six months ended 30 June 2013: None).

(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 are paying 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). RMB8,631 million with an aggregate nominal amount of convertible bonds have been converted into shares from 1 March 2011 to 30 June 2014 (1 March 2011 to 31 December 2013: RMB8,577 million).

(In RMB millions, unless otherwise stated)

31. DEBT SECURITIES ISSUED (CONTINUED)

(2) Convertible bonds (continued)

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.

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 30 June 2014, the conversion price was adjusted from RMB4.20 per share to RMB3.27 per share, as a result of the cash dividend distribution and rights issue of A share and H share.

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	2,173	–	2,173
Conversion	(8,151)	(1,025)	(9,176)
Balance as at 31 December 2013 (audited)	15,907	1,960	17,867
Accretion of interest	217	–	217
Conversion	(53)	(6)	(59)
Balance as at 30 June 2014 (unaudited)	16,071	1,954	18,025

(3) Other debt securities issued

As at 30 June 2014, other debt securities issued mainly include:

The Bank:

(i) Sydney Branch issued debt securities amounting to RMB11,506 million denominated in AUD, RMB, HKD, JPY and USD. These securities were issued at par value with maturities between 2014 and 2024 at fixed or floating interest rates.

(ii) In 2013, Singapore Branch issued debt securities amounting to RMB2,000 million denominated in RMB. These securities were issued at par value with maturities in 2015 at fixed interest rates.

(iii) Tokyo Branch issued commercial papers amounting to RMB1,715 million denominated in USD and RMB. These commercial papers were issued at a discount with maturities in 2014 and 2015 at fixed interest rates. In 2014, Tokyo Branch issued interest free commercial papers amounting to RMB107 million with maturities in 2015.

(iv) The Head Office issued debt securities amounting to RMB3,493 million denominated in RMB in Hong Kong. These securities were issued at par value with maturities between 2015 and 2019 at fixed interest rates. In 2014, the Head Office issued two debt securities in fixed interest rate separately amounting to RMB2,000 million and RMB500 million with maturities in 2016 and 2019.

(v) The Head Office issued first and second edition interbank deposits amounting to RMB2,000 million denominated in RMB with maturities in 2014.

(vi) The Head Office issued debt securities in London amounting to RMB1,300 million and RMB700 million respectively denominated in RMB. These securities were issued at par value with maturities in 2016 and 2018 at fixed interest rates.

31. DEBT SECURITIES ISSUED (CONTINUED)

(3) Other debt securities issued (continued)

Subsidiaries:

(i) ICBC Asia issued interest-free Equity Linked Notes at 99.994% to 100.802% of the nominal amount denominated in HKD, and Senior Notes at 98.663% to 100% of the nominal amount denominated in USD, HKD and RMB. These notes amounted to RMB9,250 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 SEHK.

(iii) ICBC Thai issued debt securities amounting to RMB7,892 million denominated in THB. These securities were issued at par value with maturities between 2014 and 2019 at fixed interest rates. In 2014, ICBC Thai issued debt securities amounting to RMB4,714 million denominated in THB. These securities were issued at par value with maturities between 2014 and 2019 at fixed interest rates.

(iv) In 2014, ICBC International issued guaranteed notes of USD 650 million with a fixed interest rate of 2.1%. The notes were guaranteed by Hong Kong Branch and were issued at the price fixed at 95.98% of the nominal amount with maturities due on 3 March 2017 amounted to RMB4,033 million. The notes were listed on the SEHK.

32. OTHER LIABILITIES

	30 June 2014 (unaudited)	31 December 2013 (audited)
Interest payable	232,782	212,577
Settlement accounts	135,590	112,461
Salaries, bonuses, allowances and subsidies payables	15,531	18,742
Early retirement benefits	3,551	4,215
Sundry tax payables	10,740	11,378
Bank drafts	4,786	2,148
Others	66,695	75,215
	469,675	436,736

33. SHARE CAPITAL

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	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)	264,611	264,611	264,595	264,595
	351,406	351,406	351,390	351,390

Except for the dividends for H shares which are payable in Hong Kong dollars ("HKD"), all of the H shares and A shares rank pari passu with each other in respect of dividends.

(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 30 June 2014, a total of 86,313,900 convertible bonds were converted into A shares of the Bank, resulting in an increase of 2,386,378,899 A shares since date of issuance. The number of the Bank's A shares amounted to 264,610,880,176 at the end of the period.

34. 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.

(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 meeting. 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.

(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.

(In RMB millions, unless otherwise stated)

35. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Changes in fair value recorded in other comprehensive income/(loss)	27,228	(1,072)
Less: Transfer to the statement of income arising from disposal/impairment	2,388	(384)
Income tax effect	(7,019)	234
	22,597	(1,222)
Cash flow hedges:		
Gain/(Loss) during the period	66	(210)
Less: Income tax effect	(13)	36
	53	(174)
Share of other comprehensive income of associates and joint ventures	(11)	824
Foreign currency translation differences	1,902	(7,927)
Others	26	25
Less: Income tax effect	(2)	(4)
	24	21
	24,565	(8,478)

36. 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, specialised asset management plan, trust plan and asset-backed securities 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.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 30 June 2014 in the structured entities sponsored by third party institutions:

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	Carrying amount	Maximum explosure	Carrying amount	Maximum explosure
Investment funds	1,009	1,009	2,039	2,039
Wealth management products	3,557	3,557	6,220	6,220
Specialised asset management plan	143,994	143,994	140,566	140,566
Trust plan	2,130	2,130	–	–
Asset-backed securities	3,179	3,179	736	736
	153,869	153,869	149,561	149,561

(In RMB millions, unless otherwise stated)

36. 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 line items in the statement of financial position as at 30 June 2014 in which assets are recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2014 (unaudited)				
	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Held-to maturity investments	Available-for-sale financial assets	Receivables
Investment funds	1,009	–	–	–	–
Wealth management products	–	–	–	3,357	200
Specialised asset management plan	–	139,243	–	–	4,751
Trust plan	–	–	–	–	2,130
Asset-backed securities	–	–	494	2,315	370
	1,009	139,243	494	5,672	7,451

	31 December 2013 (audited)		
	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 securities	517	219	–
	517	8,478	140,566

The maximum exposures to loss in the above investment funds, wealth management products, specialised asset management plan, trust plan and asset-backed securities 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 30 June 2014

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 30 June 2014, 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 30 June 2014, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB1,128,855 million (31 December 2013: RMB847,500 million) and RMB415,941 million (31 December 2013: RMB226,861 million) respectively.

(In RMB millions, unless otherwise stated)

36. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(3) Unconsolidated structured entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June 2014

During the reporting period, the amount of fee and commission income received from such category of non-principal-guaranteed wealth management products by the Group was RMB3,521 million (2013: RMB10,541 million).

During the reporting period, 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 2014 but matured before 30 June 2014 was RMB1,081,235 million (2013: RMB2,330,927 million).

The aggregated amount of the investment funds sponsored and issued by the Group after 1 January 2014 but matured before 30 June 2014 was RMB6,768 million.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of balances of cash and cash equivalents

	Note	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Cash on hand	14	84,690	74,899
Balances with central banks other than restricted deposits	14	293,388	206,316
Nostro accounts with banks and other financial institutions with original maturity of three months or less		189,223	208,560
Placements with banks and other financial institutions with original maturity of three months or less		191,319	416,950
Reverse repurchase agreements with original maturity of three months or less		446,247	224,967
		1,204,867	1,131,692

38. 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 repurchase agreements 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 require or be required to pay additional cash collateral in certain circumstances. 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)

38. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

The following table analyses the carrying amount of the aforementioned assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	4,373	4,382	3,390	2,145
Securities lending agreements	29,249	–	17,443	–
	33,622	4,382	20,833	2,145

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.

As the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it has retained control of them, 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 of 30 June 2014, loans with an original carrying amount of RMB9,164 million (31 December 2013: RMB3,592 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 30 June 2014, the carrying amount of assets that the Group continues to recognise was RMB376 million (31 December 2013: RMB182 million).

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 of 30 June 2014, carrying amount of transferred assets that did not qualify for derecognition were RMB318 million (31 December 2013: RMB522 million) and carrying amount of their associated liabilities were RMB123 million (31 December 2013: RMB214 million).

39. 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.

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At the end of the reporting period, the Group had capital commitments as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Authorised, but not contracted for	708	692
Contracted, but not provided for	19,975	1,521
	20,683	2,213

(In RMB millions, unless otherwise stated)

40. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

At the end of the reporting period, the Group leases 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:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Within one year	6,263	4,448
Over one year but within five years	14,481	9,163
Over five years	2,634	2,433
	23,378	16,044

(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.

	30 June 2014 (unaudited)	31 December 2013 (audited)
Bank acceptances	370,593	327,048
Guarantees issued		
Financing letters of guarantees	105,823	102,275
Non-financing letters of guarantees	246,509	276,913
Sight letters of credit	50,899	88,669
Usance letters of credit and other commitments	429,596	409,095
Loan commitments		
With an original maturity of under one year	233,036	265,303
With an original maturity of one year or over	514,976	536,245
Undrawn credit card limit	472,473	440,408
	2,423,905	2,445,956

	30 June 2014 (unaudited)
Credit risk weighted amount of credit commitments (i)(ii)	1,065,328

(i) Internal Ratings-Based approach was adopted to calculate the credit risk weighted amount according to the scope approved by the CBRC, and others are calculated by weighted approach.

(ii) As at 31 December 2013, the credit risk weighted amount calculated by weighted approach was RMB917,567 million in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)".

(In RMB millions, unless otherwise stated)

40. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(d) Legal proceedings

As at 30 June 2014, there were a number of legal proceedings outstanding against the Bank and/or its subsidiaries with a claimed amount of RMB2,510 million (31 December 2013: RMB2,389 million).

In the opinion of management, the Group has 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.

(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 30 June 2014, the Bank had underwritten and sold bonds with an accumulated amount of RMB105,992 million (31 December 2013: RMB87,982 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 30 June 2014, the Group had no unexpired securities underwriting obligations (31 December 2013: Nil).

41. DESIGNATED FUNDS AND LOANS

	30 June 2014 (unaudited)	31 December 2013 (audited)
Designated funds	869,006	865,931
Designated loans	868,616	865,492

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust 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.

42. ASSETS PLEDGED

Financial assets of the Group including securities, bills and loans have been pledged as collateral for liabilities or contingent liabilities, mainly the repurchase agreements and derivative contracts. As at 30 June 2014, the carrying value of the financial assets of the Group pledged as collateral amounted to approximately RMB18,774 million (31 December 2013: RMB64,358 million).

43. 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 4. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

(In RMB millions, unless otherwise stated)

44. 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 period:

(a) Shareholders with significant influence

(i) The MOF

The MOF is a ministry under the State Council, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 30 June 2014, the MOF directly owned approximately 35.09% (31 December 2013: approximately 35.09%) 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:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
The PRC government bonds and the special government bond	1,021,732	1,015,396

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Subscription of the PRC government bonds	62,424	148,005
Redemption of the PRC government bonds	52,856	42,012
Interest income on the PRC government bonds	17,443	17,280

	%	%
Interest rate ranges during the period are as follows:		
Bond investments	1.77 to 6.34	1.77 to 6.34

As at 30 June 2014, 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 2013: RMB146,046 million). The details of Huarong bonds are included in note 21.

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in note 44(g) "transactions with state-owned entities in the PRC".

(ii) Huijin

As at 30 June 2014, Central Huijin Investment Ltd. ("Huijin") directly owned approximately 35.33% (31 December 2013: approximately 35.33%) 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 a 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.

(In RMB millions, unless otherwise stated)

44. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Shareholders with significant influence (continued)

(ii) Huijin (continued)

As at 30 June 2014, the Huijin Bonds held by the Bank were of an aggregate face value of RMB21.63 billion (31 December 2013: RMB21.63 billion), with the terms ranging from 5 to 30 years and coupon rate 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:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
Debt securities purchased	20,170	19,387
Interest receivable	618	239
Deposits	35,492	11,763
Interest payable	53	170

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Interest income on debt securities purchased	309	375
Interest expense on deposits	26	112

	%	%
Interest rate ranges during the period are as follows:		
Debt securities purchased	3.14 to 4.20	3.14 to 4.20
Deposits	0.39 to 3.30	0.35 to 1.15

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 period conducted with these banks and financial institutions, and the corresponding balances as at 30 June 2014 are as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
Debt securities purchased	1,006,595	993,156
Due from these banks and financial institutions	124,077	69,330
Derivative financial assets	725	382
Due to these banks and financial institutions	128,803	82,077
Derivative financial liabilities	991	394

(In RMB millions, unless otherwise stated)

44. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Shareholders with significant influence (continued)

(ii) Huijin (continued)

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Interest income on debt securities purchased	18,790	19,203
Interest income on amounts due from these banks and financial institutions	306	359
Interest expense on amounts due to these banks and financial institutions	548	339

	%	%
Interest rate ranges during the period are as follows:		
Debt securities purchased	2.51 to 5.70	2.68 to 6.30
Due from these banks and financial institutions	0 to 6.70	0 to 9.38
Due to these banks and financial institutions	0.0001 to 7.20	0.0001 to 10.00

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

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
Debt securities purchased	3,569	6,868
Due from banks and other financial institutions	176,787	214,705
Loans and advances to customers	13,225	9,701
Derivative financial assets	2,691	199
Due to banks and other financial institutions	190,367	215,164
Derivative financial liabilities	1,709	2,459
Commitments	161,602	126,398

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Interest income on debt securities purchased	13	44
Interest income on amounts due from banks and other financial institutions	224	329
Interest expense on amounts due to banks and other financial institutions	369	184
Net trading expense	191	49
Net fee and commission income	248	51

(In RMB millions, unless otherwise stated)

44. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Subsidiaries (continued)

	%	%
Interest rate ranges during the period are as follows:		
Debt securities purchased	1.56 to 3.15	0.45 to 3.15
Due from banks and other financial institutions	0.30 to 5.65	0 to 4.00
Due to banks and other financial institutions	0.50 to 6.16	0 to 5.00

The material balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

(c) Associates and affiliates

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
Due from banks	621	203
Loans to associates	264	488
Due to banks	1,442	850
Deposits	–	42

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Interest income on loans to associates	3	1
Interest expense on amounts due to banks	5	1

	%	%
Interest rate ranges during the period are as follows:		
Due from banks	0.09 to 1.90	0.01 to 0.13
Loans to associates	2.23	1.63
Due to banks	0.35 to 1.90	0.92 to 2.25

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

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances at end of the period/year:		
Deposits	5	47

44. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Joint ventures and affiliates (continued)

	Six months ended 30 June	
	2014 (unaudited)	2013 (unaudited)
Transactions during the period:		
Interest income on loans to joint ventures	–	1

	%	%
Interest rates during the period are as follows:		
Deposits	0.35 to 0.58	0.35 to 1.05
Loans to joint ventures	–	2.68

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.

(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 period is as follows:

	Six months ended 30 June	
	2014 In RMB'000 (unaudited)	2013 In RMB'000 (unaudited)
Short term employment benefits	7,388	7,989
Post-employment benefits	244	223
	7,632	8,212

Companies or corporations of 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.

As at 30 June 2014, there is no transaction between the Group and the aforementioned parties (31 December 2013: Nil).

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 was RMB0.68 million as at 30 June 2014 (31 December 2013: RMB2.44 million).

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 RMB19.31 million as at 30 June 2014 (31 December 2013: RMB18.58 million).

44. RELATED PARTY DISCLOSURES (CONTINUED)

(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 organisations (collectively the "state-owned entities"). During the reporting period, 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.

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.

45. 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".

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.

(In RMB millions, unless otherwise stated)

45. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

	Six months ended 30 June 2014 (unaudited)				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income	143,622	5,973	87,552	460	237,607
Internal net interest income/(expense)	(42,018)	77,624	(35,606)	–	–
Net fee and commission income/(expense)	47,330	26,037	326	(465)	73,228
Other income, net (i)	658	2	3,163	2,195	6,018
Operating income	149,592	109,636	55,435	2,190	316,853
Operating expenses	(46,180)	(41,391)	(8,642)	(3,399)	(99,612)
Impairment losses on:					
Loans and advances to customers	(15,891)	(8,097)	–	–	(23,988)
Others	(86)	3	5	(101)	(179)
Operating profit/(loss)	87,435	60,151	46,798	(1,310)	193,074
Share of profits and losses of associates and joint ventures	–	–	–	1,016	1,016
Profit/(Loss) before taxation	87,435	60,151	46,798	(294)	194,090
Income tax expense					(45,709)
Profit for the period					148,381
Other segment information:					
Depreciation	3,611	2,721	1,381	116	7,829
Amortisation	563	336	212	20	1,131
Capital expenditure	9,697	7,168	3,664	292	20,821

	As at 30 June 2014 (unaudited)				
	Corporate banking	Personal banking	Treasury operations	Others	Total
Segment assets	7,763,901	2,960,818	9,438,841	140,117	20,303,677
Including: Investments in associates and joint ventures	–	–	–	30,291	30,291
Property and equipment	71,006	52,798	26,792	24,772	175,368
Other non-current assets (ii)	15,343	6,979	4,661	10,329	37,312
Segment liabilities	8,747,136	7,527,366	2,571,263	98,409	18,944,174
Other segment information:					
Credit commitments	1,951,432	472,473	–	–	2,423,905

(i) Includes net trading expense, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and net other operating income.

(ii) Includes long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

(In RMB millions, unless otherwise stated)

45. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

	Six months ended 30 June 2013 (unaudited)				
	Corporate banking	Personal banking	Treasury operations	Others	Total
External net interest income/(expense)	135,075	(2,844)	83,487	171	215,889
Internal net interest income/(expense)	(30,984)	74,362	(43,378)	–	–
Net fee and commission income/(expense)	43,567	23,577	682	(444)	67,382
Other income, net (i)	566	2	3,900	3,737	8,205
Operating income	148,224	95,097	44,691	3,464	291,476
Operating expenses	(42,683)	(38,159)	(7,752)	(3,155)	(91,749)
Impairment losses on:					
Loans and advances to customers	(17,465)	(4,462)	–	–	(21,927)
Others	(130)	1	139	(24)	(14)
Operating profit	87,946	52,477	37,078	285	177,786
Share of profits and losses of associates and joint ventures	–	–	–	1,055	1,055
Profit before taxation	87,946	52,477	37,078	1,340	178,841
Income tax expense					(40,364)
Profit for the period					138,477
Other segment information:					
Depreciation	3,199	2,587	1,301	109	7,196
Amortisation	493	303	194	12	1,002
Capital expenditure	6,986	5,528	2,802	219	15,535

	As at 31 December 2013 (audited)				
	Corporate banking	Personal banking	Treasury operations	Others	Total
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) Includes net trading expense, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and net other operating income.

(ii) Includes long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

45. 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, Tokyo, London, Almaty, Jakarta, Moscow, Doha, Dubai, Abu Dhabi, Sydney, Toronto, Kuala Lumpur, Hanoi, Bangkok, New York, Karachi, Mumbai, Phnom Penh, Vientiane, 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.

(In RMB millions, unless otherwise stated)

45. 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
Six months ended 30 June 2014 (unaudited)										
External net interest income	92,232	29,637	22,467	15,608	22,463	35,457	9,033	10,710	–	237,607
Internal net interest income/(expense)	(69,523)	12,189	5,323	33,608	8,254	5,000	4,724	425	–	–
Net fee and commission income	2,595	18,116	11,824	12,440	11,989	10,355	3,015	3,074	(180)	73,228
Other income/(expense), net (i)	2,404	(772)	230	1,401	(369)	(705)	(30)	3,859	–	6,018
Operating income	27,708	59,170	39,844	63,057	42,337	50,107	16,742	18,068	(180)	316,853
Operating expenses	(8,742)	(16,659)	(12,454)	(16,690)	(15,216)	(17,388)	(6,405)	(6,238)	180	(99,612)
Impairment losses on:										
Loans and advances to customers	(763)	(7,683)	(3,389)	(3,218)	(3,739)	(3,467)	(1,008)	(721)	–	(23,988)
Others	21	(17)	16	(5)	3	14	(13)	(198)	–	(179)
Operating profit	18,224	34,811	24,017	43,144	23,385	29,266	9,316	10,911	–	193,074
Share of profits and losses of associates and joint ventures	–	–	–	–	–	–	–	1,016	–	1,016
Profit before taxation	18,224	34,811	24,017	43,144	23,385	29,266	9,316	11,927	–	194,090
Income tax expense										(45,709)
Profit for the period										148,381
Other segment information:										
Depreciation	889	1,130	740	1,010	1,219	1,382	535	924	–	7,829
Amortisation	466	100	67	61	114	168	34	121	–	1,131
Capital expenditure	1,229	509	300	423	665	1,009	293	16,393	–	20,821

(i) Includes net trading expense, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and net other operating income.

	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 30 June 2014 (unaudited)										
Assets by geographical area	8,745,946	3,540,447	2,332,348	4,763,130	2,438,560	2,810,129	1,035,631	1,724,425	(7,108,419)	20,282,197
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	30,291	–	30,291
Property and equipment	13,738	23,078	11,992	17,552	18,871	22,513	10,207	57,417	–	175,368
Other non-current assets (i)	11,635	5,506	2,709	3,603	4,814	5,433	1,325	2,287	–	37,312
Unallocated assets										21,480
Total assets										20,303,677
Liabilities by geographical area	7,391,378	3,506,698	2,308,009	5,003,815	2,414,048	2,779,034	1,024,441	1,596,779	(7,108,419)	18,915,783
Unallocated liabilities										28,391
Total liabilities										18,944,174
Other segment information:										
Credit commitments	475,620	480,242	289,576	415,154	138,218	177,004	71,174	376,917	–	2,423,905

(i) Includes long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

(In RMB millions, unless otherwise stated)

45. 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
Six months ended 30 June 2013 (unaudited)										
External net interest income	83,460	29,734	20,951	15,072	19,944	30,458	8,352	7,918	–	215,889
Internal net interest income/(expense)	(70,056)	12,239	5,759	30,566	9,401	6,828	4,980	283	–	–
Net fee and commission income	2,986	16,317	10,578	11,347	10,835	9,886	2,539	2,943	(49)	67,382
Other income/(expense), net (i)	1,923	115	533	2,981	96	148	(1)	2,410	–	8,205
Operating income	18,313	58,405	37,821	59,966	40,276	47,320	15,870	13,554	(49)	291,476
Operating expenses	(7,061)	(15,679)	(11,516)	(15,903)	(14,120)	(16,102)	(6,054)	(5,363)	49	(91,749)
Impairment losses on:										
Loans and advances to customers	(1,030)	(7,860)	(2,717)	(2,812)	(2,455)	(3,254)	(917)	(882)	–	(21,927)
Others	114	(5)	1	(52)	(1)	(8)	–	(63)	–	(14)
Operating profit	10,336	34,861	23,589	41,199	23,700	27,956	8,899	7,246	–	177,786
Share of profits and losses of associates and joint ventures	–	–	–	–	–	–	–	1,055	–	1,055
Profit before taxation	10,336	34,861	23,589	41,199	23,700	27,956	8,899	8,301	–	178,841
Income tax expense										(40,364)
Profit for the period										138,477
Other segment information:										
Depreciation	780	1,083	747	976	1,137	1,297	536	640	–	7,196
Amortisation	414	120	59	61	121	120	32	75	–	1,002
Capital expenditure	1,771	1,018	376	659	1,126	1,239	218	9,128	–	15,535

(i) Includes net trading expense, net loss on financial assets and liabilities designated at fair value through profit or loss, net gain on financial investments and net other operating income.

	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 (audited)										
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) Includes long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

46. FINANCIAL INSTRUMENT 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 the 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 to monitor 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 risk management departments of both the Head Office and the management of the relevant branches.

(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 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 are, 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 International Swaps and Derivatives Association ("ISDA") Master Agreement, a China Interbank Market Financial Derivatives Master Agreement ("NAFMII master agreement") with its counterparties for documenting over-the-counter derivatives activities. Each of these master agreements provides the contractual framework within which derivatives 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.

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

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.

If there is objective evidence that an impairment loss on a loan or advance has 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 statement of income. 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.

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Impairment assessment (continued)

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.

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 19.

Corporate loans are mainly collateralised by properties or other assets. As at 30 June 2014, the carrying value of corporate loans amounted to RMB7,731,001 million (31 December 2013: RMB7,194,773 million), of which credit exposure of corporate loans covered by collateral amounted to RMB3,400,166 million (31 December 2013: RMB3,256,175 million).

Retail loans are mainly collateralised by residential properties. As at 30 June 2014, the carrying value of retail loans amounted to RMB2,915,114 million (31 December 2013: RMB2,727,601 million), of which credit exposure of retail loans covered by collateral amounted to RMB2,529,099 million (31 December 2013: RMB2,336,089 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept 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 a loan. 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 46(a)(iii).

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.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(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 without taking account of any collateral and other credit enhancements is set out below:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances with central banks	3,522,714	3,213,094
Due from banks and other financial institutions	642,087	717,984
Financial assets held for trading	47,351	27,808
Financial assets designated at fair value through profit or loss	338,893	344,413
Derivative financial assets	25,943	25,020
Reverse repurchase agreements	540,645	331,903
Loans and advances to customers	10,394,435	9,681,415
Financial investments		
— Receivables	339,002	324,488
— Held-to-maturity investments	2,621,864	2,624,400
— Available-for-sale financial assets	1,120,346	994,538
Others	261,635	225,020
	19,854,915	18,510,083
Credit commitments	2,423,905	2,445,956
Total maximum credit risk exposure	22,278,820	20,956,039

(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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Risk concentrations (continued)

By geographical distribution

The following tables set out the breakdown of the Group's maximum credit risk exposure as categorised by geographical distribution without taking account of any collateral and other credit enhancements.

30 June 2014 (unaudited)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Total
Balances with central banks	2,999,039	75,604	61,849	202,075	27,302	33,595	10,093	113,157	3,522,714
Due from banks and other financial institutions	237,523	19,002	11,416	180,620	6,886	2,819	3,190	180,631	642,087
Financial assets held for trading	44,993	–	–	–	–	–	–	2,358	47,351
Financial assets designated at fair value through profit or loss	336,659	389	274	–	160	208	50	1,153	338,893
Derivative financial assets	11,168	1,484	4,489	1,089	114	131	681	6,787	25,943
Reverse repurchase agreements	350,582	10,319	999	4,501	3,062	–	–	171,182	540,645
Loans and advances to customers	415,669	2,098,403	1,378,211	1,792,862	1,403,926	1,834,255	587,079	884,030	10,394,435
Financial investments									
— Receivables	318,269	1,026	320	4,588	5,880	1,398	240	7,281	339,002
— Held-to-maturity investments	2,509,658	54,300	18,106	4,540	–	–	–	35,260	2,621,864
— Available-for-sale financial assets	670,259	51,829	35,089	220,465	14,346	15,896	3,295	109,167	1,120,346
Others	109,315	27,718	11,993	19,372	12,322	18,930	4,614	57,371	261,635
	8,003,134	2,340,074	1,522,746	2,430,112	1,473,998	1,907,232	609,242	1,568,377	19,854,915
Credit commitments	475,620	480,242	289,576	415,154	138,218	177,004	71,174	376,917	2,423,905
Total maximum credit risk exposure	8,478,754	2,820,316	1,812,322	2,845,266	1,612,216	2,084,236	680,416	1,945,294	22,278,820

The compositions of each geographical distribution above are set out in note 45(b).

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Risk concentrations (continued)

By geographical distribution (continued)

31 December 2013 (audited)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern 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 45(b).

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Risk concentrations (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 46(a)(iv) to the financial statements. The composition of the Group's gross loans and advances to customers by industry is analysed as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Manufacturing	1,670,778	1,580,147
Transportation, storage and postal services	1,371,755	1,301,794
Wholesale and retail	997,462	914,012
Production and supply of electricity, heating, gas and water	721,338	666,464
Leasing and commercial services	563,394	482,938
Real estate	536,713	530,600
Water, environment and public utility management	479,148	472,981
Mining	277,703	273,049
Lodging and catering	223,857	203,428
Construction	218,212	193,035
Science, education, culture and sanitation	116,120	104,510
Others	399,939	323,557
Subtotal of corporate loans and advances	7,576,419	7,046,515
Residential mortgages and personal business loans	2,247,318	2,049,328
Others	667,796	678,273
Subtotal of personal loans	2,915,114	2,727,601
Discounted bills	154,582	148,258
Total loans and advances to customers	10,646,115	9,922,374

(iii) Loans and advances to customers

The total credit risk exposures of loans and advances to customers are summarised as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Neither past due nor impaired	10,464,685	9,785,110
Past due but not impaired	75,689	43,575
Impaired	105,741	93,689
	10,646,115	9,922,374
Less: Allowance for impairment losses	(251,680)	(240,959)
	10,394,435	9,681,415

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Loans and advances to customers (continued)

Neither past due nor impaired

The balance of loans and advances to customers of the Group that are neither past due nor impaired analysed by five-tier classification and by collateral are as follows:

	30 June 2014 (unaudited)			31 December 2013 (audited)		
	Pass	Special Mention	Total	Pass	Special Mention	Total
Unsecured loans	3,051,472	30,062	3,081,534	2,915,241	32,189	2,947,430
Guaranteed loans	1,367,060	43,815	1,410,875	1,312,889	41,048	1,353,937
Loans secured by mortgages	4,627,976	64,798	4,692,774	4,246,081	59,793	4,305,874
Pledged loans	1,257,769	21,733	1,279,502	1,154,073	23,796	1,177,869
	10,304,277	160,408	10,464,685	9,628,284	156,826	9,785,110

Past due but not impaired

The following tables present the ageing analysis of each type of loans and advances to customers of the Group subject to credit risk which are past due but not impaired as at the end of the reporting period:

	30 June 2014 (unaudited)			31 December 2013 (audited)		
	Corporate loans and advances	Personal loans	Total	Corporate loans and advances	Personal loans	Total
Past due for:						
Less than one month	35,729	17,745	53,474	13,652	15,930	29,582
One to two months	4,009	6,092	10,101	242	6,667	6,909
Two to three months	1,942	10,172	12,114	12	7,072	7,084
Over three months	–	–	–	–	–	–
Total	41,680	34,009	75,689	13,906	29,669	43,575
Fair value of collateral held	48,838	61,912	110,750	14,666	57,502	72,168

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 occur 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 hold relating to loans individually determined to be impaired as at 30 June 2014 amounted to RMB24,310 million (31 December 2013: RMB21,601 million). The collateral mainly consists of land and buildings, equipment and others.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Loans and advances to customers (continued)

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:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Renegotiated loans and advances to customers	4,659	4,929
Impaired loans and advances to customers included in above	2,660	3,225

Collateral repossessed

During the reporting period, the Group took possession of collateral held as security with a carrying amount of RMB568 million (six months ended 30 June 2013: RMB510 million). Such collateral mainly comprises land and buildings, equipment and others.

(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 type of issuer and by investment:

30 June 2014 (unaudited)

	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	90,549	1,250,150	110,805	1,021	–	1,452,525
Policy banks	15,090	1,319,989	382,577	3,534	43,078	1,764,268
Public sector entities	1,500	21,161	80,449	411	6,749	110,270
Banks and other financial institutions	180,497	17,340	144,282	6,919	4,511	353,549
Corporate entities	44,085	13,183	398,829	35,466	43,549	535,112
	331,721	2,621,823	1,116,942	47,351	97,887	4,215,724
Impaired (*)						
Banks and other financial institutions	–	154	–	–	–	154
Corporate entities	–	23	47	–	–	70
	–	177	47	–	–	224
Less: Allowance for impairment losses	–	(136)	–	–	–	(136)
	–	41	47	–	–	88
	331,721	2,621,864	1,116,989	47,351	97,887	4,215,812

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Debt securities (continued)

The following tables present an analysis of the Group's total credit risk exposures of debt securities by type of issuer and by investment (continued):

31 December 2013 (audited)

	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
	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)
	–	30	39	–	–	69
	324,488	2,624,400	988,318	27,808	103,027	4,068,041

(*) Impaired debt securities above were all determined based on individual assessments. In determining whether a debt security was 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.

(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 the Group remains 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.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

The Group expects the 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 Group's assets and liabilities is set out below:

30 June 2014 (unaudited)

	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	698,412	–	–	–	–	–	2,908,992	3,607,404
Due from banks and other financial institutions (*)	229,927	664,008	86,698	158,059	44,005	35	–	1,182,732
Financial assets held for trading	–	1,335	11,497	28,242	3,212	3,065	348	47,699
Financial assets designated at fair value through profit or loss	1,501	15,088	43,543	100,327	163,268	10,302	4,864	338,893
Derivative financial assets	–	4,254	5,663	12,824	2,570	632	–	25,943
Loans and advances to customers	44,362	741,460	912,429	2,470,578	2,584,173	3,583,075	58,358	10,394,435
Financial investments	–	78,551	130,996	388,217	2,264,454	1,219,024	8,206	4,089,448
Investments in associates and joint ventures	–	–	–	–	–	–	30,291	30,291
Property and equipment	–	–	–	–	–	–	175,368	175,368
Others	162,083	45,398	20,425	71,022	28,189	33,715	50,632	411,464
Total assets	1,136,285	1,550,094	1,211,251	3,229,269	5,089,871	4,849,848	3,237,059	20,303,677
Liabilities:								
Due to central banks	–	–	–	543	202	–	–	745
Financial liabilities designated at fair value through profit or loss	53,539	290,361	211,183	81,218	6,196	–	–	642,497
Derivative financial liabilities	–	3,983	3,859	12,597	2,488	652	–	23,579
Due to banks and other financial institutions (**)	740,099	410,203	231,988	189,546	10,604	29,617	–	1,612,057
Certificates of deposit	–	27,364	34,264	99,847	14,447	343	–	176,265
Due to customers	8,132,674	1,031,994	1,138,702	3,722,090	1,658,307	44,565	–	15,728,332
Debt securities issued	–	4,376	5,941	12,000	37,115	196,208	–	255,640
Others	182,041	72,186	76,746	107,616	53,101	13,369	–	505,059
Total liabilities	9,108,353	1,840,467	1,702,683	4,225,457	1,782,460	284,754	–	18,944,174
Net liquidity gap	(7,972,068)	(290,373)	(491,432)	(996,188)	3,307,411	4,565,094	3,237,059	1,359,503

(*) 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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(i) Analysis of the remaining maturity of the Group's assets and liabilities is set out below: (continued)

31 December 2013 (audited)

	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.

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group'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 below incorporate all cash flows relating to both principal and interest. The Group'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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(ii) Maturity analysis of contractual undiscounted cash flows (continued)

30 June 2014 (unaudited)

	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	698,412	–	1,309	–	–	–	2,908,992	3,608,713
Due from banks and other financial institutions (*)	230,108	672,911	89,866	163,872	46,334	37	–	1,203,128
Financial assets held for trading	–	1,405	12,036	29,942	4,255	3,349	348	51,335
Financial assets designated at fair value through profit or loss	1,501	15,796	46,012	104,481	175,452	12,275	4,864	360,381
Loans and advances to customers (**)	45,164	810,786	1,079,301	3,030,853	4,461,492	5,472,440	113,798	15,013,834
Financial investments	–	98,374	164,277	497,215	2,657,930	1,452,440	8,206	4,878,442
Others	149,683	32,203	964	7,271	1,466	25	12,580	204,192
	1,124,868	1,631,475	1,393,765	3,833,634	7,346,929	6,940,566	3,048,788	25,320,025

(*) 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.

30 June 2014 (unaudited)

	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	–	–	–	555	220	–	–	775
Financial liabilities designated at fair value through profit or loss	53,539	290,943	213,225	83,426	6,869	–	–	648,002
Due to banks and other financial institutions (*)	740,117	410,884	233,165	192,649	13,084	39,117	–	1,629,016
Certificates of deposit	–	27,387	34,438	100,140	14,451	343	–	176,759
Due to customers	8,149,787	1,048,867	1,170,777	3,871,682	1,807,974	49,129	–	16,098,216
Debt securities issued	–	4,544	6,122	21,615	59,690	260,569	–	352,540
Others	99,108	13,841	22,454	2,858	2,528	4,491	–	145,280
	9,042,551	1,796,466	1,680,181	4,272,925	1,904,816	353,649	–	19,050,588
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	218	65	19	(61)	(9)	–	232
Derivative financial instruments settled on gross basis								
— Cash inflow	–	599,399	596,901	1,177,401	87,614	1,674	–	2,462,989
— Cash outflow	–	(595,895)	(587,445)	(1,160,629)	(85,767)	(1,683)	–	(2,431,419)
	–	3,504	9,456	16,772	1,847	(9)	–	31,570

(*) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(ii) Maturity analysis of contractual undiscounted cash flows (continued)

31 December 2013 (audited)

	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 (audited)

	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 repurchase agreements.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT 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.

	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
30 June 2014 (unaudited)							
Credit commitments	802,707	177,600	325,809	571,886	337,498	208,405	2,423,905
31 December 2013 (audited)							
Credit commitments	856,136	173,098	335,930	519,717	382,406	178,669	2,445,956

(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 prices 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 Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios including Head Office, Shanghai Branch 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, currency rates and commodity prices over a specified time horizon and at a given 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 Group's trading portfolios is as follows:

	Six months ended 30 June 2014 (unaudited)			
	30 June 2014	Average	Highest	Lowest
Interest rate risk	30	32	60	14
Currency risk	30	28	45	17
Commodity risk	18	14	20	7
Total portfolio VaR	46	39	63	24

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) VaR (continued)

	Six months ended 30 June 2013 (unaudited)			
	30 June 2013	Average	Highest	Lowest
Interest rate risk	74	26	78	13
Currency risk	37	29	51	18
Commodity risk	1	3	12	0
Total portfolio VaR	68	37	80	26

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.

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 given 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 it 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 the 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 period/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.

		Effect on profit before taxation		Effect on equity	
Currency	Change in currency rate	30 June 2014 (unaudited)	31 December 2013 (audited)	30 June 2014 (unaudited)	31 December 2013 (audited)
USD	-1%	(30)	(86)	(164)	(192)
HKD	-1%	892	848	(543)	(511)

While the table 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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Currency risk (continued)

A breakdown of the assets and liabilities analysed by currency is as follows:

30 June 2014 (unaudited)

	RMB	USD (equivalent to RMB)	HKD (equivalent to RMB)	Others (equivalent to RMB)	Total
Assets:					
Cash and balances with central banks	3,477,538	77,777	28,603	23,486	3,607,404
Due from banks and other financial institutions (*)	815,373	320,002	3,624	43,733	1,182,732
Financial assets held for trading	46,957	144	–	598	47,699
Financial assets designated at fair value though profit or loss	336,889	172	–	1,832	338,893
Derivative financial assets	18,602	1,947	4,565	829	25,943
Loans and advances to customers	9,324,727	834,888	136,650	98,170	10,394,435
Financial investments	3,957,182	89,140	12,589	30,537	4,089,448
Investments in associates and joint ventures	160	534	1,421	28,176	30,291
Property and equipment	138,852	33,971	1,267	1,278	175,368
Others	269,664	32,704	2,650	106,446	411,464
Total assets	18,385,944	1,391,279	191,369	335,085	20,303,677
Liabilities:					
Due to central banks	119	–	–	626	745
Financial liabilities designated at fair value through profit or loss	582,756	6,246	–	53,495	642,497
Derivative financial liabilities	18,552	1,214	3,084	729	23,579
Due to banks and other financial institutions (**)	922,894	573,214	20,784	95,165	1,612,057
Certificates of deposit	50,836	96,717	6,923	21,789	176,265
Due to customers	14,997,292	363,991	252,844	114,205	15,728,332
Debt securities issued	215,929	21,839	1,518	16,354	255,640
Others	455,740	27,989	5,581	15,749	505,059
Total liabilities	17,244,118	1,091,210	290,734	318,112	18,944,174
Net position	1,141,826	300,069	(99,365)	16,973	1,359,503
Credit commitments	1,804,269	352,706	205,768	61,162	2,423,905

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Currency risk (continued)

A breakdown of the assets and liabilities analysed by currency is as follows: (continued)

31 December 2013 (audited)

	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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(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 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.

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 net interest income and equity.

The effect on 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 period/year end that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on 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 period/year end, including the effect of any associated hedges.

	Effect on net interest income		Effect on equity	
Change in basis points	30 June 2014 (unaudited)	31 December 2013 (audited)	30 June 2014 (unaudited)	31 December 2013 (audited)
+100 basis points	(15,402)	(3,625)	(27,742)	(23,845)
- 100 basis points	15,402	3,625	29,354	25,219

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 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)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's assets and liabilities:

30 June 2014 (unaudited)

	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	3,202,155	–	–	–	405,249	3,607,404
Due from banks and other financial institutions (*)	976,131	144,598	44,005	35	17,963	1,182,732
Financial assets held for trading	12,918	28,599	2,778	3,056	348	47,699
Financial assets designated at fair value through profit or loss	64,631	104,764	154,902	8,230	6,366	338,893
Derivative financial assets	–	–	–	–	25,943	25,943
Loans and advances to customers	3,774,542	6,252,403	126,752	188,438	52,300	10,394,435
Financial investments	398,557	495,960	2,021,490	1,165,205	8,236	4,089,448
Investments in associates and joint ventures	–	–	–	–	30,291	30,291
Property and equipment	–	–	–	–	175,368	175,368
Others	29,166	1,511	–	–	380,787	411,464
Total assets	8,458,100	7,027,835	2,349,927	1,364,964	1,102,851	20,303,677
Liabilities:						
Due to central banks	–	543	202	–	–	745
Financial liabilities designated at fair value through profit or loss	501,544	81,218	6,196	–	53,539	642,497
Derivative financial liabilities	–	–	–	–	23,579	23,579
Due to banks and other financial institutions (**)	1,398,156	181,453	2,943	1,757	27,748	1,612,057
Certificates of deposit	69,846	99,584	6,492	343	–	176,265
Due to customers	9,890,035	3,719,052	1,653,863	43,272	422,110	15,728,332
Debt securities issued	15,573	17,147	32,212	190,708	–	255,640
Others	–	–	–	–	505,059	505,059
Total liabilities	11,875,154	4,098,997	1,701,908	236,080	1,032,035	18,944,174
Interest rate mismatch	(3,417,054)	2,928,838	648,019	1,128,884	N/A	N/A

(*) Includes reverse repurchase agreements.

(**) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's assets and liabilities (continued):

31 December 2013 (audited)

	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.

46. FINANCIAL INSTRUMENT 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, eligible additional tier 1 capital instruments, qualifying tier 2 capital instruments and convertible bonds, etc.

The Group's Management monitors the capital adequacy 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. In April 2014, the Group was approved by the CBRC to implement the Advanced Approach of Capital Management .According to CBRC's approval on implementation scope, the Group implemented the advanced approach, which includes internal ratings-based approach of credit risk, internal model approach of market risk and standardised approach of operational risk.

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 systematically 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 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 period, the Group has complied in full with all its externally imposed capital requirements.

(In RMB millions, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

(d) Capital management (continued)

The capital adequacy ratios calculated in accordance with Regulation Governing Capital of Commercial Banks (Provisional) promulgated by CBRC are as follows:

	30 June 2014 (unaudited)	31 December 2013 (audited)
Core tier 1 capital	1,357,009	1,276,344
Core tier 1 capital deductions	10,063	9,503
Net core tier 1 capital	1,346,946	1,266,841
Net additional tier 1 capital	63	18
Net tier 1 capital	1,347,009	1,266,859
Tier 2 capital	290,257	324,806
Tier 2 capital deductions	16,650	19,400
Net tier 2 capital	273,607	305,406
Net capital base	1,620,616	1,572,265
Risk-weighted assets	11,858,669	11,982,187
Core tier 1 capital adequacy ratio	11.36%	10.57%
Tier 1 capital adequacy ratio	11.36%	10.57%
Capital adequacy ratio	13.67%	13.12%

47. 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: other 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.

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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)

47. 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:

	30 June 2014 (unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis:				
Financial assets held for trading				
Equity investments	348	–	–	348
Debt securities	1,154	46,197	–	47,351
	1,502	46,197	–	47,699
Financial assets designated at fair value through profit or loss				
Debt securities	503	97,384	–	97,887
Other debt instruments	–	96,893	–	96,893
Others	–	4,870	139,243	144,113
	503	199,147	139,243	338,893
Derivative financial assets				
Exchange rate contracts	–	20,478	733	21,211
Interest rate contracts	–	1,718	803	2,521
Commodity derivatives and others	–	1,783	428	2,211
	–	23,979	1,964	25,943
Available-for-sale financial assets				
Equity investments	7,083	344	–	7,427
Debt securities	79,039	1,033,678	4,272	1,116,989
Other debt instruments	–	3,357	–	3,357
	86,122	1,037,379	4,272	1,127,773
	88,127	1,306,702	145,479	1,540,308
Financial assets measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss				
Wealth management products	–	341,278	–	341,278
Structured deposits	–	241,307	–	241,307
Financial liabilities related to precious metals	–	53,539	–	53,539
Other debt securities issued	–	6,196	–	6,196
Others	–	177	–	177
	–	642,497	–	642,497
Derivative financial liabilities				
Exchange rate contracts	1	19,167	606	19,774
Interest rate contracts	–	1,810	810	2,620
Commodity derivatives and others	–	1,036	149	1,185
	1	22,013	1,565	23,579
	1	664,510	1,565	666,076

(In RMB millions, unless otherwise stated)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments recorded at fair value (continued)

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued):

	31 December 2013 (audited)			
	Level 1	Level 2	Level 3	Total
Financial assets 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 assets measured at fair value on a recurring basis:				
Financial liabilities designated at fair value through profit or loss	–	349,634	–	349,634
Wealth management products	–	141,925	–	141,925
Structured deposits	–	59,527	–	59,527
Financial liabilities related to precious metals	–	2,358	–	2,358
Other debt securities issued	–	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)

47. 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 reporting period:

	As at 1 January 2014	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 30 June 2014 (unaudited)
Financial assets:								
Derivative financial assets								
Exchange rate contracts	508	736	–	–	–	(460)	(51)	733
Interest rate contracts	552	443	–	–	–	(192)	–	803
Commodity derivatives and others	52	(103)	–	–	–	479	–	428
	1,112	1,076	–	–	–	(173)	(51)	1,964
Financial assets designated at fair value through profit or loss	140,566	1,785	–	21,043	(24,151)	–	–	139,243
Available-for-sale financial assets								
Debt securities	3,141	(66)	102	2,753	(225)	(751)	(682)	4,272
	144,819	2,795	102	23,796	(24,376)	(924)	(733)	145,479
Financial liabilities:								
Derivative financial liabilities								
Exchange rate contracts	(650)	(566)	–	–	–	583	27	(606)
Interest rate contracts	(552)	(535)	–	–	–	277	–	(810)
Commodity derivatives and others	(52)	377	–	–	–	(474)	–	(149)
	(1,254)	(724)	–	–	–	386	27	(1,565)

	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 (audited)
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
	2,389	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)

(In RMB millions, unless otherwise stated)

47. 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 statement of income for the period comprise:

	30 June 2014 (unaudited)		
	Realised	Unrealised	Total
Total gains for the period	163	1,908	2,071

	30 June 2013 (unaudited)		
	Realised	Unrealised	Total
Total gains/(losses) for the period	18	(81)	(63)

(c) Transfers between levels

(i) Transfers between level 1 and level 2

During the reporting period, 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 reporting period, 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 30 June 2014, 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)

47. 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:

	30 June 2014 (unaudited)				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,621,864	2,571,548	19,028	2,321,902	230,618
Receivables	339,002	338,599	–	53,413	285,186
	2,960,866	2,910,147	19,028	2,375,315	515,804
Financial liabilities					
Subordinated bonds	190,705	185,811	–	185,811	–
Convertible bonds	16,071	17,372	17,372	–	–
	206,776	203,183	17,372	185,811	–

	31 December 2013 (audited)				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Held-to-maturity investments	2,624,400	2,498,557	5,373	2,262,563	230,621
Receivables	324,488	322,825	–	43,312	279,513
	2,948,888	2,821,382	5,373	2,305,875	510,134
Financial liabilities					
Subordinated bonds	190,545	186,847	–	186,847	–
Convertible bonds	15,907	16,634	16,634	–	–
	206,452	203,481	16,634	186,847	–

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.

(In RMB millions, unless otherwise stated)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (continued)

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	

48. OTHER EVENTS

(a) The acquisition of 75.5% equity interest of Tekstilbank

On 29 April 2014, the Bank entered into a share purchase agreement to acquire 75.5% of the existing issued shares in Tekstil Bankası A.Ş. ("Tekstilbank") from GSD Holding A.Ş. of Turkey. According to the capital market law of Turkey, this transaction will trigger the provision that a mandatory tender offer shall be issued to purchase all the remaining shares of Tekstilbank that are presently traded on the Istanbul Stock Exchange. The Board of Directors of the Bank has authorized the Bank to issue a mandatory tender offer for the remaining shares at a proper time. According to the agreement, the consideration of this transaction is calculated in Turkish Lira and paid in USD dollar. The specific amount is determined based on the net asset value of Tekstilbank at the end of 2013 and will be adjusted on the basis of net asset value at the delivery date. In calculation of the consideration, the exchange rate of USD against Turkish Lira should be the average exchange rate of Turkish central bank in the immediate period prior to the delivery date. Based on the net asset value at the end of 2013, the consideration for acquiring 75.5% of existing issued shares of Tekstilbank is expected to be about 669 million Turkish Lira. The final completion of the abovementioned transaction is subject to approval of relevant regulatory authorities.

(b) The issuance of preference shares

The meeting of the board of directors of the Bank was held on 25 July 2014, at which the proposal in respect of issuance of domestic and offshore preference shares with an aggregate amount of not more than RMB80 billion or its equivalent by the Bank was approved. The Bank proposes to issue domestic preference shares with an aggregate amount of not more than RMB45 billion and offshore preference shares with an aggregate amount of not more than RMB35 billion or its equivalent. The specific issuance amount was determined by shareholders' general meeting under the authorization of the board of directors within the above limit. The funds raised through issuing domestic and offshore preferred shares will be totally used to replenish capital after deducting issuance fee. The specific plan for the issuance shall be submitted to the shareholders' general meeting and relevant regulatory authorities for approval.

49. AFTER THE REPORTING PERIOD EVENT

Up to the date of this report, the Group had no material events that require disclosure in or adjustments of the interim financial report after the reporting date.

50. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

51. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved by the board of directors on 28 August 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 six months ended 30 June 2014 (for the six months ended 30 June 2013: no differences). There are no differences between the equity attributable to equity holders of the Bank under PRC GAAP and IFRSs as at 30 June 2014 (31 December 2013: no differences).

(b) Liquidity ratios

	As at 30 June 2014	Average for the period ended 30 June 2014	As at 31 December 2013	Average for the year ended 31 December 2013
RMB current assets to RMB current liabilities	33.54%	33.11%	30.20%	31.02%
Foreign currency current assets to foreign currency current liabilities	81.19%	70.09%	60.98%	64.25%

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. 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 30 June 2014				
Spot assets	1,356,855	189,385	305,848	1,852,088
Spot liabilities	(1,085,038)	(290,267)	(318,112)	(1,693,417)
Forward purchases	1,386,827	244,787	702,866	2,334,480
Forward sales	(1,621,644)	(122,324)	(702,711)	(2,446,679)
Net option position	534	–	–	534
Net long/(short) position	37,534	21,581	(12,109)	47,006
Net structural position	28,252	1,517	29,237	59,006
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 position	32,225	13,162	10,406	55,793
Net structural position	18,325	1,428	28,941	48,694

(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 30 June 2014				
Asia Pacific excluding Mainland China	103,560	9,729	413,292	526,581
— of which attributed to Hong Kong	42,565	2,667	284,475	329,707
Europe	37,686	3,298	33,178	74,162
North and South America	106,865	325	47,706	154,896
	248,111	13,352	494,176	755,639
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

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers

(i) Analysis by industry sector

30 June 2014

	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	1,670,778	746,261	42,162	29,601	15,473	29,667	45,140
Transportation, storage and postal services	1,371,755	343,023	7,901	5,362	3,230	24,699	27,929
Wholesale and retail	997,462	587,584	44,049	31,165	12,911	17,467	30,378
Production and supply of electricity, heating, gas and water	721,338	114,278	1,858	1,796	1,106	13,006	14,112
Real estate	536,713	425,154	8,191	4,211	2,671	9,625	12,296
Water, environment and public utility management	479,148	235,319	742	144	63	8,658	8,721
Leasing and commercial services	563,394	355,763	2,518	1,071	332	10,164	10,496
Mining	277,703	39,571	2,379	1,066	341	5,000	5,341
Construction	218,212	103,633	2,061	1,149	553	3,924	4,477
Lodging and catering	223,857	163,195	3,715	1,559	640	4,018	4,658
Science, education, culture and sanitation	116,120	34,466	689	502	358	2,090	2,448
Others	399,939	97,337	1,671	1,840	566	7,196	7,762
Subtotal of corporate loans and advances	7,576,419	3,245,584	117,936	79,466	38,244	135,514	173,758
Residential mortgages and personal business loans	2,247,318	2,208,594	39,936	–	–	57,663	57,663
Others	667,796	320,505	20,541	–	–	17,135	17,135
Subtotal of personal loans	2,915,114	2,529,099	60,477	–	–	74,798	74,798
Discounted bills	154,582	154,582	294	119	72	3,052	3,124
Total loans and advances to customers	10,646,115	5,929,265	178,707	79,585	38,316	213,364	251,680
Current market value of collateral held against the covered portion of overdue loans and advances *							172,984
Covered portion of overdue loans and advances *							80,860
Uncovered portion of overdue loans and advances *							97,847

* 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)

(i) Analysis by industry sector (continued)

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
Residential mortgages and personal 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.

(ii) Overdue loans and advances to customers

	30 June 2014	31 December 2013
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods:		
Between 3 and 6 months	21,113	18,712
Between 6 and 12 months	28,823	17,518
Over 12 months	45,444	43,533
	95,380	79,763
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.20%	0.19%
Between 6 and 12 months	0.27%	0.17%
Over 12 months	0.43%	0.44%
	0.90%	0.80%

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers (continued)

(ii) Overdue loans and advances to customers (continued)

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.

(iii) Overdue and impaired loans and advances to customers by geographical distribution

30 June 2014

	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	9,759	17	15	17	15	10,373
Yangtze River Delta	45,301	15,527	6,569	15,600	7,291	45,319
Pearl River Delta	30,332	12,887	4,525	14,697	5,836	30,435
Bohai Rim	26,959	15,138	5,981	16,462	8,131	38,466
Central China	24,195	10,341	4,143	13,370	6,631	30,630
Western China	26,067	9,104	4,203	10,908	5,679	40,019
Northeastern China	8,183	4,036	2,116	4,587	2,890	12,869
Overseas and others	7,911	2,170	1,065	3,944	1,843	5,253
Total	178,707	69,220	28,617	79,585	38,316	213,364

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

(In RMB millions, unless otherwise stated)

(e) Loans and advances to customers (continued)

(iv) Renegotiated loans and advances to customers

	30 June 2014		31 December 2013	
		% of total loans and advances		% of total loans and advances
Renegotiated loans and advances	4,659	0.04%	4,929	0.05%
Less: Renegotiated loans and advances overdue for more than three months	(2,364)	(0.02%)	(2,701)	(0.03%)
Renegotiated loans and advances overdue for less than three months	2,295	0.02%	2,228	0.02%

(f) Overdue placements with banks and other financial institutions

	30 June 2014	31 December 2013
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

	30 June 2014	31 December 2013
On-balance sheet exposure	14,886,191	11,751,059
Off-balance sheet exposure	2,365,803	2,408,947
	17,251,994	14,160,006
Individually assessed allowance for impairment losses	38,305	39,363

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		30 June 2014	31 December 2013	Reference
Core tier 1 capital				
1	Paid-in capital	351,406	351,390	X18
2	Retained earnings	894,980	838,834	
2a	Surplus reserve	124,086	123,870	X21
2b	General reserve	203,492	202,940	X22
2c	Retained profits	567,402	512,024	X23
3	Accumulated other comprehensive income (and other public reserves)	108,598	84,164	
3a	Capital reserve	130,657	108,202	X19
3b	Others	(22,059)	(24,038)	X24
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	2,025	1,956	X25
6	Core tier 1 capital before regulatory adjustments	1,357,009	1,276,344	
Core tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,520	8,049	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,498	1,474	X14–X15
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	(3,855)	(3,920)	X20
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	–	–	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item		30 June 2014	31 December 2013	Reference
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	N/A	
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	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	3,900	X11
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	10,063	9,503	
29	Core tier 1 capital	1,346,946	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	63	18	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	Additional tier 1 capital before regulatory adjustments	63	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	–	–	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item		30 June 2014	31 December 2013	Reference
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	–	–	
44	Additional tier 1 capital	63	18	
45	Tier 1 capital (core tier 1 capital + additional tier 1 capital)	1,347,009	1,266,859	
Tier 2 capital:				
46	Tier 2 capital instruments and related premium	169,354	189,877	X17
47	Invalid instruments to tier 2 capital after the transition period	164,752	185,346	
48	Valid portion of minority interests	161	72	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	120,742	134,857	X02+X04
51	Tier 2 capital before regulatory adjustments	290,257	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	16,650	19,400	X10
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	–	–	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(i) Capital composition (continued)

Item		30 June 2014	31 December 2013	Reference
57	Total regulatory adjustments to tier 2 capital	16,650	19,400	
58	Tier 2 capital	273,607	305,406	
59	Total capital (tier 1 capital + tier 2 capital)	1,620,616	1,572,265	
60	Total risk-weighted assets	11,858,669	11,982,187	
Requirements for capital adequacy ratio and reserve capital				
61	Core tier 1 capital adequacy ratio	11.36%	10.57%	
62	Tier 1 capital adequacy ratio	11.36%	10.57%	
63	Capital adequacy ratio	13.67%	13.12%	
64	Institution specific buffer requirement	3.5%	3.5%	
65	Including: Capital conservation buffer requirement	2.5%	2.5%	
66	Including: Countercyclical buffer requirement	–	–	
67	Including: G-SIB buffer requirement	1%	1%	
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	6.36%	5.57%	
Domestic minima for regulatory capital				
69	Core tier 1 capital adequacy ratio	5%	5%	
70	Tier 1 capital adequacy ratio	6%	6%	
71	Capital adequacy ratio	8%	8%	
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	26,088	26,898	X05+X06+ X08+X09+ X12
73	Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	29,667	27,893	X07+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	21,283	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	12,529	240,959	X01
77	Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	4,090	134,857	X02
78	Provision for loan impairment set aside under the internal ratings-based approach	239,151	N/A	X03
79	Valid cap of provision for loan impairment to tier 2 capital under the internal ratings-based approach	116,652	N/A	X04
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	164,752	185,346	
85	Excluded from tier 2 capital for the current period due to cap	35,679	17,006	

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(ii) Balance sheet at the Group's level

	30 June 2014 Consolidated balance sheet as in published financial statements[i]	30 June 2014 Under regulatory scope of consolidation[i]	31 December 2013 Consolidated balance sheet as in published financial statements[i]	31 December 2013 Under regulatory scope of consolidation[i]
Assets				
Cash and balances with central banks	3,607,404	3,607,404	3,294,007	3,294,006
Due from banks and other financial institutions	229,789	223,952	306,366	300,543
Precious metals	90,911	90,911	61,821	61,821
Placements with banks and other financial institutions	412,298	412,298	411,618	411,618
Financial assets at fair value through profit or loss	386,592	386,512	372,556	372,477
Derivative financial assets	25,943	25,943	25,020	25,020
Reverse repurchase agreements	540,645	540,627	331,903	331,870
Loans and advances to customers	10,394,435	10,393,505	9,681,415	9,680,819
Available-for-sale financial assets	1,128,582	1,121,905	1,000,800	996,556
Held-to-maturity investments	2,621,864	2,621,066	2,624,400	2,623,602
Receivables	339,002	331,722	324,488	320,407
Long term equity investments	30,291	34,191	28,515	32,415
Fixed assets	149,309	149,273	135,863	135,828
Construction in progress	22,601	22,599	24,841	24,841
Deferred income tax assets	21,480	21,480	28,860	28,860
Other assets	302,531	296,589	265,279	259,332
Total assets	20,303,677	20,279,977	18,917,752	18,900,015

Note: (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) Balance sheet at the Group's level (continued)

	30 June 2014 Consolidated balance sheet as in published financial statements[i]	30 June 2014 Under regulatory scope of consolidation[i]	31 December 2013 Consolidated balance sheet as in published financial statements[i]	31 December 2013 Under regulatory scope of consolidation[i]
Liabilities				
Due to central banks	745	745	724	724
Due to banks and other financial institutions	943,814	943,814	867,094	867,094
Placements from banks and other financial institutions	474,385	474,385	402,161	402,161
Financial liabilities at fair value through profit or loss	642,497	642,426	553,607	553,543
Derivative financial liabilities	23,579	23,579	19,168	19,168
Repurchase agreements	193,858	191,277	299,304	297,616
Certificates of deposit	176,265	176,265	130,558	130,558
Due to customers	15,728,332	15,731,391	14,620,825	14,622,319
Employee benefits payable	20,747	20,670	24,529	24,425
Taxes payable	45,653	45,565	67,051	67,002
Debt securities issued	255,640	255,640	253,018	253,018
Deferred income tax liabilities	470	196	420	136
Other liabilities	438,189	416,612	400,830	385,665
Total liabilities	18,944,174	18,922,565	17,639,289	17,623,429
Shareholders equity				
Share capital	351,406	351,406	351,390	351,390
Capital reserve	130,611	130,657	108,023	108,202
Surplus reserve	124,086	124,086	123,870	123,870
General reserve	203,492	203,492	202,940	202,940
Retained profits	567,321	567,402	511,949	512,024
Foreign currency translation reserve	(22,059)	(22,059)	(24,038)	(24,038)
Equity attributable to equity holders of the parent company	1,354,857	1,354,984	1,274,134	1,274,388
Minority interests	4,646	2,428	4,329	2,198
Total equity	1,359,503	1,357,412	1,278,463	1,276,586

Note: (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) Explanations for detailed items

Item	30 June 2014 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	10,393,505	
Total loans and advances to customers	10,645,185	
Less: Provision for loan impairment set aside under the weighted approach	12,529	X01
Including: Valid cap of provision for loan impairment to tier 2 capital under the weighted approach	4,090	X02
Less: Provision for loan impairment set aside under the internal ratings-based approach	239,151	X03
Including: Valid cap of provision for loan impairment to tier 2 capital under the internal ratings-based approach	116,652	X04
Available-for-sale financial assets	1,121,905	
Bond investment measured at fair value	1,112,257	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	5,656	X05
Other debt instrument investment measured at fair value	3,357	
Equity investment	6,291	
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	762	X06
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	132	X07
Held-to-maturity investments	2,621,066	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	2,470	X08
Receivables	331,722	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	17,200	X09
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	16,650	X10
Long term equity investments	34,191	
Including: Investment in core tier1 capital instruments issued by financial institutions that are under control but not subject to consolidation	3,900	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	–	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	29,535	X13

(In RMB millions, unless otherwise stated)

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iii) Explanations for detailed items (continued)

Item	30 June 2014 Balance sheet under regulatory scope of consolidation	Reference
Other assets	296,589	
Interest receivable	113,356	
Intangible assets	22,264	X14
Including: land use rights	20,766	X15
Other receivables	144,018	
Goodwill	8,520	X16
Long-term deferred and prepaid expenses	4,554	
Repossessed assets	2,425	
Others	1,453	
Debt securities issued	255,640	
Including: Valid portion of tier 2 capital instruments and their premium	169,354	X17
Share capital	351,406	X18
Capital reserve	130,657	X19
Share capital premium	138,624	
Reserve for changes in fair value of available-for-sale financial assets	(6,848)	
Reserve for cash flow hedging	(3,909)	
Including: Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet	(3,855)	X20
Changes in share of other owners' equity of associates and joint ventures	244	
Equity component of convertible bonds	1,954	
Other capital reserve	592	
Surplus reserve	124,086	X21
General reserve	203,492	X22
Retained profits	567,402	X23
Foreign currency translation reserve	(22,059)	X24
Minority interests	2,428	
Including: Valid portion to core tier 1 capital	2,025	X25
Including: Valid portion to additional tier 1 capital	63	X26
Including: Valid portion to tier 2 capital	161	X27

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iv) Main features of eligible capital instruments

As at 30 June 2014, the main features of the Bank's eligible capital instruments are set out as follows:

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)	RMB320,830	RMB169,200	RMB1,500	RMB equivalent 3,103
Par value of instrument (in RMB millions)	RMB264,611	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
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

(h) Correspondence between balance sheet in published financial statements and capital composition (continued)

(iv) Main features of eligible 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
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

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 District, 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, Seoul Branch
Address: 16th Floor, Taepyeongno
Bldg., #73 Sejong-daero,
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.,
#184 Jungang-daero,
Dong-Gu, Busan 601-728,
Korea
Email: busanadmin@kr.icbc.com.cn
Tel: +8251-4638868
Fax: +8251-4636880
SWIFT: ICBKKRSE

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, Singapore Branch
Address: 6 Raffles Quay #12-01,
Singapore 048580
Email: icbcsg@icbc.com.sg
Tel: +65-65381066
Fax: +65-65381370
SWIFT: ICBKSGSG

ICBC, Hanoi Branch
Address: Daeha Business Center,
No.360, Kim Ma Str.,
Ba Dinh Dist., Hanoi,
Vietnam
Email: hanoiadmin@vn.icbc.com.cn
Tel: +84-462698812
Fax: +84-462699800
SWIFT: ICBKVNVN

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, 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: +856-21258888
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: +971-2-4998610
Fax: +971-2-4998622
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, 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, 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, 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, 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
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